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May 15, 2012

Members, Finance and Audit Committee of the Milwaukee County Board  
Members, Parks, Energy and Environment Committee of the Milwaukee County Board

Re: Charles Allis and Villa Terrace Art Museums Response to 2011 Audit of the War Memorial Corporation

Dear Milwaukee County Board Members:

We have been asked to list concerns of the Charles Allis and Villa Terrace Art Museums with respect to the War Memorial structure, and we appreciate the opportunity to do so.

For us there are compelling reasons why the Charles Allis and Villa Terrace Art Museums (CAVT) should be independent from the War Memorial Corporation (WMC).

In fact, as you know, it was the WMC itself that encouraged us to explore incorporation as our own 501(c)3 tax-exempt organization, and in the summer of 2011, formally approved CAVT to do exactly that. We have since filed Articles of Incorporation with the State, and are applying for 501(c)3 status.

#### A Case for Independence

Several key issues together build a strong case for our independence.

1. *Control of Our Finances.* Currently, our financial reporting is handled by the WMC. On multiple occasions, our Board of Directors has expressed interest in better (i.e., more detailed and consistent) financial reports. As long as finances are handled and reports prepared by the WMC, we have not been able to receive such detailed reports. If we were independent, we would have the opportunity to hone our financial reporting. In addition – and of even greater importance – independence would allow us to make key financial decisions without seeking approval from another entity. Also, we would not have the type of situation that continues to exist with respect to a major gift on behalf of the Charles Allis,

provided by a generous donor years ago. This gift was received by the WMC and has been managed by them. In effect, it has been “lost” to us. In the meantime, we have established a Legacy Fund (precisely to receive gifts of this nature) which is professionally managed by Northern Trust.

2. *Fund Raising.* Confusion has been caused when donors wish to make a significant contribution to CAVT or one of our museums, and the gift needs to go to WMC. Donors understandably question whether the gift will in fact serve the purpose for which it was intended. Fund raising is becoming more important to us each year. *Any* donor confusion is problematic. Donors are reluctant to donate to government entities, understanding that their gift is not tax-exempt. Also, foundations whom we have approached have expressed concern about CAVT submitting financial information (generally, the WMC’s 990) that does not show our actual income and expenses.
3. *Personnel Decisions.* As an independent entity, we would be free to make personnel decisions without the need to respond to questions from another entity.
4. *Long Range Planning.* As we move forward, important decisions will need to be made regarding our future. How can we ensure our sustainability in a time of growing pressures on many not-for-profit organizations? What should be the nature of our programming? With what other organizations might it be appropriate to pursue strategic alliances? These and other key questions need to be asked and answered. Maximum flexibility is needed in order to make informed and timely decisions.
5. *Identity.* We are a very small entity (budget, staff) compared to other organizations under the WMC umbrella. It is confusing for the public and vendors to understand our association with the WMC. For vendors, it means going through the WMC for credit applications, payments, etc. The mere act of explaining to members of the public the “sister museum concept” can be difficult. This is also true of trying to explain the implications of being under the WMC umbrella. Having our own 501(c)3 will give us an identity, make CAVT solely accountable, and we will be less likely to get lost in the shadows of the larger organizations. Currently, elected officials and others tend to overlook us; we are just part of the larger entity.

### Issues and Concerns

Admittedly, there is a cost to being independent. Functions previously handled by the WMC such as bookkeeping, payroll, etc. would need to be assumed by CAVT. All of these services provided by WMC will need to be shifted to other providers. We will incur additional costs of an undetermined amount.

As noted above, we have begun the process of establishing our own 501(c)3 tax-exempt status in part to improve our fund-raising capabilities. We anticipate that our Board

structure would remain essentially as it is, with continuing representation from the County Board.

We have been financially dependent on the annual contributions of Milwaukee County to maintain and protect our two museums. Milwaukee County, as the owner of these museums, has provided funds for major capital improvements and staffing/overview on a wide variety of projects.

We would certainly not want to have our independence from WMC cause us to lose any of the financial support that Milwaukee County has provided.

Our museums have faced flat or decreased County funding for the better part of a decade. While we are willing to be supportive of our independence from WMC, we are greatly concerned that a new structure not serve as the basis for further reductions in County funding to our two prestigious County assets.

We are a small organization, however, but have already undertaken preliminary exploration of how best to deal with management issues. We are hopeful that there are cost effective options for CAVT to address those management functions previously handled by WMC which would now be ours. CAVT's management and Board have already had multiple conversations regarding these issues.

Being independent from the WMC in no way will diminish our commitment to veterans programming. Quite the contrary. Our highly successful veterans art program continues to grow, with dedicated volunteers working with the veterans. This year, the program will be offered three times.

#### Other Organizations Under the WMC Umbrella

As requested of us, we have been in discussions with our colleagues at the Milwaukee Art Museum and the Marcus Center for the Performing Arts. We are aware of their plans for moving forward, and are supportive.

For example, we support the Art Museum's willingness to assume facility management for the complex in which they are the anchor tenant. We are similarly supportive of their willingness to provide in-kind services for veterans programming at that site.

We support the veteran's programming done at both sites, including the Flag Day event at the Marcus Center.

#### In Summary...

We feel that there is a strong case for our independence. We do not believe that we need the WMC to be an effective organization, serving the greater community. The War Memorial structure has served our organization well in the past, but along with the other entities, we have grown and matured. It is the correct time for a new approach.

We welcome the opportunity to present this case to you.

Thank you.

Sincerely,

Charles Allis – Villa Terrace Board of Directors

cc: Milwaukee County Executive's Office  
Balance of Milwaukee County Board Members