



Date: January 11, 2016

To: Chairman T. Lipscomb, Sr.
Supervisor W. Johnson, Jr.
Supervisor J. Schmitt
Supervisor G. Broderick

CC: Dennis Kois

**Subject: Report from the Milwaukee Public Museum
Fiscal 2016, 1st Quarter Results**

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.

September through November activity at MPM was high level on all fronts. School visitation was up 4.5% over prior year. Membership attendance doubled from 8,000 to 16,000. The annual Halloween Hauntings event saw 6,000 in attendance over the two days. Theater attendance more than doubled prior year.

October also included the museum's annual gala. This year's program had all guests seated in one gallery and a very successful auction was held. The event generated nearly \$200,000 in support of MPM.

Meanwhile, the much anticipated (with wringing hands for some) re-imagining of the Streets of Old Milwaukee was underway and closed off to the public during the renovation. The new Streets were re-opened to the public on December 11th with much fanfare and success. December's attendance jumped 72% over last year which we feel was largely attributable to the community interest in this iconic exhibit.

Facility improvements from County and museum funded capital projects were substantially completed. The museum invested in major repairs to the Greenhouse on the roof. Broken glass sections and leaks in the structure were repaired adding several years of life to our botanist's work area. Having replaced the north face and windows on the museum, the County tackled the underlying support structure and part of the expansion joint problem that has plagued the museum for years.

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Financially, the museum saw revenues at over 95% of plan. Operating expenses came in 5% under plan as well which offset the revenue shortfall. MPM received a \$1 million gift commitment in November to advance a number of scientific and educational programs over the coming years. Positive investment earnings also contributed to the overall earnings. The result was the museum showed a positive \$0.5 million change in net assets compared to a planned loss of (\$0.57) million which was also the loss incurred in the prior year's 1st quarter.

Looking Ahead

The re-opening of the Streets exhibit, combined with our newly added *Crossroads of Civilization* exhibit area are providing great reasons for the community to come back and see their public museum. In addition, we are preparing for our major traveling exhibit to open on February 6th. *Ultimate Dinosaurs* brings to life the unusual and very large dinosaurs that roamed the southern hemisphere during the time of the supercontinent of Pangaea, approximately 200 million years ago.

Our work on the museum's long term strategic plan continues. Estimates on existing facility renovation cost requirements versus new facility investment needs are being considered by the Board of Directors. We anticipate concluding the major planning effort in late spring/early summer.

Sincerely,

Michael A. Bernatz

Michael A. Bernatz
Chief Financial Officer
Milwaukee Public Museum

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MPM Consolidated Statement of Activities for the Three Month Ended 11/30/15					
	YTD	YTD		Prior Year	Prior Year
	<u>Actual</u>	<u>Budget</u>	<u>Dev</u>	<u>Actual</u>	<u>Change</u>
Revenue:					
Contributions	719,982	711,500	8,482	683,736	36,246
Vision Fund	0	125,000	(125,000)	190,500	(190,500)
Membership	157,817	240,092	(82,275)	173,555	(15,738)
Special Event Revenue	329,806	353,150	(23,344)	294,533	35,273
Public Support	875,000	875,000	0	875,000	0
Admissions	222,166	306,025	(83,859)	225,758	(3,592)
Theatre/Planetarium	51,796	38,200	13,596	73,461	(21,665)
Programs	16,724	20,890	(4,166)	23,955	(7,231)
Contributed Services	2,800	0	2,800	0	2,800
Restaurant and Facility Rental	31,163	53,075	(21,912)	48,816	(17,653)
Retail	77,104	91,800	(14,696)	101,650	(24,546)
Other income	16,027	5,603	10,424	8,495	7,532
Net Assets released from restrictions	235,837	53,308	182,529	304,919	(69,083)
Total Unrestricted Revenue	2,736,222	2,873,643	(137,421)	3,004,377	(268,155)
Operating Expenses:					
Cost of Goods Sold	32,577	39,235	(6,659)	44,384	(11,807)
Supplies	197,286	251,232	(53,946)	198,661	(1,374)
Salaries and Wages	1,499,279	1,536,430	(37,151)	1,464,418	34,861
Benefits	396,146	466,598	(70,452)	398,621	(2,475)
Travel	19,706	14,375	5,331	3,441	16,265
Insurance	29,592	30,052	(461)	28,789	803
Marketing/Public Relations	189,153	156,659	32,494	112,827	76,327
Member/Donor Development	16,096	17,918	(1,821)	24,746	(8,649)
Subscriptions/Memberships	20,069	6,935	13,134	3,514	16,554
Maintenance	109,983	135,552	(25,569)	187,485	(77,502)
Utilities	244,416	256,268	(11,851)	242,681	1,735
Professional Fees	149,875	139,466	10,409	160,007	(10,131)
Interest Expense	27,639	34,020	(6,381)	35,622	(7,983)
Miscellaneous	24,751	24,920	(169)	17,922	6,829
Sales Tax Expense	6,098	7,000	(902)	5,211	887
Contributed Services	0	0	0	0	0
Depreciation	289,975	288,676	1,299	280,886	9,088
Total Operating Expenses	3,252,642	3,405,336	(152,694)	3,209,215	43,427
Inc/(dec) in Unrestricted Net Assets in Operating Items	(516,420)	(531,694)	15,274	(204,838)	(311,582)
Non-Operating Items:					
Investment Earnings	62,149	0	62,149	(21,834)	83,983
Loss on Swap Liability	12,871	0	12,871	0	12,871
Pension & Post Retirement Expenses	(27,000)	(27,000)	0	(27,000)	0
Non-Operating Expense	0	0	0	0	0
Total Non-Operating Items	48,020	(27,000)	75,020	(48,834)	96,854
Inc/(dec) in Unrestricted Net Assets	(468,399)	(558,694)	90,294	(253,672)	(214,728)
Changes in Temporarily Restricted Net Assets:					
Contributions	1,172,985	42,500	1,130,485	20,000	1,152,985
Investment Earnings	30,935	0	30,935	(32,957)	63,892
Net Assets released from restrictions for operations	(235,837)	(53,308)	(182,529)	(304,919)	69,083
Inc/(dec) in Temporarily Restricted Net Assets	968,083	(10,808)	978,891	(317,876)	1,285,959
Changes in Permanently Restricted Net Assets:					
Contributions	0	0	0	100	(100)
Investment Earnings	0	0	0	(691)	691
Net Assets released from restrictions for operations	0	0	0	0	0
Inc/(dec) in Permanently Restricted Net Assets	0	0	0	(591)	591
Inc/(dec) in Net Assets	499,684	(569,501)	1,069,185	(572,139)	1,071,823

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MPM Consolidated Statement of Financial Position as of 11/30/15			
	Consolidated 11/30/15	Consolidated 8/31/15	Change
Assets:			
Cash and cash equivalents	1,609,767	1,691,130	(81,363)
Investments	268,227	263,309	4,918
Accounts Receivable	55,627	46,309	9,318
Contributions Receivable -Current	2,040,365	1,119,980	920,385
Due From Other Entities	0	0	0
Inventories, net	73,332	39,093	34,239
Prepaid Expenses	41,607	79,779	(38,172)
Total Current Assets	4,088,925	3,239,600	849,325
Other Assets:			
Cash and investments held for endowment	5,164,879	5,783,561	(618,682)
Contributions Receivable - Long Term	2,129,003	2,129,003	0
Other Long Term Assets	0	0	0
Total Other Aassets	7,293,882	7,912,564	(618,682)
Property & Equipment:			
Construction in Progress	1,802,156	1,403,487	398,669
Building Additions	19,691,987	19,680,737	11,250
Furniture, equipment and other improvements	12,041,996	12,041,995	1
Gross Property & Equipment	33,536,139	33,126,219	409,920
Less-Accumulated depreciation	(18,453,049)	(18,163,074)	(289,975)
Net Property & Equipment	15,083,090	14,963,145	119,945
Total Assets	26,465,897	26,115,309	350,588
Liabilities and Net Assets:			
Accounts Payable	483,469	489,029	(5,560)
Accrued Payroll & Benefits	893,985	773,056	120,929
Deferred Revenue	955,134	1,003,482	(48,348)
Interest Payable	9,225	10,071	(846)
Accrued Postretirement Benefits - Current	124,639	124,639	0
Notes Payable - Current	1,400,000	1,600,000	(200,000)
Lease Payable - Current	25,328	25,328	0
Total Current Liabilities	3,891,780	4,025,605	(133,825)
Accrued Postretirement Benefits	5,182,454	5,176,624	5,830
Interest Rate Swap Liability	62,464	75,335	(12,871)
Due to Other Entities	0	0	0
Notes Payable	767,000	767,000	0
Lease Payable	585	8,814	(8,229)
Total Liabilities	9,904,283	10,053,378	(149,095)
Net Assets:			
Unrestricted	6,002,514	6,470,912	(468,398)
Temporarily Restricted	6,698,396	5,730,314	968,082
Permanently Restricted	3,860,705	3,860,705	0
Total Net Assets	16,561,615	16,061,931	499,684
Total Liabilities and Net Assets	26,465,897	26,115,309	350,588

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Consolidated Statement of Cash Flows for the Two Month Ended 10/31/15			
	YTD		Prior YTD
	<u>Actual</u>		<u>Actual</u>
Operating Activities:			
Increase in net assets	499,684		(584,671)
Adjustments to reconcile net cash flows from operations:			
Depreciation and amortization	289,975		187,147
Loss on disposal of assets	0		5,231
Change in value of interest rate swap	(12,871)		0
Unrealized (gain)/loss on investments	(73,091)		132,742
Realized (gain)/loss on investments	0		(197)
Changes in operating assets and liabilities:			
Accounts Receivable	(9,318)		93,834
Contribution Receivable	(920,385)		42,410
Inventories and Other Assets	(34,239)		(18,358)
Prepaid Expenses	38,172		58,546
Accounts Payable, Accrued Expenses and Accrued Benefits	121,199		(101,555)
Due to Affiliates	0		0
Interest Payable	(846)		297
Deferred Revenue	(48,348)		189,218
Total Adjustments	(649,753)		589,314
Net cash provided/(used) by operating activities	(150,070)		4,643
Investing Activities:			
Purchases of Property & Equipment	(11,250)		(25,000)
Purchases of Property & Equipment - Restricted	(398,669)		(128,946)
Proceeds from Sale of Investments	693,082		601,422
Purchases of Investments	(6,226)		(271,797)
Net cash provided/(used) in investing activities	276,937		175,678
Financing Activities:			
Principal payments on notes payable	(1,000,000)		0
Proceeds from Notes Payable/Line of Credit	800,000		0
Inception of lease	0		0
Payments on lease obligations	(8,229)		(5,793)
Net cash provided/(used) in financing activities	(208,229)		(5,793)
Net Inc/(Dec) in Cash and Cash Equivalents	(81,361)		174,529
Cash and Cash Equivalents, beginning of period	1,691,129		1,467,247
Cash and Cash Equivalents, end of period	1,609,768		1,641,776