

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

COMBINED FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2020)**



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**WHAT ABOUT REMEMBERING ME CENTER, INC.
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.
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YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

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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

Report on the Audit of the Financial Statements

Opinion

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, 2021, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the 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, 2021, and the results of its operations and its cash flows for the year 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 What About Remembering Me Center, Inc. dba: The WARM Place and WARM Foundation, Inc. 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.

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 13 to the financial statements, certain errors resulting in overstatement of amounts previously reported as net assets with donor restrictions as of December 31, 2020 were discovered during the current year. Accordingly, amounts included in net assets with donor restrictions have been reclassified to net assets without donor restrictions in the 2020 financial statements now presented. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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.

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about What About Remembering Me Center, Inc. dba: The WARM Place and WARM Foundation, Inc.'s ability to continue as a going concern for one year after the date the combined 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 combined 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 What About Remembering Me Center, Inc. dba: The WARM Place and WARM Foundation, Inc.'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about What About Remembering Me Center, Inc. dba: The WARM Place and WARM Foundation, Inc.'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.

Report on Summarized Comparative Information

We have previously audited What About Remembering Me Center, Inc. dba: The WARM Place and WARM Foundation, Inc.'s 2020 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 31, 2021. In our opinion, the combined summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
March 31, 2022

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)**

	The WARM Place	WARM Foundation, Inc.	Eliminations	Combined Totals	
				2021	(As Restated) 2020
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 633,818	\$ 214,373	\$ -	\$ 848,191	\$ 460,219
Investments	3,090,941	1,475,285	-	4,566,226	4,220,252
Pledges Receivable	45,000	-	-	45,000	10,500
Related Party Receivable	17,500	-	(17,500)	-	-
Prepaid Expenses	4,662	-	-	4,662	8,437
Total Current Assets	<u>3,791,921</u>	<u>1,689,658</u>	<u>(17,500)</u>	<u>5,464,079</u>	<u>4,699,408</u>
PROPERTY AND EQUIPMENT, Net	<u>109,029</u>	<u>1,479,654</u>	<u>-</u>	<u>1,588,683</u>	<u>1,632,403</u>
Total Assets	<u>\$ 3,900,950</u>	<u>\$ 3,169,312</u>	<u>\$ (17,500)</u>	<u>\$ 7,052,762</u>	<u>\$ 6,331,811</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	\$ -	\$ 25,208	\$ -	\$ 25,208	\$ -
Related Party Payable	-	17,500	(17,500)	-	-
Accrued Expenses	8,524	-	-	8,524	11,667
Deferred Revenue	-	-	-	-	10,000
Total Liabilities	<u>8,524</u>	<u>42,708</u>	<u>(17,500)</u>	<u>33,732</u>	<u>21,667</u>
NET ASSETS					
Without Donor Restrictions:					
Operations	3,891,621	2,933,604	-	6,825,225	6,259,544
With Donor Restrictions:					
Purpose Restriction	805	193,000	-	193,805	50,600
Total With Donor Restrictions	<u>805</u>	<u>193,000</u>	<u>-</u>	<u>193,805</u>	<u>50,600</u>
Total Net Assets	<u>3,892,426</u>	<u>3,126,604</u>	<u>-</u>	<u>7,019,030</u>	<u>6,310,144</u>
Total Liabilities and Net Assets	<u>\$ 3,900,950</u>	<u>\$ 3,169,312</u>	<u>\$ (17,500)</u>	<u>\$ 7,052,762</u>	<u>\$ 6,331,811</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, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	The WARM Place			Warm Foundation, Inc.			Eliminations	Combined Totals	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		2021	2020
REVENUES AND OTHER SUPPORT									
Contributions	\$ 979,947	\$ 205	\$ 980,152	\$ 500	\$ 143,000	\$ 143,500	\$ -	\$ 1,123,652	\$ 867,077
Contributions, Related Party	109,200	-	109,200	(109,200)	-	(109,200)	-	-	-
Management Fee Income	17,500	-	17,500	-	-	-	(17,500)	-	-
Special Events, Net of Direct Costs of \$96,187 in 2021 and \$11,381 in 2020	314,963	-	314,963	-	-	-	-	314,963	40,204
Grant Revenue from CARES Act	141,000	-	141,000	-	-	-	-	141,000	137,000
Investment Income, Net of Fees	94,892	-	94,892	45,667	-	45,667	-	140,559	96,138
Rental Income, Related Party	-	-	-	109,200	-	109,200	(109,200)	-	-
Other Income	-	-	-	-	-	-	-	-	37
Net Unrealized and Realized Gain (Loss) on Investments	200,183	-	200,183	100,012	-	100,012	-	300,195	273,712
Net Assets Released from Restrictions: Satisfaction of Purpose Restrictions	-	-	-	-	-	-	-	-	-
Total Revenues and Other Support	1,857,685	205	1,857,890	146,179	143,000	289,179	(126,700)	2,020,369	1,414,168
EXPENSES									
Program Services	1,017,901	-	1,017,901	61,509	-	61,509	(92,820)	986,590	833,070
Supporting Services:									
General and Administrative	65,850	-	65,850	9,044	-	9,044	(5,460)	69,434	46,803
Fund Raising	216,370	-	216,370	67,509	-	67,509	(28,420)	255,459	181,133
Total Supporting Services	282,220	-	282,220	76,553	-	76,553	(33,880)	324,893	227,936
Total Expenses	1,300,121	-	1,300,121	138,062	-	138,062	(126,700)	1,311,483	1,061,006
INCREASE IN NET ASSETS	557,564	205	557,769	8,117	143,000	151,117	-	708,886	353,162
Net Assets - Beginning of Year	3,334,057	600	3,334,657	2,925,487	50,000	2,975,487	-	6,310,144	5,956,982
NET ASSETS - END OF YEAR	\$ 3,891,621	\$ 805	\$ 3,892,426	\$ 2,933,604	\$ 193,000	\$ 3,126,604	\$ -	\$ 7,019,030	\$ 6,310,144

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, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	The WARM Place					WARM Foundation, Inc.							Combined Totals	
	Supporting Services			Total		Supporting Services			Total				Eliminations	2021
	Program Services	General and Administrative	Fund Raising	Supporting Services	Total	Program Services	General and Administrative	Fund Raising	Supporting Services	Total				
Personnell Expenses:														
Salaries and Contract Labor	\$ 574,639	\$ 7,881	\$ 102,710	\$ 110,591	\$ 685,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685,230	\$ 610,646	
Payroll Taxes	43,763	845	8,308	9,153	52,916	-	-	-	-	-	-	52,916	51,454	
Employee Benefits	82,303	3,241	19,602	22,843	105,146	-	-	-	-	-	-	105,146	88,407	
Total Personnell Expenses	700,705	11,967	130,620	142,587	843,292	-	-	-	-	-	-	843,292	750,507	
Other Expenses:														
Membership Dues	985	675	1,005	1,680	2,665	-	-	-	-	-	-	2,665	2,618	
Subscriptions	4,390	423	933	1,356	5,746	-	-	-	-	-	-	5,746	2,659	
Insurance	9,137	506	851	1,357	10,494	4,893	288	576	864	5,757	-	16,251	14,970	
Training and Travel	1,411	65	149	214	1,625	-	-	-	-	-	-	1,625	2,161	
Special Events	150	-	96,524	96,524	96,674	-	-	-	-	-	-	96,674	11,531	
Camping Program	9,514	-	-	-	9,514	-	-	-	-	-	-	9,514	-	
Supplies	23,987	3,315	978	4,293	28,280	-	-	-	-	-	-	28,280	18,305	
Program Material	19,136	10	4,570	4,580	23,716	-	-	-	-	-	-	23,716	24,403	
Public Relations	12,685	1,450	131	1,581	14,266	-	-	-	-	-	-	14,266	10,091	
Occupancy	123,235	7,269	14,498	21,767	145,002	-	-	-	-	-	(109,200)	35,802	29,430	
Professional Fees	8,496	30,281	3,361	33,642	42,138	-	5,086	60,272	65,358	65,358	(17,500)	89,996	36,029	
Printing	8,727	147	13,703	13,850	22,577	-	-	-	-	-	-	22,577	30,566	
Postage	10,325	196	3,406	3,602	13,927	-	-	-	-	-	-	13,927	14,249	
Repairs and Maintenance	45,699	2,713	5,377	8,090	53,789	4,250	250	500	750	5,000	-	58,789	24,694	
General	28,388	6,188	35,125	41,313	69,701	-	340	-	340	340	-	70,041	21,846	
Total Other Expenses	306,265	53,238	180,611	233,849	540,114	9,143	5,964	61,348	67,312	76,455	(126,700)	489,869	243,552	
Depreciation	10,931	645	1,326	1,971	12,902	52,366	3,080	6,161	9,241	61,607	-	74,509	78,328	
Total Expenses Before Netted Costs	317,196	53,883	181,937	235,820	553,016	61,509	9,044	67,509	76,553	138,062	(126,700)	564,378	321,880	
Less: Costs Included with Revenues in the Combined Statement of Activities	-	-	(96,187)	(96,187)	(96,187)	-	-	-	-	-	-	(96,187)	(11,381)	
Total Expenses	\$ 1,017,901	\$ 65,850	\$ 216,370	\$ 282,220	\$ 1,300,121	\$ 61,509	\$ 9,044	\$ 67,509	\$ 76,553	\$ 138,062	\$ (126,700)	\$ 1,311,483	\$ 1,061,006	

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, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	The WARM Place	WARM Foundation, Inc.	Eliminations	Combined Totals	
				2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 557,769	\$ 151,117	\$ -	\$ 708,886	\$ 353,162
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:					
Depreciation	12,902	61,607	-	74,509	78,328
Net Unrealized and Realized Gain on Investments	(200,183)	(100,012)	-	(300,195)	(273,712)
Forgiveness of PPP Loan Under CARES ACT	(141,000)	-	-	(141,000)	(137,000)
Increase (Decrease) in Operating Assets:					
Prepaid Expenses	3,775	-	-	3,775	(8,437)
Pledges Receivable	(34,500)	-	-	(34,500)	(10,500)
Related Party Receivable	(17,500)	-	17,500	-	-
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	-	25,208	-	25,208	-
Related Party Payable	-	17,500	(17,500)	-	-
Deferred Revenue	(10,000)	-	-	(10,000)	10,000
Accrued Expenses	(3,143)	-	-	(3,143)	(3,750)
Contributions Restricted for Long-Term Purposes	-	(143,000)	-	(143,000)	-
Net Cash Provided by Operating Activities	168,120	12,420	-	180,540	8,091
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property and Equipment	-	(30,789)	-	(30,789)	(7,365)
Purchase of Investments	(396,501)	(177,665)	-	(574,166)	(1,275,871)
Proceeds from Sale of Investments	308,243	220,144	-	528,387	995,875
Net Cash Provided (Used) by Investing Activities	(88,258)	11,690	-	(76,568)	(287,361)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from PPP Loan	141,000	-	-	141,000	137,000
Proceeds from Contributions Restricted for Investment in Property and Equipment	-	143,000	-	143,000	-
Net Cash Provided by Financing Activities	141,000	143,000	-	284,000	137,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	220,862	167,110	-	387,972	(142,270)
Cash and Cash Equivalents - Beginning of Year	412,956	47,263	-	460,219	602,489
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 633,818</u>	<u>\$ 214,373</u>	<u>\$ -</u>	<u>\$ 848,191</u>	<u>\$ 460,219</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES					
Donated Securities	\$ 9,887	\$ -	\$ -	\$ 9,887	\$ 2,155

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
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)**

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 3½ 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 43,000 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 2021, we served 1,825 individuals.

Program Services

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.

Virtual Evening Support Groups

Support groups offered on a virtual platform for children (K-12) and their parents/guardians. Virtual groups are offered every other Tuesday evening, with each night hosting six different age groups.

Pre K Program

A group for children ages 3½ to 5, offered for ten weeks in the spring and fall.

**WHAT ABOUT REMEMBERING ME CENTER, INC.
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)**

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

Program Services (Continued)

Young Adult Program

A group for young adults ages 19 to 25, offered for eight weeks in the spring, summer, and fall.

Family Nights

Family fun events for past, present, and future The 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, The 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 The 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
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)**

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.
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)**

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, 2020.

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 Federal Deposit Insurance Corporation insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Investments and Fair Value Measurements

The WARM Place and WARM Foundation follow Financial Accounting Standards Board (FASB) Accounting Standards Codification (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:

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.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Fair Value Measurements (Continued)

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.

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 3 to 40 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.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement 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, 2021 and 2020.

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, 2021 and 2020 totaled \$875,000 and \$-0-, respectively. 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 they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America.

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, 2021.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Tax (Continued)

The WARM Place and WARM Foundation account for uncertain tax positions in accordance with FASB ASC No. 740, *Income Taxes*. As of December 31, 2021, they have no liability for uncertain tax positions. The WARM Place and WARM Foundation's, Inc. 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 combined statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications have been made to the 2020 combined financial statement information to conform to the current year presentation. These reclassifications had no effect on the change in net assets for 2020.

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.

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NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The WARM Place will maintain current financial assets less near-term liabilities at a minimum of six months of operating expenses. The WARM Place will target a year-end balance of reserves of unrestricted, undesignated net assets to meet at least six months of expected general 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 contributions and other revenues or reduce general expenditures, or both, 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 for annual operations, and
2. Quantitative information, either on the face of the balance sheet or in the notes to the balance sheet, 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.

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 Place	WARM Foundation, Inc.	Combined Totals	
			2021	(As Restated) 2020
Cash and Cash Equivalents	\$ 633,818	\$ 214,373	\$ 848,191	\$ 460,219
Investments	3,090,941	1,475,285	4,566,226	4,220,252
Pledges Receivable	45,000	-	45,000	10,500
Related Party Receivable	17,500	-	17,500	-
Less: Amounts Restricted by				
Donors	(805)	(193,000)	(193,805)	(50,600)
Total	<u>\$ 3,786,454</u>	<u>\$ 1,496,658</u>	<u>\$ 5,283,112</u>	<u>\$ 4,640,371</u>

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NOTE 4 PROPERTY AND EQUIPMENT

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

	The WARM Place	WARM Foundation, Inc.	Combined Totals	
			2021	2020
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	238,304
Construction in Progress	-	43,568	43,568	12,780
Total	373,893	2,603,231	2,977,124	2,946,336
Less: Accumulated Depreciation	(264,864)	(1,123,577)	(1,388,441)	(1,313,933)
Property and Equipment, Net	\$ 109,029	\$ 1,479,654	\$ 1,588,683	\$ 1,632,403

NOTE 5 INVESTMENTS

Investments at December 31 consist of the following:

	The WARM Place	WARM Foundation, Inc.	Combined Totals		Cumulative Unrealized Appreciation (Depreciation)
			2021	2020	
Level 1 - Fair Value Measurements:					
Equity Mutual Funds	\$ 1,675,048	\$ 809,090	\$ 2,484,138	\$ 2,269,171	
Fixed Income Mutual Funds	1,415,893	666,195	2,082,088	1,951,081	
Total Investments	\$ 3,090,941	\$ 1,475,285	\$ 4,566,226	\$ 4,220,252	
Equity Mutual funds		Fair Value	Cost		
		\$ 2,484,138	\$ 1,661,290	\$ 822,848	
Fixed Income Mutual Funds		2,082,088	2,136,105	(54,017)	
Total Investments		\$ 4,566,226	\$ 3,797,395	\$ 768,831	

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 Level 3 inputs are not used by The WARM Place or WARM Foundation.

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended December 31 are as follows:

	The WARM Place	WARM Foundation Inc.	Totals	
			2021	(As Restated) 2020
Subject to Expenditure for Specified Purpose:				
Capital Campaign	\$ -	\$ 193,000	\$ 193,000	\$ 50,000
Race 2 Remember Them Event	205	-	205	-
Backyard Lighting	600	-	600	600
Total	<u>\$ 805</u>	<u>\$ 193,000</u>	<u>\$ 193,805</u>	<u>\$ 50,600</u>

NOTE 7 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, 2021 and 2020 were 6% of eligible employees' salaries. Pension expense amounted to \$25,943 and \$20,230 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8 IN-KIND DONATIONS

As of December 31, 2021 and 2020, The WARM Place received a total of \$37,230 and \$31,047 in in-kind donations, respectively. Donations of office, program, and kitchen supplies valued at \$34,500 and \$24,346 were recognized and are grouped in contribution revenue on the combined statement of activities for 2021 and 2020, respectively. In-kinds related to special events of \$2,730 and \$6,701 are included in special events income and expense and include various goods and services related to the special events for 2021 and 2020, respectively.

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NOTE 9 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 2021 and 2020.

The WARM Foundation made contributions to The WARM Place of \$109,200 for the years ended December 31, 2021 and 2020, 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 statement of activities.

Beginning in 2021, The WARM Foundation reimbursed The WARM Place for a portion of the compensation paid to staff members who spent time working on the capital campaign. The agreed upon amount was \$3,500 a month totaling \$17,500 during 2021.

The WARM Place received \$61,881 and \$36,782 in contributions from board members for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 CONCENTRATIONS

One major donor contributed 14% of The WARM Place and WARM Foundation’s total contributions for the year ended December 31, 2021. There were no concentrations for the year ending December 31, 2020.

NOTE 11 FUNCTIONALIZED EXPENSE ALLOCATION METHODOLOGY

The WARM Place has one program which the majority of expenses ultimately support. The combined 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.

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NOTE 12 FEDERAL AWARDS UNDER THE CARES ACT

On February 25, 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 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 October 26, 2021 that the PPP loan was forgiven by the SBA. The WARM Place recognized the entire \$141,000 as revenue in 2021.

The WARM Place is following ASC 470, Debt, to account for the initial receipts related to the PPP Loan. On October 26, 2021, 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, 2021.

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 13 RESTATEMENT OF NET ASSETS WITH DONOR RESTRICTIONS

During the 2021 audit of the WARM Foundation financial statements, management identified that certain donor restricted contributions related to a prior capital campaign should have been released from net assets with donor restrictions upon the completion of the construction of the building in a previous year. Therefore, the WARM Foundation's 2020 net assets with donor restrictions was reduced by \$1,724,897 and net assets without donor restrictions was increased by the same amount.

NOTE 14 SUBSEQUENT EVENTS

We have evaluated subsequent events through March 31, 2022, the date the combined financial statements were available to be issued.

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