



Date: December 29, 2017

To: Chairperson Theodore Lipscomb, Sr., Milwaukee County Board of Supervisors
Chairperson Peggy A. West, Committee on Finance, Personnel, and Audit
Chairperson Jason Haas, Committee on Parks, Energy, and Environment

CC: Janelle M. Jensen, Senior Committee Coordinator, Office of the County Clerk
Allyson R. Smith, Committee Coordinator, Office of the County Clerk

**Subject: Report from the Milwaukee Public Museum
Results for the first quarter, ending November 30, 2017
Financial Audit Statements for prior fiscal year, ended 8/31/2017**

The Mission of the Milwaukee Public Museum is to inspire curiosity, excite minds and increase desire to preserve and protect our world's natural and cultural diversity through exhibitions, educational programs, collections and research.

Program Summary

The exhibit **Weapons: Beyond the Blade** has exceeded attendance projections, with 21,885 ticketed visitors so far (vs. budgeted attendance of 15,000). The percentage of members as a % of total attendees is higher than projected (budgeted at 45%; actual is 64%), hence revenues are expected to be near the budget target, but not exceed it. Overall gains in membership revenue and renewals due to the shift of offering free admission for members to select exhibits has driven revenue gains in recent years to the membership program, however. The exhibit runs through January 6th.

Looking Ahead

This year's major traveling exhibit, **Maya: Hidden Worlds Revealed**, presented in partnership with the Science Museum of Minnesota, will open to the public on February 9th and run through May 28, 2018. This bilingual english/spanish exhibit includes a rich selection of artifacts—many from the national museums of Belize—along with multimedia and interactive hands-on activities to uncover this astonishing and mysterious early civilization.

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Fiscal Summary

MPM consolidated financial statements report an operating loss of (\$56,660) for the three month period, compared to a net operating loss the prior year of (\$39,425). Operating results include assets released from restrictions during the three months of \$278,431 and reflects over \$360,000 less in releases than the prior year. After accounting for non-operating items and restricted activity, the total increase in Net Assets is \$14,343.

Consolidated year to date operating revenues of \$2.98 million fell short of the prior year's revenues by approximately \$290,000 due to higher use last year of restricted contributions for the theater project of \$642,000. Operating revenues are currently \$286,000 lower than budgeted revenues due to variances from plan in admissions and fund raising. Fundraising was behind plan by \$170,000 for the quarter, the majority of which was the timing of a single six-figure gift that has since arrived.

Admissions revenues for the quarter fell short of budget by \$114,000. Attendance counts for general admission were down approximately 13% from the prior year, attributable in some part to the beautiful fall weather compared to the prior year (MPM typically sees attendance spikes during inclement weather). Attendance through the holidays has picked up significantly, and we expect to make up some of that shortfall in the second quarter. First quarter Theater /Planetarium revenue is down by 18.5%.

First quarter expenditures were approximately \$273,000 (8.2%) lower than the prior year due mainly to the reduction in staffing that occurred in April of 2017. Expenditures are lower than budget by approximately \$249,000 due mainly to timing differences in the expenditure of professional fees, advertising and supplies.

In other non-operating activity, the Museum and Endowment investments reported total fiscal year to date market gains of more than \$223,000. For the first three months of the fiscal year, distribution from the MPM Endowment Fund totaled \$86,363 was provided from temporarily restricted funds within the Endowment. The Museum continues to hew to a fiscally conservative course of significantly reduced reliance on MPM Endowment earnings than in the decade prior.

Capital Investment Summary

County Funded Capital Projects

County funded projects that are currently in process at the Museum include the replacement of the electrical substations and the ground floor security camera project. The Museum has one critical project approved for 2018 under the County Capital process and that is the fire panel/fire safety system replacement.

MPM Donor Funded Projects

One project currently in process that is funded through grants and in kind contributions is the MPM Courtyard Green Infrastructure project occurring outside the Wells Street entrance to the museum. This project assists in reducing the volume of storm water flowing into the sewerage system and the amount of pollutants discharged to surface waters. Milwaukee Metropolitan Sewerage District (MMSD) and The Fund for Lake Michigan have supported this effort. Final easement documents are awaiting signatures from Milwaukee County in order to receive MMSD funds.

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Collections Storage

As has been shared previously, MPM, Inc. is exploring options to address the inadequate conditions of the current building for the 4 million collections objects—many of them scientifically or historically important, and all irreplaceable—held by the County in the public trust. The museum building does not meet current environmental and conditions standards for museum collections storage set by the American Alliance of Museums. As we move closer to MPM’s reaccreditation deadline in 2020, we have developed an estimate of the capital investment that would be required from the County to advance this important project. This estimate includes offsite/deep storage space for collections infrequently accessed as well as the storage equipment required to protect and preserve the collections over time. Moving a portion of the collections would prove an important step toward ensuring the public’s collections are not further damaged.

I will be happy to take questions during my appearance before the Committees.

Sincerely,

Dennis Kois

Dennis Kois
President/CEO
Milwaukee Public Museum

Milwaukee Public Museum

MPM Consolidated Statement of Activities for the Three Months Ended 11/30/17					
	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Variance	Actual	Change
Revenue:					
Contributions	478,239	767,953	(289,715)	540,632	(62,394)
Vision Fund	30,500	0	30,500	0	30,500
Membership	262,496	224,049	38,447	315,212	(52,716)
Special Event Revenue	419,285	390,550	28,735	328,614	90,671
Public Support	875,000	875,000	0	875,000	0
Admissions	293,165	407,716	(114,550)	299,200	(6,035)
Theatre/Planetarium	47,939	54,944	(7,005)	58,822	(10,883)
Programs	25,071	50,383	(25,312)	39,598	(14,527)
Contributed Services	0	0	0	0	0
Restaurant and Facility Rental	126,514	97,678	28,836	67,503	59,011
Retail	118,560	116,624	1,936	122,434	(3,874)
Other income	30,706	22,659	8,047	(13,090)	43,797
Net Assets released from restrictions	278,431	264,375	14,056	642,160	(363,729)
Total Unrestricted Revenue	2,985,906	3,271,931	(286,025)	3,276,084	(290,178)
Operating Expenses:					
Cost of Goods Sold	50,255	49,213	1,042	52,262	(2,007)
Supplies	154,942	238,016	(83,074)	229,032	(74,090)
Salaries and Wages	1,377,884	1,389,032	(11,148)	1,554,678	(176,794)
Benefits	337,793	360,497	(22,704)	386,949	(49,156)
Travel	11,887	10,650	1,237	9,278	2,609
Insurance	19,442	19,479	(37)	27,553	(8,111)
Marketing/Public Relations	150,411	248,065	(97,654)	150,847	(436)
Member/Donor Development	14,370	22,762	(8,392)	8,852	5,518
Subscriptions/Memberships	10,342	10,693	(351)	7,845	2,497
Maintenance	123,666	153,676	(30,009)	137,397	(13,730)
Utilities	279,732	253,443	26,289	236,587	43,145
Professional Fees	113,207	158,861	(45,654)	120,556	(7,349)
Interest Expense	21,827	24,616	(2,789)	30,899	(9,072)
Miscellaneous	25,465	24,877	588	22,147	3,318
Sales Tax Expense	1,571	1,600	(29)	5,450	(3,879)
Contributed Services	0	0	0	0	0
Depreciation	349,771	325,669	24,102	335,177	14,594
Total Operating Expenses	3,042,566	3,291,148	(248,582)	3,315,509	(272,943)
Inc/(dec) in Unrestricted Net Assets in Operating Items	(56,660)	(19,217)	(37,443)	(39,425)	(17,235)
Non-Operating Items:					
Investment Earnings	98,204	0	98,204	(9,164)	107,368
Loss on Swap Liability	3,070	0	3,070	8,410	(5,340)
Pension & Post Retirement Expenses	(27,000)	(27,000)	0	(27,000)	0
Non-Operating Expense	0	0	0	0	0
Total Non-Operating Items	74,274	(27,000)	101,274	(27,754)	102,028
Inc/(dec) in Unrestricted Net Assets	17,615	(46,217)	63,832	(67,179)	84,793
Changes in Temporarily Restricted Net Assets:					
Contributions	134,500	50,000	84,500	70,785	63,715
Investment Earnings	136,226	0	136,226	(13,659)	149,885
Net Assets released from restrictions for operations	(278,431)	(264,375)	(14,056)	(642,160)	363,729
Inc/(dec) in Temporarily Restricted Net Assets	(7,704)	(214,375)	206,670	(585,034)	577,329
Changes in Permanently Restricted Net Assets:					
Contributions	0	0	0	0	0
Investment Earnings	4,433	0	4,433	0	4,433
Net Assets released from restrictions for operations	0	0	0	0	0
Inc/(dec) in Permanently Restricted Net Assets	4,433	0	4,433	0	4,433
Inc/(dec) in Net Assets	14,343	(260,592)	274,935	(652,212)	666,555
Total Net Assets at Beginning of Period	14,374,429	14,374,429	0	14,996,363	(621,934)
Total Net Assets at End of Period	14,388,772	14,113,837	274,935	14,344,151	44,621

Milwaukee Public Museum

MPM Consolidated Statement of Financial Position as of 11/30/17

	Consolidated 11/30/17	Consolidated 11/30/16	Consolidated 8/31/17	Change
Assets:				
Cash and cash equivalents	2,004,374	2,522,295	2,213,814	(209,440)
Investments	337,153	289,644	323,619	13,534
Accounts Receivable	93,554	55,466	59,358	34,196
Contributions Receivable - Current	756,009	1,068,470	890,690	(134,681)
Due From Other Entities	0	0	0	0
Inventories, net	46,335	52,176	42,281	4,054
Prepaid Expenses	46,571	269,747	61,410	(14,839)
Total Current Assets	3,283,995	4,257,799	3,591,172	(307,177)
Other Assets:				
Cash and investments held for endowment	6,075,741	5,273,482	5,863,959	211,782
Contributions Receivable - Long Term	583,551	1,193,421	583,551	0
Total Other Assets	6,659,292	6,466,903	6,447,510	211,782
Property & Equipment:				
Construction in Progress	19,085	985,398	19,885	(801)
Building Additions	20,676,223	19,704,587	20,676,223	0
Furniture, equipment and other improvements	13,317,246	13,232,729	13,308,393	8,853
Gross Property & Equipment	34,012,554	33,922,714	34,004,501	8,053
Less-Accumulated depreciation	(20,155,078)	(18,740,092)	(19,819,987)	(335,091)
Net Property & Equipment	13,857,476	15,182,622	14,184,514	(327,038)
Total Assets	23,800,763	25,907,324	24,223,196	(422,433)
Liabilities and Net Assets:				
Accounts Payable	337,455	426,538	414,981	(77,526)
Accrued Payroll & Benefits	465,325	829,697	586,183	(120,858)
Deferred Revenue	885,272	1,066,170	1,091,035	(205,763)
Interest Payable	7,646	10,773	8,261	(615)
Interest Rate Swap Liability	1,936	23,127	5,007	(3,071)
Accrued Postretirement Benefits - Current	167,002	133,595	167,002	0
Notes Payable - Current	1,727,295	2,017,295	1,762,295	(35,000)
Lease Payable - Current	0	2,221	0	0
Total Current Liabilities	3,591,930	4,509,416	4,034,764	(442,834)
Accrued Postretirement Benefits	5,500,060	6,076,758	5,494,003	6,057
Due to Other Entities	0	0	0	0
Notes Payable	320,000	977,000	320,000	0
Total Liabilities	9,411,991	11,563,174	9,848,767	(436,776)
Net Assets:				
Unrestricted	6,539,991	5,058,574	6,522,376	17,615
Temporarily Restricted	4,064,852	5,522,342	4,072,556	(7,704)
Permanently Restricted	3,783,930	3,763,234	3,779,497	4,433
Total Net Assets	14,388,772	14,344,151	14,374,429	14,343
Total Liabilities and Net Assets	23,800,763	25,907,324	24,223,196	(422,433)

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Consolidated Statement of Cash Flows for the Three Months Ended 11/30/17		
	YTD	Prior YTD
	<u>Actual</u>	<u>Actual</u>
Operating Activities:		
Increase in net assets	14,343	(652,212)
Adjustments to reconcile net cash flows from operations:		
Depreciation and amortization	349,771	335,177
Loss on disposal of assets	0	32,083
Change in value of interest rate swap	(3,070)	(8,410)
Unrealized (gain)/loss on investments	91,986	36,736
Realized (gain)/loss on investments	(308,431)	6,805
Contributions restricted for capital and endowment		0
Changes in operating assets and liabilities:		
Accounts Receivable	(34,196)	0
Contribution Receivable	124,681	6,138
Inventories and Other Assets	(4,054)	177,292
Prepaid Expenses	14,839	(9,317)
Accounts Payable, Accrued Expenses and Accrued Benefits	(192,329)	(186,009)
Due to Affiliates	0	179,841
Interest Payable	(615)	2,360
Deferred Revenue	(205,763)	(126,050)
Total Adjustments	(167,181)	446,645
Net cash provided/(used) by operating activities	(152,838)	(205,568)
Investing Activities:		
Purchases of Property & Equipment	(22,732)	(132,728)
Purchases of Property & Equipment - Restricted	0	(663,870)
Proceeds from Sale of Investments	1,220,380	245,015
Purchases of Investments	(1,229,250)	(229,859)
Net cash provided/(used) in investing activities	(31,602)	(781,442)
Financing Activities:		
Net proceeds on Notes Payable	0	640,000
Proceeds from contributions restricted for capital and endowment	10,000	40,000
Net proceeds from Line of Credit	(35,000)	175,000
Payments on lease obligations	0	(6,592)
Net cash provided/(used) in financing activities	(25,000)	848,408
Net Inc/(Dec) in Cash and Cash Equivalents	(209,440)	(138,602)
Cash and Cash Equivalents, beginning of period	2,213,814	2,660,896
Cash and Cash Equivalents, end of period	2,004,374	2,522,294