



Date: May 26, 2016

To: Chairperson Theodore Lipscomb, Sr., Milwaukee County Board of Supervisors
Chairperson Peggy A. West, Committee on Finance, Personnel, and Audit
Chairperson Jason Haas, Committee on Parks, Energy, and Environment

CC: Janelle M. Jensen, Senior Committee Coordinator, Office of the County Clerk
Allyson R. Smith, Committee Coordinator, Office of the County Clerk

**Subject: Report from the Milwaukee Public Museum
Results YTD for the eight months ending April 30, 2016**

The Mission of the Milwaukee Public Museum is to inspire curiosity, excite minds and increase desire to preserve and protect our world's natural and cultural diversity through exhibitions, educational programs, collections and research.

Program Summary

The Museum has been successful and very active since reporting on the 1st quarter ending November 2015. Attendance totals were up 34.5% over the prior year for the eight months ending April 30 and membership, which tends to increase during major exhibits, increased 16.6% over the prior year.

MPM's second quarter (Dec 1 to Feb 28) saw the highest second-quarter attendance in the Museum's history, thanks to the *Ultimate Dinosaurs* exhibition and the continued visitation driven by the refreshed *Streets of Old Milwaukee*.

In addition, MPM recently completed the first full year of being "Free to All" the first Thursday of every month, via the Kohl's Thank You Thursdays program. The number of free attendees increased 63% over the prior year, to more than 28,800, and Kohl's has renewed their support of this program for 2016-17. MPM was also notified it is being included in the Kohl's Cares Field Trip grant program, and has vaulted to the #1 destination to which Milwaukee schools have applied for support for a class trip. Hence next year MPM will host 234 schools (more than 17,000 students) that will have their trips funded by the grant program, in addition to the more than 100,000 students who already visit MPM each year.

In February MPM hosted the Food and Froth fundraiser, welcoming over 2,000 attendees and generating over \$155,000 in support of the Museum's mission and programs.

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In January MPM announced a seven-figure gift from a new board member to establish **the Center for Wisconsin Biodiversity and Environment (CWBE)** at MPM. CWBE projects already launched as of the end of April included an innovative crowd-sourced digitization project that will make more than 75,000 specimens from the collection available to researchers worldwide within just the first two years, and the announcement of funded research fellowships to be offered to science faculty at local universities and colleges. The first cohort of three research fellows will undertake projects at MPM starting this summer.

In addition, MPM was notified that it is being considered for a grant of more than \$80,000 from the MMSD, which MPM will be matching with its own fundraising, to renovate the Wells Street entrance courtyard into a demonstration garden for green technologies—including rainwater reclamation, native plants, demonstrations of MPM's existing green roof and solar wall, and an outdoor educational amphitheater space for school groups. This project is being undertaken with a number of community partner organizations, and work may commence as soon as this summer.

Looking Ahead

The next special exhibit at MPM will be the first major project organized from MPM's collections in more than a decade: *Hidden Wisconsin*. The exhibit will open in October 2016, highlighting little-known objects, secret stories, and insider knowledge that even the most die-hard Wisconsinite likely doesn't know about the State we all call home.

Fiscal Summary

Strong attendance results and membership revenue for the current fiscal year have assisted in maintaining positive financial results. The museum earned revenues for the eight month period exceeded the prior year's revenues while staying in line with budgeted consolidated revenues.

Consolidated operating expenses are running below budgeted expenses for the eight month period. Museum investment earnings rebounded from the previous market losses and net increases in restricted assets have contributed to the overall increase in Net Assets.

Fiscal year-to-date financials for the eight months ending April 30, 2016 are attached to this report.

Capital Investment Summary

County and museum-funded projects for the near future include the renovation of MPM's freight elevator, which will begin on June 1 for completion by August 1. While we are pleased to see the County invest in the County's museum building, the Supervisors should be aware that once the elevator reopens, MPM will no longer be able to utilize this elevator for transporting large groups or groups in wheelchairs or with mobility challenges (as it has for many decades). **This will present both a mission and revenue-based hardship for the museum. Programs that have utilized the freight elevator for transport of groups bring in more than \$156,000 in gross revenue to MPM annually; a significant portion of this revenue will likely disappear as groups are no longer able to effectively access the museum.** The capacity of the two small passenger elevators that were built as part of the Museum in 1964 are insufficient for an institution now welcoming a half million visitors annually, and put the museum and County at risk of being accused of non-compliance with the Americans with Disabilities Act (ADA).

We estimate that during peak visitation periods such as school breaks and popular weekends, the wait for an elevator at the Museum to enter, exit, or change exhibit floors for those in wheelchairs, walkers, or

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using strollers may hit 30-60 minutes. This also presents a life safety and security issue. **We are presently working with County staff to identify the means and mechanism to install an additional public passenger elevator at MPM on an expedited schedule to address this issue.**

Other projects underway include the piazza membrane/sidewalk repair on the East (MacArthur Square/James Lovell St. side) of the museum in early summer, phase 1 of electrical sub-station replacement with a late summer start, a phase 2 renovation project within the Streets of Old Milwaukee funded by MPM donors, and the aforementioned project with MMSD's Green Infrastructure Partnership Program related to work on the Kadish courtyard.

Collections Storage Issue Update

As has been described previously to the Supervisors, MPM's Accreditation by the American Alliance of Museums is up for renewal in 2020; the review process takes place starting in 2018.

MPM is at significant risk of losing its accreditation as a museum based on the collections storage conditions in the current County facility, which do not meet AAM requirements for accredited institutions nor generally accepted practices in the museum field. More practically, the collections themselves are being placed at risk for damage (and in fact, as we have reported previously, significant cases of damage have occurred due to facility conditions). The loss of accreditation would make MPM one of the largest museums ever to lose its accreditation in the United States, would mean MPM could no longer host traveling exhibits from other major museums nor borrow collections or objects for display or research from accredited museums, would be ineligible for a range of major grants from a number of funders whom have previously funded MPM (such as the National Science Foundation, National Endowment for the Humanities, NASA, and others), and would be a black eye for MPM and Milwaukee that would receive national attention.

After due consideration and study, we have ascertained it is not economically or practically feasible to make the changes necessary to the current County facility to store the collections onsite. The Museum will therefore require significant support from the County in order to identify and fund sufficient alternate offsite storage for the 4 million+ objects owned by Milwaukee County. We are currently investigating possible storage sites and costs for sites available in Milwaukee County which could be purchased or leased long-term to store the County collections. There may also be surplus County owned property that could meet the requirements for Museum-grade storage. This project would have to be phased, and will initially require 35,000 s/f of high-security space for "deep storage" collections that meets national environmental guidelines for the care of museum collections. Ultimately MPM's collections require some 60-80,000 s/f for permanent storage.

Museum President Dennis Kois and I will be happy to take questions during our appearance before the Committees.

Sincerely,

Patti Dew

Patti Dew
Vice President of Finance and Operations
Milwaukee Public Museum

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MPM Consolidated Statement of Activities for the Eight Months Ended 4/30/16					
	YTD	YTD		Prior Year	Prior Year
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Change</u>
Revenue:					
Contributions	1,582,622	1,793,667	(211,045)	1,917,250	(334,628)
Vision Fund	322,502	250,000	72,502	218,500	104,002
Membership	980,855	787,785	193,070	770,221	210,634
Special Event Revenue	503,180	519,250	(16,070)	446,334	56,847
Public Support	2,333,333	2,333,333	0	2,333,333	0
Admissions	2,045,311	2,287,335	(242,024)	916,190	1,129,120
Theatre/Planetarium	235,461	160,400	75,061	245,357	(9,896)
Programs	101,869	102,295	(426)	95,664	6,205
Contributed Services	2,800	0	2,800	0	2,800
Restaurant and Facility Rental	148,744	183,325	(34,581)	146,180	2,564
Retail	581,974	484,300	97,674	361,217	220,757
Other income	36,181	18,477	17,704	33,178	3,003
Net Assets released from restrictions	825,661	745,639	80,022	1,780,050	(954,388)
Total Unrestricted Revenue	9,700,495	9,665,806	34,688	9,263,475	437,020
Operating Expenses:					
Cost of Goods Sold	247,548	207,606	39,942	155,892	91,657
Supplies	843,673	932,320	(88,647)	576,768	266,906
Salaries and Wages	4,172,210	4,190,123	(17,913)	3,994,034	178,177
Benefits	1,143,515	1,280,572	(137,057)	1,156,240	(12,725)
Travel	112,137	118,110	(5,973)	22,493	89,644
Insurance	73,559	81,389	(7,830)	78,878	(5,318)
Marketing/Public Relations	541,636	528,018	13,618	332,754	208,882
Member/Donor Development	93,178	72,390	20,788	87,479	5,699
Subscriptions/Memberships	15,329	14,844	485	11,383	3,946
Maintenance	459,165	412,239	46,926	533,140	(73,975)
Utilities	623,030	722,067	(99,037)	690,529	(67,499)
Professional Fees	447,881	374,860	73,021	440,008	7,873
Interest Expense	71,449	84,262	(12,812)	88,107	(16,657)
Miscellaneous	108,351	99,638	8,714	62,509	45,842
Sales Tax Expense	14,205	14,500	(295)	12,689	1,516
Contributed Services	0	0	0	0	0
Depreciation	790,151	765,117	25,034	743,366	46,785
Total Operating Expenses	9,757,017	9,898,053	(141,036)	8,986,267	770,750
Inc/(dec) in Unrestricted Net Assets in Operating Items	(56,522)	(232,247)	175,725	277,208	(333,730)
Non-Operating Items:					
Investment Earnings	40,296	0	40,296	13,527	26,769
Loss on Swap Liability	23,492	0	23,492	32,518	(9,026)
Pension & Post Retirement Expenses	(72,000)	(72,000)	0	(72,000)	0
Non-Operating Expense	0	0	0	0	0
Total Non-Operating Items	(8,212)	(72,000)	63,788	(25,955)	17,743
Inc/(dec) in Unrestricted Net Assets	(64,735)	(304,247)	239,512	251,253	(315,988)
Changes in Temporarily Restricted Net Assets:					
Contributions	1,345,788	252,500	1,093,288	797,751	548,036
Investment Earnings	33,941	0	33,941	48,356	(14,416)
Net Assets released from restrictions for operations	(825,661)	(745,639)	(80,022)	(1,780,050)	954,388
Inc/(dec) in Temporarily Restricted Net Assets	554,067	(493,139)	1,047,206	(933,942)	1,488,009
Changes in Permanently Restricted Net Assets:					
Contributions	2,000	0	2,000	2,100	(100)
Investment Earnings	0	0	0	1,645	(1,645)
Net Assets released from restrictions for operations	0	0	0	0	0
Inc/(dec) in Permanently Restricted Net Assets	2,000	0	2,000	3,745	(1,745)
Inc/(dec) in Net Assets	491,332	(797,386)	1,288,718	(678,944)	1,170,276

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MPM Consolidated Statement of Financial Position as of 4/30/16			
	Consolidated <u>4/30/16</u>	Consolidated <u>8/31/15</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	2,854,594	1,691,130	1,163,464
Investments	266,308	263,309	2,999
Accounts Receivable	2,374	46,309	(43,935)
Contributions Receivable -Current	733,226	1,119,980	(386,754)
Due From Other Entities	0	0	0
Inventories, net	63,683	39,093	24,590
Prepaid Expenses	68,460	79,779	(11,319)
Total Current Assets	3,988,645	3,239,600	749,045
Other Assets:			
Cash and investments held for endowment	4,947,668	5,783,561	(835,893)
Contributions Receivable - Long Term	2,129,003	2,129,003	0
Other Long Term Assets	0	0	0
Total Other Assets	7,076,671	7,912,564	(835,893)
Property & Equipment:			
Construction in Progress	1,071,636	1,403,487	(331,851)
Building Additions	19,691,987	19,680,737	11,250
Furniture, equipment and other improvements	13,086,619	12,041,995	1,044,624
Gross Property & Equipment	33,850,243	33,126,219	724,024
Less-Accumulated depreciation	(18,953,225)	(18,163,074)	(790,151)
Net Property & Equipment	14,897,018	14,963,145	(66,127)
Total Assets	25,962,334	26,115,309	(152,975)
Liabilities and Net Assets:			
Accounts Payable	791,515	489,029	302,486
Accrued Payroll & Benefits	868,925	773,056	95,869
Deferred Revenue	1,341,463	1,003,482	337,981
Interest Payable	5,792	10,071	(4,279)
Accrued Postretirement Benefits - Current	124,639	124,639	0
Notes Payable - Current	200,000	1,600,000	(1,400,000)
Lease Payable - Current	15,390	25,328	(9,938)
Total Current Liabilities	3,347,724	4,025,605	(677,881)
Accrued Postretirement Benefits	5,242,503	5,176,624	65,879
Interest Rate Swap Liability	51,843	75,335	(23,492)
Due to Other Entities	0	0	0
Notes Payable	767,000	767,000	0
Lease Payable	0	8,814	(8,814)
Total Liabilities	9,409,071	10,053,378	(644,307)
Net Assets:			
Unrestricted	6,406,178	6,470,912	(64,734)
Temporarily Restricted	6,284,380	5,730,314	554,066
Permanently Restricted	3,862,705	3,860,705	2,000
Total Net Assets	16,553,263	16,061,931	491,332
Total Liabilities and Net Assets	25,962,334	26,115,309	(152,975)

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Consolidated Statement of Cash Flows for the Eight Months Ended 4/30/16			
	YTD		Prior YTD
	<u>Actual</u>		<u>Actual</u>
Operating Activities:			
Increase in net assets	491,332		(678,944)
Adjustments to reconcile net cash flows from operations:			
Depreciation and amortization	790,151		743,366
Loss on disposal of assets	0		5,231
Change in value of interest rate swap	(23,492)		(32,518)
Unrealized (gain)/loss on investments	18,817		201,451
Realized (gain)/loss on investments	(19,270)		(193,461)
Changes in operating assets and liabilities:			
Accounts Receivable	43,935		58,357
Contribution Receivable	386,754		845,857
Inventories and Other Assets	(24,590)		6,352
Prepaid Expenses	11,319		25,393
Accounts Payable, Accrued Expenses and Accrued Benefits	464,237		86,873
Due to Affiliates	0		0
Interest Payable	(4,279)		(3,823)
Deferred Revenue	337,981		218,572
Total Adjustments	1,981,563		1,961,649
Net cash provided/(used) by operating activities	2,472,895		1,282,705
Investing Activities:			
Purchases of Property & Equipment	(66,082)		(58,300)
Purchases of Property & Equipment - Restricted	(657,941)		(822,653)
Proceeds from Sale of Investments	909,465		3,573,791
Purchases of Investments	(76,122)		(2,578,757)
Net cash provided/(used) in investing activities	109,321		114,080
Financing Activities:			
Principal payments on notes payable	(2,500,000)		(1,480,000)
Proceeds from Notes Payable/Line of Credit	1,100,000		500,000
Inception of lease	0		0
Payments on lease obligations	(18,752)		(15,669)
Net cash provided/(used) in financing activities	(1,418,752)		(995,669)
Net Inc/(Dec) in Cash and Cash Equivalents	1,163,464		401,116
Cash and Cash Equivalents, beginning of period	1,691,129		1,467,247
Cash and Cash Equivalents, end of period	2,854,593		1,868,364