



Date: July 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 – 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.

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

- *Crossroads of Civilization*, the first permanent exhibit to open in 10 years, opened on March 15th. The 4,000 sq ft exhibit highlights the cultures of the Near East and Mediterranean during the timeframe of 3500BCE – 500CE.
- Major traveling exhibition contracts have been signed covering the next four years.
- Renovations to the *Streets of Old Milwaukee* are in progress.
- *Ancient Skies*, a MPM-produced planetary show debuted.
- Dawn Koceja attended the Getty Leadership Institute's NextGen Class of 2015 training program.
- Two more MPM Teaching Fellows from Carroll University completed their coursework. A total of 290 Carroll students used the exhibits for coursework.
- Archeology Days with subtle changes like presenters being throughout the museum, a tighter focus on a theme, dig boxes for kids and lectures was a success with almost 3500 attendees over two days. The Streets Alive event drew more than 2000 attendees.

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Partnerships and Collaborations

- 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 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.
- Recovery from the History Storage water leak onto WPA materials is mainly concluded with textile conservator Frank Connet (Chicago) completing the work on items damaged . 54 textiles were treated and returned to MPM with overall excellent results. Connet will give a Luncheon Lecture in fall.

Financial Results

Attached are unaudited financial statements through the 3rd fiscal quarter of 2015 ending May 31st, 2015. Operationally we are ahead of plan on Revenue (\$10.4M vs. \$9.4M plan). Membership revenue has rebounded and annual campaign is on plan. Admissions are behind plan due to policy changes on charging for exhibits. Prior year was higher because of having the BodyWorlds exhibit revenues last year. The retail and food service operations are also on plan. Operating Expenses are running 2.0% below plan and below prior year. On an Unrestricted Net Asset basis, MPM is ahead of plan by \$1.2M, \$1M of which is related to the release from restriction on putting the Crossroads exhibit into operation. 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 remainder of the fiscal year. Debt levels have been further reduced as pledge commitments to eliminate the debt are realized.

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Looking Forward

The approved County project to replace the façade and windows on the North side of the building is underway. This eliminates 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

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MPM Consolidated Statement of Activities for the Nine Months Ended 5/31/15					
	YTD	YTD		Prior Year	Prior Year
	<u>Actual</u>	<u>Budget</u>	<u>Dev</u>	<u>Actual</u>	<u>Change</u>
Revenue:					
Contributions	2,141,995	2,172,681	(30,686)	1,895,783	246,212
Vision Fund	240,065	0	240,065	0	240,065
Membership	829,707	724,172	105,535	737,868	91,839
Special Event Revenue	449,934	495,750	(45,816)	486,313	(36,379)
Public Support	2,625,000	2,625,000	0	2,625,792	(792)
Admissions	1,084,537	1,283,280	(198,743)	1,558,224	(473,687)
Theatre/Planetarium	282,117	373,550	(91,433)	348,280	(66,163)
Programs	109,786	143,276	(33,490)	122,968	(13,182)
Contributed Services	0	0	0	45,066	(45,066)
Restaurant and Facility Rental	169,669	165,700	3,969	167,107	2,562
Retail	423,052	417,880	5,172	440,830	(17,778)
Other income	35,807	25,431	10,376	133,933	(98,125)
Net Assets released from restrictions	1,962,760	938,974	1,023,786	1,879,462	83,297
Total Unrestricted Revenue	10,354,430	9,365,694	988,736	10,441,627	(87,197)
Operating Expenses:					
Cost of Goods Sold	182,406	174,663	7,743	177,056	5,351
Supplies	631,380	767,369	(135,989)	901,393	(270,013)
Salaries and Wages	4,533,133	4,461,654	71,478	4,506,602	26,531
Benefits	1,300,317	1,248,139	52,179	1,253,340	46,977
Travel	26,178	55,373	(29,195)	30,857	(4,678)
Insurance	88,895	83,584	5,311	78,488	10,407
Marketing/Public Relations	385,635	549,125	(163,490)	514,759	(129,124)
Member/Donor Development	94,195	74,565	19,630	49,129	45,066
Subscriptions/Memberships	12,750	25,570	(12,820)	21,066	(8,315)
Maintenance	652,683	501,837	150,846	573,440	79,244
Utilities	778,131	829,833	(51,701)	824,022	(45,891)
Professional Fees	467,824	598,734	(130,910)	383,967	83,857
Interest Expense	98,160	111,994	(13,833)	119,890	(21,730)
Miscellaneous	68,580	79,570	(10,990)	64,009	4,571
Sales Tax Expense	12,689	12,600	89	12,496	194
Contributed Services	0	0	0	45,066	(45,066)
Depreciation	839,882	818,870	21,012	892,461	(52,579)
Total Operating Expenses	10,172,840	10,393,480	(220,641)	10,448,038	(275,198)
Inc/(dec) in Unrestricted Net Assets in Operating Items	181,590	(1,027,786)	1,209,376	(6,411)	188,001
Non-Operating Items:					
Investment Earnings	16,456	0	16,456	303,283	(286,827)
Loss on Swap Liability	43,627	0	43,627	21,054	22,573
Pension & Post Retirement Expenses	(81,000)	(81,000)	0	(101,250)	20,250
Total Non-Operating Items	(20,917)	(81,000)	60,083	223,087	(244,004)
Inc/(dec) in Unrestricted Net Assets	160,673	(1,108,786)	1,269,459	216,676	(56,003)
Changes in Temporarily Restricted Net Assets:					
Contributions	927,914	2,375,000	(1,447,086)	463,730	464,184
Investment Earnings	53,710	0	53,710	497,306	(443,596)
Net Assets released from restrictions for operations	(1,962,760)	(938,974)	(1,023,786)	(1,879,462)	(83,297)
Inc/(dec) in Temporarily Restricted Net Assets	(981,136)	1,436,026	(2,417,162)	(918,426)	(62,710)
Changes in Permanently Restricted Net Assets:					
Contributions	2,100	0	2,100	5,000	(2,900)
Investment Earnings	1,784	0	1,784	12,180	(10,396)
Net Assets released from restrictions for operations	0	0	0	0	0
Inc/(dec) in Permanently Restricted Net Assets	3,884	0	3,884	17,180	(13,296)
Inc/(dec) in Net Assets	(816,579)	327,240	(1,143,819)	(684,570)	(132,009)

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MPM Consolidated Statement of Financial Position as of 5/31/15			
	Consolidated	Consolidated	
	<u>5/31/15</u>	<u>8/31/14</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	1,711,604	1,467,247	244,357
Investments	282,819	277,223	5,596
Accounts Receivable	42,014	98,115	(56,101)
Contributions Receivable - Current	558,103	1,145,523	(587,420)
Due From Other Entities	0	0	0
Inventories, net	68,816	72,073	(3,257)
Prepaid Expenses	102,793	141,572	(38,779)
Total Current Assets	2,766,150	3,201,753	(435,603)
Other Assets:			
Cash and investments held for endowment	6,207,754	6,932,992	(725,238)
Contributions Receivable - Long Term	2,830,977	3,090,977	(260,000)
Other Long Term Assets	0	0	0
Total Other Aassets	9,038,731	10,023,969	(985,238)
Property & Equipment:			
Construction in Progress	1,116,250	1,319,611	(203,361)
Building Additions	19,680,737	19,508,737	172,000
Furniture, equipment and other improvements	11,952,924	11,344,519	608,405
Gross Property & Equipment	32,749,910	32,172,867	577,043
Less-Accumulated depreciation	(17,876,030)	(17,407,903)	(468,127)
Net Property & Equipment	14,873,881	14,764,964	108,917
Total Assets	26,678,762	27,990,686	(1,311,924)
Liabilities and Net Assets:			
Accounts Payable	552,982	636,033	(83,051)
Accrued Payroll & Benefits	619,288	513,836	105,452
Deferred Revenue	926,923	1,022,032	(95,109)
Interest Payable	9,836	11,856	(2,020)
Accrued Postretirement Benefits - Current	105,408	105,408	0
Notes Payable - Current	1,030,000	1,180,000	(150,000)
Lease Payable - Current	23,743	23,743	0
Total Current Liabilities	3,268,181	3,492,908	(224,727)
Accrued Postretirement Benefits	2,653,003	2,632,310	20,693
Interest Rate Swap Liability	89,624	133,251	(43,627)
Due to Other Entities	0	0	0
Notes Payable	967,000	1,197,000	(230,000)
Lease Payable	16,457	34,142	(17,685)
Total Liabilities	6,994,266	7,489,611	(495,345)
Net Assets:			
Unrestricted	9,970,731	9,810,058	160,673
Temporarily Restricted	5,851,276	6,832,412	(981,136)
Permanently Restricted	3,862,489	3,858,605	3,884
Total Net Assets	19,684,496	20,501,075	(816,579)
Total Liabilities and Net Assets	26,678,762	27,990,686	(1,311,924)

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Consolidated Statement of Cash Flows for the Nine Months Ended 5/31/15			
	YTD		Prior YTD
	<u>Actual</u>		<u>Actual</u>
Operating Activities:			
Increase in net assets	(816,579)		(684,570)
Adjustments to reconcile net cash flows from operations:			
Depreciation and amortization	839,882		892,461
Donated fixed assets	5,231		0
Change in value of interest rate swap	(43,627)		(21,054)
Unrealized (gain)/loss on investments	153,309		(406,489)
Realized (gain)/loss on investments	(154,281)		(320,467)
Changes in operating assets and liabilities:			
Accounts Receivable	56,102		(24,618)
Contribution Receivable	847,420		442,859
Inventories and Other Assets	3,258		17,691
Prepaid Expenses	38,779		45,864
Accounts Payable, Accrued Expenses and Accrued Benefits	43,091		365,350
Due to Affiliates	0		0
Interest Payable	(2,020)		(5,695)
Deferred Revenue	(95,109)		(176,082)
Total Adjustments	1,692,034		809,821
Net cash provided/(used) by operating activities	875,455		125,251
Investing Activities:			
Purchases of Property & Equipment	(58,300)		(131,222)
Purchases of Property & Equipment - Restricted	(895,729)		(1,098,971)
Proceeds from Sale of Investments	4,287,317		2,557,105
Purchases of Investments	(3,566,703)		(2,344,401)
Net cash provided/(used) in investing activities	(233,414)		(1,017,489)
Financing Activities:			
Principal payments on notes payable	(1,680,000)		(605,000)
Proceeds from Notes Payable/Line of Credit	1,300,000		300,000
Inception of lease	0		72,882
Payments on lease obligations	(17,685)		(13,046)
Net cash provided/(used) in financing activities	(397,685)		(245,164)
Net Inc/(Dec) in Cash and Cash Equivalents	244,357		(1,137,403)
Cash and Cash Equivalents, beginning of period	1,467,247		2,783,938
Cash and Cash Equivalents, end of period	1,711,604		1,646,535

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