



Date: January 14, 2013

To: Chairwoman M. Dimitrijevic
Supervisor W. Johnson, Jr.
Supervisor D. Cullen
Supervisor G. Broderick

CC: Jay Williams

**Subject: Report from the Milwaukee Public Museum
Fiscal 2014 – 1st Quarter Financial Update**

Summary

The continuing purpose of the museum is to educate, explore, discover and preserve the world and its people. MPM's mission, across time and cultures, is to be a world class museum that focuses on the intersections between people and the environment and the impact each has on the other.

The fall quarter was a busy one for the museum. Halloween Hauntings drew 5,000 trick-or-treaters over the two day event. This member event allows parents and kids to enjoy the safety and warmth of the museum while enjoying Halloween treats around the world as they pass through the museum displays. The museum also held its successful annual Gala on October 19th. Approximately 500 guests and supporters of the museum joined in celebration of our community's most important educational and cultural institution.

MPM opened "The Scoop on Poop" exhibit on September 27th. This exhibit focuses on the science of what animals leave behind. This interesting and fun exhibit ends January 15, 2014.

Works continues on a new permanent ancient civilizations exhibit that is expected to open in early 2015. A life-size Persian Warrior was completed and work has progressed on King Tut and his chariot and horses. A stone wall facade has been created in the third floor elevator lobby which provides a fitting entrance to the new exhibit area.

MPM's collective bargaining agreement with AFSME was scheduled to expire June 30th, 2013. The parties have agreed to extend the current agreements through the end of January 2014 as negotiations continue to progress.

Jay Williams, President/CEO of the museum, announced his pending retirement. A search committee was formed and candidates have been interviewed for the position. It is expected the MPM Board of Directors will find a successor prior to their annual meeting on February 20, 2014.

Milwaukee Public Museum

Financial Results

Attached are unaudited financial statements for the 1st fiscal 2014 quarter ending November 30th.

Operating revenues of \$3.03 million for the quarter are on plan. Donor support for the museum's annual campaign is ahead of plan offsetting soft admissions and retail revenues. Compared to prior year, revenues are up 13%. Operating expenses are running 7% below plan and below prior year. Non-operating impacts include investment income of \$0.5 million on \$7.25 million in endowment assets.

MPM's remaining term debt has been further reduced to \$1.8 million as payments from debt reduction gift commitments have been used to lower debt principal. In addition, MPM has \$140,000 outstanding in a term loan related to the theater renovations which will be paid off in July 2014. The museum's line of credit stands at \$575,000 as of the end of November.

MPM continues to have a significant liability for retiree pension, medical and life insurance costs for former county employees. As of November 30th, that calculated liability stands at \$5.9 million, \$4.6 million of which is related to retiree medical and sick benefits.

Looking Forward

BodyWorlds is back with a new exhibition opening to the public on February 6th, 2014. "*BodyWorlds, the Cycle of Life*" focuses on health and lifestyle choices impacting the body from birth to death. This fascinating exhibition will be accompanied by "The Human Body" full dome film, which takes the visitor through the systems and structures beneath the skin and looks at the biological processes that go on without our control and often without our notice.

Starting in January, MPM admission is free to Milwaukee County Residents the first Thursday of every month in 2014. "Thank You Thursdays" are in addition to \$2.00 off the Museum admission fee any day of the week for Milwaukee County residents.

The museum's south facing façade along Wells Street is currently under construction. The project will result in the largest solar panel array in Milwaukee. This project supports not only improvements to the building structure and insulation but will provide related museum programming focused on energy conservation and sustainability of resources. Current expectations have the project completing in May subject to weather impacts.

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 Three Months Ended 11/30/13					
	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Dev	Actual	Change
Revenue:					
Contributions and Membership	865,896	804,098	61,797	528,150	337,746
Special Event Revenue	352,290	406,000	(53,710)	396,196	(43,905)
Public Support	875,594	875,594	(0)	875,594	(0)
Admissions	224,320	427,995	(203,675)	208,041	16,279
Theatre/Planetarium	72,028	100,000	(27,972)	79,841	(7,813)
Programs	17,909	18,935	(1,026)	10,596	7,313
Contributed Services	27,576	0	27,576	0	27,576
Restaurant and Facility Rental	57,173	47,155	10,018	32,774	24,399
Retail	82,148	135,945	(53,797)	88,754	(6,606)
Other income	10,823	4,775	6,048	34,572	(23,749)
Net assets released from restrictions	441,925	221,583	220,342	421,837	20,088
Total Unrestricted Revenue	3,027,682	3,042,081	(14,399)	2,676,355	351,327
Operating Expenses:					
Cost of Goods Sold	34,525	62,382	(27,856)	38,177	(3,652)
Supplies	224,709	325,770	(101,061)	282,827	(58,117)
Salaries and Wages	1,397,610	1,448,545	(50,935)	1,412,421	(14,811)
Benefits	332,011	351,192	(19,182)	293,548	38,463
Travel	11,433	18,878	(7,445)	26,254	(14,821)
Insurance	27,407	27,407	0	50,081	(22,673)
Public Relations	183,776	201,928	(18,152)	138,828	44,948
Member/Donor Development	8,004	30,008	(22,004)	10,898	(2,894)
Subscriptions/Memberships	6,250	5,795	455	2,887	3,363
Maintenance	180,713	189,295	(8,581)	137,891	42,823
Utilities	225,848	238,038	(12,190)	234,589	(8,741)
Professional Fees	136,616	147,737	(11,121)	179,224	(42,608)
Interest Expense	41,533	21,000	20,533	51,905	(10,372)
Miscellaneous	17,503	27,718	(10,215)	21,675	(4,171)
Sales Tax Expense	6,457	8,000	(1,543)	7,347	(890)
Donated Services Used	27,576	0	27,576	0	27,576
Depreciation	302,053	307,356	(5,303)	321,953	(19,900)
Total Operating Expenses	3,164,025	3,411,048	(247,023)	3,210,503	(46,478)
Inc (dec) in unrestricted net assets before non operating items	(136,343)	(368,968)	232,624	(534,149)	397,805
Non Operating Items:					
Investment Earnings	200,212	0	200,212	69,148	131,064
Loss on Swap Liability	(20,681)	0	(20,681)	21,852	(42,534)
Pension & Post Retirement Expenses	(89,918)	(90,750)	832	(147,048)	57,130
Total Non Operating Items	89,612	(90,750)	180,362	(56,048)	145,660
Inc (dec) in unrestricted net assets	(46,731)	(459,718)	412,986	(590,197)	543,466
Changes in Temporarily Restricted Net Assets:					
Contributions	371,245	181,000	190,245	127,000	244,245
Investment Earnings	328,052	0	328,052	94,109	233,943
Net assets released from restrictions for operations	(441,925)	(221,583)	(220,342)	(421,837)	(20,088)
Inc (dec) in temporarily restricted net assets	257,371	(40,583)	297,954	(200,728)	458,100
Changes in Permanently Restricted Net Assets:					
Contributions	1,000	0	1,000	0	1,000
Investment Earnings	8,037	0	8,037	2,523	5,514
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	9,037	0	9,037	2,523	6,514
Inc (dec) in Net Assets	219,677	(500,301)	719,978	(788,402)	1,008,079

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MPM Consolidated Statement of Financial Position as of 11/30/13			
	Consolidated	Consolidated	
	<u>11/30/13</u>	<u>8/31/13</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	3,177,841	2,783,938	393,903
Investments	273,914	262,079	11,835
Accounts Receivable	58,971	54,894	4,077
Contributions Receivable - Current	1,190,122	1,246,820	(56,698)
Due From Other Entities	0	0	0
Inventories, net	114,501	61,979	52,522
Prepaid Expenses	76,849	160,026	(83,177)
Total Current Assets	4,892,198	4,569,736	322,462
Other Assets:			
Cash and investments held for endowment	6,706,683	6,545,098	161,585
Contributions Receivable - Long Term	2,937,876	2,937,876	0
Other Long Term Assets	0	0	0
Total Other Assets	9,644,559	9,482,974	161,585
Property & Equipment:			
Gross Property & Equipment	30,765,163	30,758,392	6,771
Less-Accumulated depreciation	(16,546,296)	(16,244,242)	(302,054)
Net Property & Equipment	14,218,867	14,514,150	(295,283)
Total Assets	28,755,624	28,566,860	188,764
Liabilities and Net Assets:			
Accounts Payable	352,787	408,351	(55,564)
Accrued Payroll & Benefits	611,887	483,215	128,672
Deferred Revenue	996,834	1,100,311	(103,477)
Interest Payable	13,697	17,891	(4,194)
Accrued Postretirement Benefits - Current	107,063	107,063	0
Notes Payable - Current	1,145,000	945,000	200,000
Total Current Liabilities	3,227,268	3,061,831	165,437
Accrued Postretirement Benefits	5,828,155	5,815,187	12,968
Interest Rate Swap Liability	197,033	176,351	20,682
Due to Other Entities	0	0	0
Notes Payable	1,397,000	1,627,000	(230,000)
Total Liabilities	10,649,455	10,680,369	(30,914)
Net Assets:			
Unrestricted	6,748,226	6,794,957	(46,731)
Temporarily Restricted	7,508,489	7,251,118	257,371
Permanently Restricted	3,849,453	3,840,416	9,037
Total Net Assets	18,106,168	17,886,491	219,677
Total Liabilities and Net Assets	28,755,624	28,566,860	188,764