



Date: April 30, 2012

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

CC: Jay Williams

**Subject: Report from the Milwaukee Public Museum
Fiscal 2012 – 2nd 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.

The second fiscal quarter for MPM showed positive progress on a number of fronts but weak attendance for the Cleopatra Exhibit overshadowed the financial results. Through the first half of the year compared to prior year, base museum attendance was up 28%, Theater attendance was up 15% and contributions to the Annual Campaign were up 11%.

For those attending the Cleopatra Exhibit, the museum received very positive comments. The following comments from visitors were typical:

“Marvelous exhibit. Answered many questions; raised many more. Thank you for bringing these wonders here for me to see, right here in Milwaukee.”

-Robert D. Dousman WI

“I thought it to be very informative. It really brought to light a lot of unanswered questions I have had over the years and I look forward to the exhibits return in the future with more discoveries. Thank you so much for such a powerful, moving exhibit.”

“What a wonderful exhibit; words cannot describe the sense of awe I felt, while viewing these artifacts. The audio tour was great too. Loved some of the wit the royal narrator used. Thanks for bringing this item to MPM.”

“Outstanding exhibit- We are pleased to be members of a museum that could host an exhibit of this caliber and renown.”

“I have always loved Cleopatra and to see an exhibit like this brought to the public to tell the real story and show artifacts, is beautiful, awe inspiring, and indeed a great documentation of an amazing woman. Perhaps the greatest woman to have ever lived. ”

-Rebecca P.

“This exhibit was very well put together. It was entertaining and a great learning experience. I especially like how the end of the exhibit shows how she has been represented through the years.”

-Caitlin G.

“What an amazing, beautifully constructed exhibit. It helped me understand the mysterious woman who was Cleopatra. I'm inspired to be an archaeologist.”

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Unfortunately, the exhibit drew approximately half of the expected attendance level during the run which resulted in significant cash impacts on the museum's finances. Consequently, MPM has taken additional austerity measures to mitigate the exhibition shortfall. This included offering early retirement incentives for those employees meeting certain age and years of service criteria. Reductions in discretionary spending, delays/curtailment of capital expenditures, additional layoffs, and reductions in staff hours are included in the actions to reduce expenses and conserve cash.

While the museum lost \$1.6 million in the first quarter, the second quarter net was a small profit of \$41k.

Financial Results (Unaudited)

Attached are unaudited financial statements through the first half of fiscal 2012. MPM is showing a loss of \$1.5 million in the first half. Revenues of \$7.5M are \$2.1M below Plan but \$0.6 M higher than fiscal 2011. Operating Expenses are 4.8% below Plan at \$8.9M and include Cleopatra exhibition costs.

The shortfall of \$2.2 million versus plan in Temporary Restricted Net Assets relates to a timing difference of actual versus expected donations toward the capital campaign. This timing difference should be eliminated before the end of the fiscal year.

Looking Forward

We continue to work on our infrastructure and permanent exhibits to improve the museum-going experience for our visitors. Beginning in May, MPM will be hosting, "*Art and the Animal*," an exhibit of paintings and sculptures of wild life and their habitats. This exhibit will run through Labor Day.

County supported projects for renovation of our electrical and HVAC systems continue. Other infrastructure improvements are being addressed through private funding sources.

"*Cleopatra, The Search for the Last Queen of Egypt*" opened to the public on October 14th and completed its run April 22nd, 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 Six Months Months Ended 2/29/12

	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Dev	Actual	Change
Revenue:					
Contributions and Membership	1,995,272	1,879,240	116,031	1,880,308	114,964
Special Event Revenue	546,608	477,250	69,358	399,920	146,688
Public Support	1,751,188	1,751,188	(0)	1,751,188	0
Admissions	1,650,785	3,695,123	(2,044,338)	1,105,531	545,254
IMAX/Planetarium	361,557	486,994	(125,437)	353,643	7,913
Programs	78,888	91,211	(12,324)	90,150	(11,263)
Restaurant and Facility Rental	112,517	176,023	(63,506)	156,154	(43,637)
Retail	261,514	329,713	(68,199)	326,932	(65,418)
Other income	166,079	63,640	102,439	43,880	122,200
Net assets released from restrictions	617,124	650,994	(33,870)	647,380	(30,256)
Total Unrestricted Revenue	7,541,531	9,601,377	(2,059,846)	6,933,686	607,845
Operating Expenses:					
Curatorial	539,020	588,414	(49,394)	554,552	(15,532)
Exhibits	2,633,067	2,837,632	(204,565)	541,696	2,091,371
Special Events	240,250	191,800	48,450	157,993	82,257
Imax/Planearium	295,461	341,982	(46,521)	289,058	6,403
Programs	238,806	270,188	(31,382)	278,860	(40,055)
Restaurant and Facility Rental	8,268	27,153	(18,885)	24,643	(16,375)
Retail	233,708	269,483	(35,776)	275,142	(41,434)
Fundraising	607,969	696,657	(88,688)	459,293	148,676
Administrative	1,527,622	1,544,258	(16,636)	1,440,763	86,859
Facilities	1,515,760	1,544,807	(29,047)	1,449,684	66,076
Interest	110,597	110,023	574	136,653	(26,056)
Marketing	271,363	249,517	21,846	288,448	(17,084)
Depreciation	635,937	638,613	(2,676)	690,122	(54,185)
Total Operating Expenses	8,857,827	9,310,526	(452,700)	6,765,507	2,092,320
Inc (dec) in unrestricted net assets before non operating items	(1,316,296)	290,850	(1,607,146)	168,180	(1,484,475)
Non Operating Items:					
Pension & Post Retirement Benefits Expense	(368,791)	(372,000)	3,209	(363,778)	(5,013)
Investment Earnings	156,460	0	156,460	424,983	(268,523)
Gain on Refinancing	0	0	0	10,853,676	(10,853,676)
Loss on interest rate swap liability	13,036	0	13,036	0	13,036
Total Non Operating Items	(199,295)	(372,000)	172,705	10,914,880	(11,114,176)
Inc (dec) in unrestricted net assets	(1,515,591)	(81,150)	(1,434,442)	11,083,060	(12,598,651)
Changes in Temporarily Restricted Net Assets:					
Contributions	291,624	2,821,000	(2,529,376)	1,465,693	(1,174,069)
Investment Earnings	269,083	0	269,083	736,238	(467,155)
Net assets released from restrictions for operations	(617,124)	(650,994)	33,870	(647,380)	30,256
Inc (dec) in temporarily restricted net assets	(6,417)	2,170,006	(2,226,423)	1,554,551	(1,610,968)
Changes in Permanently Restricted Net Assets:					
Contributions	3,500	0	3,500	35,011	(31,511)
Investment Earnings	6,560	0	6,560	17,036	(10,476)
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	10,060	0	10,060	52,047	(41,987)
Inc (dec) in Net Assets	(1,561,948)	2,088,856	(3,650,805)	12,689,658	(14,251,607)

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MPM Consolidated Statement of Financial Position as of 2/29/12					
	Consolidated	Consolidated		Consolidated	Prior Year
	<u>2/29/12</u>	<u>8/31/11</u>	<u>Change</u>	<u>2/28/11</u>	<u>Change</u>
Assets:					
Cash and cash equivalents	2,093,298	2,294,845	(201,547)	3,310,767	(1,217,469)
Investments	312,149	289,934	22,215	318,322	(6,173)
Accounts Receivable	46,005	59,918	(13,913)	72,028	(26,023)
Contributions Receivable -Current	467,918	999,612	(531,694)	504,511	(36,593)
Due From Other Entities	0	0	0	0	0
Inventories, net	55,427	29,043	26,384	37,634	17,792
Prepaid Expenses	490,047	387,031	103,016	256,532	233,515
Total Current Assets	3,464,844	4,060,383	(595,539)	4,499,793	(1,034,950)
Other Assets:					
Cash and investments held for endowment	7,187,267	6,936,255	251,012	7,318,136	(130,869)
Contributions Receivable - Long Term	946,907	946,907	0	1,647,554	(700,647)
Deferred Financing Costs, net	0	0	0	0	0
Other Long Term Assets	0	0	0	152,110	(152,110)
Total Other Assets	8,134,174	7,883,162	251,012	9,117,800	(983,626)
Property & Equipment:					
Gross Property & Equipment	29,872,557	29,731,161	141,396	29,667,566	204,991
Less-Accumulated depreciation	(14,378,240)	(13,742,303)	(635,937)	(13,074,117)	(1,304,122)
Net Property & Equipment	15,494,317	15,988,858	(494,541)	16,593,449	(1,099,131)
Total Assets	27,093,335	27,932,403	(839,068)	30,211,042	(3,117,707)
Liabilities and Net Assets:					
Total Current Liabilities	3,317,528	2,651,351	666,177	2,878,964	438,564
Accrued Postretirement Benefits	7,927,065	7,726,326	200,739	8,132,132	(205,067)
Interest Rate Swap Liability	259,978	273,014	(13,036)	0	259,978
Due to Other Entities	0	0	0	0	0
Notes Payable	4,476,000	4,607,000	(131,000)	4,738,000	(262,000)
Total Liabilities	15,980,571	15,257,691	722,880	15,749,095	231,476
Net Assets:					
Unrestricted	3,593,300	5,108,891	(1,515,591)	6,511,703	(2,918,403)
Temporarily Restricted	3,690,179	3,746,596	(56,417)	4,193,903	(503,724)
Permanently Restricted	3,829,285	3,819,225	10,060	3,756,340	72,945
Total Net Assets	11,112,764	12,674,712	(1,561,948)	14,461,946	(3,349,183)
Total Liabilities and Net Assets	27,093,335	27,932,403	(839,068)	30,211,042	(3,117,707)