



Date: December 28, 2012

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 2013 – 1<sup>st</sup> 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 and the impact each has on the other.

For fiscal 2013, the "*Real Pirates*" exhibition opens to the public on December 14<sup>th</sup> so there is minimal impact in the first quarter ending November 30<sup>th</sup>. For the first quarter, base museum attendance was up 18% versus prior year for the same period with member attendance up 36%. Theater and Planetarium attendance was down one-third from a year ago as the prior year benefited from having an exhibit related show for Cleopatra. With Pirates opening in December, we anticipate the theater numbers should improve. In addition, the theater is being upgraded with a 3D capability which should open to the public in the second quarter.

The museum had a successful fall Gala on October 20<sup>th</sup> that took on the Pirate theme. Nearly 600 people were in attendance which exceeded expectations. Funds raised through this event support museum operations and augment the annual campaign.

Another successful museum sponsored event was Halloween Hauntings, which drew over 6,000 visitors on October 25<sup>th</sup> and 26<sup>th</sup>. This annual event is a favorite for local young families who come to the museum to trick or treat in a safe, fun and warm environment.

**Financial Results (unaudited)**

Attached are unaudited financial statements for the fiscal first quarter of 2013 (Sep – Nov 2012). Overall, first quarter results for the MPM show a loss of \$788,402 that was less than the budgeted amount of \$1,051,000 and less than the prior year for the same period which was a loss of \$1.6 million. Austerity measures to minimize expenses and investment gains on Endowment asset holdings helped offset less than planned levels of annual giving and theater revenues.

## Milwaukee Public Museum

The most significant financial risk the museum faces in the near term is the continuing cash drain requirements to fund the Pension and Retiree Medical Obligations for former County Employees. The total obligation MPM is now facing is approximately \$16 million; \$10.4 million of which remains unfunded. In addition, cash required for needed capital repairs/improvements to the building envelope and its major electrical and mechanical systems is inadequate to meet the growing list of deferred maintenance projects. MPM continues to have discussions with County representatives on alternative solutions to address these issues. MPM anticipates recommendations will be brought to the County Board by the end of the first quarter in 2013. Until then, MPM management continues to take actions to increase revenues, minimize expenses and conserve cash.

MPM debt increase was a result of borrowings related to the new theater system being installed. The debt is tied to a donor gift agreement which will fund the debt repayment over the next several years.

### **Looking Forward**

We continue to work on our infrastructure and permanent exhibits to improve the museum-going experience for our visitors. “*Real Pirates*” opens to the public on December 14<sup>th</sup>. The exhibition will run through May 27, 2013.

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 Three Months Ended 11/30/12</b>					
	<b>YTD</b>	<b>YTD</b>		<b>Prior Year</b>	<b>Prior Year</b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Dev</u></b>	<b><u>Actual</u></b>	<b><u>Change</u></b>
<b>Revenue:</b>					
Contributions and Membership	528,150	795,608	(267,458)	807,628	(279,478)
Special Event Revenue	396,196	387,946	8,250	415,282	(19,086)
Public Support	875,594	875,594	0	875,594	0
Admissions	208,041	213,481	(5,440)	588,237	(380,196)
Theatre/Planetarium	88,568	190,783	(102,215)	135,820	(47,253)
Programs	10,596	19,168	(8,572)	17,756	(7,160)
Restaurant and Facility Rental	32,774	54,188	(21,414)	40,819	(8,045)
Retail	80,027	73,848	6,179	96,982	(16,955)
Other income	34,572	56,207	(21,634)	57,330	(22,758)
Net assets released from restrictions	421,837	477,030	(55,193)	333,141	88,696
<b>Total Unrestricted Revenue</b>	<b>2,676,355</b>	<b>3,143,853</b>	<b>(467,498)</b>	<b>3,368,589</b>	<b>(692,234)</b>
<b>Operating Expenses:</b>					
Curatorial	203,810	235,663	(31,853)	286,294	(82,484)
Exhibits	282,563	266,696	15,867	1,304,609	(1,022,046)
Special Events	162,615	172,465	(9,850)	184,322	(21,706)
Theatre/Planetarium	100,308	155,266	(54,958)	152,851	(52,543)
Programs	111,117	126,435	(15,318)	127,476	(16,359)
Restaurant and Facility Rental	3,472	2,953	519	5,333	(1,860)
Retail	87,168	89,414	(2,246)	105,032	(17,864)
Fundraising	283,242	350,284	(67,042)	336,018	(52,776)
Administrative	788,621	830,119	(41,498)	686,858	101,764
Facilities	705,691	833,470	(127,779)	764,282	(58,591)
Interest	51,905	51,905	(0)	54,885	(2,980)
Marketing	108,037	162,441	(54,405)	118,543	(10,507)
Depreciation	321,953	340,610	(18,657)	320,896	1,057
<b>Total Operating Expenses</b>	<b>3,210,503</b>	<b>3,617,720</b>	<b>(407,217)</b>	<b>4,447,400</b>	<b>(1,236,896)</b>
Inc (dec) in unrestricted net assets before non operating items	(534,149)	(473,867)	(60,281)	(1,078,811)	544,662
<b>Non Operating Items:</b>					
Pension & Post Retirement Benefits Expense	(147,048)	(150,000)	2,952	(186,616)	39,568
Investment Earnings	69,148	0	69,148	(25,931)	95,079
Loss on interest rate swap liability	21,852	0	21,852	13,036	8,816
<b>Total Non Operating Items</b>	<b>(56,048)</b>	<b>(150,000)</b>	<b>93,952</b>	<b>(199,511)</b>	<b>143,463</b>
Inc (dec) in unrestricted net assets	(590,197)	(623,867)	33,671	(1,278,322)	688,125
<b>Changes in Temporarily Restricted Net Assets:</b>					
Contributions	127,000	50,000	77,000	51,424	75,576
Investment Earnings	94,109	0	94,109	(43,022)	137,131
Net assets released from restrictions for operations	(421,837)	(477,030)	55,193	(333,141)	(88,696)
Inc (dec) in temporarily restricted net assets	(200,728)	(427,030)	226,302	(324,739)	124,011
<b>Changes in Permanently Restricted Net Assets:</b>					
Contributions	0	0	0	0	0
Investment Earnings	2,523	0	2,523	0	2,523
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	2,523	0	2,523	0	2,523
<b>Inc (dec) in Net Assets</b>	<b>(788,402)</b>	<b>(1,050,898)</b>	<b>262,496</b>	<b>(1,603,061)</b>	<b>814,659</b>

**Milwaukee Public Museum**

<b>MPM Consolidated Statement of Financial Position as of 11/30/12</b>					
	<b>Consolidated</b>	<b>Consolidated</b>		<b>Consolidated</b>	<b>Prior Year</b>
	<b>11/30/12</b>	<b>8/31/12</b>	<b>Change</b>	<b>11/30/11</b>	<b>Change</b>
<b>Assets:</b>					
Cash and cash equivalents	1,475,162	1,656,825	(181,663)	2,071,553	(596,391)
Investments	276,744	279,247	(2,503)	293,720	(16,976)
Accounts Receivable	54,420	66,150	(11,730)	19,435	34,985
Contributions Receivable -Current	912,064	1,017,450	(105,386)	742,056	170,008
Due From Other Entities	0	0	0	0	0
Inventories, net	55,429	23,411	32,018	55,236	192
Prepaid Expenses	201,162	247,781	(46,620)	186,823	14,338
<b>Total Current Assets</b>	<b>2,974,980</b>	<b>3,290,864</b>	<b>(315,884)</b>	<b>3,368,824</b>	<b>(393,844)</b>
<b>Other Assets:</b>					
Cash and investments held for endowment	6,335,584	6,462,411	(126,827)	6,622,401	(286,817)
Contributions Receivable - Long Term	2,228,893	2,228,893	0	946,907	1,281,986
Other Long Term Assets	0	0	0	0	0
<b>Total Other Assets</b>	<b>8,564,477</b>	<b>8,691,304</b>	<b>(126,827)</b>	<b>7,569,308</b>	<b>995,169</b>
<b>Property &amp; Equipment:</b>					
Construction in Progress	397,111	117,792	279,319	50,991	346,120
Building Additions	19,312,542	19,310,494	2,048	19,276,603	35,939
Furniture, equipment and other improvements	10,642,972	10,607,955	35,017	10,482,577	160,394
<b>Gross Property &amp; Equipment</b>	<b>30,352,625</b>	<b>30,036,241</b>	<b>316,384</b>	<b>29,810,171</b>	<b>542,454</b>
Less-Accumulated depreciation	(15,357,185)	(15,035,232)	(321,953)	(14,063,199)	(1,293,986)
<b>Net Property &amp; Equipment</b>	<b>14,995,439</b>	<b>15,001,009</b>	<b>(5,570)</b>	<b>15,746,972</b>	<b>(751,532)</b>
<b>Total Assets</b>	<b>26,534,896</b>	<b>26,983,177</b>	<b>(448,281)</b>	<b>26,685,104</b>	<b>(150,207)</b>
<b>Liabilities and Net Assets:</b>					
Accounts Payable	855,219	894,678	(39,459)	926,615	(71,396)
Accrued Payroll & Benefits	614,270	531,990	82,280	611,446	2,825
Deferred Revenue	1,132,460	1,216,539	(84,079)	1,072,901	59,559
Interest Payable	17,031	17,852	(821)	18,013	(983)
Accrued Postretirement Benefits - Current	118,166	118,166	0	102,548	15,618
Notes Payable - Current	262,000	262,000	0	262,000	0
Capital Leases - Current	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>2,999,146</b>	<b>3,041,225</b>	<b>(42,079)</b>	<b>2,993,523</b>	<b>5,623</b>
Accrued Postretirement Benefits	10,282,321	10,162,770	119,551	7,818,451	2,463,870
Interest Rate Swap Liability	262,692	284,544	(21,852)	259,978	2,713
Due to Other Entities	0	0	0	0	0
Notes Payable	4,629,500	4,345,000	284,500	4,541,500	88,000
<b>Total Liabilities</b>	<b>18,173,660</b>	<b>17,833,539</b>	<b>340,120</b>	<b>15,613,453</b>	<b>2,560,206</b>
<b>Net Assets:</b>					
Unrestricted	(541,896)	48,301	(590,197)	3,830,569	(4,372,465)
Temporarily Restricted	5,070,731	5,271,459	(200,728)	3,421,857	1,648,874
Permanently Restricted	3,832,401	3,829,878	2,523	3,819,225	13,176
<b>Total Net Assets</b>	<b>8,361,236</b>	<b>9,149,638</b>	<b>(788,402)</b>	<b>11,071,651</b>	<b>(2,710,415)</b>
<b>Total Liabilities and Net Assets</b>	<b>26,534,896</b>	<b>26,983,177</b>	<b>(448,282)</b>	<b>26,685,104</b>	<b>(150,209)</b>