



Date: March 31, 2014

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 – 1<sup>st</sup> Half 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 museum board of directors announced the selection of Dennis Kois as the new president, effective May 1<sup>st</sup>. A native of Milwaukee and a graduate of UW-Milwaukee, Dennis returns to the area after having served in progressive leadership roles at the Metropolitan Museum of Art, two of the Smithsonian Institution's galleries, Executive Director of the Grace Museum in Abilene, TX and most recently as Executive Director of the deCordova Sculpture Park and Museum in Boston, MA.

For MPM, tough winter weather including three days in January of closure due to extreme cold cut into museum attendance levels. The *Scoop on Poop* exhibit, which ended mid-January, drew significantly fewer visitors than was anticipated.

*BodyWorlds, the Cycle of Life* exhibition opened to the public on February 6<sup>th</sup> and runs until mid-June. The exhibition 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.

MPM's collective bargaining agreement with AFSME was scheduled to expire June 30<sup>th</sup>, 2013. The parties initially agreed to a six month extension and subsequently agreed to a new three-year contract that will expire December 31, 2016.

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.

## Milwaukee Public Museum

Some of the program activities during the quarter included:

- Fifteen students from Carmen High School and Boys & Girls Club completed the first of two semesters in the NASA sponsored CREATE program. On December 31, MPM celebrated their achievement by hosting them and their families for a day at the museum.
- Education staff continued their collaborative efforts with several partners – Milwaukee Succeeds/Read to Succeed, MPS, local charter schools and Children’s Hospital as well as local and state curriculum specialists.
- A new, energy-efficient lighting system was installed in the Crow Indian Bison Hunt. We hope to expand this lighting improvement to other areas as resources allow.

### **Financial Results**

Attached are unaudited financial statements for the 1<sup>st</sup> half of fiscal 2014 ending February 28th. The museum has a \$0.25 million deficit through the first 6 months. While a loss, this compares favorably by \$0.625 million to the planned loss and is \$0.40 million ahead of prior year for the same period. Operating revenues of \$7.3 million are \$0.60 million below plan. Higher revenues this fiscal year compared to last are a result of the Discovery World building purchase being released from restriction. Lower admissions and retail revenues are due to soft attendance levels. Operating expenses are running \$0.45 million (6.4%) below plan, helping to offset the revenue shortfall. Favorable non-operating impacts include unplanned investment income of \$0.67 million to date on investments.

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 \$500,000 as of the end of February.

MPM continues to have a significant liability for retiree pension, medical and life insurance costs for former county employees. Invested pension assets continue to grow. MPM is at 95.4% funding of the projected pension benefit obligation as of the end of February. Retiree medical benefits continue to represent a \$4.6 million liability for MPM.

### **Looking Forward**

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 July 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

**Milwaukee Public Museum**

<b>MPM Consolidated Statement of Activities for the Six Months Ended 2/28/14</b>					
	<b>YTD</b>	<b>YTD</b>		<b>Prior Year</b>	<b>Prior Year</b>
	<u>Actual</u>	<u>Budget</u>	<u>Dev</u>	<u>Actual</u>	<u>Change</u>
<b>Revenue:</b>					
Contributions and Membership	1,880,524	1,959,382	(78,858)	1,646,671	233,853
Special Event Revenue	486,313	538,900	(52,587)	532,934	(46,620)
Public Support	1,750,792	1,750,793	(1)	1,751,188	(396)
Admissions	657,528	1,014,260	(356,732)	1,041,944	(384,415)
Theatre/Planetarium	165,581	277,625	(112,044)	199,126	(33,545)
Programs	65,952	67,225	(1,273)	61,984	3,969
Contributed Services	45,066	0	45,066	14,470	30,596
Restaurant and Facility Rental	124,068	121,536	2,532	101,232	22,836
Retail	208,443	319,452	(111,009)	270,749	(62,306)
Other income	122,252	113,925	8,327	46,906	75,346
Net assets released from restrictions	1,789,391	1,739,716	49,675	575,455	1,213,936
Total Unrestricted Revenue	7,295,910	7,902,814	(606,903)	6,242,657	1,053,253
<b>Operating Expenses:</b>					
Cost of Goods Sold	87,357	148,372	(61,015)	117,147	(29,789)
Supplies	653,204	799,655	(146,451)	644,050	9,154
Salaries and Wages	2,838,784	2,905,382	(66,598)	2,893,973	(55,189)
Benefits	700,856	717,316	(16,460)	617,865	82,991
Travel	18,021	31,628	(13,607)	75,616	(57,594)
Insurance	55,904	55,637	267	89,033	(33,130)
Public Relations	308,035	428,689	(120,654)	377,139	(69,104)
Member/Donor Development	30,261	51,725	(21,464)	26,749	3,511
Subscriptions/Memberships	13,100	16,345	(3,245)	15,281	(2,181)
Maintenance	397,223	414,390	(17,167)	303,708	93,515
Utilities	529,025	518,917	10,108	506,126	22,899
Professional Fees	259,791	311,182	(51,391)	274,484	(14,693)
Interest Expense	83,598	43,558	40,040	109,736	(26,138)
Miscellaneous	41,555	61,874	(20,319)	56,801	(15,245)
Sales Tax Expense	12,496	14,500	(2,004)	13,783	(1,288)
Donated Services Used	45,066	0	45,066	0	45,066
Depreciation	603,714	612,252	(8,538)	617,636	(13,922)
Total Operating Expenses	6,677,991	7,131,423	(453,432)	6,739,126	(61,135)
Inc (dec) in unrestricted net assets before non operating items	617,919	771,391	(153,472)	(496,469)	1,114,389
<b>Non Operating Items:</b>					
Investment Earnings	249,274	0	249,274	197,189	52,085
Loss on Swap Liability	3,888	0	3,888	47,101	(43,213)
Pension & Post Retirement Expenses	(177,552)	(191,000)	13,448	(296,638)	119,086
Total Non Operating Items	75,611	(191,000)	266,611	(52,348)	127,959
Inc (dec) in unrestricted net assets	693,530	580,391	113,139	(548,818)	1,242,348
<b>Changes in Temporarily Restricted Net Assets:</b>					
Contributions	421,641	285,000	136,641	164,000	257,641
Investment Earnings	408,820	0	408,820	301,613	107,208
Contributed Services	0	0	0	0	0
Net assets released from restrictions for operations	(1,789,391)	(1,739,716)	(49,675)	(575,455)	(1,213,936)
Inc (dec) in temporarily restricted net assets	(958,930)	(1,454,716)	495,786	(109,842)	(849,088)
<b>Changes in Permanently Restricted Net Assets:</b>					
Contributions	5,000	0	5,000	0	5,000
Investment Earnings	10,057	0	10,057	7,646	2,411
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	15,057	0	15,057	7,646	7,411
<b>Inc (dec) in Net Assets</b>	(250,343)	(874,325)	623,982	(651,014)	400,671

**Milwaukee Public Museum**

	<b>Consolidated</b>	<b>Consolidated</b>	
	<b><u>2/28/14</u></b>	<b><u>8/31/13</u></b>	<b><u>Change</u></b>
<b>Assets:</b>			
Cash and cash equivalents	2,042,159	2,783,938	(741,779)
Investments	290,999	262,079	28,920
Accounts Receivable	61,411	54,894	6,517
Contributions Receivable - Current	921,771	1,246,820	(325,049)
Inventories, net	46,406	61,979	(15,573)
Prepaid Expenses	154,303	160,026	(5,723)
<b>Total Current Assets</b>	<b>3,517,049</b>	<b>4,569,736</b>	<b>(1,052,687)</b>
<b>Other Assets:</b>			
Cash and investments held for endowment	6,891,922	6,545,098	346,824
Contributions Receivable - Long Term	2,937,876	2,937,876	0
Other Long Term Assets	0	0	0
<b>Total Other Assets</b>	<b>9,829,798</b>	<b>9,482,974</b>	<b>346,824</b>
<b>Property &amp; Equipment:</b>			
Gross Property & Equipment	31,829,514	30,758,392	1,071,122
Less-Accumulated depreciation	(16,831,420)	(16,244,242)	(587,178)
<b>Net Property &amp; Equipment</b>	<b>14,998,094</b>	<b>14,514,150</b>	<b>483,944</b>
<b>Total Assets</b>	<b>28,344,941</b>	<b>28,566,860</b>	<b>(221,919)</b>
<b>Liabilities and Net Assets:</b>			
Accounts Payable	588,534	408,351	180,183
Accrued Payroll & Benefits	494,575	483,215	11,360
Deferred Revenue	959,574	1,100,311	(140,737)
Interest Payable	11,402	17,891	(6,489)
Accrued Postretirement Benefits - Current	107,063	107,063	0
Notes Payable - Current	1,070,000	945,000	125,000
Lease Payable - Current	14,997	0	14,997
<b>Total Current Liabilities</b>	<b>3,246,144</b>	<b>3,061,831</b>	<b>184,313</b>
Accrued Postretirement Benefits	5,842,708	5,815,187	27,521
Interest Rate Swap Liability	172,463	176,351	(3,888)
Notes Payable	1,397,000	1,627,000	(230,000)
Lease Payable	50,477	0	50,477
<b>Total Liabilities</b>	<b>10,708,793</b>	<b>10,680,369</b>	<b>28,424</b>
<b>Net Assets:</b>			
Unrestricted	7,488,487	6,794,957	693,530
Temporarily Restricted	6,292,188	7,251,118	(958,930)
Permanently Restricted	3,855,473	3,840,416	15,057
<b>Total Net Assets</b>	<b>17,636,148</b>	<b>17,886,491</b>	<b>(250,343)</b>
<b>Total Liabilities and Net Assets</b>	<b>28,344,941</b>	<b>28,566,860</b>	<b>(221,919)</b>