



Date: April 1, 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 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.

The following are highlights at MPM for the latest fiscal quarter:

- The Greater Milwaukee Foundation kicked off its 100 year anniversary celebration by hosting a weekend event at MPM January 24th & 25th, making it a free weekend for all visitors. Nearly 27,000 guests took advantage of the opportunity to come to the open house event during the two days.
- MPM has created a new permanent exhibit space for the first time in 20 years. The new *Crossroads of Civilization* exhibit provides an additional 3,500 sq. ft. of exhibit area on the 3<sup>rd</sup> floor area opened to the public in March of 2015. The exhibit contains a number of new interactive technologies that focus on the growth of Greek, Roman, and other Mediterranean area societies.
- The annual Food & Froth event was another sell-out success. This event showcases local micro-brewers and food vendors for an evening of tastings. Over 2000 people attended the event, raising over \$80,000 to support MPM's operations.
- Theater staff created a new planetarium show, *Ancient Skies*, as a companion to the *Crossroads of Civilization*. They also provided 274 sky talks to almost 12,000 visitors. They delivered programming to NASA-sponsored CREATE students and began working with them to develop their planetary shows.

Various community partnerships and collaborations are underway through the Museum's Programs:

- Greater Milwaukee Committee – The museum remains engaged with the committee's initiatives – the Water Council and Talent Dividend – attending quarterly meetings; Milwaukee Succeeds – monthly; common goal for all is to improve the career and college readiness of students

## **Milwaukee Public Museum**

- Milwaukee Public Schools: Partnerships are centered on grant funding. Programs include Early Childhood programs, Team Gear-Up, Learning Journeys, Distance Learning, and Summer Urban Academy.
- Southeastern Wisconsin Alzheimer's Association – Ongoing partnership on Memory Cafés
- Kohler Center for the Performing Arts – discussions for future trainings and exhibit programs for people with dementia or Alzheimer's Disease, broader accessibility accommodations
- Milwaukee County Department on Aging – consulting with MPM and the Alzheimer Association to use Greendale Memory Café as County-wide model.
- Cardinal Stritch University – ongoing work with the afterschool tutoring program; families attend a special day and program for them as a capstone event aligned with the student's work

### **Financial Results**

Attached are unaudited financial statements for the 1<sup>st</sup> fiscal half of 2015 ending February 28, 2015. Operationally we are ahead of plan on Revenue (\$6.3 vs. \$6.2 plan) for the first six months. Membership revenue has rebounded and annual campaign is on plan. Retail and food service operations are also on plan. Operating Expenses are running 6.0% below plan and below prior year. On an Unrestricted Net Asset basis, MPM is ahead of plan by \$548k. Where we are short versus plan are timing differences with respect to donor commitments for restricted programs (\$1.4M). These differences will be eliminated with the realization of contributions in the second half of the fiscal year.

### **Looking Forward**

The approved County project to replace the façade and windows on the North side of the building will take place in the April – June timeframe, weather permitting. This will eliminate the issue of granite pieces falling off the building while providing additional insulation and improved energy efficiency.

The museum is investing nearly \$1.0 million on renovations to the Streets of Old Milwaukee exhibit area. The project, scheduled to be completed by the end of the calendar year, will result in a new entrance to the exhibit and implementation of new technologies to bring the experience alive for visitors.

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>
	<u>Actual</u>	<u>Budget</u>	<u>Dev</u>	<u>Actual</u>	<u>Change</u>
<b>Revenue:</b>					
Contributions	1,548,403	1,528,307	20,097	1,385,777	162,627
Vision Fund	217,500	0	217,500	0	217,500
Membership	492,876	477,546	15,330	494,747	(1,871)
Special Event Revenue	446,334	495,750	(49,416)	486,313	(39,979)
Public Support	1,750,000	1,750,000	0	1,750,792	(792)
Admissions	573,783	652,004	(78,221)	657,528	(83,746)
Theatre/Planetarium	177,176	174,170	3,006	165,581	11,596
Programs	63,343	76,621	(13,278)	65,952	(2,609)
Contributed Services	0	0	0	45,066	(45,066)
Restaurant and Facility Rental	119,868	117,500	2,368	124,068	(4,200)
Retail	235,754	227,945	7,809	208,443	27,312
Other income	22,640	14,956	7,684	122,252	(99,612)
Net Assets released from restrictions	692,030	722,618	(30,587)	1,789,391	(1,097,361)
Total Unrestricted Revenue	<u>6,339,708</u>	<u>6,237,416</u>	<u>102,291</u>	<u>7,295,910</u>	<u>(956,203)</u>
<b>Operating Expenses:</b>					
Cost of Goods Sold	102,605	95,553	7,052	87,357	15,247
Supplies	435,935	511,761	(75,826)	653,204	(217,269)
Salaries and Wages	2,967,648	2,956,006	11,642	2,838,784	128,864
Benefits	850,069	839,776	10,293	810,908	39,161
Travel	16,504	27,837	(11,333)	18,021	(1,518)
Insurance	58,843	53,255	5,587	55,904	2,939
Marketing/Public Relations	206,938	352,553	(145,615)	308,035	(101,097)
Member/Donor Development	51,269	52,103	(833)	30,261	21,009
Subscriptions/Memberships	10,475	22,235	(11,760)	13,100	(2,625)
Maintenance	342,825	370,087	(27,261)	397,223	(54,398)
Utilities	521,978	528,555	(6,577)	529,025	(7,047)
Professional Fees	315,617	479,249	(163,632)	259,791	55,826
Interest Expense	70,061	75,277	(5,217)	83,598	(13,537)
Miscellaneous	45,438	56,428	(10,990)	41,555	3,882
Sales Tax Expense	12,689	12,600	89	12,496	194
Contributed Services	0	0	0	45,066	(45,066)
Depreciation	555,282	550,654	4,628	603,714	(48,432)
Total Operating Expenses	<u>6,564,176</u>	<u>6,983,929</u>	<u>(419,752)</u>	<u>6,788,043</u>	<u>(223,867)</u>
Inc/(dec) in Unrestricted Net Assets in Operating Items	(224,469)	(746,512)	522,044	507,867	(732,336)
<b>Non-Operating Items:</b>					
Investment Earnings	(6,088)	0	(6,088)	249,274	(255,362)
Loss on Swap Liability	32,518	0	32,518	3,888	28,630
Pension & Post Retirement Expenses	(54,000)	(54,000)	0	(67,500)	13,500
Total Non-Operating Items	<u>(27,570)</u>	<u>(54,000)</u>	<u>26,430</u>	<u>185,663</u>	<u>(213,233)</u>
Inc/(dec) in Unrestricted Net Assets	(252,039)	(800,512)	548,474	693,530	(945,569)
<b>Changes in Temporarily Restricted Net Assets:</b>					
Contributions	208,650	1,705,000	(1,496,350)	421,641	(212,991)
Investment Earnings	10,592	0	10,592	408,820	(398,229)
Net Assets released from restrictions for operations	(692,030)	(722,618)	30,587	(1,789,391)	1,097,361
Inc/(dec) in Temporarily Restricted Net Assets	(472,789)	982,382	(1,455,171)	(958,930)	486,142
<b>Changes in Permanently Restricted Net Assets:</b>					
Contributions	2,100	0	2,100	5,000	(2,900)
Investment Earnings	419	0	419	10,057	(9,638)
Net Assets released from restrictions for operations	0	0	0	0	0
Inc/(dec) in Permanently Restricted Net Assets	2,519	0	2,519	15,057	(12,538)
<b>Inc/(dec) in Net Assets</b>	<u>(722,308)</u>	<u>181,870</u>	<u>(904,178)</u>	<u>(250,343)</u>	<u>(471,965)</u>

**Milwaukee Public Museum**

<b>MPM Consolidated Statement of Financial Position as of 2/28/15</b>			
	<b>Consolidated</b>	<b>Consolidated</b>	
	<b><u>2/28/15</u></b>	<b><u>8/31/14</u></b>	<b><u>Change</u></b>
<b>Assets:</b>			
Cash and cash equivalents	2,314,903	1,467,247	847,656
Investments	281,247	277,223	4,024
Accounts Receivable	72,465	98,115	(25,650)
Contributions Receivable -Current	578,680	1,145,523	(566,843)
Inventories, net	68,496	72,073	(3,577)
Prepaid Expenses	140,834	141,572	(738)
<b>Total Current Assets</b>	<b>3,456,626</b>	<b>3,201,753</b>	<b>254,873</b>
<b>Other Assets:</b>			
Cash and investments held for endowment	6,083,869	6,932,992	(849,123)
Contributions Receivable - Long Term	2,330,977	3,090,977	(760,000)
Other Long Term Assets	0	0	0
<b>Total Other Aassets</b>	<b>8,414,846</b>	<b>10,023,969</b>	<b>(1,609,123)</b>
<b>Property &amp; Equipment:</b>			
Gross Property & Equipment	32,642,694	32,172,867	469,827
Less-Accumulated depreciation	(17,938,180)	(17,407,903)	(530,277)
<b>Net Property &amp; Equipment</b>	<b>14,704,513</b>	<b>14,764,964</b>	<b>(60,451)</b>
<b>Total Assets</b>	<b>26,575,985</b>	<b>27,990,686</b>	<b>(1,414,701)</b>
<b>Liabilities and Net Assets:</b>			
Accounts Payable	552,104	636,033	(83,929)
Accrued Payroll & Benefits	487,442	513,836	(26,394)
Deferred Revenue	959,367	1,022,032	(62,665)
Interest Payable	8,744	11,856	(3,112)
Accrued Postretirement Benefits - Current	105,408	105,408	0
Notes Payable - Current	930,000	1,180,000	(250,000)
Lease Payable - Current	23,743	23,743	0
<b>Total Current Liabilities</b>	<b>3,066,807</b>	<b>3,492,908</b>	<b>(426,101)</b>
Accrued Postretirement Benefits	2,642,199	2,632,310	9,889
Interest Rate Swap Liability	100,733	133,251	(32,518)
Notes Payable	967,000	1,197,000	(230,000)
Lease Payable	20,478	34,142	(13,664)
<b>Total Liabilities</b>	<b>6,797,218</b>	<b>7,489,611</b>	<b>(692,393)</b>
<b>Net Assets:</b>			
Unrestricted	9,558,019	9,810,058	(252,039)
Temporarily Restricted	6,359,623	6,832,412	(472,789)
Permanently Restricted	3,861,124	3,858,605	2,519
<b>Total Net Assets</b>	<b>19,778,767</b>	<b>20,501,075</b>	<b>(722,308)</b>
<b>Total Liabilities and Net Assets</b>	<b>26,575,985</b>	<b>27,990,686</b>	<b>(1,414,701)</b>

**Milwaukee Public Museum**

<b>Consolidated Statement of Cash Flows for the Six Months Ended 2/28/15</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	(722,308)		(250,343)
Adjustments to reconcile net cash flows from operations:			
Depreciation and amortization	555,282		603,714
Donated fixed assets	5,231		0
Change in value of interest rate swap	(32,518)		(3,888)
Unrealized (gain)/loss on investments	246,145		(288,152)
Realized (gain)/loss on investments	(194,572)		(320,167)
Changes in operating assets and liabilities:			
Accounts Receivable	25,651		(6,517)
Contribution Receivable	1,326,843		325,049
Inventories and Other Assets	3,578		15,573
Prepaid Expenses	738		5,723
Accounts Payable, Accrued Expenses and Accrued Benefits	(100,437)		219,065
Due to Affiliates	0		0
Interest Payable	(3,112)		(6,489)
Deferred Revenue	(62,665)		(140,737)
<b>Total Adjustments</b>	<b>1,770,162</b>		<b>403,173</b>
Net cash provided/(used) by operating activities	1,047,854		152,830
<b>Investing Activities:</b>			
Purchases of Property & Equipment	(33,300)		(102,120)
Purchases of Property & Equipment - Restricted	(466,761)		(985,538)
Proceeds from Sale of Investments	3,111,472		2,556,775
Purchases of Investments	(2,317,946)		(2,324,201)
Net cash provided/(used) in investing activities	293,465		(855,083)
<b>Financing Activities:</b>			
Principal payments on notes payable	(730,000)		(405,000)
Proceeds from Notes Payable/Line of Credit	250,000		300,000
Inception of lease	0		72,882
Payments on lease obligations	(13,664)		(7,408)
Net cash provided/(used) in financing activities	(493,664)		(39,526)
<b>Net Inc/(Dec) in Cash and Cash Equivalents</b>	<b>847,655</b>		<b>(741,779)</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>2,314,902</b>		<b>2,042,159</b>