



Date: January 9, 2015

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

CC: Dennis Kois

**Subject: Report from the Milwaukee Public Museum  
Fiscal 2015 – 1st 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.

The fall period for MPM was highly active as a number of initiatives were underway:

- The County project on the south facing exterior wall of the museum was replaced with a 234 panel solar array. This eliminated concerns about deteriorating granite panels, provided improved insulation to that surface, and has created the largest building mounted solar array in Wisconsin, while providing education programming to the museum on conservation and use of sustainable energy resources. An information kiosk showing real-time electrical generating information from the array is located on the ground floor across from the retail shop.
- MPM is creating a new permanent exhibit space for the first time in 20 years. This will provide an additional 3,500 sq. ft. of exhibit area on the 3<sup>rd</sup> floor. The new *Crossroads of Civilization* exhibit area is expected to open to the public in March of 2015 and will focus on the growth of Greek, Roman, and other Mediterranean area societies.
- The traveling exhibit, *Alien Worlds & Androids* opened to the public in October and is finishing in early January. This exhibit looks at the search for alien life both in space exploration as well as right here on earth in extreme environment situations.
- The new attendance policy for free school attendance in September – November for Milwaukee County schools was implemented. Compared to prior year, school attendance during the 3 months was up 122% from approximately 4,500 students to over 10,000 coming to the museum.
- The museum held its annual black-tie gala event in October with over 400 people in attendance.

## Milwaukee Public Museum

- Halloween Hauntings is an annual member event that drew over 6,000 visitors during the two-day period, allowing families to be in costume and trick-or-treat in the safety and warmth of the museum.
- New board members have been added to begin filling out the expanded capacity of the revised board size.

### **Financial Results**

Attached are unaudited financial statements for the 1<sup>st</sup> fiscal quarter of 2015 ending November 30, 2014. The results show a loss of \$572k in the 1<sup>st</sup> quarter versus a planned profit of \$90k. Operationally, the museum is running ahead of plan and the shortfall is primarily due to timing differences in budgeted versus actual receipt of donor gifts to the institution. Operating revenues and expenses of \$3.0 million and \$3.2 million respectively are flat with prior year. The prior year also benefited from a strong investment market that had generated positive investment earnings of \$535k in that period versus a loss this year of \$55k.

### **Looking Forward**

In the near term, the Greater Milwaukee Foundation has announced it is celebrating 100 years of service to the Milwaukee community in 2015. They will be holding monthly events in the city and have chosen MPM to host the first celebration the weekend of January 24/25<sup>th</sup>. Museum admission and planetarium shows will be free to all that weekend to celebrate the 100<sup>th</sup> anniversary.

The museum will be completing work on the new Crossroads exhibit area and opening that to the public in March.

MPM has begun work on developing a new long-range strategic plan over the next 12-18 months. With support of industry consultants and input from staff, donors and community constituents, the plan will lay out options/plans for museum programming, operations, facilities and technology directions for the next decade.

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>YTD</b>	<b>YTD</b>		<b>Prior Year</b>	<b>Prior Year</b>
	<b>Actual</b>	<b>Budget</b>	<b>Dev</b>	<b>Actual</b>	<b>Change</b>
<b>Revenue:</b>					
Contributions	683,736	794,366	(110,631)	706,361	(22,625)
Vision Fund	190,500	0	190,500	0	190,500
Membership	173,555	217,790	(44,235)	159,535	14,020
Special Event Revenue	294,533	360,000	(65,467)	352,290	(57,757)
Public Support	875,000	875,000	(0)	875,594	(594)
Admissions	225,758	303,672	(77,914)	224,320	1,438
Theatre/Planetarium	73,461	77,565	(4,104)	72,028	1,433
Programs	23,955	22,721	1,234	17,909	6,046
Contributed Services	0	0	0	27,576	(27,576)
Restaurant and Facility Rental	48,816	52,100	(3,284)	57,173	(8,357)
Retail	101,650	103,367	(1,717)	82,148	19,502
Other income	8,495	6,128	2,367	10,823	(2,328)
Net assets released from restrictions	304,919	341,240	(36,320)	441,925	(137,006)
<b>Total Unrestricted Revenue</b>	<b>3,004,377</b>	<b>3,153,949</b>	<b>(149,572)</b>	<b>3,027,682</b>	<b>(23,305)</b>
<b>Operating Expenses:</b>					
Cost of Goods Sold	44,384	43,310	1,074	34,525	9,859
Supplies	198,661	291,290	(92,629)	224,709	(26,049)
Salaries and Wages	1,464,418	1,481,359	(16,941)	1,397,610	66,808
Benefits	398,621	407,560	(8,939)	388,179	10,442
Travel	3,441	17,566	(14,125)	11,433	(7,992)
Insurance	28,789	22,926	5,863	27,407	1,382
Marketing/Public Relations	112,827	216,079	(103,252)	183,776	(70,949)
Member/Donor Development	24,746	27,655	(2,909)	8,004	16,742
Subscriptions/Memberships	3,514	7,375	(3,861)	6,250	(2,735)
Maintenance	187,485	227,121	(39,635)	180,713	6,772
Utilities	242,681	235,978	6,703	225,848	16,833
Professional Fees	160,007	279,101	(119,094)	136,616	23,390
Interest Expense	35,622	36,907	(1,285)	41,533	(5,911)
Miscellaneous	17,922	27,923	(10,000)	17,503	419
Sales Tax Expense	5,211	6,500	(1,289)	6,457	(1,246)
Contributed Services	0	0	0	27,576	(27,576)
Depreciation	280,886	278,922	1,964	302,053	(21,167)
<b>Total Operating Expenses</b>	<b>3,209,215</b>	<b>3,607,570</b>	<b>(398,355)</b>	<b>3,220,193</b>	<b>(10,979)</b>
<b>Inc (dec) in unrestricted net assets before non operating items</b>	<b>(204,838)</b>	<b>(453,621)</b>	<b>248,783</b>	<b>(192,511)</b>	<b>(12,326)</b>
<b>Non Operating Items:</b>					
Investment Earnings	(21,834)	0	(21,834)	200,212	(222,046)
Loss on Swap Liability	0	0	0	(20,681)	20,681
Pension & Post Retirement Expenses	(27,000)	(27,000)	0	(33,750)	6,750
<b>Total Non Operating Items</b>	<b>(48,834)</b>	<b>(27,000)</b>	<b>(21,834)</b>	<b>145,780</b>	<b>(194,614)</b>
<b>Inc (dec) in unrestricted net assets</b>	<b>(253,672)</b>	<b>(480,621)</b>	<b>226,949</b>	<b>(46,731)</b>	<b>(206,940)</b>
<b>Changes in Temporarily Restricted Net Assets:</b>					
Contributions	20,000	912,500	(892,500)	371,245	(351,245)
Contributed Services	0	0			
Investment Earnings	(32,957)	0	(32,957)	328,052	(361,009)
Net assets released from restrictions for operations	(304,919)	(341,240)	36,320	(441,925)	137,006
<b>Inc (dec) in temporarily restricted net assets</b>	<b>(317,876)</b>	<b>571,260</b>	<b>(889,137)</b>	<b>257,371</b>	<b>(575,248)</b>
<b>Changes in Permanently Restricted Net Assets:</b>					
Contributions	100	0	100	1,000	(900)
Investment Earnings	(691)	0	(691)	8,037	(8,728)
Net assets released from restrictions for operations	0	0	0	0	0
<b>Inc (dec) in permanently restricted net assets</b>	<b>(591)</b>	<b>0</b>	<b>(591)</b>	<b>9,037</b>	<b>(9,628)</b>
<b>Inc (dec) in Net Assets</b>	<b>(572,139)</b>	<b>90,639</b>	<b>(662,778)</b>	<b>219,677</b>	<b>(791,816)</b>
<b>Total Net Assets at Beginning of Period</b>	<b>20,501,074</b>	<b>20,501,074</b>	<b>0</b>	<b>17,886,491</b>	<b>2,614,583</b>
					<b>3</b>
<b>Total Net Assets at End of Period</b>	<b>19,928,935</b>	<b>20,591,713</b>	<b>(662,778)</b>	<b>18,106,168</b>	<b>1,822,767</b>

**Milwaukee Public Museum**

<b>MPM Consolidated Statement of Financial Position as of 11/30/14</b>			
	<b>Consolidated</b>	<b>Consolidated</b>	
	<b><u>11/30/14</u></b>	<b><u>8/31/14</u></b>	<b><u>Change</u></b>
<b>Assets:</b>			
Cash and cash equivalents	1,388,547	1,467,247	(78,700)
Investments	282,342	277,223	5,119
Accounts Receivable	23,129	98,115	(74,986)
Contributions Receivable -Current	1,962,918	1,145,523	817,395
Due From Other Entities	0	0	0
Inventories, net	79,939	72,073	7,866
Prepaid Expenses	54,727	141,572	(86,845)
<b>Total Current Assets</b>	<b>3,791,601</b>	<b>3,201,753</b>	<b>589,848</b>
<b>Other Assets:</b>			
Cash and investments held for endowment	6,525,234	6,932,992	(407,758)
Contributions Receivable - Long Term	2,330,977	3,090,977	(760,000)
Other Long Term Assets	0	0	0
<b>Total Other Assets</b>	<b>8,856,211</b>	<b>10,023,969</b>	<b>(1,167,758)</b>
<b>Property &amp; Equipment:</b>			
Construction in Progress	1,468,384	1,319,611	148,773
Building Additions	19,508,737	19,508,737	(0)
Furniture, equipment and other improvements	11,389,759	11,344,519	45,240
Gross Property & Equipment	32,366,880	32,172,867	194,013
Less-Accumulated depreciation	(17,663,785)	(17,407,903)	(255,882)
<b>Net Property &amp; Equipment</b>	<b>14,703,095</b>	<b>14,764,964</b>	<b>(61,869)</b>
<b>Total Assets</b>	<b>27,350,907</b>	<b>27,990,686</b>	<b>(639,779)</b>
<b>Liabilities and Net Assets:</b>			
Accounts Payable	426,524	636,033	(209,509)
Accrued Payroll & Benefits	618,845	513,836	105,009
Deferred Revenue	913,897	1,022,032	(108,135)
Interest Payable	11,130	11,856	(726)
Accrued Postretirement Benefits - Current	105,408	105,408	0
Notes Payable - Current	1,330,000	1,180,000	150,000
Lease Payable - Current	23,743	23,743	0
<b>Total Current Liabilities</b>	<b>3,429,547</b>	<b>3,492,908</b>	<b>(63,361)</b>
Accrued Postretirement Benefits	2,635,775	2,632,310	3,465
Interest Rate Swap Liability	133,251	133,251	0
Due to Other Entities	0	0	0
Notes Payable	1,197,000	1,197,000	0
Lease Payable	26,397	34,142	(7,745)
<b>Total Liabilities</b>	<b>7,421,971</b>	<b>7,489,611</b>	<b>(67,640)</b>
<b>Net Assets:</b>			
Unrestricted	9,556,386	9,810,058	(253,672)
Temporarily Restricted	6,514,536	6,832,412	(317,876)
Permanently Restricted	3,858,014	3,858,605	(591)
<b>Total Net Assets</b>	<b>19,928,936</b>	<b>20,501,075</b>	<b>(572,139)</b>
<b>Total Liabilities and Net Assets</b>	<b>27,350,907</b>	<b>27,990,686</b>	<b>(639,779)</b>

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<b>Consolidated Statement of Cash Flows for the Three Months Ended 11/30/14</b>			
	<b>YTD</b>		<b>Prior YTD</b>
	<b><u>Actual</u></b>		<b><u>Actual</u></b>
<b>Operating Activities:</b>			
Increase in net assets	(572,139)		219,677
Adjustments to reconcile net cash flows from operations:			
Depreciation and amortization	280,886		302,053
Donated fixed assets	5,231		0
Change in value of interest rate swap	0		20,681
Unrealized (gain) loss on investments	75,259		(366,189)
Realized (gain) loss on investments	(197)		(147,709)
Changes in operating assets and liabilities:			
Accounts Receivable	74,987		(4,077)
Contribution Receivable	(57,395)		56,698
Inventories and Other Assets	(7,865)		(52,522)
Prepaid Expenses	86,845		83,177
Accounts Payable, Accrued Expenses and Accrued Benefits	(101,038)		86,077
Due to Affiliates	0		0
Interest Payable	(726)		(4,194)
Deferred Revenue	(108,135)		(103,477)
Total Adjustments	247,854		(129,481)
Net cash provided (used) by operating activities	(324,285)		90,196
<b>Investing Activities:</b>			
Purchases of Property & Equipment	(33,300)		(2,137)
Purchases of Property & Equipment - Restricted Donations & Grants	(190,948)		(4,634)
Proceeds from Sale of Investments	601,422		976,311
Purchases of Investments	(273,845)		(635,834)
Net cash (used in) investing activities	103,329		333,707
<b>Financing Activities</b>			
Principal payments on notes payable	150,000		(330,000)
Proceeds from Notes Payable/Line of Credit	0		300,000
Inception of lease	0		0
Payments on lease obligations	(7,745)		0
Net cash (used in) financing activities	142,255		(30,000)
<b>Net Inc (Dec) in Cash and Cash Equivalents</b>	<b>(78,700)</b>		<b>393,903</b>
<b>Cash and Cash Equivalents, beginning of period</b>	<b>1,467,247</b>		<b>2,783,938</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>1,388,547</b>		<b>3,177,841</b>