



Financial Statements
(Together with Independent Auditors' Report)
Years Ended September 30, 2023 and 2022

BIDEAWEE, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Bideawee, Inc.
New York, New York

Opinion

We have audited the financial statements of Bideawee, Inc. ("Bideawee"), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bideawee as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Bideawee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bideawee's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bideawee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bideawee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mayer Hoffman McCann CPAs

New York, NY
April 18, 2024

BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2B and 11)	\$ 1,173,777	\$ 2,290,130
Bequests, legacies, contributions and other receivables, net (Notes 2C and 4)	119,357	430,877
Inventory (Note 2D)	138,680	166,358
Investments (Notes 2E, 2F, 5, 10 and 13)	17,120,421	14,661,963
Beneficial interest in trusts (Notes 2M, 9 and 10)	749,937	775,606
Prepaid expenses and other assets	127,154	274,942
Finance lease right-of-use assets (Notes 2Q and 7)	17,430	-
Asset held for sale, net (Notes 2H and 6)	1,284,983	-
Property and equipment, net (Notes 2H and 6)	24,438,737	23,115,967
Restricted cash - funds held by Trustee (Notes 2B and 13)	16,476	679,639
TOTAL ASSETS	\$ 45,186,952	\$ 42,395,482
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 1,352,400	\$ 951,044
Annuity payment liability (Note 2N)	40,275	42,319
Deferred revenue (Note 2C)	-	3,440
Finance lease liabilities (Notes 2Q and 7)	19,090	18,330
Loans payable - Margin Loan (Note 13)	1,500,000	-
Loans payable	12,100,000	12,100,000
Less: Unamortized debt issuance costs	(421,444)	(440,244)
Loans payable, net (Note 13)	11,678,556	11,659,756
TOTAL LIABILITIES	14,590,321	12,674,889
COMMITMENTS AND CONTINGENCIES (Notes 7 and 12)		
NET ASSETS (Notes 2I and 9)		
Without Donor Restrictions		
Available for operations	2,799,833	4,476,113
Net investment in property and equipment	12,758,521	11,437,881
Total Without Donor Restrictions	15,558,354	15,913,994
With Donor Restrictions (Note 9)	15,038,277	13,806,599
TOTAL NET ASSETS	30,596,631	29,720,593
TOTAL LIABILITIES AND NET ASSETS	\$ 45,186,952	\$ 42,395,482

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
REVENUES, GAINS AND OTHER SUPPORT:						
Special events revenue	\$ 866,738	\$ -	\$ 866,738	\$ 664,769	\$ -	\$ 664,769
Less: costs of direct benefits to donors	<u>(284,257)</u>	<u>-</u>	<u>(284,257)</u>	<u>(258,069)</u>	<u>-</u>	<u>(258,069)</u>
Special events, net (Note 2J)	582,481	-	582,481	406,700	-	406,700
Bequests and legacies (Note 2C)	6,942,340	-	6,942,340	7,866,834	-	7,866,834
Contributions (Note 2C)	1,737,643	634,747	2,372,390	2,172,135	1,039,316	3,211,451
In-kind contributions (Notes 2C and 14)	107,774	-	107,774	122,200	-	122,200
Adoption Centers, Animal Hospitals, Loving Legacy and other fees (Note 2L)	1,014,215	-	1,014,215	1,175,772	-	1,175,772
Cemetery maintenance fees (Notes 2K and 2L)	150,006	254,320	404,326	143,261	254,186	397,447
Miscellaneous income (Note 15)	51,283	-	51,283	981,840	-	981,840
Investment income (loss), net of investment fees (Notes 5 and 9)	84,836	1,725,993	1,810,829	(474,024)	(2,289,400)	(2,763,424)
Change in value of beneficial interest in trusts (Note 2M)	-	(25,669)	(25,669)	-	(29,646)	(29,646)
Change in value of beneficial interest in split-interest agreements (Note 2N)	(5,194)	-	(5,194)	(15,932)	-	(15,932)
Net assets released from restrictions (Note 9)	<u>1,357,713</u>	<u>(1,357,713)</u>	<u>-</u>	<u>1,686,326</u>	<u>(1,686,326)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>12,023,097</u>	<u>1,231,678</u>	<u>13,254,775</u>	<u>14,065,112</u>	<u>(2,711,870)</u>	<u>11,353,242</u>
EXPENSES:						
Program Services:						
Adoption Centers	5,202,216	-	5,202,216	5,080,987	-	5,080,987
Animal Hospitals	744,734	-	744,734	781,171	-	781,171
Behavior, Learning and Volunteers	612,040	-	612,040	514,908	-	514,908
Community Initiatives	637,596	-	637,596	606,536	-	606,536
Memorial Parks	1,207,254	-	1,207,254	1,190,117	-	1,190,117
Loving Legacy	72,803	-	72,803	73,838	-	73,838
Total program services	<u>8,476,643</u>	<u>-</u>	<u>8,476,643</u>	<u>8,247,557</u>	<u>-</u>	<u>8,247,557</u>
Supporting Services:						
Management and general	1,652,627	-	1,652,627	1,258,049	-	1,258,049
Fundraising	2,249,467	-	2,249,467	2,215,538	-	2,215,538
Total supporting services	<u>3,902,094</u>	<u>-</u>	<u>3,902,094</u>	<u>3,473,587</u>	<u>-</u>	<u>3,473,587</u>
TOTAL EXPENSES	<u>12,378,737</u>	<u>-</u>	<u>12,378,737</u>	<u>11,721,144</u>	<u>-</u>	<u>11,721,144</u>
CHANGE IN NET ASSETS	(355,640)	1,231,678	876,038	2,343,968	(2,711,870)	(367,902)
Net assets - beginning of year	<u>15,913,994</u>	<u>13,806,599</u>	<u>29,720,593</u>	<u>13,570,026</u>	<u>16,518,469</u>	<u>30,088,495</u>
NET ASSETS - END OF YEAR	<u>\$ 15,558,354</u>	<u>\$ 15,038,277</u>	<u>\$ 30,596,631</u>	<u>\$ 15,913,994</u>	<u>\$ 13,806,599</u>	<u>\$ 29,720,593</u>

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	For the Year Ended September 30, 2023											Total 2023	Total 2022
	Program Services						Supporting Services						
	Adoption Centers	Animal Hospitals	Behavior, Learning and Volunteers	Community Initiatives	Memorial Parks	Loving Legacy	Total Program Services	Management and General	Fundraising	Total Supporting Services			
Salaries	\$ 2,512,305	\$ 415,432	\$ 323,144	\$ 448,934	\$ 603,739	\$ 3,101	\$ 4,306,655	\$ 814,498	\$ 726,751	\$ 1,541,249	\$ 5,847,904	\$ 5,391,524	
Payroll taxes and employee benefits (Note 8)	686,243	91,995	81,779	83,588	194,807	755	1,139,167	147,116	147,261	294,377	1,433,544	1,291,884	
Total Salaries and Related Costs	3,198,548	507,427	404,923	532,522	798,546	3,856	5,445,822	961,614	874,012	1,835,626	7,281,448	6,683,408	
Professional fees (Note 2C)	83,908	5,562	25,458	5,952	19,574	-	140,454	184,893	93,255	278,148	418,602	680,649	
Medical supplies	270,293	112,182	-	36,722	-	-	419,197	-	-	-	419,197	315,071	
Pet memorial park supplies	381	-	-	-	123,655	-	124,036	-	-	-	124,036	110,011	
Pet supplies (Note 2C)	221,934	1,401	275	-	-	-	223,610	-	-	-	223,610	201,633	
Occupancy	297,949	18,379	21,970	20,018	48,472	8,604	415,392	30,439	30,090	60,529	475,921	504,083	
Repairs and maintenance	226,167	14,441	19,257	5,469	92,851	3,411	361,596	17,463	17,486	34,949	396,545	422,998	
Non-cap software and hardware	13,843	5,120	9,036	4,892	8,348	111	41,350	9,652	5,827	15,479	56,829	44,311	
Insurance	97,119	14,486	14,458	6,619	25,500	8,648	166,830	9,440	11,763	21,203	188,033	193,517	
Staff development and dues	5,839	3,139	1,046	1,035	488	-	11,547	4,658	14,230	18,888	30,435	44,755	
Travel	23,511	1,048	3,517	4,134	9,166	37	41,413	6,467	9,603	16,070	57,483	62,293	
Telephone and network management	45,592	10,492	16,797	6,986	14,301	594	94,762	15,387	17,290	32,677	127,439	90,394	
Meetings and seminars	10,940	3,596	2,751	420	1,760	9	19,476	6,387	5,524	11,911	31,387	24,371	
Postage	891	257	154	23	3,643	3	4,971	507	137,249	137,756	142,727	143,562	
Miscellaneous	50,830	14,246	23,990	286	13,869	631	103,852	28,895	13,744	42,639	146,491	138,200	
Interest (Note 13)	384,700	63	88	6	206	4	385,067	257	63	320	385,387	384,368	
Bank charges	-	-	-	-	-	-	-	53,297	45,967	99,264	99,264	94,850	
Marketing, newsletter and publications	53,814	937	4,550	1,164	5,769	-	66,234	132,897	871,247	1,004,144	1,070,378	1,017,943	
Catering and entertainment	-	-	-	-	-	-	-	169,142	284,257	453,399	453,399	251,917	
Bad debt expense	592	147	-	-	3,872	-	4,611	-	25,290	25,290	29,901	1,835	
Depreciation (Note 6)	215,365	31,811	63,770	11,348	37,234	46,895	406,423	21,232	76,827	98,059	504,482	569,044	
Subtotal	5,202,216	744,734	612,040	637,596	1,207,254	72,803	8,476,643	1,652,627	2,533,724	4,186,351	12,662,994	11,979,213	
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	(284,257)	(284,257)	(284,257)	(258,069)	
TOTAL EXPENSES	\$ 5,202,216	\$ 744,734	\$ 612,040	\$ 637,596	\$ 1,207,254	\$ 72,803	\$ 8,476,643	\$ 1,652,627	\$ 2,249,467	\$ 3,902,094	\$ 12,378,737	\$ 11,721,144	

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	For the Year Ended September 30, 2022										
	Program Services						Supporting Services				
	Adoption Centers	Animal Hospitals	Behavior, Learning and Volunteers	Community Initiatives	Memorial Parks	Loving Legacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2022
Salaries	\$ 2,333,889	\$ 432,851	\$ 291,373	\$ 375,023	\$ 595,057	\$ 2,710	\$ 4,030,903	\$ 743,128	\$ 617,493	\$ 1,360,621	\$ 5,391,524
Payroll taxes and employee benefits (Note 8)	625,373	91,507	72,008	81,073	170,875	612	1,041,448	125,462	124,974	250,436	1,291,884
Total Salaries and Related Costs	2,959,262	524,358	363,381	456,096	765,932	3,322	5,072,351	868,590	742,467	1,611,057	6,683,408
Professional fees (Note 2C)	163,214	21,327	4,035	58,115	8,678	-	255,369	155,113	270,167	425,280	680,649
Medical supplies	215,938	99,133	-	-	-	-	315,071	-	-	-	315,071
Pet memorial park supplies	208	-	-	-	109,803	-	110,011	-	-	-	110,011
Pet supplies (Note 2C)	173,572	997	50	27,014	-	-	201,633	-	-	-	201,633
Occupancy	326,449	18,771	22,840	21,509	56,160	10,097	455,826	20,773	27,484	48,257	504,083
Repairs and maintenance	225,413	20,899	19,520	7,324	115,654	3,535	392,345	14,509	16,144	30,653	422,998
Non-cap software and hardware	15,473	4,098	4,452	4,372	4,677	47	33,119	5,950	5,242	11,192	44,311
Insurance	98,196	16,959	16,183	5,015	23,716	9,701	169,770	10,564	13,183	23,747	193,517
Staff development and dues	7,876	4,875	2,464	1,179	1,124	-	17,518	6,576	20,661	27,237	44,755
Travel	20,582	1,143	1,087	9,535	16,559	19	48,925	4,056	9,312	13,368	62,293
Telephone and network management	35,919	8,473	7,563	5,469	9,551	475	67,450	10,609	12,335	22,944	90,394
Meetings and seminars	6,803	711	3,015	526	635	-	11,690	5,286	7,395	12,681	24,371
Postage	981	332	129	231	3,043	-	4,720	394	138,448	138,842	143,562
Miscellaneous	87,805	10,854	1,578	-	18,145	91	118,473	19,302	425	19,727	138,200
Interest (Note 13)	384,368	-	-	-	-	-	384,368	-	-	-	384,368
Bank charges	16,304	9,500	53	3	15,820	-	41,680	11,838	41,332	53,170	94,850
Marketing, newsletter and publications	56,068	4,732	12,829	2,584	6,155	-	82,368	93,473	842,102	935,575	1,017,943
Catering and entertainment	-	-	-	-	-	-	-	-	251,917	251,917	251,917
Bad debt expense	-	-	-	-	-	-	-	1,835	-	1,835	1,835
Depreciation (Note 6)	286,556	34,009	55,729	7,564	34,465	46,547	464,870	29,181	74,993	104,174	569,044
Subtotal	5,080,987	781,171	514,908	606,536	1,190,117	73,838	8,247,557	1,258,049	2,473,607	3,731,656	11,979,213
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	(258,069)	(258,069)	(258,069)
TOTAL EXPENSES	\$ 5,080,987	\$ 781,171	\$ 514,908	\$ 606,536	\$ 1,190,117	\$ 73,838	\$ 8,247,557	\$ 1,258,049	\$ 2,215,538	\$ 3,473,587	\$ 11,721,144

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 876,038	\$ (367,902)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	504,482	569,044
Bad debt expense	29,901	1,835
Restricted cemetery maintenance fees held to perpetuity	(254,320)	(254,186)
Loss on disposal of property and equipment	35,670	2,699
Finance lease right-of-use assets amortization	6,727	-
Non-cash interest expense	18,800	18,344
Change in value of beneficial interest in trusts	25,669	29,646
Change in value of split-interest agreements	5,194	15,932
Unrealized (gain) loss on investments	(1,335,431)	3,580,027
Realized gain on investments	(131,674)	(491,510)
	(218,944)	3,103,929
Subtotal		
(218,944)		3,103,929
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests, legacies, contributions and other receivables	281,619	(302,858)
Inventory	27,678	(20,605)
Prepaid expenses and other assets	147,788	(119,539)
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	401,356	(519,089)
Annuity payment liability	(2,044)	(2,064)
Deferred revenue	(3,440)	3,440
	634,013	2,143,214
Net Cash Provided by Operating Activities	634,013	2,143,214
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(7,910,483)	(9,072,284)
Proceeds from investment sales	6,913,936	11,686,211
Purchases of property and equipment	(3,147,905)	(7,789,964)
	(4,144,452)	(5,176,037)
Net Cash Used in Investing Activities	(4,144,452)	(5,176,037)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cemetery maintenance fees held to perpetuity	254,320	254,186
Payment of finance lease liabilities	(23,397)	(7,955)
Proceeds from loan payable - margin loan	1,500,000	-
	1,730,923	246,231
Net Cash Provided by Financing Activities	1,730,923	246,231
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,779,516)	(2,786,592)
Cash, cash equivalents and restricted cash - beginning of year	2,969,769	5,756,361
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 1,190,253	\$ 2,969,769
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 366,587	\$ 366,024
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Restricted cash - funds held by Trustee	\$ 16,476	\$ 679,639
Assets acquired through finance leases	7,487	-

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bideawee, Inc. (“Bideawee”), founded in 1903 by Flora D’Auby Jenkins Kibbe, was established to provide temporary shelter and medical services to animals. Bideawee’s mission is to cultivate and support the lifelong relationships between pets and the people who love them by providing a continuum of services and programs that are innovative, personalized and of high quality. Accordingly, at its sites in Manhattan, Wantagh and Westhampton, Bideawee administers various programs including: adoption centers; animal hospitals; animal training and behavior services; pet memorial parks; free or low-cost medical services for pets of owners in economic need; public educational programs; pet therapy to hospitalized children and elder adults in nursing homes and bereavement counseling to individuals who have lost pets.

Bideawee has been determined to be a public charity as defined in Section 501(c)(3) of the Internal Revenue Code, and as such, is exempt from federal income taxes under Section 501(a) and state taxes under similar provisions. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** – Bideawee’s financial statements have been prepared on the accrual basis of accounting. Bideawee adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Cash, Cash Equivalents and Restricted Cash** – Bideawee considers highly liquid investments acquired with an original maturity of three months or less to be cash and cash equivalents except for any cash and equivalents that are maintained in Bideawee’s investment portfolio. Restricted cash represents funds held by Trustee that will be released to Bideawee as construction expenses are incurred.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of September 30:

	2023	2022
Cash and cash equivalents	\$ 1,173,777	\$ 2,290,130
Restricted cash	16,476	679,639
Total	\$ 1,190,253	\$ 2,969,769

- C. **Support and Receivables** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution income. Donated securities acquired by gift or bequest are recorded at their fair market value on the date received and it is Bideawee’s policy to sell upon receipt. Conditional promises to give are not included as support until the conditions are substantially met. Bideawee is the beneficiary of bequests and legacies under various wills, the ultimate realization of which is not always readily determinable. Such amounts are recorded by Bideawee when the proceeds are measurable and an irrevocable right to the proceeds has been established by Bideawee.

As of September 30, 2023 and 2022, Bideawee had no conditional grants and contracts from foundations that have not been recorded in the accompanying financial statements.

As of September 30, 2023 and 2022, Bideawee determined that an allowance for uncollectible accounts of \$277,491 and \$260,855 respectively, was necessary. This determination was based on a combination of factors such as the aged basis of the receivables, review of individual accounts outstanding as well as review of any current available information.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated (See Note 14). Bideawee receives donated services from a variety of unpaid volunteers assisting Bideawee in its charitable programs. No amounts have been recognized for these services in the accompanying statements of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

- D. **Inventory** – Inventory consists of food, prescription drugs and other pet supplies. Inventory is valued at the lower of cost or net realizable value.
- E. **Investments** – Investments are reported at fair value. Investment income, including realized and unrealized gains and losses, is classified as an increase (decrease) in net assets without donor restrictions, unless there are restrictions that have been imposed by donors or other outside parties.
- F. **Fair Value** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 10.
- G. **Memorial Parks** – Bideawee is the owner of land designated for use as memorial parks. Under agreements, patrons have been granted a perpetual right to use the land, provided certain conditions are met. These memorial parks are subject to the State of New York guidelines for operation of pet cemeteries.
- H. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Bideawee capitalizes property and equipment with a cost basis of \$2,500 or higher and a useful life of greater than three years.
- I. **Net Assets** – Bideawee maintains its net assets under the following two classes:
- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of Bideawee or the passage of time; stipulations that they be maintained in perpetuity by Bideawee and unappropriated endowment earnings.
- J. **Special Events** – Bideawee conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statement of activities.
- K. **Memorial Park Maintenance Fees** – The one-time perpetual maintenance fee is maintained in perpetuity as net assets with donor restrictions in accordance with applicable State of New York legislation. The regular maintenance special care fees received during the year are reflected as Cemetery maintenance fees in the accompanying statements of activities and classified as net assets without donor restrictions.
- L. **Program Service Fees** – Program service revenue is accounted for under Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers*” (Topic 606). Revenue for performance obligations satisfied over time is recognized as the services are provided. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Bideawee in accordance with the contract.

Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of September 30, 2023. The performance obligations for these contracts are completed when the service is completed. Bideawee determines the transaction price based on established rates for services provided. Program service revenue consists of revenues for the following programs:

	2023	2022
Memorial Parks	\$ 771,791	\$ 770,327
Animal Hospitals	321,305	332,739
Adoption Centers	318,602	466,285
Learning Centers	2,986	3,868
	\$ 1,414,684	\$ 1,573,219

M. **Beneficial Interest in Trusts** – Bideawee is a beneficiary in perpetual trusts and irrevocable charitable remainder unitrusts held by third parties. Under the terms of the perpetual trusts, Bideawee has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Charitable remainder unitrust gifts are time-restricted contributions not available to Bideawee until after the death of the donor and other beneficiaries, who, while living, receive payouts from the trust based on a fixed percentage of the market value of the invested funds each year as stated in the trust agreements. The trust agreements, in certain instances, allow for the beneficiaries to receive additional distributions, which may substantially reduce the value of expected future cash receipts.

Bideawee recognizes as assets and contributions to net assets with donor restrictions, the fair value of the trusts based on the present value of the estimated expected future cash receipts from the trusts' assets. The carrying value of the assets is adjusted to fair value at the end of the year. Distributions received by Bideawee are either available for general purposes or restricted based upon donor imposed stipulations.

N. **Split-Interest Agreements** – Bideawee has entered into Charitable Gift Annuities with donors. These are agreements between a donor and Bideawee in which the donor contributes an asset in exchange for an obligation for Bideawee to pay a fixed amount to the donor or other designated beneficiaries for a specific period of time.

At the time these agreements are entered into, a liability is recognized for the present value of the annuity obligation, the assets are recorded at fair market value and a contribution is recognized for the difference. The liability is re-calculated annually and the adjustment is recorded as change in value of beneficial interest in split-interest agreements in the statements of activities. The split-interest agreements had a loss of \$5,194 and \$15,932 for the years ended September 30, 2023 and 2022, respectively. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables. Bideawee invests, manages, and administers the annuities. The portfolio of assets meets all requirements concerning permissible investments and mandated reserves as required by law.

O. **Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- P. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- Q. **Recently Adopted Accounting Standards** – In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize right-of-use (ROU) assets and lease liabilities on the statement of financial position and disclose key information about leasing arrangements. Bideawee adopted the standard effective October 1, 2022 and recognized measured leases existing at, or entered into after October 1, 2022 using a retrospective approach, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB Accounting Standards Codification (“ASC”) 840. The adoption of Topic 842 had no effect on the changes in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Bideawee regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of September 30, 2023 and 2022, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, included the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,173,777	\$ 2,290,130
Bequests, legacies, contributions and other receivables, net	119,357	430,877
Investments	<u>15,620,421</u>	<u>14,661,963</u>
Total	16,913,555	17,382,970
Less: Investments held for endowments	<u>(11,744,371)</u>	<u>(11,490,051)</u>
Total	<u>\$ 5,169,184</u>	<u>\$ 5,892,919</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Bideawee considers all expenditures related to its ongoing activities of Bideawee’s programs as well as the conduct of services undertaken to support those activities to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs. Bideawee’s endowment funds consist of donor-restricted endowments. The endowment is subject to an annual spending rate of up to 7% as described in Note 9.

NOTE 4 – BEQUESTS, LEGACIES, CONTRIBUTIONS AND OTHER RECEIVABLES, NET

Bequests, legacies, contributions and other receivables consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Amounts due in less than one year:		
Bequests, legacies and contributions	\$ 115,309	\$ 417,347
Other receivables	<u>281,539</u>	<u>274,385</u>
	396,848	691,732
Less: allowance for uncollectible amounts	<u>(277,491)</u>	<u>(260,855)</u>
	<u>\$ 119,357</u>	<u>\$ 430,877</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 5 – INVESTMENTS

Investments consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 672,963	\$ 261,199
Mutual funds	14,947,458	14,400,764
Margin loan (Note 13)	<u>1,500,000</u>	<u>-</u>
	<u>\$ 17,120,421</u>	<u>\$ 14,661,963</u>

Investments are subject to market volatility that could change their carrying value in the near term. Investment decisions are made in accordance with Bideawee's investment policy. The investment managers are also the custodians of these accounts. Bideawee records investment transactions based on the trade date.

Investment income (loss) consists of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 405,551	\$ 385,906
Realized gain on investments	131,674	491,510
Unrealized gain (loss) on investments	1,335,431	(3,580,027)
Investment fees	<u>(61,827)</u>	<u>(60,813)</u>
	<u>\$ 1,810,829</u>	<u>\$ (2,763,424)</u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Land	\$ 2,826,079	\$ 126,080	
Air rights	300,000	-	
Building and improvements	27,068,255	17,018,975	10-40 years
Office equipment, furniture and vehicles	2,210,741	1,865,376	5-20 years
Construction in progress	<u>40,750</u>	<u>18,213,323</u>	
	32,445,825	37,223,754	
Less: accumulated depreciation	<u>(8,007,088)</u>	<u>(14,107,787)</u>	
	<u>\$ 24,438,737</u>	<u>\$ 23,115,967</u>	

Depreciation expense amounted to \$504,482 and \$569,044 for the years ended September 30, 2023 and 2022, respectively. During the years ended September 30, 2023 and 2022, Bideawee disposed of certain fixed assets no longer in use amounting to \$370,564 and \$26,503, and accumulated depreciation amounting to \$334,894 and \$23,804, respectively. This resulted in a loss from disposal of \$35,670 and \$2,699 for the years ended September 30, 2023 and 2022, respectively.

Buildings and improvements amounted to \$27,068,255 as of September 30, 2023, and includes the purchase price of a new Manhattan facility purchased November 6, 2020 at 152 West 24th Street for \$7,680,000, which is Bideawee's operating facility as of August 1, 2023. The purchase of 152 West 24th Street includes land and air rights totaling \$3 million that are not depreciated.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 6 – PROPERTY AND EQUIPMENT, NET (Continued)

Bideawee’s Manhattan facility at 410 East 38th Street is being marketed for sale and is shown separately as an asset held for sale, net, on the statement of financial position as of September 30, 2023:

Asset held for sale	\$ 7,555,270
Less: accumulated depreciation	<u>(6,270,287)</u>
	<u>\$ 1,284,983</u>

NOTE 7 – FINANCE LEASES

As discussed in Note 2Q, Bideawee adopted FASB ASU 2016-02, *Leases* (Topic 842) for the year ended September 30, 2023. Bideawee leases office equipment under long-term non-cancelable finance lease agreements through May 2026 for which expense is recognized on a straight-line basis over the lease term. Bideawee includes in the determination of the ROU assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

As of September 30, 2023, in accordance with Topic 842, Bideawee recognized finance ROU assets equal to \$17,430, and the finance lease liabilities totaled \$19,090. As of June 30, 2023, the lease liabilities were calculated utilizing the incremental borrowing rate in effect at the initial adoption date of July 1, 2022. The weighted average of the remaining lease term for finance leases is 2.63 years and the weighted average discount rate for finance leases is 5.58%.

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended September 30, 2023:

Finance lease costs:	
Amortization of lease assets	\$ 6,727
Interest on lease liabilities	<u>916</u>
Total finance lease costs	<u>\$ 7,643</u>

The following summarizes cash flow information related to leases for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 916
Financing cash flows from finance leases	\$ 6,727
Lease assets obtained in exchange for lease obligations:	
Finance leases	\$ 7,487

Minimum future lease payments subsequent to September 30, 2023 are as follows:

2024	\$ 8,294
2025	8,294
2026	<u>5,095</u>
Total minimum lease payments	21,683
Less: amount representing interest	<u>(2,593)</u>
	<u>\$ 19,090</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 8 – RETIREMENT PLAN

Bideawee maintains a defined contribution retirement plan covering all eligible employees. Under the retirement plan, each employee who is regularly scheduled to perform services for Bideawee, on at least a part-time basis, may participate on the first entry date after six months of service. Participants may contribute up to 5% of their salaries, on a pre-tax basis, which will be matched by Bideawee. Participants can make additional contributions, which cannot exceed the Internal Revenue Service limit as defined in the regulations, and which are unmatched by Bideawee.

Each participant is fully vested after five years in all contributions made on that participant's behalf. Bideawee's expenses related to the employee retirement plan amounted to \$156,410 and \$153,582 for the years ended September 30, 2023 and 2022, respectively.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets of \$1,357,713 and \$1,686,326 were released from restrictions during the years ended September 30, 2023 and 2022, respectively, by incurring the restricted program expenses.

Net assets with donor restrictions for specific purposes are restricted by donors for the following purposes as of September 30:

	<u>2023</u>	<u>2022</u>
Veterinary Medical Assistance Fund	\$ 1,614	\$ 2,368
Adoption Center	42,918	26,660
Joe Garrison Memorial	1,277	1,276
Restricted for future operations	1,000	1,000
Unappropriated endowment earnings	2,479,421	1,343,011
FCI	-	60,000
Wiederhold Hospital	585	585
Other	<u>17,154</u>	<u>106,042</u>
	<u>\$ 2,543,969</u>	<u>\$ 1,540,942</u>

Net assets with donor restrictions held to perpetuity consisted of the following as of September 30:

Donor Restricted Endowment funds – restricted as to principal, with current income available for general purposes of Bideawee. The funds as of September 30 are as follows:

	<u>2023</u>	<u>2022</u>
A.T. Jones	\$ 880,000	\$ 880,000
M.B. Scanion	179,795	179,795
J.B. Merrill	30,000	30,000
E. Blashfield	10,875	10,875
A. Allen	5,474	5,474
T. Richter	299,125	299,125
Vandivert	<u>140,000</u>	<u>140,000</u>
	<u>\$ 1,545,269</u>	<u>\$ 1,545,269</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Funds Functioning as Endowments – restricted as to principal, with current income available for the general purpose of Bideawee after deducting for the costs of the perpetual care and maintenance	<u>\$ 10,199,102</u>	<u>\$ 9,944,782</u>
Total endowments	<u>11,744,371</u>	<u>11,490,051</u>
Beneficial interest in perpetual trust	748,900	774,569
Beneficial interest in charitable remainder trusts	<u>1,037</u>	<u>1,037</u>
	<u>12,494,308</u>	<u>12,265,657</u>
Total net assets with donor restrictions	<u>\$ 15,038,277</u>	<u>\$ 13,806,599</u>

Bideawee recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law, which was the Uniform Management of Institutional Funds Act (“UMIFA”). In addition, NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without donor restrictions will be reflected as donor restricted until appropriated.

Bideawee’s Board has interpreted NYPMIFA as allowing Bideawee to appropriate for expenditure or accumulate so much of an endowment fund as Bideawee determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

Funds functioning as endowments include perpetual care funds. These funds are invested for long-term appreciation and current income. Perpetual care funds are reported as net assets with donor restrictions, and investment earnings on these funds are reported as net assets with donor restrictions for the perpetual care and maintenance of the pet cemetery.

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted funds that fall below the level the donor requires Bideawee to retain in perpetuity. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted fund where the fair value of the donor restricted fund fell below the amount that is required to be retained permanently.

Any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires Bideawee to retain in perpetuity is to be reported in net assets with donor restrictions. As of September 30, 2023 and 2022, Bideawee had not incurred a deficiency in its donor-restricted endowment funds.

Bideawee’s endowment investment policy is to invest primarily in a mix of equities and fixed-income securities based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. Bideawee relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2023:

	Donor-Restricted Endowment Funds		
	Endowment Earnings	Endowment Corpus	Total
Investment earnings	\$ 223,091	\$ -	\$ (223,091)
Appropriation for expenditure	(76,206)	-	(76,206)
Total endowment activity	146,885	-	146,885
Endowment net assets, beginning of year	173,589	1,545,269	1,718,858
Endowment net assets, end of year	\$ 320,474	\$ 1,545,269	\$ 1,865,743

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2022:

	Donor-Restricted Endowment Funds		
	Endowment Earnings	Endowment Corpus	Total
Investment loss	\$ (295,912)	\$ -	\$ (295,912)
Appropriation for expenditure	(84,915)	-	(84,915)
Total endowment activity	(380,107)	-	(380,107)
Endowment net assets, beginning of year	553,696	1,545,269	2,098,965
Endowment net assets, end of year	\$ 173,589	\$ 1,545,269	\$ 1,718,858

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2023:

	Funds Functioning as Endowments		
	Endowment Earnings	Endowment Corpus	Total
Investment earnings	\$ 1,502,902	\$ -	\$ 1,502,902
Cemetery maintenance fees received	-	254,320	254,320
Appropriation for expenditure	(513,377)	-	(513,377)
Total endowment activity	989,525	254,320	1,243,845
Endowment net assets, beginning of year	1,169,422	9,944,782	11,114,204
Endowment net assets, end of year	\$ 2,158,947	\$ 10,199,102	\$ 12,358,049

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2022:

	Funds Functioning as Endowments		
	Endowment Earnings	Endowment Corpus	Total
Investment loss	\$ (1,993,488)	\$ -	\$ (1,993,488)
Cemetery maintenance fees received	-	254,186	254,186
Appropriation for expenditure	(567,205)	-	(567,205)
Total endowment activity	(2,560,693)	254,186	(2,306,507)
Endowment net assets, beginning of year	3,730,115	9,690,596	13,420,711
Endowment net assets, end of year	\$ 1,169,422	\$ 9,944,782	\$ 11,114,204

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2023 and 2022.

NOTE 10 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities based on unobservable inputs that are significant to the fair value measurement. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, Bideawee utilizes valuation techniques that maximize the use of observable inputs, such as prices and other relevant information generated by market transactions involving identical or comparable assets (“market approach”), and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Following is a description of the valuation methodologies used for assets measured at fair value at September 30, 2023 and 2022.

Money market funds: Money market funds are valued at the net asset value (“NAV”) at a constant \$1.00 per share, of which, only the yield goes up and down.

Equity securities: Equity securities are valued at quoted market prices determined in an active market.

Mutual funds: Mutual funds are valued at quoted market prices determined in an active market.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

Beneficial interest in trusts: Beneficial interest in trusts are valued based on three methods:

- Bideawee’s percentage interest in the trust, using the most recent valuation available as of year-end.
- Bideawee’s percentage interest in the trust, using the most recent valuation available as of year-end, less a 50% reduction based on management’s estimates due to allowed invasions within the trust.
- A weighted average calculation based on the five-year historical income from the trust, less a 25% reduction for uncertainty in future earnings based on management’s estimate.

Financial assets measured at fair value on a recurring basis as of September 30, 2023 are presented in the table by fair value hierarchy as follows:

	Level 1	Level 3	Total
Money market funds	\$ 672,963	\$ -	\$ 672,963
Mutual funds	14,947,458	-	14,947,458
Beneficial interest in trusts	-	749,937	749,937
Investments at Fair Value	<u>\$15,620,421</u>	<u>\$ 749,937</u>	16,370,358
Margin loan (Note 13)			1,500,000
Total investments			<u>\$ 17,870,358</u>

Financial assets measured at fair value on a recurring basis as of September 30, 2022 are presented in the table by fair value hierarchy as follows:

	Level 1	Level 3	Total
Money market funds	\$ 261,199	\$ -	\$ 261,199
Mutual funds	14,400,764	-	14,400,764
Beneficial interest in trusts	-	775,606	775,606
Investments at Fair Value	<u>\$14,661,963</u>	<u>\$ 775,606</u>	<u>\$ 15,437,569</u>

Bideawee recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Fair value for the beneficial interest in trusts is measured using the fair value of the assets held in trusts as reported by the trustee as of September 30, 2023 and 2022. Bideawee considers the measurement of its beneficial interest in trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, Bideawee will have the ability to direct the trustee to redeem them.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

Balance - October 1, 2021	\$ 805,252
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	(29,646)
Balance - October 1, 2022	775,606
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	(25,669)
Balance – September 30, 2023	<u>\$ 749,937</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

The Board of Directors reviews and approves Bideawee's fair value measurement policies and procedures annually. At least annually, the audit committee and the Board determine if the valuation techniques used in fair value measurements are still appropriate.

NOTE 11 – CONCENTRATIONS

Cash and cash equivalents that potentially subject Bideawee to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of September 30, 2023 and 2022, there was approximately \$739,000 and \$1,601,000, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

- A. Bideawee believes it has no uncertain tax positions as of September 30, 2023 and 2022 in accordance with ASC Topic 740 "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. From time to time, Bideawee may have certain commitment and contingent liabilities that arise in the ordinary course of its business. Bideawee accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims of which the outcome is expected to result in a material adverse effect on the financial statements of Bideawee.

NOTE 13 – DEBT

On November 6, 2020, Bideawee purchased a building in the amount of \$7,680,000 (Note 6,) and as of August 1, 2023, this is Bideawee's new Manhattan facility located at 152 W 24th Street. The purchase was financed on a short-term basis with a Goldman Sachs' Margin Loan (the "Margin Loan") for \$6,978,816 with an annual interest rate of 190 basis points. The Margin Loan was repaid during the year ended September 30, 2021. The Margin Loan agreement is a continuing lending vehicle with Goldman Sachs and remains available whenever Bideawee needs to add to their liquidity to be borrowed against Bideawee's investment portfolio. The Margin Loan was used during the year ended September 30, 2023 to provide short-term operating reserves in the amount of \$1,500,000, and was repaid on October 3, 2023.

On March 1, 2021, Bideawee entered into a building loan agreement with the Build NYC Resource Corporation and TD Bank for the purchase and renovation of Bideawee's new Manhattan facility, located at 152 W 24th Street. The loan was through the issuance of \$12,100,000 of tax-exempt revenue bonds series 2021 (the "Bonds") by the Build NYC Resource Corporation. TD Bank is the registered holder for 100% of the outstanding Bonds. The Bonds' stated maturity date is February 1, 2046, and bear interest of 2.98%. The loan provided to Bideawee by TD Bank is for 10 years and bears interest of 2.98%. The loan is being amortized over 25 years. There is no prepayment penalty. The entire loan proceeds were disbursed to and held by The Bank of New York Mellon as Trustee ("BNY Mellon" or "Trustee"). Bideawee draws down the loan proceeds as construction expenses are incurred and approved by TD Bank for disbursement. The loan is secured by the asset being held for sale located at 410 East 38th Street, New York, and Bideawee's new facility located at 152 West 24th Street, New York. Bideawee is subject to a Debt Service Coverage Ratio. As of September 30, 2023 and 2022, Bideawee was in compliance with all compliance and reporting covenants.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 – DEBT (Continued)

As of September 30, 2023 and 2022, Bideawee has drawn down \$12,083,524 and \$11,420,361, respectively, from BNY Mellon. The remaining available balance of \$16,476 and \$679,639 as of September 30, 2023 and 2022, respectively, was held by the Trustee and will be released to Bideawee as construction expenses are incurred. No additional funds have been drawn down since September 30, 2023.

Net loans payable consist of the following as of September 30:

	2023	2022
Loan payable	\$ 12,100,000	\$ 12,100,000
Less: Unamortized debt issuance costs	(421,444)	(440,244)
Loan payable, net	\$ 11,678,556	\$ 11,659,756

The required principal payments by Bideawee on the above obligations, in each of the five fiscal years subsequent to September 30, 2023 and thereafter, are as follows:

2024	\$ 172,299
2025	299,451
2026	308,625
2027	318,080
2028	326,911
Thereafter	10,674,634
	\$ 12,100,000

Interest expense, including amortization of debt issuance costs, amounted to \$385,387 and \$384,368 for the years ended September 30, 2023 and 2022, respectively.

NOTE 14 – IN-KIND CONTRIBUTIONS

For the years ended September 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	2023	2022
Dog food	\$ 50,443	\$ 65,531
Cat food	57,331	56,669
	\$ 107,774	\$ 122,200

These contributions comprised primarily of pet food and supplies dedicated to the feeding and well-being of cats and dogs under Bideawee’s care. The contributions were directly utilized for operational purposes, specifically in supporting their mission to care for animals at Bideawee’s Adoption Center and Animal Hospital. Adoption Center and Animal Hospital. The valuation of these in-kind contributions has been determined based on the fair market value of the goods received at the time of the donation. In valuing food, Bideawee estimated the fair value based on an estimate of the wholesale that would be received for selling the similar product in the United States.

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NOTE 15 – SALES REVENUE

In September 2021, Bideawee entered into a contract with the Beachwood Organization for the sale of Bideawee's Pine Barren Credits for \$935,000. The Pine Barren Credits are not a sale of real property owned by Bideawee. These credits were issued to Bideawee by the Pine Barrens Commission pursuant to the Long Island Pine Barrens Protection Act and the Central Pine Barrens Comprehensive Land Use for Bideawee's land located in Westhampton, NY. The sale was closed on November 5, 2021. Bideawee recognized \$935,000 of sale revenue during the year ended September 30, 2022, which is included in miscellaneous income in the accompanying statement of activities.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through April 18, 2024, the date the financial statements were available to be issued.

As of the date of this disclosure, Bideawee has entered into negotiations for the sale of vacant land located in Westhampton, New York for \$1,500,000, and property located at 410 East 38th Street, New York for \$4,100,000. While the terms of the sales have been discussed and agreed upon in principle, finalization of the transactions is pending the execution of signed contracts between the parties involved.