

January 7, 2016

To: County Chairman Theodore Lipscomb, Sr.  
County Executive Chris Abele

CC: Chairman Gerry Broderick, Committee on Parks, Energy and Environment  
Co-Chairman Willie Johnson, Jr., Committee on Finance, Personnel and Audit  
Co-Chairman Jim "Luigi" Schmitt Committee on Finance, Personnel and Audit  
Director Teig Whaley-Smith, Department of Administrative Services  
Allyson R. Smith, Committee on Parks, Energy and Environment  
Jerome Heer, Director of Audits, Office of the Comptroller

From: Jane Wochos, COFO, Milwaukee Art Museum, Inc.

RE: Report from the Milwaukee Art Museum, Inc.  
Fiscal 2015 – Quarter 3 and 4 Financial update

### **Summary**

The mission of the Milwaukee Art Museum, Inc. (Art Museum) is to serve the community and present art as a vital source of inspiration and education. Through exhibitions and related programs, the Art Museum is committed to bring people together to inform, educate and engage in conversation around art.

For the quarters ended May 31, 2015 and August 31, 2015, the Art Museum presented the following major exhibitions; Inspiring Beauty: 50 Years of Ebony Fashion Fair (closed May 3, 2015) and Van Gogh to Pollack: Modern Rebels (open June 18 to September 2015). Our permanent collection was off view for our fiscal year ending August 31, 2015. The permanent collection reopened to the public on November 24, 2015 as part of our renovation, which was partially funded by Milwaukee County. Attendance was 10% above plan for the year through May; ending at just over 135,000 visitors for the nine months ended May 31, 2015, with approximately 53% coming from Milwaukee County. School tours welcomed over 31,000 students to the Art Museum for the nine months ended May 31, 2015, with over 54% of school students from Milwaukee County. Attendance for the year was approximately 240,000, with almost 51% coming from Milwaukee County. This was approximately 13% above plan. School tours welcomed approximately 35,000 students to the Art Museum for the year with approximately 57% of school students from Milwaukee County.

**Financial results**

Attached are the financial results for the nine and twelve months ended May 31 and August 31, 2015, respectively. The Art Museum ended the year with a balanced operating budget. The Art Museum contributed revenue accounted for over 54% of all revenue sources. The earned revenue was just over 34% of total revenue. The remaining 11% of revenue was primarily due to the distribution to operations from the endowment fund.

**Looking forward**

We are happy to report that the Museum's campaign to renovate the building and reinstall the art collection in partnership with the County is complete. The project would not have been possible without the generous County contribution of over \$10 million, which included funds for improvement to War Memorial spaces as well. We appreciate the County's efforts to make this project a success.

The Art Museum's current exhibition is Larry Sultan: Here and Home which runs through January 24, 2016 and Sam Francis: Master Printmaker, which runs through March 20, 2016.

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

Regards,

*Jane Wochos*

Jane Wochos  
Chief Operating and Financial Officer  
Milwaukee Art Museum, Inc.

**Milwaukee Art Museum, Inc.**  
**Statement of Revenues and Expenditures (Operating Fund)**  
**For the Years ending August 31, 2014, Third Quarter ending May 31, 2015 and Budget for year ending August 31, 2015**

**BUDGET SUMMARY**

	<b>FY 2014 Actual</b>	<b>FY 2015 Q3 ending 05/31/15</b>	<b>FY 2015 Budget</b>	<b>FY15 Actual As % of Budget</b>
<b>Expenditures</b>				
Personnel expenses	\$ 7,945,630	\$ 5,709,547	\$ 7,770,264	73.5%
Professional services	335,967	289,063	380,000	76.1%
Supplies	320,489	189,921	360,000	52.8%
Equipment rental/maintenance	323,580	359,821	300,000	119.9%
Building repairs/maintenance	597,813	330,270	625,000	52.8%
Insurance	190,852	133,217	207,447	64.2%
Utilities	891,393	669,760	890,000	75.3%
Advertising and marketing	783,869	536,236	815,000	65.8%
Postage/shipping/printing	278,314	155,344	280,000	55.5%
Education programs	236,053	158,803	150,000	105.9%
Exhibitions	1,622,031	721,963	1,550,000	46.6%
Other	264,512	166,975	219,816	76.0%
Fundraising/donor/volunteer	478,667	378,214	347,500	108.8%
Bank fees	181,343	147,005	122,692	119.8%
<b>Total Expenditures</b>	<b>14,450,513</b>	<b>9,946,139</b>	<b>14,017,719</b>	<b>71.0%</b>
<b>Revenues</b>				
Annual campaign and membership	4,884,167	3,022,532	4,875,000	62.0%
Grants and sponsorships	1,790,884	1,210,814	1,600,000	75.7%
Admissions	1,357,445	588,200	969,012	60.7%
Exhibition revenue	293,640	308,587	315,446	97.8%
Facility rental	501,417	278,851	425,000	65.6%
Parking	357,722	199,894	250,000	80.0%
Tours	245,404	84,020	90,000	93.4%
Store gross margin	737,829	458,531	450,000	101.9%
Café gross margin	1,158,773	779,540	989,999	78.7%
Other	878,532	448,053	1,343,262	33.4%
Distribution from endowment	1,220,499	1,247,439	1,610,000	77.5%
Milwaukee County War Memorial in kind	55,250	0	0	N/A
<b>Milwaukee County Contribution</b>	<b>971,419</b>	<b>916,666</b>	<b>1,100,000</b>	<b>83.3%</b>
<b>Total Revenue</b>	<b>\$ 14,452,981</b>	<b>9,543,127</b>	<b>14,017,719</b>	<b>68.1%</b>
<b>Budget Surplus/(Deficit):*</b>	<b>2,468</b>	<b>(403,012)</b>	<b>-</b>	
<b>County Contribution as % of Total Revenue:</b>	<b>7%</b>	<b>10%</b>	<b>8%</b>	

\* Quarterly reporting is variable based on timing of gifts, pledges and other revenue. MAM is forecasting to have a balanced budget for FY2015

**Milwaukee Art Museum, Inc.**  
**Statement of Revenues and Expenditures (Operating Fund)**

For the Years ending August 31, 2014, 2015 and Budget for year ending August 31, 2015

**BUDGET SUMMARY**

	<b>FY 2014 Actual</b>	<b>FY 2015 Actual</b>	<b>FY 2015 Budget</b>	<b>FY15 Actual As % of Budget</b>
<b>Expenditures</b>				
Personnel expenses	\$ 7,945,630	\$ 7,779,533	\$ 7,770,264	100.1%
Professional services	335,967	455,356	380,000	119.8%
Supplies	320,489	324,065	360,000	90.0%
Equipment rental/maintenance	323,580	435,559	300,000	145.2%
Building repairs/maintenance	597,813	489,216	625,000	78.3%
Insurance	190,852	177,517	207,447	85.6%
Utilities	891,393	863,984	890,000	97.1%
Advertising and marketing	783,869	873,969	815,000	107.2%
Postage/shipping/printing	278,314	240,398	280,000	85.9%
Education programs	236,053	184,391	150,000	122.9%
Exhibitions	1,622,031	1,431,246	1,550,000	92.3%
Other	264,512	258,776	219,816	117.7%
Fundraising/donor/volunteer	478,667	493,355	347,500	142.0%
Bank fees	181,343	187,818	122,692	153.1%
<b>Total Expenditures</b>	<b>14,450,513</b>	<b>14,195,183</b>	<b>14,017,719</b>	<b>101.3%</b>
<b>Revenues</b>				
Annual campaign and membership	4,884,167	4,649,721	4,875,000	95.4%
Grants and sponsorships	1,790,884	1,613,708	1,600,000	100.9%
Admissions	1,357,445	988,518	969,012	102.0%
Exhibition revenue	293,640	297,215	315,446	94.2%
Facility rental	501,417	415,717	425,000	97.8%
Parking	357,722	304,101	250,000	121.6%
Tours	245,404	102,066	90,000	113.4%
Store gross margin	737,829	668,255	450,000	148.5%
Café gross margin	1,158,773	1,112,848	989,999	112.4%
Other	878,532	1,335,400	1,343,262	99.4%
Distribution from endowment	1,220,499	1,610,000	1,610,000	100.0%
Milwaukee County War Memorial in kind	55,250	0	0	N/A
<b>Milwaukee County Contribution</b>	<b>971,419</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>100.0%</b>
<b>Total Revenue</b>	<b>\$ 14,452,981</b>	<b>14,197,549</b>	<b>14,017,719</b>	<b>101.3%</b>
<b>Budget Surplus/(Deficit):*</b>	<b>2,468</b>	<b>2,366</b>	<b>-</b>	
<b>County Contribution as % of Total Revenue:</b>	<b>7%</b>	<b>8%</b>	<b>8%</b>	

\* Quarterly reporting is variable based on timing of gifts, pledges and other revenue. MAM is forecasting to have a balanced budget for FY2015

**Milwaukee Art Museum, Inc.**  
**Statements of Financial Position**  
**August 31, 2015 and August 31, 2014**

<b>Assets</b>	<b>8/31/2015</b>	<b>8/31/2014</b>
Cash and cash equivalents	\$ 6,823,140	\$ 5,001,075
Accounts receivable - Net	111,649	197,303
Pledges receivable	9,124,489	11,163,603
Investment income receivable	97,664	100,401
Inventories - Net	385,256	450,635
Prepaid expenses	422,455	883,348
Investments	41,917,495	51,268,384
Beneficial interest in assets held in trusts	311,413	328,272
Property and equipment - Net	<u>89,444,850</u>	<u>78,170,814</u>
<b>Total Assets</b>	<b>\$ <u>148,638,411</u></b>	<b>\$ <u>147,563,835</u></b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 2,297,172	\$ 1,381,448
Deferred revenue	<u>1,028,869</u>	<u>1,224,530</u>
<b>Total Liabilities</b>	<b><u>3,326,041</u></b>	<b><u>2,605,978</u></b>
<b>Net Assets</b>		
Unrestricted:		
Board designated	6,756,672	6,298,840
Undesignated	<u>90,277,166</u>	<u>79,017,624</u>
<b>Total unrestricted</b>	<b>97,033,838</b>	<b>85,316,464</b>
Temporarily restricted	23,215,095	35,260,250
Permanently restricted	<u>25,063,437</u>	<u>24,381,143</u>
<b>Total net assets</b>	<b><u>145,312,370</u></b>	<b><u>144,957,857</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>148,638,411</u></b>	<b>\$ <u>147,563,835</u></b>