

Milwaukee Public MUSEUM

Date: November 30, 2010

To: Chairman L. Holloway
Supervisor E. Coggs
Supervisor G. Broderick

CC: Jay Williams

Subject: Report From MPM Audited Fiscal 2010 Financial Update

Summary

Following the close of the Dead Sea Scrolls exhibition on June 6th, MPM's focus shifted to summer education programs and renovations of building systems and exhibit gallery spaces. The renovations include new roof mounted HVAC systems that will primarily provide the air handling for gallery spaces on the east wings of the 2nd and 3rd floors of the building. Along with insulating the exterior walls, these improvements will allow MPM to control air and humidity levels required for permanent and traveling exhibits occupying those spaces. The renovations proceeded on schedule, finishing in time to allow for the move-in of our new exhibit which opens to the public October 1st.

A new three-year contract was successfully negotiated with AFSCME District 48 representatives which will expire June 30, 2013.

Jay Williams took over as President of the Milwaukee Public Museum from Dan Finley effective July 1st. MPM also transitioned to a new Director of Human Resources, Judy Atkinson, following the retirement of our previous HR director in July.

Financial Results (unaudited)

For the fiscal year ending August 31, 2010, the following comments and financial results are audited for this report. MPM's audit report is available upon request.

Attendance for the year included 451,000 visitors to the museum including those who purchased tickets for the Dead Sea Scrolls exhibition, which drew approximately 167,000 attendees. In addition, 154,000 people attended the theater and/or planetarium shows. Base museum attendance was up 10.5% over the prior year while theater attendance was down 26% from prior year. The prior year had high theater attendance due to the Titanic film which accompanied the Titanic exhibition in 2009.

Unaudited Financial statements are attached showing a positive increase in Net Assets for the year of \$1.074 million on Revenues of \$16.030 million. This brings total Net Assets for the museum to \$1.772 million as of August 31st, 2010. While revenues fell short of plan primarily

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due to softer than expected attendance levels for the theater operations and the Dead Sea Scroll exhibit, operating expenses were managed to 4.9% below plan which partially offset the revenue shortfall. In addition, estate gifts to the museum's Endowment Trust along with earnings on the Endowments's investment portfolio of \$229,000 offset losses incurred on museum operations. The Endowment Trust portfolio has grown to \$6.13 million, an increase of \$2.175 million from a year ago.

Looking Forward

On October 1st, the exhibit "Frogs, A Chorus of Colors" will open and run through January 2, 2011. We will also be opening a new major traveling exhibit December 17th entitled, "Mummies of the World." This exhibit opened July 1st at the California Science Center in Los Angeles as its first venue in the United States. Milwaukee will be the second stop on its three-year tour of museums around the country.

MPM continues work on its capital campaign and those efforts will continue over the next several years. This campaign will result in improvements to museum programs and facilities so we may continue to serve the community in new and exciting ways.

Please contact me if you have any questions or concerns with the enclosed materials.

Sincerely,

Michael A. Bernatz

Michael A. Bernatz
Chief Financial Officer
Milwaukee Public Museum

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MPM Consolidated Statement of Activities for the Year Months Ended 8/31/10					
	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Dev	Actual	Change
Revenue:					
Contributions and Membership	3,106,448	3,209,029	(102,581)	3,305,620	(199,172)
Special Event Revenue	357,369	454,275	(96,906)	432,474	(75,105)
Public Support	3,549,276	3,652,376	(103,100)	3,557,276	(8,000)
Admissions	4,583,123	4,994,142	(411,020)	3,537,841	1,045,282
IMAX/Planetarium	920,982	1,164,108	(243,126)	1,179,882	(258,900)
Programs	177,559	234,930	(57,371)	149,007	28,552
Contributed Services	248,154	0	248,154	409,702	(161,548)
Restaurant and Facility Rental	226,655	334,350	(107,695)	341,792	(115,137)
Retail	884,682	1,136,448	(251,766)	678,959	205,723
Other income	142,500	121,915	20,585	48,772	93,728
Reclass of Temp/permanently restricted net assets	5,000	0	5,000	(250,000)	255,000
Net assets released from restrictions	1,828,696	2,174,775	(346,080)	3,270,140	(1,441,444)
Total Unrestricted Revenue	16,030,441	17,476,349	(1,445,907)	16,661,463	(631,021)
Operating Expenses:					
Curatorial	1,195,071	1,075,114	119,957	1,184,101	10,970
Exhibits	3,082,887	3,431,597	(348,710)	1,384,426	1,698,461
Special Events	152,716	180,675	(27,959)	151,524	1,192
Imax/Planearium	820,000	853,291	(33,292)	823,599	(3,600)
Programs	625,271	618,112	7,159	631,204	(5,932)
Contributed Services	248,154	0	248,154	409,702	(161,548)
Restaurant and Facility Rental	85,496	70,182	15,314	158,075	(72,579)
Retail	738,955	779,052	(40,097)	555,551	183,404
Fundraising	1,024,714	1,230,170	(205,456)	1,042,073	(17,359)
Administrative	2,204,924	2,872,902	(667,979)	1,986,130	218,794
Facilities	3,027,836	2,840,960	186,876	2,958,296	69,540
Interest	335,450	330,624	4,826	347,185	(11,735)
Marketing	479,613	546,116	(66,503)	464,338	15,275
Depreciation	1,356,895	1,348,054	8,841	1,392,586	(35,691)
Total Operating Expenses	15,377,981	16,176,850	(798,869)	13,488,789	1,889,192
Inc (dec) in unrestricted net assets before non operating items	652,460	1,299,499	(647,038)	3,172,674	(2,520,214)
Non Operating Items:					
Pension & Post Retirement Benefits Expense	40,936	(637,725)	678,661	(1,544,367)	1,585,303
Investment Earnings	97,259	0	97,259	68,962	28,297
Total Non Operating Items	138,195	(637,725)	775,920	(1,475,406)	1,613,601
Inc (dec) in unrestricted net assets	790,655	661,774	128,882	1,697,268	(906,613)
Changes in Temporarily Restricted Net Assets:					
Contributions	893,491	4,843,000	(3,949,509)	722,928	170,562
Investment Earnings	152,534	0	152,534	96,443	56,091
Net assets released from restrictions for operations	(1,833,696)	(2,174,775)	341,080	(3,270,140)	1,436,444
Inc (dec) in temporarily restricted net assets	(787,671)	2,668,225	(3,455,896)	(2,450,769)	1,663,098
Changes in Permanently Restricted Net Assets:					
Contributions	1,071,000	0	1,071,000	0	1,071,000
Investment Earnings	(339)	0	(339)	0	(339)
Net assets released from restrictions for operations	0	0	0	250,000	(250,000)
Inc (dec) in permanently restricted net assets	1,070,661	0	1,070,661	250,000	820,661
Inc (dec) in Net Assets	1,073,645	3,329,998	(2,256,353)	(503,501)	1,577,146
Total Net Assets at Beginning of Period	698,643	698,643	0	1,202,144	(503,501)
Total Net Assets at End of Period	1,772,288	4,028,641	(2,256,353)	698,643	1,073,645

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MPM Consolidated Statement of Financial Position as of 8/31/10			
	Consolidated	Consolidated	
	<u>8/31/10</u>	<u>8/31/09</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	2,896,538	2,833,532	63,006
Investments	268,451	246,744	21,707
Accounts Receivable	60,603	52,537	8,066
Contributions Receivable -Current	739,615	1,230,249	(490,634)
Due From Other Entities	0	0	0
Inventories	28,643	145,803	(117,160)
Prepaid Expenses	187,655	196,935	(9,280)
Total Current Assets	4,181,505	4,705,800	(524,295)
Other Assets:			
Cash and investments held for endowment	6,129,463	3,955,285	2,174,178
Contributions Receivable - Long Term	720,054	1,032,719	(312,665)
Other Long Term Assets	152,110	152,110	0
Total Other Aassets	7,001,627	5,140,114	1,861,513
Property & Equipment:			
Construction in Progress	50,188	0	50,188
Building Additions	19,221,371	19,221,371	(0)
Furniture, equipment and other improvements	10,283,158	10,019,971	263,187
Gross Property & Equipment	29,554,717	29,241,342	313,375
Less-Accumulated depreciation	(12,426,492)	(11,069,597)	(1,356,895)
Net Property & Equipment	17,128,225	18,171,745	(1,043,520)
Total Assets	28,311,357	28,017,659	293,698
Liabilities and Net Assets:			
Accounts Payable	448,015	387,710	60,305
Accrued Payroll & Benefits	657,112	659,176	(2,064)
Deferred Revenue	996,779	1,025,709	(28,930)
Interest Payable	55,291	55,860	(569)
Accrued Postretirement Benefits - Current	111,685	87,123	24,562
Notes Payable - Current	124,074	121,713	2,361
Capital Leases - Current	13,406	22,436	(9,030)
Total Current Liabilities	2,406,363	2,359,727	46,636
Capital Leases	0	13,406	(13,406)
Accrued Postretirement Benefits	7,914,911	8,608,535	(693,624)
Due to Other Entities	0	0	0
Notes Payable	16,217,794	16,337,348	(119,554)
Total Liabilities	26,539,068	27,319,016	(779,948)
Net Assets:			
Unrestricted	(4,571,357)	(5,361,673)	790,655
Temporarily Restricted	2,639,352	3,427,023	(787,671)
Permanently Restricted	3,704,293	2,633,293	1,070,661
Total Net Assets	1,772,288	698,643	1,073,645
Total Liabilities and Net Assets	28,311,357	28,017,659	293,698