

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, 2022 AND 2021



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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 d/b/a Hermann-Grima/Gallier Historic Houses (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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, 2022 and 2021, 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.

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.

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.



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

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.

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.

July 6, 2023
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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 1,070,288	\$ 486,310
Grant receivables	127,293	-
Other receivables	219	964
Inventory	32,377	32,822
Investments	5,493,581	7,345,772
Property and equipment, net	926,258	889,477
Antiques and art collections	<u>1,346,631</u>	<u>1,339,131</u>
 Total assets	 <u>\$ 8,996,647</u>	 <u>\$ 10,094,476</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 12,721	\$ 2,944
Accrued expenses	24,425	15,721
Payroll Protection Program loans	<u>-</u>	<u>100,834</u>
 Total liabilities	 <u>37,146</u>	 <u>119,499</u>
 <u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	2,329,601	2,268,461
Board designated for maintenance and programs	3,354,231	4,584,708
Board designated for accessions	11,618	11,618
With donor restrictions	<u>3,264,051</u>	<u>3,110,190</u>
 Total net assets	 <u>8,959,501</u>	 <u>9,974,977</u>
 Total liabilities and net assets	 <u>\$ 8,996,647</u>	 <u>\$ 10,094,476</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
<u>Support and Other Revenues:</u>		
Contributions and grants:		
Historic Houses	\$ 80,101	\$ 72,750
Other contributions	25,115	86,547
Program revenue:		
Museum tours	96,011	35,795
Gift shop sales	26,461	20,950
Gift shop costs of goods sold	(15,451)	(6,115)
Museum rental	184,950	28,079
Education and interpretation	8,238	8,221
Wine auction revenue	62,140	50,857
Membership	2,600	4,925
Investment return and income, net	(930,477)	1,829,414
(Loss) on disposal of assets	-	-
Legal settlement	19,317	219,695
Miscellaneous	-	9,464
Forgiveness of debt - PPP loan	100,834	100,800
Revenues released from restrictions	<u>70,771</u>	<u>50,291</u>
 Total support and other revenues without donor restrictions	 <u>(269,390)</u>	 <u>2,511,673</u>
<u>Expenses:</u>		
Program services	505,473	464,747
Supporting services:		
Management and general	241,673	200,196
Fundraising	<u>152,801</u>	<u>122,896</u>
 Total supporting services	 <u>394,474</u>	 <u>323,092</u>
 Total expenses	 <u>899,947</u>	 <u>787,839</u>
 Net change in net assets without donor restrictions	 <u>(1,169,337)</u>	 <u>1,723,834</u>
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Grant income	224,632	48,030
Other contributions	-	7,250
Released from restrictions	<u>(70,771)</u>	<u>(50,291)</u>
 Net change in net assets with donor restrictions	 <u>153,861</u>	 <u>4,989</u>
 Change in net assets	 <u>(1,015,476)</u>	 <u>1,728,823</u>
 Net assets, beginning of year	 <u>9,974,977</u>	 <u>8,246,154</u>
 Net assets, end of year	 <u>\$ 8,959,501</u>	 <u>\$ 9,974,977</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

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 241,034	\$ 130,207	\$ 77,348	\$ 448,589
Payroll taxes and benefits	32,267	17,431	10,355	60,053
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
Telephone	-	-	-	-
Utilities	19,493	6,498	6,497	32,488
Wine auction	-	-	29,693	29,693
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**
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 224,911	\$ 121,497	\$ 72,174	\$ 418,582
Payroll taxes and benefits	33,864	18,293	10,867	63,024
Total salaries and related expenses	258,775	139,790	83,041	481,606
Advertising	17,305	-	3,054	20,359
Depreciation	83,333	4,386	-	87,719
Education	5,116	-	-	5,116
Equipment	2,616	88	235	2,939
Historic House purchases	-	-	9,218	9,218
Insurance	28,801	5,082	-	33,883
Miscellaneous expenses	2,409	6,263	963	9,635
Museum tour expenses	13,029	-	-	13,029
Office expense	-	18,233	3,217	21,450
Professional fees	-	17,500	-	17,500
Repairs and maintenance	40,199	4,466	-	44,665
Telephone	911	304	304	1,519
Utilities	12,253	4,084	4,085	20,422
Wine auction	-	-	18,779	18,779
Total expenses	\$ 464,747	\$ 200,196	\$ 122,896	\$ 787,839

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (1,015,476)	\$ 1,728,823
Adjustments to reconcile changes in net assets to cash from (used in) operating activities:		
Depreciation	93,107	87,719
Net loss on disposal of fixed assets	-	-
Forgiveness of debt - PPP loan	(100,834)	(100,800)
Net unrealized/realized (gain) loss on investments	1,004,427	(1,760,107)
Donations of collection items	(7,500)	(69,225)
(Increase) decrease in:		
Grant receivables	(127,293)	-
Other receivables	745	(453)
Inventory	445	(1,034)
Increase (decrease) in:		
Accounts payable	9,777	1,154
Accrued expenses	8,521	5,708
Accrued compensated absences	183	1,096
	<u>(133,898)</u>	<u>(107,119)</u>
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Capital expenditures	(129,888)	-
Proceeds from sale of investments	2,197,643	2,553,178
Purchase of investments	(1,349,879)	(2,310,939)
	<u>717,876</u>	<u>242,239</u>
<u>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES:</u>		
Proceeds from Payroll Protection Program loans	-	100,834
	<u>-</u>	<u>100,834</u>
Net increase in cash and cash equivalents	583,978	235,954
Cash and cash equivalents at beginning of year	<u>486,310</u>	<u>250,356</u>
Cash and cash equivalents at end of year	<u>\$ 1,070,288</u>	<u>\$ 486,310</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, 2022 AND 2021

(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, 2022 AND 2021**

(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, 2022 AND 2021**

(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, 2022 AND 2021**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections of Art

Collections, which include works of art, historic treasures, and assets of similar nature, that are donated without restrictions to TWE are capitalized at their appraised or fair value on the date of donation on the statements of financial position. Collection items that are purchased are recorded at cost. Gains or losses on the deaccession of collection items are classified on the statement of activities as with or without donor restrictions depending on if any donor restrictions are placed on the item at the time of the accession. Collections are not depreciated, rather they are reviewed each year for impairment and value is decreased if deemed necessary. TWE does not believe impairment is necessary as of June 30, 2022 and 2021. Collections of TWE are (a) held for exhibition to the public, for educational purposes or for research in furtherance of public services and not financial gain, and (b) are protected, cared for, and preserved. 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. PTO for each employee 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.

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, 2022 AND 2021**

(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.

In-kind contributions received by TWE for the years ended June 30, 2022 and 2021 were \$7,500 and \$81,992, respectively.

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 a gift shop at the Hermann-Grima 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, 2022 AND 2021**

(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, 2022 revealed no tax positions that would have a material impact on the financial statements. The 2019 through 2021 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 \$18,424 and \$20,359 for the years ended June 30, 2022 and 2021, respectively.

Date of Management's Review

Subsequent events have been evaluated through July 6, 2023, which is the date the financial statements were available to be issued.

New Accounting Pronouncement

During the year ended June 30, 2022, TWE adopted FASB ASU No. 2020-07, *Not For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The adoption of this Update 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, 2022 AND 2021**

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects TWE's financial assets as of June 30, 2022 and 2021, 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.

	2022	2021
Financial assets, at year end	\$ 6,691,381	\$ 7,833,046
Less those unavailable for general expenditure within one year due to:		
Unappropriated board-designated endowment fund	(3,031,675)	(4,229,652)
Donor-restricted endowment fund	(2,868,991)	(2,868,991)
Board-designated for accessions	(11,618)	(11,618)
Donor-restricted education fund	(10,576)	(10,576)
Financial assets available to meet cash needs for general expenditures within one year	\$ 768,521	\$ 712,209

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 \$322,556 and \$355,056 at June 30, 2022 and 2021, respectively.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(3) INVESTMENTS

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

	2022	2021
Corporate stocks	\$ 4,468,681	\$ 5,515,417
Corporate bonds	99,922	361,713
Exchange traded funds	330,473	619,254
Mutual funds	594,505	646,494
Municipal bonds	-	202,894
	\$ 5,493,581	\$ 7,345,772

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

	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	\$ -

	Based On			
Total Assets Measured at Fair Value June 30, 2021	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Corporate stocks	\$ 5,515,417	\$ 5,515,417	\$ -	\$ -
Corporate bonds	361,713	-	361,713	-
Exchange traded funds	619,254	619,254	-	-
Mutual funds	646,494	646,494	-	-
Municipal bonds	202,894	-	202,894	-
	\$ 7,345,772	\$ 6,781,165	\$ 564,607	\$ -

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(3) INVESTMENTS (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 131,120	\$ 121,381
Net gain on sale of investments	85,918	304,748
Management fees	(57,170)	(52,074)
Net unrealized gain (loss) in value of investments	<u>(1,090,345)</u>	<u>1,455,359</u>
Total return on investments	<u>\$ (930,477)</u>	<u>\$ 1,829,414</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2022 and 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 142,594	\$ -	\$ -	\$ 142,594
Construction in progress	<u>-</u>	<u>29,400</u>	<u>-</u>	<u>29,400</u>
Total capital assets not being depreciated	<u>142,594</u>	<u>29,400</u>	<u>-</u>	<u>171,994</u>
Capital assets, being depreciated:				
Building and improvements	2,389,994	99,038	-	2,489,032
Furniture, fixtures, and equipment	<u>54,349</u>	<u>1,450</u>	<u>-</u>	<u>55,799</u>
Total capital assets being depreciated	<u>2,444,343</u>	<u>100,488</u>	<u>-</u>	<u>2,544,831</u>
Less accumulated depreciation	<u>(1,697,460)</u>	<u>(93,107)</u>	<u>-</u>	<u>(1,790,567)</u>
Capital assets, being depreciated, net	<u>746,883</u>	<u>7,381</u>	<u>-</u>	<u>754,264</u>
Total capital assets, net	<u>\$ 889,477</u>	<u>\$ 36,781</u>	<u>\$ -</u>	<u>\$ 926,258</u>

Depreciation expense totaled \$93,107 and \$87,719 for the years ended June 30, 2022 and 2021, respectively.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(5) ANTIQUES AND ART COLLECTIONS

The following schedule summarizes the antiques and art collections in the statement of financial position for of the year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Hermann-Grima Historic House collections	\$ 283,783	\$ -	\$ 283,783
Gallier Historic House collections	850,095	2,050	852,145
Grima Family furnishings & jewelry	<u>-</u>	<u>210,703</u>	<u>210,703</u>
	<u>\$ 1,133,878</u>	<u>\$ 212,753</u>	<u>\$ 1,346,631</u>

The following schedule summarizes the antiques and art collections in the statement of financial position for of the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Hermann-Grima Historic House collections	\$ 283,783	\$ -	\$ 283,783
Gallier Historic House collections	842,595	2,050	844,645
Grima Family furnishings & jewelry	<u>-</u>	<u>210,703</u>	<u>210,703</u>
	<u>\$ 1,126,378</u>	<u>\$ 212,753</u>	<u>\$ 1,339,131</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(6) RESTRICTIONS ON NET ASSETS

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

	<u>2022</u>	<u>2021</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
Gallier House collections	2,050	2,050
Grima family furnishings and jewelry	210,703	210,703
Education programs	<u>171,731</u>	<u>17,870</u>
	<u>\$ 3,264,051</u>	<u>\$ 3,110,190</u>

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

	<u>2022</u>	<u>2021</u>
Education programs	\$ 55,771	\$ 33,967
Landscaping grants	15,000	15,000
Window covering preservation	<u>-</u>	<u>1,324</u>
	<u>\$ 70,771</u>	<u>\$ 50,291</u>

(7) 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, 2022 AND 2021**

(7) 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, 2022 and 2021, 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, 2022 AND 2021**

(7) 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, 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>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(7) ENDOWMENT FUNDS (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 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>4,584,708</u>	<u>-</u>	<u>4,584,708</u>
Total endowment funds	<u>\$ 4,584,708</u>	<u>\$ 2,868,991</u>	<u>\$ 7,453,699</u>

Change in endowment net assets as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
Endowment net assets, 6/30/2020	\$ 3,055,294	\$ 2,868,991	\$ 5,924,285
Investment income, net of fees	69,307	-	69,307
Net appreciation in value	1,760,107	-	1,760,107
Amounts appropriated for expenditure	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Total endowment funds	<u>\$ 4,584,708</u>	<u>\$ 2,868,991</u>	<u>\$ 7,453,699</u>

(8) LONG-TERM DEBT AND DEBT FORGIVENESS

During the year ended June 30, 2020, 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 \$100,800. Through this program, up to 100% of monies borrowed may be forgiven. The unsecured note has an initial six-month deferral period which was extended to 16 months by the Small Business Administration and after taking into account any loan forgiveness, any remaining principal and accrued interest, accrued at a simple interest rate of 1%, will be payable in substantially equal monthly installments on the first day of each month over the remaining 18-month term of the loan. TWE received full forgiveness of the note and accrued interest. TWE recognized \$100,800 of debt forgiveness income in the statement of activities for the year ended June 30, 2021.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(8) LONG-TERM DEBT AND DEBT FORGIVENESS (CONTINUED)

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.

(9) 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 and 2021, there were \$141,981 and \$137,472 of uninsured cash balances, respectively.

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 \$4,993,581 and \$6,953,699 at June 30, 2022 and 2021, respectively. TWE has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

(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.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021**

(11) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, “*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*.” Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. TWE plans to adopt this Update as applicable by the effective date.