



Date: March 25, 2013

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 – 1st Half 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.

Base museum attendance is up 2% versus prior year for the first half with just over 115,000 visitors. An additional 50,000 guests have been through the "*Real Pirates*" exhibition, which opened to the public on December 14th. Visitors have provided very positive feedback on the quality and content of the exhibition.

Through generous foundation support, the theater has gone through a rebranding and is now the **Daniel M Soref National Geographic Dome Theater and Planetarium**. New signage has been added to the building to reflect the changes. The partnership between MPM and National Geographic will provide not only outstanding educational content for the theater, but will also allow us to leverage the National Geographic brand and marketing capabilities to members in the region. The theater has been upgraded with a new digital 3D projection capability which opened to the public February 1st. This 3D projection on the dome provides visitors with a truly immersive experience.

Also through donor gifts, the museum has renovated the entrance from the Mac Square parking garage. Now visitors are welcomed with graphics from the past as well as flat screen monitors informing of what is happening that day at the museum.

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MPM had a successful Food and Froth event February 16th. The evening was sold out with over 2,000 people in attendance. Funds raised through this event support museum operations and augment the annual campaign.

Museum programs included the following highlights:

- The museum provided more than 500 educational programs to 29,000 students during the past ½ year. Included in this is the newly funded program *Learning Journeys* which is a joint partnership between MPM and MPS to provide planetary and earth science programming to every third grader in the MPS system. The programming is themed “Change over Time” and was developed in collaboration with MPS to provide students with specific learning objectives that meet the needs of MPS. As a precursor to the programming, the museum hosted 300 MPS 3rd grade teachers for all-day teacher development training on October 29th. The teachers were immersed in planetary and earth science during half the day and the other half of the day they were guided in how to use the museum’s exhibits to enhance their teaching.
- On Friday, January 25th, the first of two recruitment fairs for the NASA-funded CREATE (Creating Relevant Education in Astronomy Through Education) program took place. Kids from the Boys & Girls Clubs Greater Milwaukee came to the museum to get hands-on experience and learn about the program. Those kids who wish to be part of this program will fill out an application and write an essay. The museum will choose 20 students to participate in the year-long program that will culminate in them producing a planetary show.
- The exhibit department delivered the “Watson” exhibit to the County Court House. This exhibit traces the history of a 19th Century African American family in Milwaukee. The exhibit was on display during the month of February.
- The museum received a grant for \$10,000 from the Wisconsin Humanities Council to produce an exhibit on Arab and Muslim women’s clothing and the meanings of it. This exhibit will be produced in collaboration with the Arab and Muslim Women’s Research and Resource Center and several colleges and universities in Milwaukee.

Financial Results (unaudited)

Attached are unaudited financial statements for the fiscal first half of 2013 (Sep 2012 – Feb 2013). After a 1st quarter loss of (\$788,000), MPM recorded a profit in the 2nd quarter of \$137,000 bringing the year-to-date loss to (\$651,000). This compares to a planned loss of (\$744,000).

Soft revenues from admissions, fundraising and the delay in the completion of the theater project have been offset by austerity measures to minimize expenses. While non-operating, investment gains of \$485,000 on Endowment asset holdings have added to the improved result.

Operating cash is low and further actions will be needed to offset shortfalls. The most significant financial risk the museum faces in the near term is the continuing cash drain

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requirements to fund the Pension and Retiree Medical Obligations for former County Employees. The total obligation MPM is now facing is approximately \$16 million; \$10.2 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 second quarter in 2013. Until then, MPM management continues to take actions to increase revenues, minimize expenses and conserve cash.

MPM's increase in Notes Payable is a result of borrowings related to the new theater system being installed and seasonal borrowing on its line of credit. The theater 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. The "Real Pirates" 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

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MPM Consolidated Statement of Activities for the Six Months Ended 2/28/13					
	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Dev	Actual	Change
Revenue:					
Contributions and Membership	1,646,671	2,156,526	(509,855)	1,995,272	(348,601)
Special Event Revenue	532,934	516,934	16,000	546,608	(13,674)
Public Support	1,751,188	1,751,188	0	1,751,188	0
Admissions	1,041,944	1,466,642	(424,698)	1,650,785	(608,842)
Theatre/Planetarium	220,431	514,303	(293,872)	361,557	(141,126)
Programs	61,984	75,514	(13,531)	78,888	(16,904)
Contributed Services	14,470	0	14,470	0	14,470
Restaurant and Facility Rental	101,232	151,851	(50,619)	112,517	(11,285)
Retail	249,444	287,148	(37,704)	261,514	(12,070)
Other income	46,906	90,914	(44,008)	166,079	(119,173)
Net assets released from restrictions	575,455	657,370	(81,915)	617,124	(41,669)
Total Unrestricted Revenue	6,242,657	7,668,389	(1,425,732)	7,541,531	(1,298,874)
Operating Expenses:					
Curatorial	451,840	491,653	(39,813)	539,020	(87,180)
Exhibits	896,740	975,738	(78,997)	2,633,067	(1,736,327)
Special Events	215,171	227,024	(11,853)	240,250	(25,079)
Theatre/Planetarium	228,762	399,381	(170,619)	295,461	(66,699)
Programs	248,629	301,111	(52,482)	238,806	9,823
Contributed Services	0	0	0	0	0
Restaurant and Facility Rental	4,771	7,714	(2,943)	8,268	(3,497)
Retail	227,268	255,682	(28,414)	233,708	(6,439)
Fundraising	572,914	655,915	(83,001)	607,969	(35,055)
Administrative	1,396,640	1,442,739	(46,099)	1,527,622	(130,982)
Facilities	1,511,222	1,755,724	(244,502)	1,515,760	(4,538)
Interest	109,736	104,214	5,522	110,597	(861)
Marketing	257,796	312,712	(54,915)	271,363	(13,567)
Depreciation	617,636	664,564	(46,928)	635,937	(18,301)
Total Operating Expenses	6,739,126	7,594,170	(855,044)	8,857,827	(2,118,700)
Inc (dec) in unrestricted net assets before non operating items	(496,469)	74,219	(570,688)	(1,316,296)	819,826
Non Operating Items:					
Pension & Post Retirement Benefits Expense	(296,638)	(300,000)	3,362	(368,791)	72,153
Investment Earnings	197,189	0	197,189	156,460	40,729
Loss on interest rate swap liability	47,101	0	47,101	13,036	34,065
Total Non Operating Items	(52,348)	(300,000)	247,652	(199,295)	146,947
Inc (dec) in unrestricted net assets	(548,818)	(225,781)	(323,036)	(1,515,591)	966,774
Changes in Temporarily Restricted Net Assets:					
Contributions	164,000	139,000	25,000	291,624	(127,624)
Investment Earnings	301,613	0	301,613	269,083	32,530
Net assets released from restrictions for operations	(575,455)	(657,370)	81,915	(617,124)	41,669
Inc (dec) in temporarily restricted net assets	(109,842)	(518,370)	408,528	(56,417)	(53,425)
Changes in Permanently Restricted Net Assets:					
Contributions	0	0	0	3,500	(3,500)
Investment Earnings	7,646	0	7,646	6,560	1,086
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	7,646	0	7,646	10,060	(2,414)
Inc (dec) in Net Assets	(651,014)	(744,151)	93,137	(1,561,948)	910,935
Total Net Assets at Beginning of Period	9,149,638	9,149,638	0	12,674,712	(3,525,074)
Total Net Assets at End of Period	8,498,624	8,405,487	93,137	11,112,764	(2,614,139)

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MPM Consolidated Statement of Financial Position as of 2/28/13					
	Consolidated	Consolidated		Consolidated	Prior Year
	<u>2/28/13</u>	<u>8/31/12</u>	<u>Change</u>	<u>2/28/12</u>	<u>Change</u>
Assets:					
Cash and cash equivalents	1,786,963	1,656,825	130,138	2,093,298	(306,335)
Investments	287,223	279,247	7,976	312,149	(24,926)
Accounts Receivable	75,295	66,150	9,145	46,005	29,290
Contributions Receivable - Current	647,135	1,017,450	(370,315)	467,918	179,217
Due From Other Entities	0	0	0	0	0
Inventories, net	41,902	23,411	18,491	55,427	(13,525)
Prepaid Expenses	302,760	247,781	54,979	490,047	(187,287)
Total Current Assets	3,141,278	3,290,864	(149,586)	3,464,844	(323,566)
Other Assets:					
Cash and investments held for endowment	6,743,637	6,462,411	281,226	7,187,267	(443,630)
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
Total Other Assets	8,972,530	8,691,304	281,226	8,134,174	838,356
Property & Equipment:					
Construction in Progress	490,981	117,792	373,189	51,314	439,667
Building Additions	19,312,542	19,310,494	2,048	19,338,666	(26,124)
Furniture, equipment and other improvements	10,662,135	10,607,955	54,180	10,482,577	179,557
Gross Property & Equipment	30,465,657	30,036,241	429,416	29,872,557	593,100
Less- Accumulated depreciation	(15,652,868)	(15,035,232)	(617,636)	(14,378,240)	(1,274,629)
Net Property & Equipment	14,812,789	15,001,009	(188,220)	15,494,317	(681,528)
Total Assets	26,926,597	26,983,177	(56,580)	27,093,335	(166,738)
Liabilities and Net Assets:					
Accounts Payable	870,132	894,678	(24,546)	1,124,790	(254,658)
Accrued Payroll & Benefits	500,439	531,990	(31,551)	734,497	(234,058)
Deferred Revenue	1,190,686	1,216,539	(25,853)	1,076,522	114,165
Interest Payable	16,539	17,852	(1,313)	17,171	(633)
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
Total Current Liabilities	2,957,961	3,041,225	(83,264)	3,317,528	(359,567)
Accrued Postretirement Benefits	10,268,569	10,162,770	105,799	7,927,065	2,341,504
Interest Rate Swap Liability	237,443	284,544	(47,101)	259,978	(22,536)
Due to Other Entities	0	0	0	0	0
Notes Payable	4,964,000	4,345,000	619,000	4,476,000	488,000
Total Liabilities	18,427,973	17,833,539	594,434	15,980,571	2,447,402
Net Assets:					
Unrestricted	(500,517)	48,301	(548,818)	3,593,300	(4,093,816)
Temporarily Restricted	5,161,617	5,271,459	(109,842)	3,690,179	1,471,438
Permanently Restricted	3,837,524	3,829,878	7,646	3,829,285	8,239
Total Net Assets	8,498,624	9,149,638	(651,014)	11,112,764	(2,614,139)
Total Liabilities and Net Assets	26,926,597	26,983,177	(56,580)	27,093,335	(166,738)