

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE)
AND WARM FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
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YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
What About Remembering Me Center, Inc.
(d/b/a The Warm Place) and WARM Foundation, Inc.
Fort Worth, Texas

We have audited the accompanying combined financial statements of What About Remembering Me Center, Inc. (d/b/a The WARM Place) and WARM Foundation, Inc. which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2019 combined financial statements referred to above present fairly, in all material respects, the combined financial position of What About Remembering Me Center, Inc. (d/b/a The WARM Place) and WARM Foundation, Inc. as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the WARM Place's 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 2, 2019. In our opinion, the combined summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
March 13, 2020

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	<u>The WARM Place</u>	<u>WARM Foundation, Inc.</u>	<u>Combined Total</u>	
			<u>2019</u>	<u>2018</u>
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 542,726	\$ 59,763	\$ 602,489	\$ 710,095
Investments	2,364,181	1,302,361	3,666,542	2,958,061
Prepaid Expenses	-	-	-	2,028
Total Current Assets	<u>2,906,907</u>	<u>1,362,124</u>	<u>4,269,031</u>	<u>3,670,184</u>
PROPERTY AND EQUIPMENT, NET	<u>138,831</u>	<u>1,564,537</u>	<u>1,703,368</u>	<u>1,767,863</u>
Total Assets	<u>\$ 3,045,738</u>	<u>\$ 2,926,661</u>	<u>\$ 5,972,399</u>	<u>\$ 5,438,047</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 3,395
Accrued Expenses	15,417	-	15,417	13,153
Total Liabilities	<u>15,417</u>	<u>-</u>	<u>15,417</u>	<u>16,548</u>
NET ASSETS				
Without Donor Restrictions				
Operations	3,017,850	1,279,530	4,297,380	3,949,660
With Donor Restrictions				
Purpose Restriction	12,471	1,581,531	1,594,002	1,406,239
Endowment Funds	-	65,600	65,600	65,600
Total With Donor Restrictions	<u>12,471</u>	<u>1,647,131</u>	<u>1,659,602</u>	<u>1,471,839</u>
Total Net Assets	<u>3,030,321</u>	<u>2,926,661</u>	<u>5,956,982</u>	<u>5,421,499</u>
Total Liabilities and Net Assets	<u>\$ 3,045,738</u>	<u>\$ 2,926,661</u>	<u>\$ 5,972,399</u>	<u>\$ 5,438,047</u>

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	The WARM Place			Warm Foundation, Inc.			Eliminations	Combined Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		2019	2018
REVENUES AND OTHER SUPPORT									
Contributions	\$ 767,917	\$ -	\$ 767,917	\$ 500	\$ -	\$ 500	\$ -	\$ 768,417	783,482
Contributions, Related Party	109,200	-	109,200	(109,200)	-	(109,200)	-	-	-
Special Events, Net of Direct Costs of \$115,917 in 2019 and \$101,814 in 2018	334,553	11,871	346,424	-	-	-	-	346,424	303,767
Investment Income, Net of Fees	69,273	-	69,273	23	38,238	38,261	-	107,534	125,015
Rental Income, Related Party	-	-	-	109,200	-	109,200	(109,200)	-	-
Other Income	-	-	-	-	-	-	-	-	-
Net Unrealized and Realized Gain (Loss) on Investments	270,161	-	270,161	-	148,804	148,804	-	418,965	(252,945)
Net Assets Released from Restrictions: Satisfaction of Purpose Restrictions	11,150	(11,150)	-	-	-	-	-	-	-
Total Revenues and Other Support	1,562,254	721	1,562,975	523	187,042	187,565	(109,200)	1,641,340	959,319
EXPENSES									
Program Services	903,895	-	903,895	62,057	-	62,057	(92,820)	873,132	788,933
Supporting Services									
General and Administrative	43,433	-	43,433	8,952	-	8,952	(5,460)	46,925	64,491
Fund Raising	189,419	-	189,419	7,301	-	7,301	(10,920)	185,800	162,085
Total Supporting Services	232,852	-	232,852	16,253	-	16,253	(16,380)	232,725	226,576
Total Expenses	1,136,747	-	1,136,747	78,310	-	78,310	(109,200)	1,105,857	1,015,509
CHANGE IN NET ASSETS	425,507	721	426,228	(77,787)	187,042	109,255	-	535,483	(56,190)
Net Assets - Beginning of Year	2,592,343	11,750	2,604,093	1,357,317	1,460,089	2,817,406	-	5,421,499	5,477,689
NET ASSETS - END OF YEAR	\$ 3,017,850	\$ 12,471	\$ 3,030,321	\$ 1,279,530	\$ 1,647,131	\$ 2,926,661	\$ -	\$ 5,956,982	\$ 5,421,499

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE TOTALS FOR 2018**

	The WARM Place					WARM Foundation, Inc.					Combined Total		
	Supporting Services					Supporting Services							
	Program Services	General and Administrative	Fund Raising	Total Supporting Services	Total	Program Services	General and Administrative	Fund Raising	Total Supporting Services	Total	Eliminations	2019	2018
Salaries and Contract Labor	\$ 519,766	\$ 6,995	\$ 99,989	\$ 106,984	\$ 626,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626,750	\$ 537,934
Payroll Taxes	42,892	783	8,236	9,019	51,911	-	-	-	-	-	-	51,911	43,166
Employee Benefits	54,811	1,578	14,696	16,274	71,085	-	-	-	-	-	-	71,085	66,157
Total Personnel Expense	617,469	9,356	122,921	132,277	749,746	-	-	-	-	-	-	749,746	647,257
Membership Dues	881	425	775	1,200	2,081	-	-	-	-	-	-	2,081	1,806
Subscriptions	4,652	125	605	730	5,382	-	-	-	-	-	-	5,382	5,515
Insurance	10,537	588	1,176	1,764	12,301	6,726	396	791	1,187	7,913	-	20,214	16,490
Training and Travel	4,973	370	1,245	1,615	6,588	-	-	-	-	-	-	6,588	6,781
Special Events	808	-	117,034	117,034	117,842	-	-	-	-	-	-	117,842	150,234
Camping Pogram	12,246	-	-	-	12,246	-	-	-	-	-	-	12,246	13,347
Supplies	20,342	1,486	553	2,039	22,381	-	-	-	-	-	-	22,381	14,388
Program Material	33,090	-	7,002	7,002	40,092	-	-	-	-	-	-	40,092	36,692
Public Relations	12,040	58	3,703	3,761	15,801	-	-	-	-	-	-	15,801	10,868
Occupancy	136,944	8,396	16,111	24,507	161,451	-	-	-	-	-	(109,200)	52,251	52,268
Professional Fees	7,581	17,737	2,927	20,664	28,245	-	4,966	-	4,966	4,966	-	33,211	47,366
Printing	7,313	80	13,352	13,432	20,745	-	-	-	-	-	-	20,745	21,725
Postage	7,774	231	3,718	3,949	11,723	-	-	-	-	-	-	11,723	9,173
General	10,630	3,604	12,259	15,863	26,493	-	335	-	335	335	-	26,828	41,214
Total Other Expenses	269,811	33,100	180,460	213,560	483,371	6,726	5,697	791	6,488	13,214	(109,200)	387,385	427,867
Depreciation	16,615	977	1,955	2,932	19,547	55,331	3,255	6,510	9,765	65,096	-	84,643	86,787
Total Expenses before Netted Costs	286,426	34,077	182,415	216,492	502,918	62,057	8,952	7,301	16,253	78,310	(109,200)	472,028	514,654
Less: Costs Included with Revenues in the Statement of Activities	-	-	(115,917)	(115,917)	(115,917)	-	-	-	-	-	-	(115,917)	(146,402)
Total Expenses	\$ 903,895	\$ 43,433	\$ 189,419	\$ 232,852	\$ 1,136,747	\$ 62,057	\$ 8,952	\$ 7,301	\$ 16,253	\$ 78,310	\$ (109,200)	\$ 1,105,857	\$ 1,015,509

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	The WARM Place	WARM Foundation, Inc.	Combined Total	
			2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 426,228	\$ 109,255	\$ 535,483	\$ (56,190)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	19,547	65,096	84,643	86,787
Net Unrealized and Realized (Gain) Loss on Investments	(270,161)	(148,804)	(418,965)	252,945
Increase (Decrease) in Operating Assets				
Prepaid Expenses	2,028	-	2,028	1,910
Increase (Decrease) in Operating Liabilities				
Accounts Payable	-	(3,395)	(3,395)	3,395
Accrued Expenses	2,264	-	2,264	(12,379)
Net Cash Provided by Operating Activities	<u>179,906</u>	<u>22,152</u>	<u>202,058</u>	<u>276,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	-	(20,148)	(20,148)	(2,090)
Purchase of Investments	(393,616)	(136,415)	(530,031)	(350,798)
Proceeds from Sale of Investments	157,086	83,429	240,515	263,766
Net Cash Used by Investing Activities	<u>(236,530)</u>	<u>(73,134)</u>	<u>(309,664)</u>	<u>(89,122)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,624)	(50,982)	(107,606)	187,346
Cash and Cash Equivalents - Beginning of Year	<u>599,350</u>	<u>110,745</u>	<u>710,095</u>	<u>522,749</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 542,726</u>	<u>\$ 59,763</u>	<u>\$ 602,489</u>	<u>\$ 710,095</u>
SUPPLEMENTAL NONCASH INFORMATION				
Donated Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,892</u>

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 NATURE OF THE ORGANIZATION AND PROGRAMS PROVIDED

Organization

The What About Remembering Me Center, Inc. (d/b/a The WARM Place) was incorporated in 1988 for the purpose of providing support for children and their families who are experiencing the death of a family member or friend. The service is open to anyone in need of such support, and most referrals come from Cook Children's Medical Center and local schools. Funding is generally provided by private contributions. The WARM Foundation, Inc. (WARM Foundation) was formed to hold and invest assets for the benefit of The WARM Place.

The What About Remembering Me Center, Inc. (d/b/a The WARM Place) is a nonprofit 501(c)(3) agency, which provides grief support services to children ages 3-18 and their families as well as young adults, ages 19-25 who have experienced a death loss. We also provide a continuing program of community education and outreach.

There is never a fee for families to participate in our program. We rely solely on private funding from individual donors, businesses, and foundations to provide our services. This is vital as many of our families have lost their primary wage earner, their homes and are often saddled with staggering medical bills.

We offer eight open-ended evening support groups for the 5-18 age group, an eight-week Preschool program for 3 1/2 - 5 year-olds, and an eight-week Young Adult group for 19-25 years-old. The Young Adult program and Pre-school programs are offered two to three times a year based upon demand.

Summary of 2019 Client Services Provided

Individuals receiving direct grief support: 1,858

We believe that grief can be worked through in groups that offer a natural and appropriate approach to resolving grief issues, rather than in the often expensive approach of private therapy. Early intervention with these families resolves their grief experiences in a healthy and supportive environment.

Our Process:

- a. Assessment of each family member including the children at the time of the initial intake.
- b. All attendance is charted to determine if a family is consistently attending group sessions.
- c. On-going individual assessment is done at the completion of each session by the monitor, staff member, and facilitators.
- d. The staff person completes follow-up for each family after the group session by telephone or e-mail.
- e. Referrals are made for complicated issues and behaviors that are beyond the mission of The WARM Place.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding The WARM Place and WARM Foundation combined financial statements. The combined financial statements and notes are representations of The WARM Place and WARM Foundation management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the combined financial statements.

Combined Financial Statements

The accompanying combined financial statements include the accounts of The WARM Place and WARM Foundation both of which are under common control. Significant intercompany transactions and balances have been eliminated in the combination.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The WARM Place and WARM Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as Net Assets Released from Restrictions.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the combined financial statements for the year ended December 31, 2018.

Cash and Cash Equivalents

The WARM Place and WARM Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The WARM Place and WARM Foundation places its cash with financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Investments

The WARM Place and WARM Foundation follow FASB ASC No. 958-320. Under this section, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the combined statement of financial position. Unrealized gains and losses are included in the change in net assets reflected on the combined statement of activities.

FASB ASC No. 820-10, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The WARM Place and WARM Foundation use appropriate valuation techniques based on the available inputs to measure the fair value of their investments. The three levels of fair value hierarchy defined by FASB ASC No. 820-10 are as follows:

Fair Value Measurements

Level 1 – Quoted prices are available in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. Active markets are those in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

Property and Equipment

Expenditures for buildings and equipment having a cost of \$1,500 and a useful life of one year or more are capitalized and recorded on the books at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, The WARM Place and WARM Foundation report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The WARM Place and WARM Foundation reclassifies net assets with donor restrictions to without donor restrictions at that time.

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts. Resulting gains or losses are included in income.

Depreciation of buildings and equipment is computed on the straight-line basis over their estimated useful lives of three to forty years.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell.

Contributions and Revenue Recognition

The WARM Place records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

Revenue is recognized when earned. The WARM Place recognizes contributions when cash, securities, other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. At December 31, 2019 and 2018, there were no conditional contributions received.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying combined statements at their estimated values at the date of receipt. The WARM Place and WARM Foundation receive a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the combined statement of activities because accounting principles generally accepted in the United States of America does not require recognition of these services.

Federal Income Tax

The WARM Place and WARM Foundation are organized as nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code. This section exempts them from taxes on income. Accordingly, no provision for federal income taxes has been included in the combined financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the year ended December 31, 2019.

The WARM Place and WARM Foundation account for uncertain tax positions in accordance with FASB ASC No. 740, *Income Taxes*. As of December 31, 2019, they have no liability for uncertain tax positions. The WARM Place and WARM Foundation's tax returns are subject to review and examination by federal and state authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the programs and supporting service expenses have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(D/B/A THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Guidance

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Our combined financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The combined financial statements reflect the application of ASU 2018-08 beginning January 1, 2018. The new guidance does not require prior period results to be restated. The implementation of this standard did not result in any changes to the opening balances of the combined financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY

The WARM Place receives significant contributions and promises-to-give from donors and considers such contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative, program and fundraising expenses. Annual operations are defined as approved activities occurring during the organization's fiscal year. Historically, contributions subject to donor-imposed restrictions have been immaterial with respect to total annual contributions.

It is the policy of The WARM Place to manage its liquidity and reserves by maintaining adequate liquid assets to fund near-term operating needs. Near-term is defined as a period of no more than twelve months.

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NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The organization will maintain current financial assets less current liabilities at a minimum of 60 days of operating expenses. The organization will target a year-end balance of reserves of unrestricted, undesignated net assets to meet at least 60 days of expected expenditures. To achieve these targets, the organization (including the Executive Director and Board Treasurer, and others if needed) will monitor its future cash flows and cash on hand monthly and monitor its reserves at least annually. In the event the targets are not met, the Finance Committee of the board of directors and the Executive Director shall meet to develop plans to increase donations or reduce operating expenses in order to meet the targets.

At least annually, it will provide:

1. Qualitative information that communicates how the organization manages its liquid resources available to meet cash needs for general expenditures, and
2. Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of the organization's financial assets at the balance sheet date to meet cash needs for general expenditures. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.

What About Remembering Me Center, Inc.'s financial assets available within one year of the balance sheet date for general expenditure are as follows:

	The WARM	WARM	Combined Total	
	Place	Foundation, Inc.	2019	2018
Cash and Cash Equivalents	\$ 542,726	\$ 59,763	\$ 602,489	\$ 710,095
Investments	2,364,181	1,302,361	3,666,542	2,958,061
Less Amounts Restricted by Donors	(12,471)	(1,647,131)	(1,659,602)	(1,471,839)
Total	<u>\$ 2,894,436</u>	<u>\$ (285,007)</u>	<u>\$ 2,609,429</u>	<u>\$ 2,196,317</u>

The Foundation's liquid availability is impacted by the requirement that the majority of related restricted funds be used for maintenance and upkeep of the building and not for general expenditure.

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NOTE 4 PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2019 and 2018 are as follows:

	The WARM Place	WARM Foundation, Inc.	Combined Total	
			2019	2018
Land	\$ -	\$ 244,390	\$ 244,390	\$ 244,390
Building	-	2,224,913	2,224,913	2,224,913
Leasehold Improvements	225,949	-	225,949	225,949
Furniture and Equipment	147,944	82,995	230,939	223,574
Construction in Progress	-	12,780	12,780	-
Total Property and Equipment	373,893	2,565,078	2,938,971	2,918,826
Less: Accumulated Depreciation	(235,062)	(1,000,541)	(1,235,603)	(1,150,963)
Net Property and Equipment	\$ 138,831	\$ 1,564,537	\$ 1,703,368	\$ 1,767,863

NOTE 5 INVESTMENTS

Investments at December 31, 2019 and 2018, consist of the following:

Level 1 Fair Value Measurements	The WARM Place	WARM Foundation, Inc.	Combined Total	
			2019	2018
Equity Mutual Funds	\$ 1,291,245	\$ 711,361	\$ 2,002,606	\$ 1,474,703
Fixed Income Mutual Funds	1,072,936	591,000	1,663,936	1,483,358
Total Investments	\$ 2,364,181	\$ 1,302,361	\$ 3,666,542	\$ 2,958,061

	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Equity Mutual funds	\$ 2,002,606	\$ 1,679,052	\$ 323,554
Fixed Income Mutual Funds	1,663,936	1,697,078	(33,142)
Total Investments	\$ 3,666,542	\$ 3,376,130	\$ 290,412

FASB ASC No. 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consists of other investments and Level 3 inputs have the lowest priority. The WARM Place and WARM Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the WARM Place and WARM Foundation measures fair value using Level 1 because they generally provide the most reliable evidence of fair value. Level 2 and 3 inputs are not used by the WARM Place or WARM Foundation.

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NOTE 6 ENDOWMENT WITH DONOR RESTRICTIONS

The Board of Directors of the WARM Foundation, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument as the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as (a), (b), or (c) above is restricted to the upkeep and improvements to the building. These amounts remain classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Foundation and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Foundation.
- 7) The investment policies of the Foundation.

Return Objectives and Risk Parameters

The Foundation has a spending policy of appropriating for distribution each year 1.0% of the rolling average of the previous three calendar years' investment corpus. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its general endowment fund to grow at an average of 5.0% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

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NOTE 6 ENDOWMENT WITH DONOR RESTRICTIONS (CONTINUED)

Strategies Employed for Achieving Objectives

To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent, inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 1.0%, while growing the fund if possible. Accordingly, WARM Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5.0% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk

Endowment corpus is restricted to investments in perpetuity or investment in property and equipment, and is composed of the following net assets with and without donor restrictions at December 31, 2019 and 2018:

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Donor restricted endowments with principal to be held in perpetuity	\$ -	\$ 65,600	\$ 65,600	\$ 65,600
Income on restricted gifts and principal gifts which may be distributed for specified purposes	-	1,531,531	1,531,531	1,344,489
	<u>\$ -</u>	<u>\$ 1,597,131</u>	<u>\$ 1,597,131</u>	<u>\$ 1,410,089</u>

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NOTE 6 ENDOWMENT WITH DONOR RESTRICTIONS (CONTINUED)

The changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	\$ -	\$ 1,456,151	\$ 1,456,151
Investment income, net of expenses	-	46,158	46,158
Realized and unrealized gains and losses, net	-	(92,220)	(92,220)
<i>Total investment return</i>	-	(46,062)	(46,062)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, December 31, 2018	\$ -	\$ 1,410,089	\$ 1,410,089
Investment income, net of expenses	-	38,238	38,238
Realized and unrealized gains and losses, net	-	148,804	148,804
<i>Total investment return</i>	-	187,042	187,042
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, December 31, 2019	\$ -	\$ 1,597,131	\$ 1,597,131

There were no underwater endowments at December 31, 2019 and 2018.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Restricted Purpose	The WARM Place	WARM Foundation, Inc.	2019	2018
Capital Campaign	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
A Cool Night Event	10,000	-	10,000	10,000
Race 2 Remember Them Event	1,871	-	1,871	1,150
Backyard Lighting	600	-	600	600
Income on Gifts for Improvements of Property and Equipment (Note 7)	-	1,531,531	1,531,531	1,344,489
Endowment Funds (Note 7)	-	65,600	65,600	65,600
Total	\$ 12,471	\$ 1,647,131	\$ 1,659,602	\$ 1,471,839

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NOTE 8 RETIREMENT PLAN

The WARM Place maintains a Simplified Employee Pension Plan for the benefit of its employees. In order to be eligible, employees must have performed services in three of the preceding five calendar years and must have attained 21 years of age. The Plan does not permit employee contributions, and employer contributions are at the discretion of the Board of Directors. The employer contributions for December 31, 2019 and 2018 were 6% of eligible employees' salaries. Pension expense amounted to \$16,850 and \$20,323 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9 IN-KIND DONATIONS

As of December 31, 2019 and 2018, The WARM Place received a total of \$39,509 and \$45,107 in in-kind donations, respectively. Donations of office and kitchen supplies valued at \$35,326 and \$34,718 were recognized and are grouped in contribution revenue on the combined statement of activities for 2019 and 2018, respectively. In-kinds related to special events of \$4,183 and \$10,389 are included in special events income and expense and include various goods and services related to the special events for 2019 and 2018, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

The WARM Place occupies a building owned by The WARM Foundation. Rent charged to The WARM Place by WARM Foundation was \$109,200 in both 2019 and 2018.

The WARM Foundation made contributions to The WARM Place of \$109,200 for the years ended December 31, 2019 and 2018, to provide support for rent and occupancy costs incurred by The WARM Place. These amounts are reflected as "Contributions, Related Party" and "Rental Income, Related Party" in the combined statements of activities.

NOTE 11 FUNCTIONALIZED EXPENSE ALLOCATION METHODOLOGY

The WARM Place has one program which the majority of expenses ultimately support. The financial statements report certain categories of expenses that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, insurance, occupancy, employee benefits, payroll taxes, special event expenses, and salary expenses for the Executive Director, Office Manager, Director of Development, Development Associate, and Event & PR Manager. Depreciation is an overhead cost and follows the same allocation as administrative salaries, which is based on staff time and effort. Insurance expenses, occupancy expenses, employee benefits, and payroll taxes, and salary expenses are allocated based on management's best estimate of staff time and effort and benefits received.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 13, 2020, the date on which the combined financial statements were available to be issued.