

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, 2019 AND 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 2
 <u>FINANCIAL STATEMENTS:</u>	
Exhibit “A” Statements of Financial Position	3
Exhibit “B” Statements of Activities	4
Exhibit “C” Statements of Functional Expenses	5 – 6
Exhibit “D” Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 – 22

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 d/b/a Hermann-Grima/Gallier Historic Houses (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

To the Board of Managers of
The Woman's Exchange d/b/a
Hermann-Grima/Gallier Historic Houses
February 7, 2020

Opinion

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, 2019 and 2018, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, The Woman's Exchange d/b/a Hermann-Grima/Gallier Historic Houses adopted the Financial Accounting Standards Board's ASU 2016-14, *Not-for-Profit Entities*, for the year ended June 30, 2019. Our opinion is not modified with respect to that matter.

February 7, 2020
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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 104,408	\$ 71,802
Unconditional promises to give	-	7,596
Other receivables	2,069	1,000
Inventory	33,219	43,792
Investments	6,125,201	5,922,276
Property and equipment, net	1,002,421	1,077,573
Antiques and art collections	<u>1,269,906</u>	<u>1,254,926</u>
 Total assets	 <u>\$ 8,537,224</u>	 <u>\$ 8,378,965</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 9,435	\$ 10,344
Accrued expenses	13,004	3,595
Accrued compensated absences	253	2,796
Deferred revenue	<u>-</u>	<u>4,720</u>
 Total liabilities	 <u>22,692</u>	 <u>21,455</u>
 <u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	2,134,960	2,190,499
Board designated for maintenance and programs	3,242,424	3,039,513
Board designated for accessions	11,618	26,598
With donor restrictions	<u>3,125,530</u>	<u>3,100,900</u>
 Total net assets	 <u>8,514,532</u>	 <u>8,357,510</u>
 Total liabilities and net assets	 <u>\$ 8,537,224</u>	 <u>\$ 8,378,965</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, 2019 AND 2018**

	2019	2018
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
<u>Support and Other Revenues:</u>		
Contributions and grants:		
Historic Houses	\$ 116,230	\$ 86,827
Other contributions	37,295	23,761
Program revenue:		
Museum tours	141,889	110,141
Gift shop sales	26,264	24,404
Gift shop costs of goods sold	(23,195)	(21,557)
Museum rental	45,750	41,500
Education and interpretation	12,564	5,760
Wine auction revenue	64,039	66,742
Membership	1,353	3,920
Investment return and income, net	516,233	460,363
(Loss) on disposal of assets	(1,227)	-
Legal settlement - BP	4,704	222,927
Miscellaneous	4,720	1,851
Revenues released from restrictions	31,384	28,977
	978,003	1,055,616
<u>Expenses:</u>		
Program services	415,850	414,581
Supporting services:		
Management and general	261,282	302,652
Fundraising	168,479	150,322
	429,761	452,974
Total supporting services	429,761	452,974
Total expenses	845,611	867,555
Net change in net assets without donor restrictions	132,392	188,061
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Grant income	56,000	13,000
Interest income	14	13
Released from restrictions	(31,384)	(28,977)
	24,630	(15,964)
Net change in net assets with donor restrictions	24,630	(15,964)
Change in net assets	157,022	172,097
Net assets, beginning of year	8,357,510	8,185,413
Net assets, end of year	\$ 8,514,532	\$ 8,357,510

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, 2019**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 200,418	\$ 155,881	\$ 89,076	\$ 445,375
Payroll taxes and benefits	29,477	22,927	13,100	65,504
Total salaries and related expenses	229,895	178,808	102,176	510,879
Advertising	18,257	-	3,139	21,396
Depreciation	81,561	4,065	-	85,626
Education	11,976	3,427	1,707	17,110
Equipment	-	141	-	141
Historic House purchases	-	-	26,507	26,507
Insurance	19,011	3,354	-	22,365
Miscellaneous expenses	2,428	22,525	-	24,953
Museum tour expenses	422	-	-	422
Office expense	-	24,767	4,024	28,791
Professional fees	-	12,830	-	12,830
Repairs and maintenance	39,192	6,996	-	46,188
Telephone	1,535	511	511	2,557
Utilities	11,573	3,858	3,858	19,289
Wine auction	-	-	26,557	26,557
Total expenses	<u>\$ 415,850</u>	<u>\$ 261,282</u>	<u>\$ 168,479</u>	<u>\$ 845,611</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, 2018**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 181,725	\$ 141,342	\$ 80,767	\$ 403,834
Payroll taxes and benefits	32,934	25,616	14,637	73,187
Total salaries and related expenses	214,659	166,958	95,404	477,021
Advertising	27,597	-	4,744	32,341
Depreciation	75,608	3,768	-	79,376
Education	1,803	516	257	2,576
Equipment	-	11,817	-	11,817
Historic House purchases	-	-	16,802	16,802
Insurance	38,022	6,708	-	44,730
Miscellaneous expenses	2,317	21,496	-	23,813
Museum tour expenses	603	-	-	603
Office expense	-	13,430	2,182	15,612
Professional fees	-	41,143	-	41,143
Repairs and maintenance	48,157	8,597	-	56,754
Telephone	5,815	1,938	1,938	9,691
Utilities	-	26,281	-	26,281
Wine auction	-	-	28,995	28,995
Total expenses	<u>\$ 414,581</u>	<u>\$ 302,652</u>	<u>\$ 150,322</u>	<u>\$ 867,555</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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 157,022	\$ 172,097
Adjustments to reconcile changes in net assets to cash from (used in) operating activities:		
Depreciation	85,626	79,376
Net loss on disposal of fixed assets	1,227	-
Net unrealized/realized (gain) on investments	(422,044)	(375,094)
(Increase) decrease in:		
Unconditional promises to give	7,596	3,500
Other receivables	(1,069)	-
Inventory	10,573	297
Increase (decrease) in:		
Accounts payable	(909)	78
Accrued expenses	9,409	2,971
Accrued compensated absences	(2,543)	(9,511)
Deferred revenue	(4,720)	(35,047)
	<u>(159,832)</u>	<u>(161,333)</u>
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Capital expenditures	(11,701)	(48,639)
Purchases of antiques and art collections	(14,980)	-
Proceeds from sale of investments	1,348,459	5,996,122
Purchase of investments	(1,129,340)	(5,823,433)
	<u>192,438</u>	<u>124,050</u>
Net cash from investing activities		
	<u>192,438</u>	<u>124,050</u>
Net increase (decrease) in cash and cash equivalents	32,606	(37,283)
Cash and cash equivalents at beginning of year	<u>71,802</u>	<u>109,085</u>
Cash and cash equivalents at end of year	<u>\$ 104,408</u>	<u>\$ 71,802</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, 2019 AND 2018**

(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. The purposes of TWE are to preserve the houses; to develop, maintain, and interpret them as places of historical interest; and to educate residents and visitors about life in and the history of the city of New Orleans.

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.

Basis of Accounting

The financial statements of TWE have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standard Codification section 958, *Not-for-Profit Entities*. Under FASB ASC section 958, net assets, revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the TWE are classified as net assets with or without donor restrictions.

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.

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:

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

Promises to Give

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give (Continued)

Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Allowances for uncollectible promises to give, if any, are based on management's evaluation of the collectability of such amounts. At June 30, 2018, all unconditional promises to give were expected to be collected within one year. However, during the year ended June 30, 2019, management wrote off the remaining promises to give as uncollectible.

Inventory

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

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.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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.

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. 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, 2019 and 2018. 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.

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 anniversary of his or her hire date.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Public Support and Revenue

TWE accounts for contributions in accordance with the recommendations of FASB ASC Topic 958, *Accounting for Contributions Received and Contributions Made*. Contributions are reported as increases in net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

Membership Revenue Recognition

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, 2019 AND 2018**

(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, 2019 revealed no tax positions that would have a material impact on the financial statements. The 2016 through 2018 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 \$21,396 and \$32,341 for the years ended June 30, 2019 and 2018, respectively.

Subsequent Events

Subsequent events have been evaluated through February 7, 2020, which is the date the financial statements were available to be issued.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. TWE has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects TWE's financial assets as of June 30, 2019 and 2018, 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.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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>2019</u>	<u>2018</u>
Financial assets, at year end	\$ 6,231,678	\$ 6,002,674
Less those unavailable for general expenditure within one year due to:		
Unappropriated board-designated endowment fund	(2,930,601)	(2,726,191)
Donor-restricted endowment fund	(2,868,991)	(2,868,991)
Board-designated for accessions	(11,618)	(26,598)
Donor-restricted education fund	<u>(13,786)</u>	<u>(13,772)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 406,682</u>	<u>\$ 367,122</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 at 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 allocates 5% of the endowment account's rolling 3-year balance for general expenditure annually. Budgeted appropriations for the following fiscal year were \$311,823 and \$313,322 at June 30, 2019 and 2018, respectively.

(3) DONATED MATERIALS, FACILITIES AND SERVICES

TWE receives donated goods and services from unpaid volunteers who assist in fundraising and special projects.

Donated goods and services are as follows for the year ended June 30:

	<u>2019</u>	<u>2018</u>
Donated goods for auction	\$ 45,431	\$ 52,670
	<u>\$ 45,431</u>	<u>\$ 52,670</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(4) INVESTMENTS

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

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 185,007	\$ 179,728
Certificates of deposit	64,157	64,118
Exchange traded funds	252,147	251,061
Mutual funds	518,022	394,916
Corporate stocks	4,424,556	4,019,110
Corporate bonds	353,432	440,134
Municipal bonds	<u>327,880</u>	<u>573,209</u>
	<u>\$ 6,125,201</u>	<u>\$ 5,922,276</u>

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

		<u>Based On</u>		
	Total Assets Measured at Fair Value <u>June 30, 2019</u>	Quoted Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>
Money market funds	\$ 185,007	\$ 185,007	\$ -	\$ -
Certificates of deposit	64,157	64,157	-	-
Corporate stocks	4,424,556	4,424,556	-	-
Corporate bonds	353,432	-	353,432	-
Exchange traded funds	252,147	252,147	-	-
Mutual funds	518,022	518,022	-	-
Municipal bonds	<u>327,880</u>	<u>-</u>	<u>327,880</u>	<u>-</u>
	<u>\$ 6,125,201</u>	<u>\$ 5,443,889</u>	<u>\$ 681,312</u>	<u>\$ -</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(4) INVESTMENTS (CONTINUED)

	Total Assets Measured at Fair Value June 30, 2018	Based On		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Money market funds	\$ 179,728	\$ 179,728	\$ -	\$ -
Certificates of deposit	64,118	64,118	-	-
Corporate stocks	4,019,110	4,019,110	-	-
Corporate bonds	440,134	-	440,134	-
Exchange traded funds	251,061	251,061	-	-
Mutual funds	394,916	394,916	-	-
Municipal bonds	<u>573,209</u>	<u>-</u>	<u>573,209</u>	<u>-</u>
	<u>\$ 5,922,276</u>	<u>\$ 4,908,933</u>	<u>\$ 1,013,343</u>	<u>\$ -</u>

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

	<u>2019</u>	<u>2018</u>
Dividends and interest	\$ 136,738	\$ 125,049
Net gain on sale of investments	-	114,047
Management fees	(42,549)	(39,780)
Net unrealized gain (loss) in value of investments	<u>422,044</u>	<u>261,047</u>
Total return (loss) on investments	<u>\$ 516,233</u>	<u>\$ 460,363</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(5) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019 and 2018:

	<u>2018</u>			<u>2019</u>
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 142,594	\$ -	\$ -	\$ 142,594
Construction in progress	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Total capital assets not being depreciated	<u>142,594</u>	<u>1,400</u>	<u>-</u>	<u>143,994</u>
Capital assets, being depreciated:				
Building and improvements	2,321,563	10,301	(2,232)	2,329,632
Furniture, fixtures, and equipment	<u>54,349</u>	<u>-</u>	<u>-</u>	<u>54,349</u>
Total capital assets being depreciated	<u>2,375,912</u>	<u>10,301</u>	<u>(2,232)</u>	<u>2,383,981</u>
Less accumulated depreciation	<u>(1,440,933)</u>	<u>(85,626)</u>	<u>1,005</u>	<u>(1,525,554)</u>
Total capital assets being depreciated, net	<u>934,979</u>	<u>(75,325)</u>	<u>(1,227)</u>	<u>858,427</u>
Total capital assets, net	<u>\$ 1,077,573</u>	<u>\$ (73,925)</u>	<u>\$ (1,227)</u>	<u>\$ 1,002,421</u>

Depreciation expense totaled \$85,626 and \$79,376 for the years ended June 30, 2019 and 2018, respectively.

(6) 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, 2019:

	<u>Without</u>	<u>With</u>	
	<u>Donor</u>	<u>Donor</u>	
	<u>Restrictions</u>	<u>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, 2019 AND 2018**

(6) ANTIQUES AND ART COLLECTIONS (CONTINUED)

The following schedule summarizes the antiques and art collections in the statement of financial position for of the year ended June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Hermann-Grima Historic House collections	\$ 268,803	\$ -	\$ 268,803
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>\$ 1,042,173</u>	<u>\$ 212,753</u>	<u>\$ 1,254,926</u>

(7) RESTRICTIONS ON NET ASSETS

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

	<u>2019</u>	<u>2018</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
Capital Campaign Fund	-	5,384
Shingo Manard Education Fund	13,786	13,772
Gallier House Collections	2,050	2,050
Grima family furnishings and jewelry	210,703	210,703
Goat in the Road program	5,000	-
Hearth and kitchen restoration	<u>25,000</u>	<u>-</u>
	<u>\$ 3,125,530</u>	<u>\$ 3,100,900</u>

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

	<u>2019</u>	<u>2018</u>
Capital campaign funds	\$ 5,384	\$ 15,977
Landscaping grants	13,000	13,000
Goat in the Road program	10,000	-
Other restrictions	<u>3,000</u>	<u>-</u>
	<u>\$ 31,384</u>	<u>\$ 28,977</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(8) 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 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, 2019 and 2018, no deficiencies existed.

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(8) 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, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
Donor-restricted endowment funds:			
Shingo Manard Education Fund	\$ -	\$ 13,786	\$ 13,786
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>3,242,424</u>	<u>-</u>	<u>3,242,424</u>
 Total endowment funds	 <u>\$ 3,242,424</u>	 <u>\$ 2,882,777</u>	 <u>\$ 6,125,201</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(8) ENDOWMENT FUNDS (CONTINUED)

Change in endowment net assets as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Endowment net assets, 6/30/2018	\$ 3,039,513	\$ 2,882,763	\$ 5,922,276
Investment income, net of fees	94,189	14	94,203
Net appreciation in value	422,044	-	422,044
Amounts appropriated for expenditure	<u>(313,322)</u>	<u>-</u>	<u>(313,322)</u>
Total endowment funds	<u>\$ 3,242,424</u>	<u>\$ 2,882,777</u>	<u>\$ 6,125,201</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	2018 Total
Donor-restricted endowment funds:			
Shingo Manard Education Fund	\$ -	\$ 13,772	\$ 13,772
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>3,039,513</u>	<u>-</u>	<u>3,039,513</u>
Total endowment funds	<u>\$ 3,039,513</u>	<u>\$ 2,882,763</u>	<u>\$ 5,922,276</u>

Change in endowment net assets as of June 30, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	2018 Total
Endowment net assets, 6/30/2017	\$ 2,837,121	\$ 2,882,750	\$ 5,719,871
Investment income, net of fees	85,269	13	85,282
Net appreciation in value	375,094	-	375,094
Amounts appropriated for expenditure	<u>(257,971)</u>	<u>-</u>	<u>(257,971)</u>
Total endowment funds	<u>\$ 3,039,513</u>	<u>\$ 2,882,763</u>	<u>\$ 5,922,276</u>

**THE WOMAN'S EXCHANGE D/B/A
HERMANN-GRIMA/GALLIER HISTORIC HOUSES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018**

(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, 2019 and 2018, there were no uninsured cash balances.

(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) NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued Update No. 2018-08, "*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*" The amendments in this Update clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments in this Update require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. TWE plans to adopt this Update as applicable by the effective date.

The FASB has issued Update No. 2019-03, "*Not-for-Profit Entities: Updating the Definition of Collections.*" The amendments in this Update modify the definition of the term collections and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). This Update attempts to eliminate the diversity in practice that exists today between the application of the Master Glossary of the FASB Accounting Standards Codification definition compared with the definition that many entities use for accreditation purposes. The amendments in this Update are effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. TWE plans to adopt this Update as applicable by the effective date.