



Date: January 6, 2017

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 for the 3 months ending November 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 concluded its first quarter of the new fiscal year on November 30 with visitor totals up 18.7% over the prior year. Over 20,000 people had access to the museum for free during these three months, of which almost 11,000 were from schools. Our partnership with Kohl's brought in over 5,000 visitors to the Museum for free admission on the first Thursday of each month during the first quarter of the fiscal year.

Our first internally curated special exhibit in a decade—*Hidden Wisconsin*—opened on October 6th and will be extended through January 16, 2017. Attendance counts have exceeded our expectations due in part to the lowering of the initial admission fee to boost demand. Our next traveling exhibit, *Global Kitchen*, presented in partnership with the American Museum of Natural History, New York will open to the public on March 3rd and run through July 9th, 2017.

The donor funded Digistar theater system was installed in September. Although the theater lost visitation for several days during the installation, attendance was still up over 40% from the prior year and is exceeding budget expectations fiscal year to date.

In October, we hosted Halloween Hauntings which brought in over 5,200 visitors to the museum over a two day period. October is also the month for the museum's annual gala, "A Brilliant Gem", which generated approximately \$200,000 in support of the museum.

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In November we provided visitors with a new holiday experience with “Holiday Streets”. The Streets of Old Milwaukee were decorated for the holidays in a manner that was specific to the cultures and time period represented within the Streets exhibit. The successful opening of the renovated Streets exhibit in the prior year prompted us to give visitors another opportunity to visit and see the exhibit in a different way.

Fiscal Summary

MPM consolidated financial statements for the 1st quarter of FY 2017 report a net operating loss of (\$39,425), compared to a net operating loss for the same period in the prior year of (\$516,420). After accounting for non-operating activity and changes in restricted assets, the net result is a decrease in Net Assets of (\$652,212). Use of restricted assets of \$642,160 (contributions received in prior years and expended in the current fiscal year) provided for the overall decrease in Net Assets year to date.

Consolidated year to date operating revenues of \$3.3 million exceeded the prior year’s revenues by approximately \$540,000 due to higher use of restricted contributions for the theater project. Operating revenues are currently \$408,000 lower than budgeted revenues due to variances from plan in fund raising and admissions revenue.

Expenditures are in line with prior year expenses and approximately \$396,264 (10.7%) lower than the fiscal year to date budget. Current efficiencies in salaries, benefits, supplies and professional services are attributed to timing of planned expenditures rather than realized savings.

In other non-operating activity, the Museum and Endowment investment earnings reported 1st quarter market losses of more than (\$21,000). The only distribution from the MPM Endowment fund for FY 2017 was a required distribution from a restricted fund for \$50,000.

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

Capital Investment Summary

County funded projects that are in process at the Museum include the replacement of the electrical substations, expected replacement of key mechanicals and an additional passenger elevator. The substation project has experienced unexpected costs and critical life safety issues that are currently being evaluated by the collaborative team of the County, MPM, WE Energies and contractors. The HVAC project planned for 2017 also needed additional project work related to the concrete pad for the HVAC unit before the project can proceed. The elevator project has been submitted within the County’s Capital Request submission process and the County is currently performing a study on this request.

Recently the museum was notified of a June 2018 target state date for work on the Kilbourn tunnels. This will require the City/County to replace the concrete courtyard just outside the museum’s student lunchroom and will impact use of the lunchroom to some degree during this project. The museum is working with all parties on the timing to reduce the disruption to our visitors during this project.

Other projects funded by MPM donors completed in recent months include the final installation of the theater projection system upgrade which was supported by the Daniel M. Soref Foundation and the upgrade of several Museum entryways required for appropriate security and safety for the Museum collections and visitors.

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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 Three Months Ended 11/30/16					
	YTD	YTD		Prior Year	Prior Year
	Actual	Budget	Variance	Actual	Change
Revenue:					
Contributions	540,632	841,000	(300,368)	719,982	(179,350)
Vision Fund	0	87,500	(87,500)	0	0
Membership	315,212	345,551	(30,339)	157,817	157,395
Special Event Revenue	328,614	364,150	(35,537)	329,806	(1,192)
Public Support	875,000	875,000	0	875,000	0
Admissions	299,200	381,985	(82,785)	222,166	77,034
Theatre/Planetarium	58,822	37,680	21,142	51,796	7,026
Programs	39,598	34,873	4,725	16,724	22,874
Contributed Services	0	0	0	2,800	(2,800)
Restaurant and Facility Rental	67,503	57,045	10,458	31,163	36,340
Retail	122,434	104,000	18,434	77,104	45,330
Other income	(13,090)	5,745	(18,835)	16,027	(29,117)
Net Assets released from restrictions	642,160	549,185	92,975	235,837	406,323
Total Unrestricted Revenue	3,276,084	3,683,714	(407,630)	2,736,222	539,862
Operating Expenses:					
Cost of Goods Sold	52,262	44,939	7,323	32,577	19,686
Supplies	229,032	284,359	(55,327)	197,286	31,745
Salaries and Wages	1,554,678	1,608,054	(53,376)	1,499,279	55,399
Benefits	386,949	456,637	(69,687)	396,146	(9,197)
Travel	9,278	7,657	1,622	19,706	(10,428)
Insurance	27,553	27,337	216	29,592	(2,039)
Marketing/Public Relations	150,847	218,234	(67,387)	189,153	(38,306)
Member/Donor Development	8,852	24,572	(15,720)	16,096	(7,245)
Subscriptions/Memberships	7,845	11,009	(3,164)	20,069	(12,224)
Maintenance	137,397	187,980	(50,583)	109,983	27,414
Utilities	236,587	257,700	(21,113)	244,416	(7,829)
Professional Fees	120,556	175,907	(55,350)	149,875	(29,319)
Interest Expense	30,899	26,763	4,136	27,639	3,260
Miscellaneous	22,147	31,876	(9,729)	24,751	(2,605)
Sales Tax Expense	5,450	6,200	(750)	6,098	(648)
Contributed Services	0	0	0	0	0
Depreciation	335,177	342,552	(7,375)	289,975	45,202
Total Operating Expenses	3,315,509	3,711,773	(396,264)	3,252,642	62,867
Inc/(dec) in Unrestricted Net Assets in Operating Items	(39,425)	(28,060)	(11,365)	(516,420)	476,995
Non-Operating Items:					
Investment Earnings	(9,164)	0	(9,164)	62,149	(71,313)
Loss on Swap Liability	8,410	0	8,410	12,871	(4,461)
Pension & Post Retirement Expenses	(27,000)	(27,000)	0	(27,000)	0
Non-Operating Expense	0	0	0	0	0
Total Non-Operating Items	(27,754)	(27,000)	(754)	48,020	(75,774)
Inc/(dec) in Unrestricted Net Assets	(67,179)	(55,060)	(12,119)	(468,399)	401,221
Changes in Temporarily Restricted Net Assets:					
Contributions	70,785	482,500	(411,715)	1,172,985	(1,102,200)
Investment Earnings	(13,659)	0	(13,659)	30,935	(44,594)
Net Assets released from restrictions for operations	(642,160)	(549,185)	(92,975)	(235,837)	(406,323)
Inc/(dec) in Temporarily Restricted Net Assets	(585,034)	(66,685)	(518,349)	968,083	(1,553,117)
Changes in Permanently Restricted Net Assets:					
Contributions	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Net Assets released from restrictions for operations	0	0	0	0	0
Inc/(dec) in Permanently Restricted Net Assets	0	0	0	0	0
Inc/(dec) in Net Assets	(652,212)	(121,744)	(530,468)	499,684	(1,151,896)
Total Net Assets at Beginning of Period	14,966,364	14,996,364	0	16,061,931	(1,095,567)
Total Net Assets at End of Period	14,314,152	14,874,620	(530,468)	16,561,615	(2,247,463)

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MPM Consolidated Statement of Financial Position as of 11/30/16				
	Consolidated	Consolidated	Consolidated	Change
	<u>11/30/16</u>	<u>11/30/15</u>	<u>8/31/16</u>	<u>from 8/31</u>
Assets:				
Cash and cash equivalents	2,522,295	1,609,767	2,660,896	(138,601)
Investments	289,644	268,227	274,167	15,477
Accounts Receivable	55,466	55,627	61,605	(6,139)
Contributions Receivable -Current	1,068,470	2,040,365	1,285,762	(217,292)
Due From Other Entities	0	0	0	0
Inventories, net	52,176	73,332	42,859	9,317
Prepaid Expenses	269,747	41,607	83,738	186,009
Total Current Assets	4,257,799	4,088,925	4,409,027	(151,228)
Other Assets:				
Cash and investments held for endowment	5,273,482	5,164,879	5,347,656	(74,174)
Contributions Receivable - Long Term	1,193,421	2,129,003	1,193,421	0
Other Long Term Assets	0	0	0	0
Total Other Assets	6,466,903	7,293,882	6,541,077	(74,174)
Property & Equipment:				
Construction in Progress	985,398	1,802,156	1,285,398	(300,000)
Building Additions	19,704,587	19,691,987	19,691,987	12,600
Furniture, equipment and other improvements	13,232,729	12,041,996	13,140,627	92,102
Gross Property & Equipment	33,922,714	33,536,139	34,118,012	(195,298)
Less-Accumulated depreciation	(18,740,092)	(18,453,049)	(19,364,729)	624,637
Net Property & Equipment	15,182,621	15,083,090	14,753,283	429,339
Total Assets	25,907,323	26,465,897	25,703,387	203,937
Liabilities and Net Assets:				
Accounts Payable	426,538	483,469	348,566	77,972
Accrued Payroll & Benefits	829,697	893,985	739,250	90,447
Deferred Revenue	1,066,170	955,134	1,192,220	(126,050)
Interest Payable	10,773	9,225	8,414	2,359
Accrued Postretirement Benefits - Current	133,595	124,639	133,595	0
Notes Payable - Current	2,017,295	1,400,000	1,842,295	175,000
Lease Payable - Current	2,221	25,328	8,813	(6,592)
Total Current Liabilities	4,486,288	3,891,780	4,273,153	213,136
Accrued Postretirement Benefits	6,076,758	5,182,454	6,065,332	11,426
Interest Rate Swap Liability	23,127	62,464	31,538	(8,411)
Due to Other Entities	0	0	0	0
Notes Payable	977,000	767,000	337,000	640,000
Lease Payable	0	585	0	0
Total Liabilities	11,563,173	9,904,283	10,707,023	856,151
Net Assets:				
Unrestricted	5,058,574	6,002,514	5,125,755	(67,181)
Temporarily Restricted	5,522,342	6,698,396	6,107,375	(585,032)
Permanently Restricted	3,763,234	3,860,705	3,763,234	0
Total Net Assets	14,344,151	16,561,615	14,996,364	(652,212)
Total Liabilities and Net Assets	25,907,323	26,465,897	25,703,387	203,937

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Consolidated Statement of Cash Flows for the Three Months Ended 11/30/16

	YTD	Prior YTD
	<u>Actual</u>	<u>Actual</u>
Operating Activities:		
Increase in net assets	(652,212)	499,684
Adjustments to reconcile net cash flows from operations:		
Depreciation and amortization	335,177	289,975
Loss on disposal of assets	32,083	0
Change in value of interest rate swap	(8,410)	(12,871)
Unrealized (gain)/loss on investments	36,736	(73,091)
Realized (gain)/loss on investments	6,805	0
Contributions restricted for capital and endowment		
Changes in operating assets and liabilities:		
Accounts Receivable	6,138	(9,318)
Contribution Receivable	177,292	(920,385)
Inventories and Other Assets	(9,317)	(34,239)
Prepaid Expenses	(186,009)	38,172
Accounts Payable, Accrued Expenses and Accrued Benefits	179,841	121,199
Due to Affiliates	0	0
Interest Payable	2,360	(846)
Deferred Revenue	(126,050)	(48,348)
Total Adjustments	446,645	(649,753)
Net cash provided/(used) by operating activities	(205,568)	(150,070)
Investing Activities:		
Purchases of Property & Equipment	(132,728)	(11,250)
Purchases of Property & Equipment - Restricted	(663,870)	(398,669)
Proceeds from Sale of Investments	245,015	693,082
Purchases of Investments	(229,859)	(6,226)
Net cash provided/(used) in investing activities	(781,442)	276,937
Financing Activities:		
Net proceeds on Notes Payable	640,000	0
Proceeds from contributions restricted for capital and endowment	40,000	
Net proceeds from Line of Credit	175,000	(200,000)
Payments on lease obligations	(6,592)	(8,229)
Net cash provided/(used) in financing activities	848,408	(208,229)
Net Inc/(Dec) in Cash and Cash Equivalents	(138,602)	(81,361)
Cash and Cash Equivalents, beginning of period	2,660,896	1,691,129
Cash and Cash Equivalents, end of period	2,522,294	1,609,768