



Date: December 1, 2011

To: Chairman L. Holloway
Supervisor J. Thomas
Supervisor G. Broderick

CC: Jay Williams

**Subject: Report from the Milwaukee Public Museum
Fiscal 2011 Yearend 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.

The museum attendance along with the theater and planetarium hosted nearly 600,000 guests during the year, half of which were children and school groups. Over 80,000 Milwaukee County residents took advantage of "Free Mondays" at the museum. Fiscal 2011 was highlighted by the hosting of two traveling exhibits, "*Frogs!, A Chorus of Colors*" and "*Mummies of the World.*" Frogs opened to the public on October 1st and closed at the end of January. Mummies opened December 17th and closed at the end of May. These two exhibits raised MPM's visibility to the community and helped buoy attendance during this difficult economic period. Overall, museum attendance was up 3% versus prior year at 465,000 while the theater attendance declined 14% to 135,000. A plan to revitalize the theater operation is under development.

Despite the slow economy, annual campaign fundraising finished ahead of both the plan and 5.3% over the prior year at \$3.65 million. MPM's two major fundraising events, the MPM Gala in the fall and Food & Froth in February, were both successful and exceeded the planned goals.

MPM introduced new branding for the museum during the year including a new logo (shown above) and tag line, "What Will You Find." One of the things you will find is a new "Green Roof" on the museum. A MMSD funded project has now been completed with over 6,000 sq. ft. of plants on the west wing of the building. This should improve the life of the roof as well as reduce storm run-off effects. MPM will also be conducting education programming related to the green roof project.

Financial Results (Audited)

Attached are audited financial statements for the fiscal 2011 year. As was reported in the prior quarters, the Museum settlement and refinance of its debt yielded a substantial non-operating gain included in the results. Operating revenues were \$12.9 million, 7.7% below plan and 19.3% below prior year. Comparison with the prior year is impacted in accounting differences associated with the traveling exhibits. In the prior year, Dead Sea Scrolls was an MPM production and consequently all revenues and expenses were recorded at a gross level. In fiscal 2011, the exhibits were shared arrangements with the exhibitors and consequently recorded at net values to MPM.

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While attendance levels were above prior year for the museum overall, the planned levels were more aggressive. Traveling exhibit attendance reached over 216,000 but was down a third from plan. This impacted related revenues for theater, retail, and food service. Including the refinancing gain, investment gains and other changes to the restricted funds, MPM is showing a net \$10.9 million positive change in Net Assets for the year.

The balance sheet shows increases to Endowment assets and pledge commitments. Liabilities to Net Assets ratio has improved from 12:1 a year ago to only 1.2:1 at fiscal yearend. Total Net Assets are now \$12.7 million, \$5.1 million of which are positive Unrestricted Net Assets. The dramatic improvement compares to just 4 years ago when the museum's Total Net Assets were negative (\$8.9) million with (\$13.9) million in Unrestricted Net Assets.

Looking Forward

We continue to work on our infrastructure and permanent exhibits to improve the museum-going experience for our visitors. County supported projects for renovation of our electrical and HVAC systems are ongoing. The delivery entrance and parking area behind the museum has been resurfaced and completed in August. Other infrastructure improvements are being addressed through private funding sources. The museum announced it had negotiated an option to purchase the former Discovery World building for \$1.0 million and that private fundraising effort is underway.

“Cleopatra, The Search for the Last Queen of Egypt” opened to the public on October 14th and will run through April 2012.

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 Ended 8/31/11					
	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Dev	Actual	Change
Revenue:					
Contributions and Membership	3,247,404	3,093,819	153,585	3,106,448	140,956
Special Event Revenue	401,665	390,100	11,565	357,369	44,296
Public Support	3,502,376	3,549,276	(46,900)	3,549,276	(46,900)
Admissions	2,086,432	3,444,241	(1,357,809)	4,583,123	(2,496,691)
IMAX/Planetarium	850,583	1,051,962	(201,378)	920,982	(70,398)
Programs	188,441	190,530	(2,089)	177,559	10,882
Contributed Services	288,824	0	288,824	248,154	40,670
Restaurant and Facility Rental	388,947	299,961	88,986	226,655	162,293
Retail	740,594	1,029,041	(288,447)	884,682	(144,088)
Other income	117,861	31,000	86,861	142,500	(24,639)
Net assets released from restrictions	1,119,365	925,877	193,487	1,833,696	(714,331)
Total Unrestricted Revenue	12,932,492	14,005,807	(1,073,315)	16,030,441	(3,097,949)
Operating Expenses:					
Curatorial	1,266,901	1,137,841	129,060	1,195,071	71,830
Exhibits	1,019,556	896,470	123,086	3,082,887	(2,063,331)
Special Events	169,977	176,040	(6,063)	152,716	17,261
Imax/Planetarium	736,414	809,150	(72,736)	820,000	(83,586)
Programs	571,632	555,245	16,388	625,271	(53,639)
Contributed Services	288,824	0	288,824	248,154	40,670
Restaurant and Facility Rental	90,260	73,304	16,956	85,496	4,764
Retail	638,205	850,012	(211,807)	738,955	(100,751)
Fundraising	1,034,695	1,116,088	(81,393)	1,024,714	9,981
Administrative	2,264,789	2,910,526	(645,737)	2,204,924	59,865
Facilities	3,144,645	2,764,921	379,724	3,027,836	116,809
Interest	249,893	328,800	(78,907)	335,450	(85,557)
Marketing	589,807	624,330	(34,523)	479,613	110,193
Depreciation	1,510,418	1,380,000	130,418	1,356,895	153,523
Total Operating Expenses	13,576,014	13,622,727	(46,713)	15,377,981	(1,801,968)
Inc (dec) in unrestricted net assets before non operating items	(643,521)	383,080	(1,026,602)	652,460	(1,295,982)
Non Operating Items:					
Pension & Post Retirement Benefits Expense	(494,872)	(744,000)	249,128	40,936	(535,808)
Investment Earnings	237,981	0	237,981	96,920	141,061
Gain (Loss) on Swap	(273,014)	0	(273,014)	0	(273,014)
Gain on Refinancing	10,853,676	0	10,853,676	0	10,853,676
Total Non Operating Items	10,323,770	(744,000)	11,067,770	137,856	10,185,914
Inc (dec) in unrestricted net assets	9,680,249	(360,920)	10,041,169	790,316	8,889,933
Changes in Temporarily Restricted Net Assets:					
Contributions	1,810,932	7,423,000	(5,612,068)	893,491	917,441
Investment Earnings	415,677	10,000	405,677	152,534	263,143
Net assets released from restrictions for operations	(1,119,365)	(925,877)	(193,487)	(1,833,696)	714,331
Inc (dec) in temporarily restricted net assets	1,107,244	6,507,123	(5,399,878)	(787,671)	1,894,915
Changes in Permanently Restricted Net Assets:					
Contributions	105,027	0	105,027	1,071,000	(965,973)
Investment Earnings	9,905	0	9,905	0	9,905
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	114,932	0	114,932	1,071,000	(956,068)
Inc (dec) in Net Assets	10,902,425	6,146,203	4,756,222	1,073,645	9,828,780

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MPM Consolidated Statement of Financial Position as of 8/31/11			
	Consolidated	Consolidated	
	<u>8/31/11</u>	<u>8/31/10</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	2,294,846	2,896,538	(601,692)
Investments	289,934	268,451	21,483
Accounts Receivable	59,918	60,603	(685)
Contributions Receivable - Current	999,612	739,615	259,997
Due From Other Entities	0	0	0
Inventories	29,043	28,643	400
Prepaid Expenses	387,031	187,655	199,376
Total Current Assets	4,060,384	4,181,505	(121,121)
Other Assets:			
Cash and investments held for endowment	6,936,255	6,129,463	806,792
Contributions Receivable - Long Term	946,907	720,054	226,853
Other Long Term Assets	0	152,110	(152,110)
Total Other Assets	7,883,162	7,001,627	881,535
Property & Equipment:			
Gross Property & Equipment	29,731,160	29,554,717	176,443
Less- Accumulated depreciation	(13,742,303)	(12,426,492)	(1,315,811)
Net Property & Equipment	15,988,857	17,128,225	(1,139,368)
Total Assets	27,932,403	28,311,357	(378,954)
Liabilities and Net Assets:			
Accounts Payable	503,919	448,017	55,902
Accrued Payroll & Benefits	670,803	657,112	13,691
Deferred Revenue	1,093,213	996,779	96,434
Interest Payable	18,867	55,291	(36,424)
Accrued Postretirement Benefits - Current	102,548	111,685	(9,137)
Notes Payable - Current	262,000	124,074	137,926
Capital Leases - Current	0	13,406	(13,406)
Total Current Liabilities	2,651,350	2,406,364	244,987
Capital Leases	0	0	0
Accrued Postretirement Benefits	7,726,326	7,914,911	(188,585)
Due to Other Entities	0	0	0
Notes Payable	4,607,000	16,217,794	(11,610,794)
Swap Liability	273,014	0	273,014
Total Liabilities	15,257,690	26,539,069	(11,281,378)
Net Assets:			
Unrestricted	5,108,892	(4,571,357)	9,680,249
Temporarily Restricted	3,746,596	2,639,352	1,107,244
Permanently Restricted	3,819,225	3,704,293	114,932
Total Net Assets	12,674,713	1,772,288	10,902,425
Total Liabilities and Net Assets	27,932,403	28,311,357	(378,953)