

MILWAUKEE ART MUSEUM

May 3, 2016

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

CC: Chairman Jason Haase, 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 – Q1 update (November 2015)

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. Through exhibitions and related programs, the Art Museum is committed to bring people together to inform, educate and engage in conversation around art.

For the quarter ended February 29, 2016, the Art Museum presented the following major exhibitions; Larry Sultan: Here and Home which ran through January 24, 2016 and Sam Francis: Master Printmaker which runs through March 20, 2016. In addition, Nature and the American Vision: The Hudson River School opened February 26, 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 14% above plan for the year through February; ending at just over 166,000 visitors for the six months ended February 29, 2016, with approximately 51% coming from Milwaukee County. School tours welcomed over 18,000 students to the Art Museum for the six months ended February 29, 2016 with over 57% of school students from Milwaukee County.

Financial results

Attached are the financial results for the six months ended February 29, 2016. The Art Museum plans to end the year with a balanced operating budget. The Art Museum contributed revenue accounted for over 58% of all revenue sources. The earned revenue was just over 30% of total revenue. The remaining 12% of revenue was primarily due to the distribution to operations from the endowment fund.

Looking forward

The Art Museum's current exhibitions are Nature and the American Vision: The Hudson River School, which is open until May 8, 2016 and Taking Center Stage: The Lanford Wilson Collection of Self-Taught Art. Future exhibitions include: American Epics: Thomas Hart Benton and Hollywood, opening June 10, 2016; and From Rembrandt to Parmigianino: Old Masters from Private Collections, opening July 29, 2016.

Regarding the O'Donnell property, Museum and County legal counsel are in the document drafting stage and making good progress. In addition, MAM is working on its due diligence as specified in the approved term sheet.

The Art Museum's search for a new director is progressing and we hope to have a new Director in place by late summer.

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.
Statement of Revenues and Expenditures (Operating Fund)
For the Years ending August 31, 2015, Second Quarter ending February 29,2016 and Budget for year ending August 31, 2016

BUDGET SUMMARY

	FY 2015 Actual	FY 2016 Q2 ending 02/29/16	FY 2016 Budget	FY16 Actual As % of Budget
<u>Expenditures</u>				
Personnel expenses	\$ 7,779,546	\$ 4,047,505	\$ 8,580,091	47.2%
Professional services	455,356	418,834	439,734	95.2%
Supplies	324,065	180,463	394,044	45.8%
Equipment rental/maintenance	435,559	244,734	465,999	52.5%
Building repairs/maintenance	489,216	238,871	693,125	34.5%
Insurance	177,517	113,122	220,000	51.4%
Utilities	863,984	425,774	904,480	47.1%
Advertising and marketing	873,969	426,831	964,032	44.3%
Postage/shipping/printing	240,398	192,680	304,563	63.3%
Education programs	184,391	150,987	300,111	50.3%
Exhibitions	1,431,246	750,175	1,145,059	65.5%
Other	258,763	270,772	367,683	73.6%
Fundraising/donor/volunteer	493,355	114,218	451,900	25.3%
Bank fees	187,818	88,878	154,023	57.7%
Total Expenditures	14,195,183	7,663,844	15,384,844	49.8%
<u>Revenues</u>				
Annual campaign and membership	4,649,721	2,403,619	5,354,000	44.9%
Grants and sponsorships	1,613,708	767,733	1,874,016	41.0%
Admissions	988,518	557,203	1,488,024	37.4%
Exhibition revenue	297,215	2,890	33,250	8.7%
Facility rental	415,717	158,000	501,725	31.5%
Parking	304,101	157,578	358,766	43.9%
Tours	102,066	77,388	229,501	33.7%
Store gross margin	668,255	267,710	649,026	41.2%
Café gross margin	1,112,848	517,831	1,375,717	37.6%
Other	1,335,397	187,835	948,619	19.8%
Distribution from endowment	1,610,000	759,620	1,472,200	51.6%
Milwaukee County Contribution	1,100,000	550,000	1,100,000	50.0%
Total Revenue	\$ 14,197,546	6,407,407	15,384,844	41.6%
Budget Surplus/(Deficit):*	2,363	(1,256,437)	-	
County Contribution as % of Total Revenue:	8%	9%	7%	

* 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.
Statements of Financial Position
February 29, 2016 and August 31, 2015

Assets	2/29/2016	8/31/2015
Cash and cash equivalents	\$ 3,899,469	6,823,140
Accounts receivable - Net	552,863	111,649
Pledges receivable	6,191,889	9,124,489
Investment income receivable	96,572	97,664
Inventories - Net	390,918	385,256
Prepaid expenses	552,367	422,455
Investments	43,901,310	41,917,495
Beneficial interest in assets held in trusts	311,413	311,413
Property and equipment - Net	88,080,990	89,444,850
Total Assets	\$ 143,977,791	\$ 148,638,411
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 1,288,984	\$ 2,297,171
Construction line of credit	4,014,000	-
Deferred revenue	1,151,157	1,028,870
Total Liabilities	6,454,141	3,326,041
Net Assets		
Unrestricted:		
Board designated	3,427,737	3,756,672
Undesignated	89,043,906	90,277,166
Total unrestricted	92,471,643	94,033,838
Temporarily restricted	16,360,545	23,215,095
Permanently restricted	28,691,462	25,063,437
Total net assets	137,523,650	142,312,370
Total liabilities and net assets	\$ 143,977,791	\$ 145,638,411