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# MILWAUKEE ART MUSEUM

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December 6, 2016

To: County Chairman Theodore Lipscomb, Sr.  
County Executive Chris Abele

CC: Chairman Jason Haas, Committee on Parks, Energy and Environment  
Chairman Peggy West, Committee on Finance, Personnel and Audit  
Director Teig Whaley-Smith, Department of Administrative Services  
Allyson R. Smith, Committee on Parks, Energy and Environment  
Jerome Heer, Director of Audits, Office of the Comptroller

From: Jane Wochos, COFO, Milwaukee Art Museum, Inc.

RE: Report from the Milwaukee Art Museum, Inc.  
Fiscal 2016 – Quarter 3 and 4 Financial update (for the year ending August 31, 2016)

## **Summary**

The mission of the Milwaukee Art Museum, Inc. (Art Museum) is to serve the community and present art as a vital source of inspiration and education. The Art Museum is committed to bring people together to inform, educate and engage in conversation around art through our collection, exhibition and programs.

For the quarters ended May 31 and August 31, 2016, the Art Museum presented the following major exhibitions, Nature and the American Vision: The Hudson River School (closed May 8, 2016), Thomas Hart Benton and Hollywood (open June 10 to September 5, 2016), Sam Francis: Master Printmaker (closed March 20, 2016), Taking Center Stage: The Lanford Wilson Collection of Self-Taught Art (open April 15 to July 3, 2016) and Penelope Umbrico: Future Perfect (open May 5 to August 7, 2016). Our permanent collection was off view to the public until November 24, 2015 as part of our renovation, which was partially funded by Milwaukee County. Attendance was 16% above plan for the year through August; ending at just over 379,000 visitors for the year ended August 31, 2016, with approximately 54% coming from Milwaukee County. School tours welcomed over 48,000 students to the Art Museum for the year with over 70% of school students from Milwaukee County.

## **Financial results**

Attached are the financial results for the nine and twelve months ended May 31 and August 31, 2016. The Art Museum ended the year with a balanced operating budget. The Art Museum contributed revenue accounted for over 59% of all revenue sources. The earned revenue was 32% of total revenue.

The remaining 9% of revenue was primarily due to the distribution to operations from the endowment fund.

### **Looking forward**

The Milwaukee Art Museum has hired Marcelle Polednik, PhD, as the new Donna and Donald Baumgartner director. Ms. Polednik started her duties at the Museum in mid-August. The Art Museum's current exhibitions are Haunted Screens: German Cinema in the 1920s (open until January 22, 2017), Nature and Opulence: The Art of Martin Johnson Heade (open until February 26, 2017) and The Lives of Others (open until January 1, 2017). Future exhibitions include: Helen Levitt: In the Street (opens January 27, 2017), Eastman Johnson in Focus (opens February 11, 2017) and How Posters Work (opens on April 1, 2017).

Regarding the O'Donnell property, Museum and County legal counsel are in the process of reviewing documents and making good progress. In addition, MAM is finalizing its due diligence as specified in the approved term sheet.

Please contact me if you have any questions or concerns with the enclosed materials.

Regards,

*Jane Wochos*

Jane Wochos  
Chief Operating and Financial Officer  
Milwaukee Art Museum, Inc.

**Milwaukee Art Museum, Inc.**  
**Statements of Financial Position**  
**August 31, 2016 and August 31, 2015**

<b>Assets</b>	<b>Pre Audit</b>	
	<b>8/31/2016</b>	<b>8/31/2015</b>
Cash and cash equivalents	\$ 2,258,864	6,823,140
Accounts receivable - Net	125,235	111,649
Pledges receivable	5,743,453	9,124,489
Investment income receivable	80,113	97,664
Inventories - Net	413,774	385,256
Prepaid expenses	457,602	422,455
Investments	48,824,353	41,917,495
Beneficial interest in assets held in trusts	316,323	311,413
Property and equipment - Net	<u>95,353,496</u>	<u>89,444,850</u>
<b>Total Assets</b>	<b>\$ <u>153,573,212</u></b>	<b>\$ <u>148,638,411</u></b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 1,267,323	\$ 2,297,171
Construction line of credit	4,000,000	-
Deferred revenue	<u>1,058,979</u>	<u>1,028,870</u>
<b>Total Liabilities</b>	<b><u>6,326,302</u></b>	<b><u>3,326,041</u></b>
<b>Net Assets</b>		
Unrestricted:		
Board designated	4,063,559	3,756,672
Undesignated	<u>96,192,575</u>	<u>90,277,166</u>
Total unrestricted	100,256,134	94,033,838
Temporarily restricted	17,062,502	23,215,095
Permanently restricted	<u>29,528,274</u>	<u>25,063,437</u>
<b>Total net assets</b>	<b><u>146,846,910</u></b>	<b><u>142,312,370</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>153,173,212</u></b>	<b>\$ <u>145,638,411</u></b>

**Milwaukee Art Museum, Inc.**  
**Statement of Revenues and Expenditures (Operating Fund)**  
**For the Year ending August 31, 2015, Third Quarter ending May 31, 2016 and Budget for year ending August 31, 2016**

**BUDGET SUMMARY**

	<b>FY 2015 Actual</b>	<b>FY 2016 Q3 ending 05/31/16</b>	<b>FY 2016 Budget</b>	<b>FY16 Actual As % of Budget</b>
<b><u>Expenditures</u></b>				
Personnel expenses	\$ 7,779,546	\$ 6,201,388	\$ 8,580,091	72.3%
Professional services	455,356	706,133	439,734	160.6%
Supplies	324,065	319,252	394,044	81.0%
Equipment rental/maintenance	435,559	643,939	465,999	138.2%
Building repairs/maintenance	489,216	357,200	693,125	51.5%
Insurance	177,517	169,729	220,000	77.1%
Utilities	863,984	625,625	904,480	69.2%
Advertising and marketing	873,969	637,362	964,032	66.1%
Postage/shipping/printing	240,398	279,613	304,563	91.8%
Education programs	184,391	192,869	300,111	64.3%
Exhibitions	1,431,246	880,565	1,145,059	76.9%
Other	258,763	366,166	367,683	99.6%
Fundraising/donor/volunteer	493,355	353,432	451,900	78.2%
Bank fees	187,818	143,013	154,023	92.9%
<b>Total Expenditures</b>	<b>14,195,183</b>	<b>11,876,286</b>	<b>15,384,844</b>	<b>77.2%</b>
<b><u>Revenues</u></b>				
Annual campaign and membership	4,649,721	3,733,639	5,354,000	69.7%
Grants and sponsorships	1,613,708	1,329,751	1,874,016	71.0%
Admissions	988,518	1,015,165	1,488,024	68.2%
Exhibition revenue	297,215	41,192	33,250	123.9%
Facility rental	415,717	290,399	501,725	57.9%
Parking	304,101	255,853	358,766	71.3%
Tours	102,066	192,972	229,501	84.1%
Store gross margin	668,255	396,352	649,026	61.1%
Café gross margin	1,112,848	1,011,854	1,375,717	73.6%
Other	1,335,397	528,127	948,619	55.7%
Distribution from endowment	1,610,000	1,074,221	1,472,200	73.0%
<b>Milwaukee County Contribution</b>	<b>1,100,000</b>	<b>825,001</b>	<b>1,100,000</b>	<b>75.0%</b>
<b>Total Revenue</b>	<b>\$ 14,197,546</b>	<b>10,694,526</b>	<b>15,384,844</b>	<b>69.5%</b>
<b>Budget Surplus/(Deficit):*</b>	<b>2,363</b>	<b>(1,181,760)</b>	<b>-</b>	
<b>County Contribution as % of Total Revenue:</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	

\* Quarterly reporting is variable based on timing of gifts, pledges and other revenue. MAM is forecasting to have a balanced budget for FY2016

**Milwaukee Art Museum, Inc.**  
**Statement of Revenues and Expenditures (Operating Fund)**  
**For the Years ending August 31, 2015, Pre Audit August 31, 2016 and Budget for year ending August 31, 2016**

**BUDGET SUMMARY**

	<b>FY 2015 Actual</b>	<b>FY 2016 Pre Audit</b>	<b>FY 2016 Budget</b>	<b>FY16 Actual As % of Budget</b>
<b><u>Expenditures</u></b>				
Personnel expenses	\$ 7,779,546	\$ 8,659,005	\$ 8,580,091	100.9%
Professional services	455,356	868,034	439,734	197.4%
Supplies	324,065	463,080	394,044	117.5%
Equipment rental/maintenance	435,559	905,813	465,999	194.4%
Building repairs/maintenance	489,216	637,126	693,125	91.9%
Insurance	177,517	219,863	220,000	99.9%
Utilities	863,984	847,495	904,480	93.7%
Advertising and marketing	873,969	1,021,302	964,032	105.9%
Postage/shipping/printing	240,398	312,563	304,563	102.6%
Education programs	184,391	271,891	300,111	90.6%
Exhibitions	1,431,246	1,056,598	1,145,059	92.3%
Other	258,763	524,246	367,683	142.6%
Fundraising/donor/volunteer	493,355	433,036	451,900	95.8%
Bank fees	187,818	194,310	154,023	126.2%
<b>Total Expenditures</b>	<b>14,195,183</b>	<b>16,414,362</b>	<b>15,384,844</b>	<b>106.7%</b>
<b><u>Revenues</u></b>				
Annual campaign and membership	4,649,721	5,235,975	5,354,000	97.8%
Grants and sponsorships	1,613,708	2,169,598	1,874,016	115.8%
Admissions	988,518	1,427,891	1,488,024	96.0%
Exhibition revenue	297,215	50,650	33,250	152.3%
Facility rental	415,717	483,600	501,725	96.4%
Parking	304,101	348,113	358,766	97.0%
Tours	102,066	225,243	229,501	98.1%
Store gross margin	668,255	530,052	649,026	81.7%
Café gross margin	1,112,848	1,448,486	1,375,717	105.3%
Other	1,335,397	1,924,405	948,619	202.9%
Distribution from endowment	1,610,000	1,472,200	1,472,200	100.0%
<b>Milwaukee County Contribution</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>100.0%</b>
<b>Total Revenue</b>	<b>\$ 14,197,546</b>	<b>16,416,213</b>	<b>15,384,844</b>	<b>106.7%</b>
<b>Budget Surplus/(Deficit):</b>	<b>2,363</b>	<b>1,851</b>	<b>-</b>	
<b>County Contribution as % of Total Revenue:</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	