

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

**COMBINED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED DECEMBER 31, 2021)**



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

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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, 2022, 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, 2022, and the changes in its net assets and 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.

#### *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.

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.

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

***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:

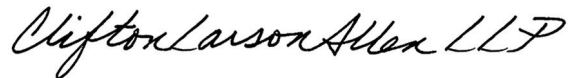
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures 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.

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

***Report on Summarized Comparative Information***

We have previously audited What About Remembering Me Center, Inc. dba: The WARM Place and WARM Foundation, Inc.'s 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 31, 2022. In our opinion, the combined summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
May 31, 2023

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)**

	The WARM Place	WARM Foundation, Inc.	Eliminations	Combined Totals	
				2022	2021
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 598,034	\$ 955,906	\$ -	\$ 1,553,940	\$ 848,191
Investments	2,735,043	1,208,636	-	3,943,679	4,566,226
Pledges Receivable	17,810	51,027	-	68,837	45,000
Related Party Receivable	-	1,579	(1,579)	-	-
Prepaid Expenses	1,920	-	-	1,920	4,662
Total Current Assets	<u>3,352,807</u>	<u>2,217,148</u>	<u>(1,579)</u>	<u>5,568,376</u>	<u>5,464,079</u>
<b>PROPERTY AND EQUIPMENT, Net</b>	<u>96,359</u>	<u>2,611,713</u>	<u>-</u>	<u>2,708,072</u>	<u>1,588,683</u>
Total Assets	<u>\$ 3,449,166</u>	<u>\$ 4,828,861</u>	<u>\$ (1,579)</u>	<u>\$ 8,276,448</u>	<u>\$ 7,052,762</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 618	\$ 252,035	\$ -	\$ 252,653	\$ 25,208
Related Party Payable	1,579	-	(1,579)	-	-
Accrued Expenses	46,163	-	-	46,163	8,524
Total Liabilities	<u>48,360</u>	<u>252,035</u>	<u>(1,579)</u>	<u>298,816</u>	<u>33,732</u>
<b>NET ASSETS</b>					
Without Donor Restrictions:					
Operations	3,394,368	2,656,103	-	6,050,471	6,825,225
With Donor Restrictions:					
Purpose Restriction	<u>6,438</u>	<u>1,920,723</u>	<u>-</u>	<u>1,927,161</u>	<u>193,805</u>
Total Net Assets	<u>3,400,806</u>	<u>4,576,826</u>	<u>-</u>	<u>7,977,632</u>	<u>7,019,030</u>
Total Liabilities and Net Assets	<u>\$ 3,449,166</u>	<u>\$ 4,828,861</u>	<u>\$ (1,579)</u>	<u>\$ 8,276,448</u>	<u>\$ 7,052,762</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, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	The WARM Place			Warm Foundation, Inc.			Eliminations	Combined Totals	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		2022	2021
<b>REVENUES AND OTHER SUPPORT</b>									
Contributions	\$ 793,984	\$ 5,838	\$ 799,822	\$ 500	\$ 1,803,201	\$ 1,803,701	\$ -	\$ 2,603,523	\$ 1,089,152
Contributions of Nonfinancial Assets	31,746	-	31,746	-	-	-	-	31,746	34,500
Contributions, Related Party	109,200	-	109,200	(109,200)	-	(109,200)	-	-	-
Management Fee Income	42,000	-	42,000	-	-	-	(42,000)	-	-
Special Events, Net of Direct Costs of \$128,462 in 2022 and \$96,187 in 2021	405,230	-	405,230	-	-	-	-	405,230	314,963
Grant Revenue from CARES Act	-	-	-	-	-	-	-	-	141,000
Investment Income, Net of Fees	73,408	-	73,408	37,927	-	37,927	-	111,335	140,559
Rental Income, Related Party	-	-	-	109,200	-	109,200	(109,200)	-	-
Net Unrealized and Realized Gain (Loss) on Investments	(554,145)	-	(554,145)	(247,472)	-	(247,472)	-	(801,617)	300,195
Net Assets Released from Restrictions: Satisfaction of Purpose Restrictions	205	(205)	-	75,478	(75,478)	-	-	-	-
<b>Total Revenues and Other Support</b>	<b>901,628</b>	<b>5,633</b>	<b>907,261</b>	<b>(133,567)</b>	<b>1,727,723</b>	<b>1,594,156</b>	<b>(151,200)</b>	<b>2,350,217</b>	<b>2,020,369</b>
<b>EXPENSES</b>									
Program Services	1,079,292	-	1,079,292	58,369	-	58,369	(92,820)	1,044,841	986,590
Supporting Services:									
General and Administrative	59,118	-	59,118	3,993	-	3,993	(5,460)	57,651	69,434
Fundraising	260,471	-	260,471	81,572	-	81,572	(52,920)	289,123	255,459
Total Supporting Services	<u>319,589</u>	<u>-</u>	<u>319,589</u>	<u>85,565</u>	<u>-</u>	<u>85,565</u>	<u>(58,380)</u>	<u>346,774</u>	<u>324,893</u>
<b>Total Expenses</b>	<b>1,398,881</b>	<b>-</b>	<b>1,398,881</b>	<b>143,934</b>	<b>-</b>	<b>143,934</b>	<b>(151,200)</b>	<b>1,391,615</b>	<b>1,311,483</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(497,253)</b>	<b>5,633</b>	<b>(491,620)</b>	<b>(277,501)</b>	<b>1,727,723</b>	<b>1,450,222</b>	<b>-</b>	<b>958,602</b>	<b>708,886</b>
Net Assets - Beginning of Year	3,891,621	805	3,892,426	2,933,604	193,000	3,126,604	-	7,019,030	6,310,144
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,394,368</b>	<b>\$ 6,438</b>	<b>\$ 3,400,806</b>	<b>\$ 2,656,103</b>	<b>\$ 1,920,723</b>	<b>\$ 4,576,826</b>	<b>\$ -</b>	<b>\$ 7,977,632</b>	<b>\$ 7,019,030</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, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	The WARM Place Supporting Services					WARM Foundation, Inc. Supporting Services					Combined Totals		
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total	Eliminations	2022	2021
Personnel Expenses:													
Salaries and Contract Labor	\$ 634,391	\$ 8,977	\$ 152,705	\$ 161,682	\$ 796,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 796,073	\$ 685,230
Payroll Taxes	48,304	5,713	8,096	13,809	62,113	-	-	-	-	-	-	62,113	52,916
Employee Benefits	92,638	3,113	19,583	22,696	115,334	-	-	-	-	-	-	115,334	105,146
Total Personnel Expenses	775,333	17,803	180,384	198,187	973,520	-	-	-	-	-	-	973,520	843,292
Other Expenses:													
Membership Dues	749	242	1,100	1,342	2,091	-	-	-	-	-	-	2,091	2,665
Subscriptions	8,685	894	1,154	2,048	10,733	-	-	-	-	-	-	10,733	5,746
Insurance	8,992	495	989	1,484	10,476	6,004	353	705	1,058	7,062	-	17,538	16,251
Training and Travel	8,150	239	2,044	2,283	10,433	-	-	-	-	-	-	10,433	1,625
Special Events	155	-	128,643	128,643	128,798	-	-	-	-	-	-	128,798	96,674
Camping Program	16,332	-	61	61	16,393	-	-	-	-	-	-	16,393	9,514
Supplies	15,423	2,459	894	3,353	18,776	-	-	-	-	-	-	18,776	28,280
Program Material	26,484	395	5,553	5,948	32,432	-	-	-	-	-	-	32,432	23,716
Public Relations	12,861	1,154	151	1,305	14,166	-	-	-	-	-	-	14,166	14,266
Occupancy	141,619	8,330	16,661	24,991	166,610	-	-	-	-	(109,200)	-	57,410	35,802
Professional Fees	10,759	21,504	7,622	29,126	39,885	-	6,810	74,706	81,516	81,516	(42,000)	79,401	89,996
Printing	11,136	152	14,683	14,835	25,971	-	-	-	-	-	-	25,971	22,577
Postage	7,529	103	5,033	5,136	12,665	-	-	-	-	-	-	12,665	13,927
Repairs and Maintenance	3,035	179	357	536	3,571	-	-	-	-	-	-	3,571	58,789
Website Expenses	4,000	-	4,000	4,000	8,000	-	-	-	-	-	-	8,000	45,483
General	17,314	4,535	18,304	22,839	40,153	-	(6,250)	-	(6,250)	(6,250)	-	33,903	24,558
Total Other Expenses	293,223	40,681	207,249	247,930	541,153	6,004	913	75,411	76,324	82,328	(151,200)	472,281	489,869
Depreciation	10,736	634	1,300	1,934	12,670	52,365	3,080	6,161	9,241	61,606	-	74,276	74,509
Total Expenses Before Netted Costs	1,079,292	59,118	388,933	448,051	1,527,343	58,369	3,993	81,572	85,565	143,934	(151,200)	1,520,077	1,407,670
Less: Costs Included with Revenues in the Combined Statement of Activities	-	-	(128,462)	(128,462)	(128,462)	-	-	-	-	-	-	(128,462)	(96,187)
Total Expenses	\$ 1,079,292	\$ 59,118	\$ 260,471	\$ 319,589	\$ 1,398,881	\$ 58,369	\$ 3,993	\$ 81,572	\$ 85,565	\$ 143,934	\$ (151,200)	\$ 1,391,615	\$ 1,311,483

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, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	The WARM Place	WARM Foundation, Inc.	Eliminations	Combined Totals	
				2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ (491,620)	\$ 1,450,222	\$ -	\$ 958,602	\$ 708,886
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	12,670	61,606	-	74,276	74,509
Net Unrealized and Realized (Gain) Loss on Investments	554,145	247,472	-	801,617	(300,195)
Forgiveness of PPP Loan Under CARES ACT	-	-	-	-	(141,000)
Contributions Restricted for Long-Term Purposes	-	(1,803,201)	-	(1,803,201)	(143,000)
Increase (Decrease) in Operating Assets:					
Prepaid Expenses	2,742	-	-	2,742	3,775
Pledges Receivable	27,190	(51,027)	-	(23,837)	(34,500)
Related Party Receivable	17,500	(1,579)	1,579	17,500	-
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	618	226,827	-	227,445	25,208
Related Party Payable	1,579	(17,500)	(1,579)	(17,500)	-
Deferred Revenue	-	-	-	-	(10,000)
Accrued Expenses	37,639	-	-	37,639	(3,143)
Net Cash Provided by Operating Activities	162,463	112,820	-	275,283	180,540
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property and Equipment	-	(1,193,665)	-	(1,193,665)	(30,789)
Purchase of Investments	(414,851)	(74,836)	-	(489,687)	(574,166)
Proceeds from Sale of Investments	216,604	94,013	-	310,617	528,387
Net Cash Used by Investing Activities	(198,247)	(1,174,488)	-	(1,372,735)	(76,568)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from PPP Loan	-	-	-	-	141,000
Proceeds from Contributions Restricted for Investment in Property and Equipment	-	1,803,201	-	1,803,201	143,000
Net Cash Provided by Financing Activities	-	1,803,201	-	1,803,201	284,000
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(35,784)	741,533	-	705,749	387,972
Cash and Cash Equivalents - Beginning of Year	633,818	214,373	-	848,191	460,219
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 598,034</u>	<u>\$ 955,906</u>	<u>\$ -</u>	<u>\$ 1,553,940</u>	<u>\$ 848,191</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>					
Donated Securities	<u>\$ 9,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,660</u>	<u>\$ 9,887</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  
YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)**

**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, our 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 45,000 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 2022 we served 1,964 individuals.

**Program Services**

The core of The WARM Place program is our bi-weekly peer support groups for grieving children (K-12) and their families. In addition to our groups, families can also participate in our Family Nights, as well as our fall family camp, "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:

**In-Person Evening Support Groups**

Eight ongoing group nights for children (K-12) and their parents/guardians. These groups meet in-person every other week, and 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**

Online support groups offered to children (K-12) and their parents/guardians every other Tuesday evening. Each night hosts two adult groups and four children's groups, separated by age.

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
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NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)**

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

**Program Services (Continued)**

Pre K Program

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

Young Adult Program

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

Spanish-Speaking Support

The WARM Place is equipped with a bilingual Group Director who provides support, counsel, and resources to Spanish speaking families. Intake appointments can be conducted in Spanish as needed, and WARM Place paperwork, resources, and the website are all available in Spanish. In addition, The WARM Place offers an adult support group for caregivers who speak Spanish, complete with handouts and resources all provided in Spanish.

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 as a family after a death. Each event is free to attend and features a different theme with various activities.

An annual family camp weekend that is offered each fall, and at no cost, to WARM Place families. 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 a clinical team consisting of five mental health professionals, including four licensed professional counselors and one licensed clinical social worker. Our program team spends 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, program staff are available to provide that immediate support and counsel.

Community Outreach

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

**WHAT ABOUT REMEMBERING ME CENTER, INC.  
(DBA: THE WARM PLACE) AND WARM FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)**

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

Bereavement Trainings and Workshops

The WARM Place conducts numerous trainings and workshops throughout the year focused on strategies and tools to support grieving children. These trainings are largely designed to help local schools and organizations better support their students and clients who have experienced a death loss. In 2022, The WARM Place was chosen to present “Supporting Communities and Schools: Collaboration and Creativity” at the annual symposium for the National Alliance for Children’s Grief, and in 2023, The WARM Place has been chosen to present “What About Remembering Me: Supporting Siblings and Families After a Death” at the national conference. In addition to these national presentations, The WARM Place program staff conducts two “Grief Talk” trainings each year, which are hour-long presentations designed for individuals in the community who want to learn how to support grieving children. In 2023, one training will be a webinar format and one will be an in-person workshop.

**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 (U.S. GAAP) 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.

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

**Net Assets (Continued)**

*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.

**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, 2021.

**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.

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

**Investments and Fair Value Measurements (Continued)**

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.

*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.

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

**Property and Equipment (Continued)**

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.

**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, 2022 and 2021.

**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, 2022 and 2021 totaled \$-0- and \$875,000, 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.

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

**Donated Materials and Services**

Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the WARM Place and WARM Foundation may utilize the services of outside volunteers, the fair value of these services have not been recognized in the accompanying combined financial statements since they do not meet the criteria for recognition under U.S. GAAP.

**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, 2022.

The WARM Place and WARM Foundation account for uncertain tax positions in accordance with FASB ASC No. 740, *Income Taxes*. As of December 31, 2022, 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 2021 combined financial statement information to conform to the current year presentation. These reclassifications had no effect on the change in net assets for 2021.



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

**Recent Accounting Guidance**

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires nonprofits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The WARM Place and WARM Foundation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The WARM Place and WARM Foundation has elected to adopt the package of practical expedients available in the year of adoption. The WARM Place and WARM Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

As of December 31, 2022, the WARM Place and WARM Foundation does not have any leases agreements over one year in duration.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

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

It is the policy of The WARM Place and WARM Foundation 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 and WARM Foundation will maintain current financial assets less near-term liabilities at a minimum of six months of operating expenses. The WARM Place and WARM Foundation 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 and WARM Foundation (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 and WARM Foundation 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 Organization's financial assets at the balance sheet date to meet cash needs for general expenditures. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.

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	
			2022	2021
Cash and Cash Equivalents	\$ 598,034	\$ 955,906	\$ 1,553,940	\$ 848,191
Investments	2,735,043	1,208,636	3,943,679	4,566,226
Pledges Receivable	17,810	51,027	68,837	45,000
Related Party Receivable	-	1,579	1,579	17,500
Less: Amounts Restricted by Donors	(6,438)	(1,920,723)	(1,927,161)	(193,805)
Total	<u>\$ 3,344,449</u>	<u>\$ 296,425</u>	<u>\$ 3,640,874</u>	<u>\$ 5,283,112</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	
			2022	2021
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	-	1,237,233	1,237,233	43,568
Total	373,893	3,796,896	4,170,789	2,977,124
Less: Accumulated Depreciation	(277,534)	(1,185,183)	(1,462,717)	(1,388,441)
Property and Equipment, Net	\$ 96,359	\$ 2,611,713	\$ 2,708,072	\$ 1,588,683

**NOTE 5 INVESTMENTS**

Investments at December 31 consist of the following:

	The WARM Place	WARM Foundation, Inc.	Combined Totals	
			2022	2021
Level 1 - Fair Value Measurements:				
Equity Mutual Funds	\$ 1,508,956	\$ 663,972	\$ 2,172,928	\$ 2,484,138
Fixed Income Mutual Funds	1,226,087	544,664	1,770,751	2,082,088
Total Investments	\$ 2,735,043	\$ 1,208,636	\$ 3,943,679	\$ 4,566,226

	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Equity Mutual funds	\$ 2,172,928	\$ 1,871,668	\$ 301,260
Fixed Income Mutual Funds	1,770,751	2,032,464	(261,713)
Total Investments	\$ 3,943,679	\$ 3,904,132	\$ 39,547

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	
			2022	2021
Subject to Expenditure for Specified Purpose:				
Capital Campaign	\$ -	\$ 1,920,723	\$ 1,920,723	\$ 193,000
Race 2 Remember Them Event	5,838	-	5,838	205
Backyard Lighting	600	-	600	600
Total	<u>\$ 6,438</u>	<u>\$ 1,920,723</u>	<u>\$ 1,927,161</u>	<u>\$ 193,805</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, 2022 and 2021 were 6% of eligible employees' salaries. Pension expense amounted to \$33,256 and \$25,943 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 8 CONTRIBUTIONS OF NONFINANCIAL ASSETS**

As of December 31, 2022 and 2021, The WARM Place received a total of \$40,166 and \$37,230 in contributed goods and services, respectively. Donations of office, program, and kitchen supplies valued at \$31,746 and \$34,500 were recognized and are grouped in contribution revenue on the combined statement of activities for 2022 and 2021, respectively. In-kinds related to special events of \$8,420 and \$2,730 are included in special events income and expense and include various goods and services related to the special events for 2022 and 2021, respectively. All donated goods and services are used by the WARM Place, not monetized, and did not have donor-imposed restrictions associated with them. The WARM Place estimates the fair value of donated goods using retail prices of identical or similar products. In addition, the value of donated services is determined by using an established or actual, if available, hourly rate. The WARM Place recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

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**NOTE 8 CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)**

For the years ended December 31, contributed nonfinancial assets recognized within the combined statement of activities included:

	The WARM Place	WARM Foundation, Inc.	Combined Totals	
			2022	2021
Goods:				
Subscriptions	\$ 545	\$ -	\$ 545	\$ -
Supplies	2,601	-	2,601	15,911
Program Material	16,853	-	16,853	11,604
Public Relations	1,158	-	1,158	-
Professional Fees	-	-	-	328
Postage	10	-	10	449
General	10,579	-	10,579	8
Special Events	8,420	-	8,420	2,730
Services:				
Professional Fees	-	-	-	1,700
Website Expenses	-	-	-	4,500
Total	<u>\$ 40,166</u>	<u>\$ -</u>	<u>\$ 40,166</u>	<u>\$ 37,230</u>

**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 2022 and 2021.

The WARM Foundation made contributions to The WARM Place of \$109,200 for the years ended December 31, 2022 and 2021, 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 per month totaling \$42,000 and \$17,500 during the years ended December 31, 2022 and 2021, respectively.

The WARM Place received \$104,760 and \$61,881 in contributions from board members for the years ended December 31, 2022 and 2021, 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 ended December 31, 2022.

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**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, 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**

As of December 31, 2022, the WARM Foundation is committed to a general contractor for the build out of its building as follows:

Total Contract	\$ 1,638,254
Less: Prior Payments	(781,738)
Less: Contract Payable	(173,238)
Less: Retainage Payable	<u>(78,797)</u>
Remaining Contract to be Completed	<u><u>\$ 604,481</u></u>

**NOTE 13 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 31, 2023, the date the combined financial statements were available to be issued.