



Date: June 30, 2014

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

CC: Dennis Kois

**Subject: Report from the Milwaukee Public Museum
Fiscal 2014 – 3rd 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.

Some of the programming activities MPM delivered in the most recent quarter included:

- In support of the National Center for Creative Aging (NCCA), MPM provided a SPARK program focused on the arts for family caregivers and their loved ones on the gallery floor. A poet from NY, an artist from Ohio, and storyteller from Milwaukee provided programming. In addition, there was a professional development piece for those who work with people with Alzheimer's Disease.
- *BodyWorlds, the Cycle of Life* exhibition was extended until June 29th. As part of the programming in support of the exhibit, MPM's education department hosted three live remote sessions. High School students filled Gromme Auditorium to view surgical procedures and interact remotely with the medical staffs. These programs included a heart procedure as well as a live autopsy and a live knee replacement surgery.
- The Streets of Old Milwaukee came alive with enactors and our docents in period costume on May 2-3. Over 700 students and more than 2000 other visitors took part.
- On May 16th, *Beyond the Veil* opened. This exhibit showcases the dress of Arab and Muslim women from the Milwaukee area and explores some enduring traditions in Arab and Muslim clothing. The exhibit will be on display through the summer.

Financial Results

Attached are unaudited financial statements through the 3rd fiscal quarter ending May 30, 2014. The museum has a \$0.685 million net deficit through the first 9 months on revenues of \$10.44 million. Compared to prior year, operating revenues are slightly ahead while operating expenses are less than prior year. Compared to the budget, however, museum revenues are off \$1.73 million and partially

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offset by operating expenses running \$0.46 million below plan. Traveling exhibit attendance levels have not met expectations in fiscal 2014, running 40% below plan. This has resulted in lower admissions revenues and has also impacted theater, retail, food service, and other ancillary revenues. Unrestricted operating income remains positive at \$168k to date.

To conserve cash, we are continuing to push off discretionary spending and capital projects that require unrestricted operating dollars. We are also asking managers to reduce hours where possible and hold off on non-essential attrition hires, including several key hires, until the FY end.

MPM's remaining term debt stands at \$1.8 million as payments from debt reduction gift commitments have been used to lower debt principal. An additional \$200,000 was paid in June after the close of the quarter. In addition, MPM had \$140,000 outstanding in a term loan related to the theater 3D system addition which was also paid off in June. The museum's line of credit stands at \$300,000 as of the end of May.

MPM's pension assets continue to grow and are at 96% funding of the projected pension benefit obligation as of the end of May. Retiree medical benefits continue to represent a \$4.6 million liability for MPM.

Looking Forward

MPM is developing a new permanent exhibit space entitled, "*Crossroads of Civilization.*" The work is expected to be completed in early 2015 with an opening to the public in March. The new exhibit area is located on the 3rd floor of the museum.

MPM will be hosting the traveling exhibition, "*Alien Worlds and Androids*" this fall.

Work continues on the South façade wall of MPM. The project will result in the largest solar panel array in Milwaukee. This project supports not only improvements to the building structure and insulation but will provide related museum programming focused on energy conservation and sustainability of resources. Current expectations have the project completing in September subject to weather impacts.

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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	YTD	YTD		Prior Year	Prior Year
	<u>Actual</u>	<u>Budget</u>	<u>Dev</u>	<u>Actual</u>	<u>Change</u>
Revenue:					
Contributions and Membership	2,633,651	2,826,716	(193,065)	2,690,623	(56,972)
Special Event Revenue	486,313	538,900	(52,587)	529,040	(42,726)
Public Support	2,625,792	2,625,793	(1)	2,626,782	(990)
Admissions	1,558,224	2,354,276	(796,052)	2,156,442	(598,218)
Theatre/Planetarium	348,280	530,125	(181,845)	380,650	(32,370)
Programs	122,968	136,277	(13,308)	136,997	(14,028)
Contributed Services	45,066	0	45,066	14,470	30,596
Restaurant and Facility Rental	167,107	195,541	(28,434)	142,225	24,882
Retail	440,830	641,924	(201,094)	538,660	(97,830)
Other income	133,933	122,675	11,258	59,232	74,701
Net assets released from restrictions	1,879,462	2,202,866	(323,404)	1,124,779	754,683
Total Unrestricted Revenue	10,441,627	12,175,092	(1,733,465)	10,399,900	41,727
Operating Expenses:					
Cost of Goods Sold	177,056	316,211	(139,155)	232,418	(55,363)
Supplies	901,393	1,063,640	(162,248)	1,201,799	(300,406)
Salaries and Wages	4,506,602	4,517,974	(11,372)	4,412,029	94,573
Benefits	1,078,900	1,072,980	5,920	931,069	147,832
Travel	30,857	51,734	(20,877)	77,726	(46,869)
Insurance	78,488	83,866	(5,379)	123,381	(44,893)
Public Relations	514,759	636,627	(121,868)	583,531	(68,772)
Member/Donor Development	49,129	115,628	(66,498)	35,567	13,562
Subscriptions/Memberships	21,066	24,195	(3,129)	23,548	(2,482)
Maintenance	573,440	575,954	(2,515)	476,280	97,160
Utilities	824,022	745,850	78,173	759,581	64,441
Professional Fees	383,967	442,745	(58,778)	376,441	7,526
Interest Expense	119,890	64,558	55,332	165,064	(45,174)
Miscellaneous	64,009	103,564	(39,556)	88,341	(24,332)
Sales Tax Expense	12,496	14,500	(2,004)	13,783	(1,288)
Contributed Services	45,066	0	45,066	0	45,066
Depreciation	892,461	903,461	(11,001)	908,988	(16,527)
Total Operating Expenses	10,273,598	10,733,487	(459,889)	10,409,546	(135,948)
Inc (dec) in unrestricted net assets before non operating items	168,029	1,441,605	(1,273,576)	(9,646)	177,674
Non Operating Items:					
Investment Earnings	303,283	0	303,283	283,895	19,388
Loss on Swap Liability	21,054	0	21,054	78,315	(57,261)
Pension & Post Retirement Expenses	(275,690)	(281,750)	6,060	(454,910)	179,221
Total Non Operating Items	48,647	(281,750)	330,397	(92,701)	141,348
Inc (dec) in unrestricted net assets	216,676	1,159,855	(943,179)	(102,346)	319,022
Changes in Temporarily Restricted Net Assets:					
Contributions	463,730	4,300,000	(3,836,270)	3,065,121	(2,601,391)
Investment Earnings	497,306	0	497,306	442,780	54,526
Contributed Services	0	0	0	0	0
Net assets released from restrictions for operations	(1,879,462)	(2,202,866)	323,404	(1,124,779)	(754,683)
Inc (dec) in temporarily restricted net assets	(918,426)	2,097,134	(3,015,560)	2,383,121	(3,301,548)
Changes in Permanently Restricted Net Assets:					
Contributions	5,000	0	5,000	0	5,000
Investment Earnings	12,180	0	12,180	10,995	1,185
Net assets released from restrictions for operations	0	0	0	0	0
Inc (dec) in permanently restricted net assets	17,180	0	17,180	10,995	6,185
Inc (dec) in Net Assets	(684,570)	3,256,989	(3,941,559)	2,291,770	(2,976,340)
Total Net Assets at Beginning of Period	17,886,491	17,886,491	0	9,149,638	8,736,853
Total Net Assets at End of Period	17,201,921	21,143,480	(3,941,559)	11,441,408	5,760,513

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MPM Consolidated Statement of Financial Position as of 5/31/14			
	Consolidated	Consolidated	
	<u>5/31/14</u>	<u>8/31/13</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	1,646,535	2,783,938	(1,137,403)
Investments	296,027	262,079	33,948
Accounts Receivable	79,512	54,894	24,618
Contributions Receivable - Current	803,961	1,246,820	(442,859)
Due From Other Entities	0	0	0
Inventories, net	44,288	61,979	(17,691)
Prepaid Expenses	114,162	160,026	(45,864)
Total Current Assets	2,984,485	4,569,736	(1,585,251)
Other Assets:			
Cash and investments held for Endowment	7,025,401	6,545,098	480,303
Contributions Receivable - Long Term	2,937,876	2,937,876	0
Other Long Term Assets	0	0	0
Total Other Assets	9,963,277	9,482,974	480,303
Property & Equipment:			
Gross Property & Equipment	31,972,049	30,758,392	1,213,657
Less-Accumulated depreciation	(17,120,167)	(16,244,242)	(875,925)
Net Property & Equipment	14,851,883	14,514,150	337,733
Total Assets	27,799,645	28,566,860	(767,215)
Liabilities and Net Assets:			
Accounts Payable	580,355	408,351	172,004
Accrued Payroll & Benefits	637,964	483,215	154,749
Deferred Revenue	924,229	1,100,311	(176,082)
Interest Payable	12,196	17,891	(5,695)
Accrued Postretirement Benefits - Current	107,063	107,063	0
Notes Payable - Current	870,000	945,000	(75,000)
Lease Payable - Current	14,997	0	14,997
Total Current Liabilities	3,146,804	3,061,831	84,973
Accrued Postretirement Benefits	5,853,784	5,815,187	38,597
Interest Rate Swap Liability	155,297	176,351	(21,054)
Due to Other Entities	0	0	0
Notes Payable	1,397,000	1,627,000	(230,000)
Lease Payable	44,839	0	44,839
Total Liabilities	10,597,724	10,680,369	(82,645)
Net Assets:			
Unrestricted	7,011,633	6,794,957	216,676
Temporarily Restricted	6,332,692	7,251,118	(918,426)
Permanently Restricted	3,857,596	3,840,416	17,180
Total Net Assets	17,201,921	17,886,491	(684,570)
Total Liabilities and Net Assets	27,799,645	28,566,860	(767,215)