

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE)  
AND WARM FOUNDATION, INC.**

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

**YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
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(WITH COMPARATIVE TOTALS FOR 2019)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
What About Remembering Me Center, Inc.  
(dba: 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. (dba: The WARM Place) and WARM Foundation, Inc. which comprise the combined statement of financial position as of December 31, 2020, 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.

Board of Directors  
What About Remembering Me Center, Inc.  
(dba: The Warm Place) and WARM Foundation, Inc.

***Opinion***

In our opinion, the 2020 combined financial statements referred to above present fairly, in all material respects, the combined financial position of What About Remembering Me Center, Inc. (dba: The Warm Place) and WARM Foundation, Inc. as of December 31, 2020, 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 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 13, 2020. In our opinion, the combined summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 31, 2021

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	The WARM	WARM	Combined Total	
	Place	Foundation, Inc.	2020	2019
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 412,956	\$ 47,263	\$ 460,219	\$ 602,489
Investments	2,802,501	1,417,751	4,220,252	3,666,542
Pledges Receivable	10,500	-	10,500	-
Prepaid Expenses	8,437	-	8,437	-
Total Current Assets	<u>3,234,394</u>	<u>1,465,014</u>	<u>4,699,408</u>	<u>4,269,031</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>121,930</u>	<u>1,510,473</u>	<u>1,632,403</u>	<u>1,703,368</u>
Total Assets	<u>\$ 3,356,324</u>	<u>\$ 2,975,487</u>	<u>\$ 6,331,811</u>	<u>\$ 5,972,399</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accrued Expenses	\$ 11,667	\$ -	\$ 11,667	\$ 15,417
Deferred Revenue	10,000	-	10,000	-
Total Liabilities	<u>21,667</u>	<u>-</u>	<u>21,667</u>	<u>15,417</u>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Operations	3,334,057	1,200,590	4,534,647	4,297,380
With Donor Restrictions:				
Purpose Restriction	600	1,709,297	1,709,897	1,594,002
Endowment Funds	-	65,600	65,600	65,600
Total With Donor Restrictions	<u>600</u>	<u>1,774,897</u>	<u>1,775,497</u>	<u>1,659,602</u>
Total Net Assets	<u>3,334,657</u>	<u>2,975,487</u>	<u>6,310,144</u>	<u>5,956,982</u>
Total Liabilities and Net Assets	<u>\$ 3,356,324</u>	<u>\$ 2,975,487</u>	<u>\$ 6,331,811</u>	<u>\$ 5,972,399</u>

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	The WARM Place			Warm Foundation, Inc.			Eliminations	Combined Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		2020	2019
<b>REVENUES AND OTHER SUPPORT</b>									
Contributions	\$ 866,555	\$ -	\$ 866,555	\$ 522	\$ -	\$ 522	\$ -	\$ 867,077	\$ 768,417
Contributions, Related Party	109,200	-	109,200	(109,200)	-	(109,200)	-	-	-
Special Events, Net of Direct Costs of \$11,381 in 2020 and \$115,917 in 2019	40,204	-	40,204	-	-	-	-	40,204	346,424
Grant Revenue from CARES Act - See Note 13	137,000	-	137,000	-	-	-	-	137,000	-
Investment Income, Net of Fees	64,062	-	64,062	-	32,076	32,076	-	96,138	107,534
Rental Income, Related Party	-	-	-	109,200	-	109,200	(109,200)	-	-
Other Income	23	-	23	14	-	14	-	37	-
Net Unrealized and Realized Gain (Loss) on Investments	178,034	-	178,034	(12)	95,690	95,678	-	273,712	418,965
Net Assets Released from Restrictions: Satisfaction of Purpose Restrictions	11,871	(11,871)	-	-	-	-	-	-	-
<b>Total Revenues and Other Support</b>	<b>1,406,949</b>	<b>(11,871)</b>	<b>1,395,078</b>	<b>524</b>	<b>127,766</b>	<b>128,290</b>	<b>(109,200)</b>	<b>1,414,168</b>	<b>1,641,340</b>
<b>EXPENSES</b>									
Program Services	863,841	-	863,841	62,049	-	62,049	(92,820)	833,070	873,132
Supporting Services									
General and Administrative	42,148	-	42,148	10,115	-	10,115	(5,460)	46,803	46,925
Fund Raising	184,753	-	184,753	7,300	-	7,300	(10,920)	181,133	185,800
<b>Total Supporting Services</b>	<b>226,901</b>	<b>-</b>	<b>226,901</b>	<b>17,415</b>	<b>-</b>	<b>17,415</b>	<b>(16,380)</b>	<b>227,936</b>	<b>232,725</b>
<b>Total Expenses</b>	<b>1,090,742</b>	<b>-</b>	<b>1,090,742</b>	<b>79,464</b>	<b>-</b>	<b>79,464</b>	<b>(109,200)</b>	<b>1,061,006</b>	<b>1,105,857</b>
<b>CHANGE IN NET ASSETS</b>	<b>316,207</b>	<b>(11,871)</b>	<b>304,336</b>	<b>(78,940)</b>	<b>127,766</b>	<b>48,826</b>	<b>-</b>	<b>353,162</b>	<b>535,483</b>
Net Assets - Beginning 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
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,334,057</b>	<b>\$ 600</b>	<b>\$ 3,334,657</b>	<b>\$ 1,200,590</b>	<b>\$ 1,774,897</b>	<b>\$ 2,975,487</b>	<b>\$ -</b>	<b>\$ 6,310,144</b>	<b>\$ 5,956,982</b>

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	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
Salaries and Contract Labor	\$ 502,640	\$ 7,276	\$ 100,730	\$ 108,006	\$ 610,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610,646	\$ 626,750
Payroll Taxes	42,556	813	8,085	8,898	51,454	-	-	-	-	-	-	51,454	51,911
Employee Benefits	67,877	840	19,690	20,530	88,407	-	-	-	-	-	-	88,407	71,085
Total Personnel Expense	613,073	8,929	128,505	137,434	750,507	-	-	-	-	-	-	750,507	749,746
Membership Dues	1,070	553	995	1,548	2,618	-	-	-	-	-	-	2,618	2,081
Subscriptions	1,850	139	670	809	2,659	-	-	-	-	-	-	2,659	5,382
Insurance	7,973	429	857	1,286	9,259	4,854	286	571	857	5,711	-	14,970	20,214
Training and Travel	643	-	1,518	1,518	2,161	-	-	-	-	-	-	2,161	6,588
Special Events	2,478	-	9,053	9,053	11,531	-	-	-	-	-	-	11,531	117,842
Camping Program	-	-	-	-	-	-	-	-	-	-	-	-	12,246
Supplies	16,284	1,400	621	2,021	18,305	-	-	-	-	-	-	18,305	22,381
Program Material	20,289	-	4,114	4,114	24,403	-	-	-	-	-	-	24,403	40,092
Public Relations	9,763	83	245	328	10,091	-	-	-	-	-	-	10,091	15,801
Occupancy	133,687	8,031	15,746	23,777	157,464	-	-	-	-	-	(109,200)	48,264	52,251
Professional Fees	9,345	17,290	3,263	20,553	29,898	-	6,131	-	6,131	6,131	-	36,029	33,211
Printing	14,705	127	15,734	15,861	30,566	-	-	-	-	-	-	30,566	20,745
Postage	10,166	148	3,935	4,083	14,249	-	-	-	-	-	-	14,249	11,723
Repairs and Maintenance	-	-	-	-	-	4,981	293	586	879	5,860	-	5,860	-
General	10,628	4,174	6,710	10,884	21,512	-	334	-	334	334	-	21,846	26,828
Total Other Expenses	238,881	32,374	63,461	95,835	334,716	9,835	7,044	1,157	8,201	18,036	(109,200)	243,552	387,385
Depreciation	14,365	845	1,690	2,535	16,900	52,214	3,071	6,143	9,214	61,428	-	78,328	84,643
Total Expenses before Netted Costs	253,246	33,219	65,151	98,370	351,616	62,049	10,115	7,300	17,415	79,464	(109,200)	321,880	472,028
Less: Costs Included with Revenues in the Statement of Activities	(2,478)	-	(8,903)	(8,903)	(11,381)	-	-	-	-	-	-	(11,381)	(115,917)
Total Expenses	\$ 863,841	\$ 42,148	\$ 184,753	\$ 226,901	\$ 1,090,742	\$ 62,049	\$ 10,115	\$ 7,300	\$ 17,415	\$ 79,464	\$ (109,200)	\$ 1,061,006	\$ 1,105,857

See accompanying Notes to Combined Financial Statements.

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	The WARM Place	WARM Foundation, Inc.	Combined Total	
			2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 304,336	\$ 48,826	\$ 353,162	\$ 535,483
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	16,900	61,428	78,328	84,643
Net Unrealized and Realized Gain on Investments	(178,034)	(95,678)	(273,712)	(418,965)
Forgiveness of PPP Loan Debt	(137,000)	-	(137,000)	-
Decrease in Operating Assets:				
Prepaid Expenses	(8,437)	-	(8,437)	2,028
Pledges Receivable	(10,500)	-	(10,500)	-
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	-	-	-	(3,395)
Deferred Revenue	10,000	-	10,000	-
Accrued Expenses	(3,750)	-	(3,750)	2,264
Net Cash Provided (Used) by Operating Activities	<u>(6,485)</u>	<u>14,576</u>	<u>8,091</u>	<u>202,058</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Property and Equipment	-	(7,365)	(7,365)	(20,148)
Purchase of Investments	(902,903)	(372,968)	(1,275,871)	(530,031)
Proceeds from Sale of Investments	642,618	353,257	995,875	240,515
Net Cash Used by Investing Activities	<u>(260,285)</u>	<u>(27,076)</u>	<u>(287,361)</u>	<u>(309,664)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from PPP Loan	137,000	-	137,000	-
Net Cash Provided by Financing Activities	<u>137,000</u>	<u>-</u>	<u>137,000</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(129,770)	(12,500)	(142,270)	(107,606)
Cash and Cash Equivalents - Beginning of Year	<u>542,726</u>	<u>59,763</u>	<u>602,489</u>	<u>710,095</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 412,956</u>	<u>\$ 47,263</u>	<u>\$ 460,219</u>	<u>\$ 602,489</u>
<b>SUPPLEMENTAL NONCASH INFORMATION</b>				
Donated Securities	<u>\$ 2,155</u>	<u>\$ -</u>	<u>\$ 2,155</u>	<u>\$ -</u>

See accompanying Notes to Combined Financial Statements.



**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 NATURE OF THE ORGANIZATION AND PROGRAMS PROVIDED**

**Organization**

The What About Remembering Me Center, Inc. (dba: 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. (dba: The WARM Place) is a nonprofit 501(c)(3) agency whose mission is to provide year-round grief support services to children ages 3 ½ to 18 and their families, as well as young adults ages 19 to 25 who have experienced the death of a loved one.

From day one, our founders agreed that families should not have to bear the financial burden of grief support to participate in our program. Therefore since 1989, we have served over 40,000 children and their families and have never once asked any clients to pay a fee while participating in the program. The WARM Place is supported solely through private donations and grants. We do not receive state or federal funding, and we are not an affiliated United Way partner agency. The board of directors, staff, and community supporters are dedicated to pursuing the necessary funds to sustain our program as it fills a critical need in the community.

In 2020, we served 1,480 individuals.

**Program Services – Overview**

The core of The WARM Place program is our bi-weekly peer support groups for grieving children (grades K-12) and their families. In addition to the groups, families can also participate in our Family Nights, as well as our family camp in the fall, "Camp Remember Me." Our staff also offers valuable resources and trainings to the community throughout the year. Below is a list of our ongoing services:

**Bi-Weekly Evening Support Groups**

Eight ongoing groups for children (K-12) and their parents and guardians who meet every other week. Each weeknight is designated for a different group based upon the type of relationship loss: sibling, parent, or grandparent/extended family or friend.

- Pre-K Program: A group for children ages 3½ to 5, offered for ten weeks in the spring and fall.
- Young Adults Program: A group for young adults ages 19 to 25, offered for eight weeks in the spring, summer, and fall.

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 NATURE OF THE ORGANIZATION AND PROGRAMS PROVIDED (CONTINUED)**

**Family Nights**

Family fun events for past, present, and future WARM Place families. These events are offered six times per year and are designed to focus on making new memories, together as a family, following a death. Each Family Night is free to attend and features a different theme with various activities.

Each fall, WARM Place families are invited to participate, at no cost, in our annual family camp weekend, Camp Remember Me. With the support of The WARM Place staff and trained volunteers, camp provides a unique opportunity for families to grow together in their grief journey as they experience healing, have fun, enjoy WARM Place community, and create new memories while remembering their loved ones.

**Assessments, Referrals, and Crisis Counseling**

The WARM Place has three full-time licensed counselors and one full-time licensed social worker who serve as “Group Directors” and spend a large amount of their time during the day providing assessments, referrals to outside resources, and crisis counseling to clients. Whether it is a family who has come for an appointment, or an individual who called seeking help, our program staff is available to provide that immediate support and counsel.

**Community Outreach**

The WARM Place staff participates in community awareness fairs year-round and provides speakers for special events and meetings upon request. In addition, our staff also hosts tours and question-and-answer sessions with local school professionals and community members.

**Bereavement Trainings and Workshops**

The WARM Place conducts numerous trainings and workshops throughout the year focused on strategies and tools to support grieving children. Most of these trainings are designed to educate local schools and other organizations so they can better support their students and clients who have experienced a death loss. For 2021, The WARM Place has been chosen to present at the National Alliance for Grieving Children’s annual symposium. The presentation is entitled: “Incorporating Fun Family Programming into Your Grief Support Program.” In addition, The WARM Place program staff is conducting two more “Grief Talk” virtual webinars, which are hour-long presentations designed for school professionals who want to learn how to support grieving children.

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 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.

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**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, 2019.

**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.

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NOTES TO COMBINED FINANCIAL STATEMENTS  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (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.

**Promises to Give**

The WARM Place and WARM Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the combined statements of activities. The WARM Place uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at December 31, 2020 and 2019.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

Contributions are recognized when received or a donor makes a pledge to give to the WARM Place and WARM Foundation that is, in substance, unconditional. Unconditional promises to give expected to be collected within one year, are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received and adjusted for the credit risk of the donor based on management assessment. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give as of December 31, 2020 and 2019 totaled \$-0-. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions (primarily restrictions as to purpose and/or time) 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.

**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, 2020.

The WARM Place and WARM Foundation account for uncertain tax positions in accordance with FASB ASC No. 740, *Income Taxes*. As of December 31, 2020, 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.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 WARM Place'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 12 months.

The WARM Place will maintain current financial assets less current liabilities at a minimum of 60 days of operating expenses. The WARM Place 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 WARM Place (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 WARM Place 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 WARM Place'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.

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**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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.	2020	2019
Cash and Cash Equivalents	\$ 412,956	\$ 47,263	\$ 460,219	\$ 602,489
Investments	2,802,501	1,417,751	4,220,252	3,666,542
Pledges Receivable	10,500	-	10,500	-
Less Amounts Restricted by Donors	(600)	(1,774,897)	(1,775,497)	(1,659,602)
Total	<u>\$ 3,225,357</u>	<u>\$ (309,883)</u>	<u>\$ 2,915,474</u>	<u>\$ 2,609,429</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.

**NOTE 4 PROPERTY AND EQUIPMENT**

Major classes of property and equipment at December 31, 2020 and 2019 are as follows:

	The WARM	WARM	Combined Total	
	Place	Foundation, Inc.	2020	2019
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	90,360	238,304	230,939
Construction in Progress	-	12,780	12,780	12,780
Total Property and Equipment	373,893	2,572,443	2,946,336	2,938,971
Less: Accumulated Depreciation	(251,963)	(1,061,970)	(1,313,933)	(1,235,603)
Net Property and Equipment	<u>\$ 121,930</u>	<u>\$ 1,510,473</u>	<u>\$ 1,632,403</u>	<u>\$ 1,703,368</u>



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**NOTE 5 INVESTMENTS**

Investments at December 31, 2020 and 2019, consist of the following:

Level 1 Fair Value Measurements	The WARM Place	WARM Foundation, Inc.	Combined Total	
			2020	2019
Equity Mutual Funds	\$ 1,506,974	\$ 762,197	\$ 2,269,171	\$ 2,002,606
Fixed Income Mutual Funds	1,295,527	655,554	1,951,081	1,663,936
Total Investments	<u>\$ 2,802,501</u>	<u>\$ 1,417,751</u>	<u>\$ 4,220,252</u>	<u>\$ 3,666,542</u>

  

	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Equity Mutual funds	\$ 2,269,171	\$ 1,667,365	\$ 601,806
Fixed Income Mutual Funds	1,951,081	1,948,205	2,876
Total Investments	<u>\$ 4,220,252</u>	<u>\$ 3,615,570</u>	<u>\$ 604,682</u>

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, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	2020	2019
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	-	1,659,297	1,659,297	1,531,531
	<u>\$ -</u>	<u>\$ 1,724,897</u>	<u>\$ 1,724,897</u>	<u>\$ 1,597,131</u>

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**NOTE 6 ENDOWMENT WITH DONOR RESTRICTIONS (CONTINUED)**

The changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Total Investment Return	-	187,042	187,042
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets, December 31, 2019	-	1,597,131	1,597,131
Investment income, Net of Expenses	-	32,076	32,076
Realized and Unrealized Gains and Losses, Net	-	95,690	95,690
Total Investment Return	-	127,766	127,766
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets, December 31, 2020	<u>\$ -</u>	<u>\$ 1,724,897</u>	<u>\$ 1,724,897</u>

There were no underwater endowments at December 31, 2020 and 2019.

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**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

Restricted Purpose	The WARM Place	WARM Foundation, Inc.	2020	2019
Capital Campaign	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
A Cool Night Event	-	-	-	10,000
Race 2 Remember Them Event	-	-	-	1,871
Backyard Lighting	600	-	600	600
Income on Gifts for Improvements of Property and Equipment (Note 6)	-	1,659,297	1,659,297	1,531,531
Endowment Funds (Note 6)	-	65,600	65,600	65,600
Total	<u>\$ 600</u>	<u>\$ 1,774,897</u>	<u>\$ 1,775,497</u>	<u>\$ 1,659,602</u>

**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, 2020 and 2019 were 6% of eligible employees' salaries. Pension expense amounted to \$20,230 and \$16,850 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 9 IN-KIND DONATIONS**

As of December 31, 2020 and 2019, The WARM Place received a total of \$31,047 and \$39,509 in in-kind donations, respectively. Donations of office and kitchen supplies valued at \$24,346 and \$35,326 were recognized and are grouped in contribution revenue on the combined statement of activities for 2020 and 2019, respectively. In-kinds related to special events of \$6,701 and \$4,183 are included in special events income and expense and include various goods and services related to the special events for 2020 and 2019, respectively.

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**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 2020 and 2019.

The WARM Foundation made contributions to The WARM Place of \$109,200 for the years ended December 31, 2020 and 2019, 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 and 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 COMMITMENTS AND CONTINGENCIES**

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the WARM Place and WARM Foundation, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the WARM Place and WARM Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred prior to year-end and are still developing.

**NOTE 13 FEDERAL AWARDS UNDER THE CARES ACT**

On April 9, 2020, the WARM Place received proceeds in the amount of \$137,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain conditions, as outlined in the loan agreement and the CARES Act. The WARM Place was notified on December 21, 2020 that the PPP loan was forgiven by the SBA. The WARM Place recognized the entire \$137,000 as revenue in 2020.

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**NOTE 13 FEDERAL AWARDS UNDER THE CARES ACT (CONTINUED)**

The WARM Place is following ASC 470, Debt, to account for the initial receipts related to the PPP Loan. On December 21, 2020, the SBA processed the WARM Place's PPP Loan forgiveness application and notified Frost Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the WARM Place was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in grant revenue from CARES Act during the year ended December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the WARM Place's financial position.

**NOTE 14 SUBSEQUENT EVENTS**

On February 24, 2021, the WARM Place received proceeds in the amount of \$141,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the second round of the Paycheck Protection Program (the "PPP Loan"). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain conditions, as outlined in the loan agreement and the CARES Act. This loan carries an interest rate of 1% per annum based on a year of 365 days and matures on 2/25/2022.

Management has evaluated subsequent events through March 31, 2021, the date on which the combined financial statements were available to be issued.