



Date: May 1, 2018

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 second quarter, ended February 28, 2018**

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**, which ended on January 1, 2018 exceeded attendance projections, with 25,838 ticketed visitors (vs. budgeted attendance of 15,000). The percentage of members as a % of total attendees was higher than projected (budgeted at 45%; actual was 60%), hence revenues were below the budgeted amounts. 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 **MAYA: Hidden Worlds Revealed**, which began on February 9, 2018 and runs through May 28, 2018 has been well below expected attendance projections and is expected to end at a deficit. To date, there has been about 28,000 visitors with an overall budget of 70,000 for the exhibit. The total loss will be approximately \$300,000 based on the final few weeks push for the exhibit.

Milwaukee Public Museum

Looking Ahead

The fiscal year 2019 traveling exhibits are **Frogs! A Chorus of Colors** opening on September 29, 2018 and running through January 13, 2019 and **The Power of Poison** opening on March 2, 2019 and running through June 23, 2019.

Fiscal Summary

MPM consolidated financial statements report an operating surplus of \$0.9 million for the six month period ended February 28, 2019 compared to loss of (\$43,819) from the prior year. Overall, the change in net assets for the six month period was an increase of \$1.3 million compared to a decrease of (\$0.7) million in the prior year. The main drivers of this variance are donations from Kohl's and contributions released from restrictions. Without these two transactions, the surplus would be \$1.7 million lower and MPM would be behind financially from the prior year.

Consolidated year to date operating revenues of \$7.3 million are ahead of prior year by \$0.6 million mainly due to the contributions discussed above. Excluding that, membership was lower than prior year and was offset by special event revenue. Compared to budget, operating revenues fell short of the prior year's revenues by approximately \$0.3 million due to the release of restrictions on the contribution offset by lower membership and admissions.

Admissions revenues for the six months fell short of budget by \$0.3 million. Attendance counts for general admission were down approximately 4.7% 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 picked up significantly, but then decreased again in January. During the first six months, Theater /Planetarium revenue is down by 20.0%.

Expenditures for the first 6 months were lower by \$0.4 million (5.6%) than the prior year due mainly to the reduction in staffing that occurred in April of 2017. Expenditures are lower than budget by \$0.3 million 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 \$0.2 million. For the six 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.

Milwaukee Public Museum

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 which will begin the bidding process in June 2018. This project will take 12-18 months to complete.

The Museum has completed the requirements for the 2019 capital projects requests and is waiting for information back from the staff to continue the prescribed process.

MPM Donor Funded Projects

One project completed during the year that was funded through grants and in kind contributions was the MPM Courtyard Green Infrastructure project 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.

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 Six Months Ended 2/28/18 | | | | | |
|--|---------------|---------------|------------|-------------------|-------------------|
| | YTD | YTD | | Prior Year | Prior Year |
| | Actual | Budget | Dev | Actual | Change |
| Revenue: | | | | | |
| Contributions | 1,606,172 | 1,546,437 | 59,735 | 1,256,202 | 349,970 |
| Vision Fund | 53,600 | 75,000 | (21,400) | 5,000 | 48,600 |
| Membership | 527,261 | 640,218 | (112,957) | 625,342 | (98,081) |
| Special Event Revenue | 581,387 | 540,675 | 40,712 | 475,097 | 106,290 |
| Public Support | 1,750,000 | 1,750,000 | 0 | 1,750,000 | 0 |
| Admissions | 854,361 | 1,156,211 | (301,850) | 799,539 | 54,822 |
| Theatre/Planetarium | 122,544 | 143,866 | (21,322) | 150,285 | (27,741) |
| Programs | 63,010 | 87,212 | (24,202) | 87,398 | (24,388) |
| Contributed Services | 0 | 0 | 0 | 0 | 0 |
| Restaurant and Facility Rental | 230,464 | 176,524 | 53,940 | 187,607 | 42,858 |
| Retail | 295,534 | 286,289 | 9,245 | 291,069 | 4,465 |
| Other income | 51,849 | 41,380 | 10,469 | 7,577 | 44,272 |
| Net Assets released from restrictions | 1,201,124 | 621,630 | 579,494 | 1,127,193 | 73,931 |
| Total Unrestricted Revenue | 7,337,306 | 7,065,442 | 271,865 | 6,762,308 | 574,998 |
| Operating Expenses: | | | | | |
| Cost of Goods Sold | 125,664 | 121,350 | 4,314 | 123,801 | 1,863 |
| Supplies | 427,278 | 566,647 | (139,368) | 483,685 | (56,407) |
| Salaries and Wages | 2,766,475 | 2,786,202 | (19,727) | 3,054,154 | (287,679) |
| Benefits | 678,464 | 732,448 | (53,984) | 771,978 | (93,514) |
| Travel | 35,121 | 44,800 | (9,679) | 13,725 | 21,395 |
| Insurance | 39,561 | 39,672 | (112) | 44,856 | (5,295) |
| Marketing/Public Relations | 272,118 | 450,122 | (178,004) | 405,812 | (133,693) |
| Member/Donor Development | 40,902 | 49,977 | (9,075) | 21,150 | 19,752 |
| Subscriptions/Memberships | 15,836 | 21,547 | (5,710) | 16,553 | (717) |
| Maintenance | 318,877 | 285,741 | 33,137 | 333,064 | (14,186) |
| Utilities | 535,612 | 506,886 | 28,726 | 498,795 | 36,817 |
| Professional Fees | 351,401 | 324,184 | 27,217 | 255,830 | 95,571 |
| Interest Expense | 41,056 | 45,462 | (4,407) | 62,793 | (21,737) |
| Miscellaneous | 72,798 | 64,424 | 8,375 | 50,879 | 21,919 |
| Sales Tax Expense | 1,571 | 1,600 | (29) | 5,450 | (3,879) |
| Contributed Services | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 700,964 | 650,262 | 50,703 | 663,602 | 37,363 |
| Total Operating Expenses | 6,423,700 | 6,691,322 | (267,622) | 6,806,127 | (382,427) |
| Inc/(dec) in Unrestricted Net Assets in Operating Items | 913,606 | 374,119 | 539,487 | (43,819) | 957,426 |
| Non-Operating Items: | | | | | |
| Investment Earnings | 102,496 | 0 | 102,496 | 126,662 | (24,166) |
| Loss on Swap Liability | 5,006 | 0 | 5,006 | 8,410 | (3,404) |
| Pension & Post Retirement Expenses | (54,000) | (54,000) | 0 | (54,000) | 0 |
| Non-Operating Expense | 0 | 0 | 0 | 0 | 0 |
| Total Non-Operating Items | 53,502 | (54,000) | 107,502 | 81,072 | (27,570) |
| Inc/(dec) in Unrestricted Net Assets | 967,109 | 320,119 | 646,989 | 37,253 | 929,856 |
| Changes in Temporarily Restricted Net Assets: | | | | | |
| Contributions | 1,431,820 | 155,000 | 1,276,820 | 248,106 | 1,183,714 |
| Investment Earnings | 147,705 | 0 | 147,705 | 181,186 | (33,481) |
| Net Assets released from restrictions for operations | (1,201,124) | (621,630) | (579,494) | (1,127,193) | (73,931) |
| Inc/(dec) in Temporarily Restricted Net Assets | 378,402 | (466,630) | 845,031 | (697,901) | 1,076,303 |
| Changes in Permanently Restricted Net Assets: | | | | | |
| Contributions | 100 | 0 | 100 | 2,100 | (2,000) |
| Investment Earnings | 4,790 | 0 | 4,790 | 6,402 | (1,612) |
| Net Assets released from restrictions for operations | 0 | 0 | 0 | 0 | 0 |
| Inc/(dec) in Permanently Restricted Net Assets | 4,890 | 0 | 4,890 | 8,502 | (3,612) |
| Inc/(dec) in Net Assets | 1,350,400 | (146,510) | 1,496,911 | (652,146) | 2,002,546 |
| 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 | 15,724,829 | 14,227,919 | 1,496,911 | 14,344,217 | 1,380,612 |

Milwaukee Public Museum

| MPM Consolidated Statement of Financial Position as of 2/28/18 | | | |
|---|-----------------------|-----------------------|-----------------------|
| | Consolidated | Consolidated | Consolidated |
| | <u>2/28/18</u> | <u>2/28/17</u> | <u>8/31/17</u> |
| Assets: | | | |
| Cash and cash equivalents | 2,553,481 | 2,921,092 | 2,213,814 |
| Investments | 340,085 | 304,775 | 323,619 |
| Accounts Receivable | 91,537 | 84,046 | 59,358 |
| Contributions Receivable -Current | 425,190 | 618,847 | 890,690 |
| Due From Other Entities | 0 | 0 | 0 |
| Inventories, net | 53,281 | 51,041 | 42,281 |
| Prepaid Expenses | 54,555 | 40,614 | 61,410 |
| Total Current Assets | 3,518,129 | 4,020,416 | 3,591,172 |
| Other Assets: | | | |
| Cash and investments held for endowment | 6,121,672 | 5,435,597 | 5,863,959 |
| Contributions Receivable - Long Term | 1,578,315 | 1,193,421 | 583,551 |
| Total Other Aassets | 7,699,987 | 6,629,018 | 6,447,510 |
| Property & Equipment: | | | |
| Construction in Progress | 13,762 | 1,010,448 | 19,885 |
| Building Additions | 20,676,223 | 19,704,587 | 20,676,223 |
| Furniture, equipment and other improvements | 13,465,493 | 13,251,198 | 13,308,393 |
| Gross Property & Equipment | 34,155,478 | 33,966,233 | 34,004,501 |
| Less-Accumulated depreciation | (20,448,332) | (19,068,516) | (19,819,987) |
| Net Property & Equipment | 13,707,146 | 14,897,717 | 14,184,514 |
| Total Assets | 24,925,262 | 25,547,151 | 24,223,196 |
| Liabilities and Net Assets: | | | |
| Accounts Payable | 593,102 | 601,397 | 414,981 |
| Accrued Payroll & Benefits | 562,120 | 662,474 | 586,183 |
| Deferred Revenue | 1,033,692 | 1,130,459 | 1,091,035 |
| Interest Payable | 4,521 | 8,568 | 8,261 |
| Interest Rate Swap Liability | 0 | 23,127 | 5,007 |
| Accrued Postretirement Benefits - Current | 167,002 | 133,595 | 167,002 |
| Notes Payable - Current | 997,295 | 1,842,295 | 1,762,295 |
| Lease Payable - Current | 0 | 2,221 | 0 |
| Total Current Liabilities | 3,357,732 | 4,404,137 | 4,034,764 |
| Accrued Postretirement Benefits | 5,522,700 | 6,051,796 | 5,494,003 |
| Due to Other Entities | 0 | 0 | 0 |
| Notes Payable | 320,000 | 747,000 | 320,000 |
| Total Liabilities | 9,200,432 | 11,202,933 | 9,848,767 |
| Net Assets: | | | |
| Unrestricted | 7,489,485 | 5,163,007 | 6,522,376 |
| Temporarily Restricted | 4,450,958 | 5,409,475 | 4,072,556 |
| Permanently Restricted | 3,784,387 | 3,771,736 | 3,779,497 |
| Total Net Assets | 15,724,829 | 14,344,218 | 14,374,429 |
| Total Liabilities and Net Assets | 24,925,262 | 25,547,151 | 24,223,196 |

Milwaukee Public Museum

| Consolidated Statement of Cash Flows for the Six Months Ended 2/28/18 | | |
|--|----------------------|----------------------|
| | YTD | Prior YTD |
| | <u>Actual</u> | <u>Actual</u> |
| Operating Activities: | | |
| Increase in net assets | 1,350,400 | (652,146) |
| Adjustments to reconcile net cash flows from operations: | | |
| Depreciation and amortization | 700,964 | 663,602 |
| Loss on disposal of assets | 0 | 32,083 |
| Change in value of interest rate swap | (5,006) | (8,410) |
| Unrealized (gain)/loss on investments | 135,301 | (248,995) |
| Realized (gain)/loss on investments | (328,980) | (8,959) |
| Contributions restricted for capital and endowment | | 0 |
| Changes in operating assets and liabilities: | | |
| Accounts Receivable | (32,179) | 0 |
| Contribution Receivable | (617,264) | (22,442) |
| Inventories and Other Assets | (11,000) | 418,915 |
| Prepaid Expenses | 6,855 | (8,182) |
| Accounts Payable, Accrued Expenses and Accrued Benefits | 182,753 | 43,124 |
| Due to Affiliates | 0 | 162,516 |
| Interest Payable | (3,740) | 155 |
| Deferred Revenue | (57,343) | (61,761) |
| | | |
| Total Adjustments | (29,639) | 961,647 |
| | | |
| Net cash provided/(used) by operating activities | 1,320,762 | 309,501 |
| Investing Activities: | | |
| Purchases of Property & Equipment | (33,866) | (167,647) |
| Purchases of Property & Equipment - Restricted | (189,729) | (672,470) |
| Proceeds from Sale of Investments | 1,240,929 | 419,411 |
| Purchases of Investments | (1,321,429) | (280,006) |
| Net cash provided/(used) in investing activities | (304,095) | (700,713) |
| Financing Activities: | | |
| Net proceeds on Notes Payable | (230,000) | 410,000 |
| Proceeds from contributions restricted for capital and endowment | 88,000 | 248,000 |
| Net proceeds from Line of Credit | (535,000) | 0 |
| Payments on lease obligations | 0 | (6,592) |
| Net cash provided/(used) in financing activities | (677,000) | 651,408 |
| | | |
| Net Inc/(Dec) in Cash and Cash Equivalents | 339,667 | 260,196 |
| | | |
| Cash and Cash Equivalents, beginning of period | 2,213,814 | 2,660,896 |
| | | |
| Cash and Cash Equivalents, end of period | 2,553,481 | 2,921,092 |