

THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS AS OF AND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Managers of
The Woman's Exchange d/b/a
Hermann-Grima/Gallier Historic Houses

Opinion

We have audited the accompanying financial statements of The Woman's Exchange dba Hermann-Grima/Gallier Historic Houses (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Woman's Exchange d/b/a Hermann-Grima/Gallier Historic Houses as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Woman's Exchange d/b/a Hermann-Grima/Gallier Historic Houses 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.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, The Woman's Exchange dba Hermann-Grima/Gallier Historic Houses, changed its policy regarding the capitalization of its art collections to reflect common industry practice. 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 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.



To the Board of Managers of
The Woman's Exchange d/b/a
Hermann-Grima/Gallier Historic Houses
January 16, 2024

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Woman's Exchange d/b/a Hermann-Grima/Gallier Historic Houses' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 The Woman's Exchange d/b/a Hermann-Grima/Gallier Historic Houses' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Woman's Exchange d/b/a Hermann-Grima/Gallier Historic Houses' ability to continue as a going concern for a reasonable period of time.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Managers of
The Woman's Exchange d/b/a
Hermann-Grima/Gallier Historic Houses
January 16, 2024

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.

January 16, 2024
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>As restated 2022</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 490,482	\$ 1,070,288
Grant receivables	94,621	127,293
Other receivables	305	219
Inventory	32,252	32,377
Investments	6,358,472	5,493,581
Property and equipment, net	<u>900,856</u>	<u>926,258</u>
 Total assets	 <u>\$ 7,876,988</u>	 <u>\$ 7,650,016</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 3,376	\$ 12,721
Accrued expenses	<u>20,078</u>	<u>24,425</u>
 Total liabilities	 <u>23,454</u>	 <u>37,146</u>
 <u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	1,118,429	1,195,723
Board designated for maintenance and programs	3,735,176	3,354,231
Board designated for accessions	11,618	11,618
With donor restrictions	<u>2,988,311</u>	<u>3,051,298</u>
 Total net assets	 <u>7,853,534</u>	 <u>7,612,870</u>
 Total liabilities and net assets	 <u>\$ 7,876,988</u>	 <u>\$ 7,650,016</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
<u>Support and Other Revenues:</u>		
Contributions and grants:		
Historic Houses	\$ 90,767	\$ 80,101
In-kind contributions	-	7,000
Other contributions	43,883	18,115
Program revenue:		
Museum tours	172,897	96,011
Gift shop sales	30,509	26,461
Gift shop costs of goods sold	(14,873)	(15,451)
Museum rental	54,980	184,950
Education and interpretation	5,662	8,238
Wine auction revenue	62,400	62,140
Membership	7,550	2,600
Investment return and income, net	703,501	(930,477)
Legal settlement	27,458	19,317
Forgiveness of debt - PPP loan	-	100,834
Revenues released from restrictions	121,678	70,771
	<u>1,306,412</u>	<u>(269,390)</u>
<u>Expenses:</u>		
Program services	650,018	505,473
Supporting services:		
Management and general	198,336	241,673
Fundraising	154,407	152,801
	<u>352,743</u>	<u>394,474</u>
Total supporting services	<u>352,743</u>	<u>394,474</u>
Total expenses	<u>1,002,761</u>	<u>899,947</u>
Net change in net assets without donor restrictions	<u>303,651</u>	<u>(1,169,337)</u>
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Grant income	58,691	224,632
Released from restrictions	(121,678)	(70,771)
Net change in net assets with donor restrictions	<u>(62,987)</u>	<u>153,861</u>
Change in net assets	<u>240,664</u>	<u>(1,015,476)</u>
Net assets, beginning of year, as restated	<u>7,612,870</u>	<u>8,628,346</u>
Net assets, end of year	<u>\$ 7,853,534</u>	<u>\$ 7,612,870</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES**
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 320,922	\$ 111,924	\$ 76,470	\$ 509,316
Payroll taxes and benefits	42,995	14,995	10,245	68,235
 Total salaries and related expenses	 363,917	 126,919	 86,715	 577,551
Advertising	27,898	-	4,923	32,821
Depreciation	96,639	5,086	-	101,725
Education	7,388	-	-	7,388
Equipment	62	22	104	188
Historic House purchases	-	-	22,195	22,195
Insurance	19,553	3,451	-	23,004
Miscellaneous expenses	19,122	3,374	-	22,496
Museum tour expenses	40,131	-	-	40,131
Office expense	-	24,409	4,308	28,717
Professional fees	-	22,554	-	22,554
Repairs and maintenance	56,614	6,290	-	62,904
Utilities	18,694	6,231	6,232	31,157
Wine auction	-	-	29,930	29,930
 Total expenses	 <u>\$ 650,018</u>	 <u>\$ 198,336</u>	 <u>\$ 154,407</u>	 <u>\$ 1,002,761</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 241,034	\$ 130,207	\$ 77,348	\$ 448,589
Payroll taxes and benefits	<u>32,267</u>	<u>17,431</u>	<u>10,355</u>	<u>60,053</u>
Total salaries and related expenses	273,301	147,638	87,703	508,642
Advertising	15,660	-	2,764	18,424
Depreciation	88,452	4,655	-	93,107
Education	7,438	-	-	7,438
Equipment	1,454	49	131	1,634
Historic House purchases	-	-	19,957	19,957
Insurance	25,134	4,435	-	29,569
Miscellaneous expenses	3,206	8,335	1,282	12,823
Museum tour expenses	10,977	-	-	10,977
Office expense	-	27,050	4,774	31,824
Professional fees	-	36,307	-	36,307
Repairs and maintenance	60,358	6,706	-	67,064
Utilities	19,493	6,498	6,497	32,488
Wine auction	<u>-</u>	<u>-</u>	<u>29,693</u>	<u>29,693</u>
Total expenses	<u>\$ 505,473</u>	<u>\$ 241,673</u>	<u>\$ 152,801</u>	<u>\$ 899,947</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 240,664	\$ (1,015,476)
Adjustments to reconcile changes in net assets to cash from (used in) operating activities:		
Depreciation	101,725	93,107
Forgiveness of debt - PPP loan	-	(100,834)
Net unrealized/realized (gain) loss on investments	(614,288)	1,004,427
Donations of collection items	-	(7,500)
(Increase) decrease in:		
Grant receivables	32,672	(127,293)
Other receivables	(86)	745
Inventory	125	445
Increase (decrease) in:		
Accounts payable	(9,345)	9,777
Accrued expenses	(3,068)	8,521
Accrued compensated absences	(1,279)	183
	<u>(252,880)</u>	<u>(133,898)</u>
Net cash (used in) operating activities		
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Capital expenditures	(76,323)	(129,888)
Proceeds from sale of investments	2,474,049	2,197,643
Purchase of investments	(2,724,652)	(1,349,879)
	<u>(326,926)</u>	<u>717,876</u>
Net cash from (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	(579,806)	583,978
Cash and cash equivalents at beginning of year	<u>1,070,288</u>	<u>486,310</u>
Cash and cash equivalents at end of year	<u>\$ 490,482</u>	<u>\$ 1,070,288</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Woman's Exchange ("TWE") is a nonprofit organization which owns the Hermann-Grima and the Gallier Historic Houses, National Historic Landmarks in New Orleans, Louisiana and operates them as historical museums. TWE preserves these 19th-century French Quarter homes and, through their architecture, collections, and history inspires discourse about the collective past and its relevance to the present and future.

TWE is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Method of Accounting and Financial Reporting Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board. Accordingly, they reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of TWE and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TWE. These net assets may be used at the discretion of TWE's management and the board of managers. The revenues received in conducting the mission of TWE are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TWE or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets. Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices. Level 3 inputs are unobservable and generated by the entity itself.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any output that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Management of TWE obtains information to value its investments from the custodian of its investment portfolios. The market approach is used for valuing common stocks, mutual funds, exchange traded funds, and money market funds, which are all classified within Level 1 of the fair value hierarchy. The remainder of TWE's investment portfolios consists of fixed income securities, such as corporate and government and municipal bonds, which may not trade on a daily basis. Because of this, the custodian uses a matrix to price various securities based on type, maturity, coupon, duration, sector, ratings and liquidity to arrive at the values used for the various fixed income securities in the portfolios. Accordingly, these fixed income securities are classified within Level 2 of the fair value hierarchy.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TWE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cash and Cash Equivalents

For purposes of the statement of cash flows, TWE considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory

The Museum gift shop inventory consists of items purchased for resale and is carried at the lower of cost or market.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments, consisting of stocks and bonds, are recorded at fair value. Unrealized gains and losses on investments in equity securities with readily available market values are recorded in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restrictions unless the use is restricted by the donor. Investment income and gains from the investment accounts referred to as the Custodial Fund and the Hermann-Grima/Gallier Historic Houses Endowment Fund (Endowment) are without donor restrictions. Investment income and gains on the Shingo Manard Education Fund are temporarily restricted. Distributions from the Endowment are made monthly to support the operations of TWE. Donated investments are recorded at fair value at the date of receipt.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Property and equipment are stated at historical cost or estimated fair value at the date of donation.

Depreciation is provided on the straight-line basis over the following estimated useful lives of the assets:

Buildings and improvements	5 - 20 Years
Furniture and equipment	5 - 7 Years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, TWE reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. TWE reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections of Art

In accordance with industry practice, TWE does not capitalize its collections. The collections are made up of artifacts of historical significance and art objects that are held for exhibition to the public, for educational purposes or for research in furtherance of public services and not financial gain. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. It is the policy of TWE that proceeds from the sale of any collection items are to be used to purchase additional collection items or for the direct care of existing collections.

Compensated Absences

TWE's salaried employees earn paid-time-off (PTO). PTO accrues per pay period based upon years of service. Beginning July 1, 2022, hourly staff were afforded PTO as well, earning 1 hour of PTO for every 35 hours worked for a maximum of 21 hours per year for part time employees and 35 hours per year for full-time employees. PTO is not paid out in lieu of taking the actual time and expires upon the end of the fiscal year.

Designation of Unrestricted Assets

The income from the net assets related to the Hermann-Grima/Gallier Historic Houses Endowment Fund is designated by the Board to be used only for the maintenance of and the programs related to the historic houses. Additionally, the Board has designated a portion of its net assets without donor restrictions for an Accessions Fund to be used for future purchases and ongoing care and conservation of antiques and art objects.

Leases

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Revenue Recognition

Contributions

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are recognized as revenues with donor restrictions and reported as releases from restrictions when a stipulated time restriction ends or purpose restriction is accomplished.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributed Nonfinancial Assets

TWE reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, TWE reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

TWE's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of TWE. If an asset is provided that does not allow TWE to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Earned Income

TWE receives admission income during its special events. These amounts are recognized into revenue on the date of the events, which is when the relevant performance obligations are fulfilled.

TWE sells tours of the historic houses to the general public. The performance obligation under such contracts are the tours themselves. Payment is typically received when the tour is given and revenue is recognized at that time.

TWE runs gift shops at the Hermann-Grima House and the Gallier House and sells goods online to customers. Sales at the gift shop are recognized into revenue when the ownership of the good is transferred to the customer. Returns relevant to future periods are expected to be minimal, and therefore, no estimate for future returns has been recognized.

Membership dues are recognized in the period that funds are received.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of TWE.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

TWE is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to TWE's tax-exempt purpose is subject to taxation as unrelated business income. In addition, TWE qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

TWE's evaluation as of June 30, 2023 revealed no tax positions that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. TWE does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Advertising

All non-direct response advertising costs are expensed as incurred and included in advertising and promotions expenses. Advertising expense amounted to \$32,821 and \$18,424 for the years ended June 30, 2023 and 2022, respectively.

Date of Management's Review

Subsequent events have been evaluated through January 16, 2024, which is the date the financial statements were available to be issued.

New Accounting Standards - Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Discount Rate for Lessees That are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these ASUs did not have a material impact on TWE's financial statements.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects TWE's financial assets as of June 30, 2023 and 2022, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the endowment fund that could be drawn upon if the governing board approves that action.

However, amounts already appropriated from the endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2023</u>	<u>2022</u>
Financial assets, at year end	\$ 6,943,880	\$ 6,691,381
Less those unavailable for general expenditure within one year due to:		
Unappropriated board-designated endowment fund	(3,292,625)	(3,031,675)
Donor-restricted endowment fund	(2,868,991)	(2,868,991)
Board-designated for accessions	(11,618)	(11,618)
Donor-restricted education fund	<u>(10,576)</u>	<u>(10,576)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 760,070</u>	<u>\$ 768,521</u>

As part of TWE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 7, TWE has assets held in an endowment which are in excess of amounts held to handle daily cash requirements. Although TWE does not intend to spend from its assets held in its endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the assets could be made available if necessary. Based on a board resolution, TWE normally allocates 5% of the endowment account's rolling 3-year balance for general expenditure annually. For the year ended June 30, 2022, the board approved an allocation of up to 6%. For the year ended June 30, 2023, the board approved an allocation of up to 5%. Budgeted appropriations for the following fiscal year were \$442,551 and \$322,556 at June 30, 2023 and 2022, respectively.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(3) INVESTMENTS

The fair value of investments is as follows at June 30:

	2023	2022
Corporate stocks	\$ 4,767,669	\$ 4,468,681
Corporate bonds	-	99,922
Government bonds	219,101	-
Certificate of deposit	74,936	-
Exchange traded funds	256,796	330,473
Mutual funds	1,039,970	594,505
	\$ 6,358,472	\$ 5,493,581

The fair value of investments on a recurring basis are comprised of the following:

	Based On			
Total Assets Measured at Fair Value June 30, 2023	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Corporate stocks	\$ 4,767,669	\$ 4,767,669	\$ -	\$ -
Government Bonds	219,101	-	219,101	-
Certificate of Deposit	74,936	-	74,936	-
Exchange traded funds	256,796	256,796	-	-
Mutual funds	1,039,970	1,039,970	-	-
	\$ 6,358,472	\$ 6,064,435	\$ 294,037	\$ -

	Based On			
Total Assets Measured at Fair Value June 30, 2022	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Corporate stocks	\$ 4,468,681	\$ 4,468,681	\$ -	\$ -
Corporate bonds	99,922	-	99,922	-
Exchange traded funds	330,473	330,473	-	-
Mutual funds	594,505	594,505	-	-
	\$ 5,493,581	\$ 5,393,659	\$ 99,922	\$ -

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(3) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2023	2022
Dividends and interest	\$ 140,523	\$ 131,120
Net gain on sale of investments	147,070	85,918
Management fees	(51,310)	(57,170)
Net unrealized gain (loss) in value of investments	467,218	(1,090,345)
Total return on investments	\$ 703,501	\$ (930,477)

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2023 and 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 142,594	\$ -	\$ -	\$ 142,594
Construction in progress	29,400	-	(29,400)	-
Total capital assets not being depreciated	171,994	-	(29,400)	142,594
Capital assets, being depreciated:				
Building and improvements	2,489,032	103,823	-	2,592,855
Furniture, fixtures, and equipment	55,799	1,900	-	57,699
Total capital assets being depreciated	2,444,343	105,723	-	2,650,554
Less accumulated depreciation	(1,790,567)	(101,725)	-	(1,892,292)
Capital assets, being depreciated, net	754,264	(2,420)	-	751,844
Total capital assets, net	\$ 926,258	\$ (2,420)	\$ (29,400)	\$ 894,438

Depreciation expense totaled \$101,725 and \$93,107 for the years ended June 30, 2023 and 2022, respectively.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(5) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Hermann-Grima Historic House		
Preservation fund - corpus	\$ 1,671,031	\$ 1,671,031
Gallier House endowment fund - corpus	1,197,960	1,197,960
Shingo Manard education fund	10,576	10,576
Education programs	<u>108,744</u>	<u>171,731</u>
	<u>\$ 2,988,311</u>	<u>\$ 3,051,298</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the year ended June 30:

	<u>2023</u>	<u>2022</u>
Education programs	\$ 106,678	\$ 55,771
Landscaping grants	<u>15,000</u>	<u>15,000</u>
	<u>\$ 121,678</u>	<u>\$ 70,771</u>

(6) ENDOWMENT FUNDS

TWE's endowment funds consist of one donor-restricted endowment fund and two board-designated endowments funds established for specific purposes. Endowment assets include those assets of donor-restricted funds that TWE must hold in perpetuity or for a donor-specified period. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Managers to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The *Not-for-Profit Entities* Topic 958 of the FASB Accounting Standards Codification provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). TWE follows UPMIFA and its own governing documents. The *Not-for-Profit Entities* Topic also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(6) ENDOWMENT FUNDS (CONTINUED)

The Board of Managers of TWE has interpreted the State of Louisiana's UPMIFA as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, TWE classifies as restricted net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by TWE in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, TWE considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of TWE, and (7) TWE's investment policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires TWE to retain as a fund of perpetual duration. As of June 30, 2023 and 2022, no deficiencies existed.

Investment Return Objectives, Risk Parameters and Strategies

The assets of the endowment fund are managed by an investment advisor selected by the Board of Managers. TWE's investment policy is intended to ensure safety, diversity, liquidity, and maximum yield. According to the investment policy, endowment funds shall be invested in companies whose business conduct is of high standard. Investments are not to be made in cash equivalents that do not have a quality rating of A-1 or better, as rated by Standard & Poor's, or P-1 or better, as rated by Moody's. Fixed income securities must have a quality rating of BBB or better, as rated by Standard & Poor's or Moody's, and must not have duration in excess of ten (10) years. Investments may not be made in common stocks that are not publicly listed on a major securities exchange or a national, over-the-counter market.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(6) ENDOWMENT FUNDS (CONTINUED)

Spending Policies

The current and accumulated income from the Hermann-Grima/Gallier Historic Houses Endowment Fund may be used to maintain the houses and to support programs which make use of the houses. Principal (corpus) of the Endowment may be spent only for emergency repair and maintenance purposes if approved by a vote of three-fourths of the entire Board of Managers and then only to the extent that such needs cannot be met with other funds. Additionally, TWE has authorized a policy of appropriating for distribution each year an amount of principal (corpus) of the Endowment not to exceed the average of the fair market value of the Endowment as of June 30th of the three calendar years preceding the year for which the appropriation is being determined. Any such appropriation also must be approved by a vote of three-fourths of the entire Board of Managers. These spending policies are consistent with TWE's objective to maintain the purchasing power of donor-restricted and board-designated funds.

Endowment Net Asset Composition by Type of Fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Board-designated endowment funds:			
Hermann-Grima/Gallier Historic Houses Endowment - Corpus	\$ -	\$ 2,868,991	\$ 2,868,991
Hermann-Grima/Gallier Historic Houses Endowment - Income	<u>3,735,176</u>	<u>-</u>	<u>3,735,176</u>
Total endowment funds	<u>\$ 3,735,176</u>	<u>\$ 2,868,991</u>	<u>\$ 6,604,167</u>

Change in endowment net assets as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Endowment net assets, 6/30/2022	\$ 3,354,231	\$ 2,868,991	\$ 6,223,222
Investment income, net of fees	89,213	-	89,213
Net appreciation in value	614,288	-	614,288
Amounts appropriated for expenditure	<u>(322,556)</u>	<u>-</u>	<u>(322,556)</u>
Total endowment funds	<u>\$ 3,735,176</u>	<u>\$ 2,868,991</u>	<u>\$ 6,604,167</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(6) ENDOWMENT FUNDS (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Board-designated endowment funds:			
Hermann-Grima/Gallier Historic Houses Endowment - Corpus	\$ -	\$ 2,868,991	\$ 2,868,991
Hermann-Grima/Gallier Historic Houses Endowment - Income	<u>3,354,231</u>	<u>-</u>	<u>3,354,231</u>
 Total endowment funds	 <u>\$ 3,354,231</u>	 <u>\$ 2,868,991</u>	 <u>\$ 6,223,222</u>

Change in endowment net assets as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Endowment net assets, 6/30/2021	\$ 4,584,708	\$ 2,868,991	\$ 7,453,699
Investment income, net of fees	73,950	-	69,307
Net depreciation in value	(1,004,427)	-	(1,004,427)
Amounts appropriated for expenditure	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
 Total endowment funds	 <u>\$ 3,354,231</u>	 <u>\$ 2,868,991</u>	 <u>\$ 6,223,222</u>

(7) LONG-TERM DEBT AND DEBT FORGIVENESS

During the year ended June 30, 2021, TWE entered into an agreement with a bank for a loan made pursuant to the terms of the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) for \$100,834. Through this program, 100% of monies borrowed may be forgiven. The unsecured note has an initial ten-month deferral period and after taking into account any loan forgiveness, any remaining principal and accrued interest, accrued at a simple interest rate of 1.00%, will be payable in substantially equal monthly installments on the first day of each month over the remaining 60-month term of the loan. The note matures on March 18, 2026 if any amount is not forgiven. TWE recognized \$100,834 of debt forgiveness income in the statement of activities for the year ended June 30, 2022.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

(8) RISKS AND UNCERTAINTIES

TWE invests in various investments including stocks and fixed income obligations. Investment securities, in general, are subject to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect amounts reported on the financial statements.

TWE maintains its cash balances in financial institutions located in Louisiana. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, there were \$141,981 of uninsured cash balances, respectively. At June 30, 2023, there were no uninsured cash balances.

The Securities Investor Protection Corporation (SIPC) insures accounts at each member institution up to \$500,000. The balances of cash and investments held by investment brokerage firms exceeded SIPC insurance by \$5,858,472 and \$4,993,581 at June 30, 2023 and 2022, respectively. TWE has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

(9) CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, TWE updated its collection methodology to better align with current industry best practices as outlined by the American Association for State and Local History (AASLH) Statement of Professional Standards and Ethics which states that collections shall not be capitalized or treated as financial assets, effective July 1, 2021. The updated policy is discussed in Note 1 to the financial statements. The effect of the change was to decrease collections by \$1,346,631 and to decrease restricted net assets by \$212,753 and decrease unrestricted undesignated net assets by \$1,133,878 as of July 1, 2021.

(10) RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.