

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, 2021 AND 2020



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

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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
April 5, 2022

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of June 30, 2021 and 2020, 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.

April 5, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES**
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 486,310	\$ 250,356
Other receivables	964	511
Inventory	32,822	31,788
Investments	7,345,772	5,827,904
Property and equipment, net	889,477	977,196
Antiques and art collections	<u>1,339,131</u>	<u>1,269,906</u>
 Total assets	 <u>\$ 10,094,476</u>	 <u>\$ 8,357,661</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 2,944	\$ 1,790
Accrued expenses	15,721	8,917
Payroll Protection Program loans	<u>100,834</u>	<u>100,800</u>
 Total liabilities	 <u>119,499</u>	 <u>111,507</u>
 <u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	2,268,461	2,074,041
Board designated for maintenance and programs	4,584,708	3,055,294
Board designated for accessions	11,618	11,618
With donor restrictions	<u>3,110,190</u>	<u>3,105,201</u>
 Total net assets	 <u>9,974,977</u>	 <u>8,246,154</u>
 Total liabilities and net assets	 <u>\$ 10,094,476</u>	 <u>\$ 8,357,661</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
<u>Support and Other Revenues:</u>		
Contributions and grants:		
Historic Houses	\$ 72,750	\$ 105,670
Other contributions	86,547	11,441
Program revenue:		
Museum tours	35,795	95,873
Gift shop sales	20,950	18,331
Gift shop costs of goods sold	(6,115)	(11,232)
Museum rental	28,079	41,550
Education and interpretation	8,221	54,461
Wine auction revenue	50,857	44,120
Membership	4,925	2,000
Investment return and income, net	1,829,414	198,668
(Loss) on disposal of assets	-	(1,299)
Legal settlement	219,695	-
Miscellaneous	9,464	-
Forgiveness of debt - PPP loan	100,800	-
Revenues released from restrictions	<u>50,291</u>	<u>65,653</u>
 Total support and other revenues without donor restrictions	 <u>2,511,673</u>	 <u>625,236</u>
<u>Expenses:</u>		
Program services	464,747	513,652
Supporting services:		
Management and general	200,196	230,944
Fundraising	<u>122,896</u>	<u>128,689</u>
 Total supporting services	 <u>323,092</u>	 <u>359,633</u>
 Total expenses	 <u>787,839</u>	 <u>873,285</u>
 Net change in net assets without donor restrictions	 1,723,834	 (248,049)
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Grant income	48,030	44,000
Other contributions	7,250	1,324
Released from restrictions	<u>(50,291)</u>	<u>(65,653)</u>
 Net change in net assets with donor restrictions	 <u>4,989</u>	 <u>(20,329)</u>
 Change in net assets	 <u>1,728,823</u>	 <u>(268,378)</u>
 Net assets, beginning of year	 <u>8,246,154</u>	 <u>8,514,532</u>
 Net assets, end of year	 <u>\$ 9,974,977</u>	 <u>\$ 8,246,154</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
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 275,059	\$ 126,990	\$ 72,012	\$ 474,061
Payroll taxes and benefits	37,614	17,366	9,848	64,828
Total salaries and related expenses	312,673	144,356	81,860	538,889
Advertising	12,205	-	2,154	14,359
Depreciation	82,447	4,339	-	86,786
Education	40,730	11,637	5,819	58,186
Equipment	-	1,739	-	1,739
Historic House purchases	-	-	19,942	19,942
Insurance	19,136	3,377	-	22,513
Miscellaneous expenses	978	8,800	-	9,778
Museum tour expenses	274	-	-	274
Office expense	-	20,217	3,291	23,508
Professional fees	-	25,930	-	25,930
Repairs and maintenance	28,825	5,087	-	33,912
Telephone	1,529	510	509	2,548
Utilities	14,855	4,952	4,951	24,758
Wine auction	-	-	10,163	10,163
Total expenses	\$ 513,652	\$ 230,944	\$ 128,689	\$ 873,285

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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 1,728,823	\$ (268,378)
Adjustments to reconcile changes in net assets to cash from (used in) operating activities:		
Depreciation	87,719	86,786
Net loss on disposal of fixed assets	-	1,299
Forgiveness of debt - PPP loan	(100,800)	-
Net unrealized/realized (gain) on investments	(1,760,107)	(116,896)
Bad debts expense		1,000
Donations of collection items	(69,225)	-
(Increase) decrease in:		
Other receivables	(453)	558
Inventory	(1,034)	1,431
Increase (decrease) in:		
Accounts payable	1,154	(7,645)
Accrued expenses	5,708	(4,087)
Accrued compensated absences	1,096	(253)
	<u>(107,119)</u>	<u>(306,185)</u>
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Capital expenditures	-	(62,860)
Proceeds from sale of investments	2,553,178	2,921,842
Purchase of investments	(2,310,939)	(2,507,649)
	<u>242,239</u>	<u>351,333</u>
<u>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES:</u>		
Proceeds from Payroll Protection Program loans	<u>100,834</u>	<u>100,800</u>
	<u>100,834</u>	<u>100,800</u>
Net increase in cash and cash equivalents	235,954	145,948
Cash and cash equivalents at beginning of year	<u>250,356</u>	<u>104,408</u>
Cash and cash equivalents at end of year	<u>\$ 486,310</u>	<u>\$ 250,356</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, 2021 AND 2020**

(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.

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, 2021 AND 2020**

(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, 2021 AND 2020**

(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, 2021 AND 2020**

(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, 2021 and 2020. 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, 2021 AND 2020**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions (Continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions received by TWE for the years ended June 30, 2021 and 2020 were \$81,992 and \$17,470, 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.

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).

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

TWE's evaluation as of June 30, 2021 revealed no tax positions that would have a material impact on the financial statements. The 2017 through 2019 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 \$20,359 and \$14,359 for the years ended June 30, 2021 and 2020, respectively.

Date of Management's Review

Subsequent events have been evaluated through April 5, 2022, which is the date the financial statements were available to be issued.

New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs superseded the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. TWE has adjusted the presentation of these statements accordingly. The ASU have been applied retrospectively to all periods presented. The adoption had no material impact on the TWE's financial statements.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects TWE's financial assets as of June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets, at year end	\$ 7,833,046	\$ 6,079,771
Less those unavailable for general expenditure within one year due to:		
Unappropriated board-designated endowment fund	(4,229,652)	(2,781,132)
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>(22,133)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 712,209</u>	<u>\$ 395,897</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, 2021, the board approved an allocation of up to 7%. For the year ended June 30, 2022, the board approved an allocation of up to 6%. Budgeted appropriations for the following fiscal year were 355,056 and \$407,346 at June 30, 2021 and 2020, respectively.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(3) INVESTMENTS

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

	2021	2020
Corporate stocks	\$ 5,515,417	\$ 4,240,059
Corporate bonds	361,713	366,969
Exchange traded funds	619,254	428,075
Mutual funds	646,494	588,787
Municipal bonds	202,894	204,014
	\$ 7,345,772	\$ 5,827,904

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

	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	\$ -

	Based On			
Total Assets Measured at Fair Value June 30, 2020	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Corporate stocks	\$ 4,240,059	\$ 4,240,059	\$ -	\$ -
Corporate bonds	366,969	-	366,969	-
Exchange traded funds	428,075	428,075	-	-
Mutual funds	588,787	588,787	-	-
Municipal bonds	204,014	-	204,014	-
	\$ 5,827,904	\$ 5,256,921	\$ 570,983	\$ -

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(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>2021</u>	<u>2020</u>
Dividends and interest	\$ 121,381	\$ 126,734
Net gain on sale of investments	304,748	-
Management fees	(52,074)	(44,962)
Net unrealized gain (loss) in value of investments	<u>1,455,359</u>	<u>116,896</u>
Total return on investments	<u>\$ 1,829,414</u>	<u>\$ 198,668</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021 and 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 142,594	\$ -	\$ -	\$ 142,594
Total capital assets not being depreciated	<u>142,594</u>	<u>-</u>	<u>-</u>	<u>142,594</u>
Capital assets, being depreciated:				
Building and improvements	2,389,994	-	-	2,389,994
Furniture, fixtures, and equipment	<u>54,349</u>	<u>-</u>	<u>-</u>	<u>54,349</u>
Total capital assets being depreciated	<u>2,444,343</u>	<u>-</u>	<u>-</u>	<u>2,444,343</u>
Less accumulated depreciation	<u>(1,609,741)</u>	<u>(87,719)</u>	<u>-</u>	<u>(1,697,460)</u>
Capital assets, being depreciated, net	<u>834,602</u>	<u>(87,719)</u>	<u>-</u>	<u>746,883</u>
Total capital assets, net	<u>\$ 977,196</u>	<u>\$ (87,719)</u>	<u>\$ -</u>	<u>\$ 889,477</u>

Depreciation expense totaled \$87,719 and \$86,786 for the years ended June 30, 2021 and 2020, respectively.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(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, 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 following schedule summarizes the antiques and art collections in the statement of financial position for of the year ended June 30, 2020:

	<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	773,370	2,050	775,420
Grima Family furnishings & jewelry	<u>-</u>	<u>210,703</u>	<u>210,703</u>
	<u>\$ 1,057,153</u>	<u>\$ 212,753</u>	<u>\$ 1,269,906</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(6) RESTRICTIONS ON NET ASSETS

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

	<u>2021</u>	<u>2020</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	11,133
Gallier House collections	2,050	2,050
Grima family furnishings and jewelry	210,703	210,703
LEH Culture Cares grant	-	11,000
Windows covering preservation	-	1,324
Education programs	<u>17,870</u>	<u>-</u>
	<u>\$ 3,110,190</u>	<u>\$ 3,105,201</u>

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

	<u>2021</u>	<u>2020</u>
LEH Culture Cares grant	\$ 11,000	\$ -
Education programs	22,410	-
Landscaping grants	15,000	13,000
Goat in the Road program	-	25,000
Shingo Manard education fund	557	2,653
Hearth and kitchen restoration	-	25,000
Window covering preservation	<u>1,324</u>	<u>-</u>
	<u>\$ 50,291</u>	<u>\$ 65,653</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 WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(7) ENDOWMENT FUNDS (CONTINUED)

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 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, 2021 and 2020, no deficiencies existed.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(7) ENDOWMENT FUNDS (CONTINUED)

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.

Spending Polices

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, 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>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(7) ENDOWMENT FUNDS (CONTINUED)

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

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2021 <u>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>

Endowment Net Asset Composition by Type of Fund as of June 30, 2020 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2020 <u>Total</u>
Donor-restricted endowment funds:			
Shingo Manard Education Fund	\$ -	\$ -	\$ -
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>3,055,294</u>	<u>-</u>	<u>3,055,294</u>
Total endowment funds	<u>\$ 3,055,294</u>	<u>\$ 2,868,991</u>	<u>\$ 5,924,285</u>

Change in endowment net assets as of June 30, 2020 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2020 <u>Total</u>
Endowment net assets, 6/30/2019	\$ 3,242,424	\$ 2,882,777	\$ 6,125,201
Investment income, net of fees	81,765	14	81,779
Net appreciation in value	116,893	-	116,893
Reclassified from endowment	-	(11,133)	(11,133)
Amounts appropriated for expenditure	<u>(385,788)</u>	<u>(2,667)</u>	<u>(388,455)</u>
Total endowment funds	<u>\$ 3,055,294</u>	<u>\$ 2,868,991</u>	<u>\$ 5,924,285</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(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.

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. The current balance of the note at June 30, 2021 is \$100,834. TWE obtained forgiveness for the note during 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, 2021 and 2020, there were \$137,472 of uninsured cash balances and no 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 \$6,953,699 and \$5,324,904 at June 30, 2021 and 2020, respectively. TWE has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

(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.

(11) CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2021, TWE updated its functional expense methodology to reflect more accurate functional classifications by nature. TWE performed an expense study relative to its payroll expenditures and adjusted the allocation of several other natural categories. The net effect of the adjustments increased program services by \$69,984 (8%) for the year ended June 30, 2020.

(12) 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.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. TWE plans to adopt this Update as applicable by the effective date.