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# MILWAUKEE ART MUSEUM

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April 11, 2017

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 2017 – Quarter 2 Financial update (for the year ending August 31, 2017)

## **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 quarter ended February 28, 2017, the Art Museum presented the following major exhibitions, Haunted Screens: German Cinema in the 1920s (closed January 22, 2017), Nature and Opulence: The Art of Martin Johnson Heade (closed February 26, 2017), The Lives of Others and Rineke Dijkstra: Rehearsals (closed January 1, 2017), and Ralston Crawford: Art is for Everyday (closed January 29, 2017). Attendance was 16% below plan for the six months ended February 28, 2017; ending at just over 136,000 visitors, with approximately 59% coming from Milwaukee County. School tours welcomed 22,500 students to the Art Museum for the year with over 60% of school students from Milwaukee County.

## **Financial results**

Attached are the financial results for the six months ended February 28, 2017. The Art Museum contributed revenue accounted for over 59% of all revenue sources. The earned revenue was 30% of total revenue. The remaining 11% of revenue was primarily due to the distribution to operations from the endowment fund.

## Looking forward

The Milwaukee Art Museum has recently changed its late night hours to Thursday evenings. The Meijer Free day is the first Thursday of each month. The Art Museum's current exhibitions are Lawrence Weiner: Inherent Innate Tension (open until April 2, 2017), Milwaukee Collects (open until May 21, 2017), How Posters Work (open until June 25, 2017) Helen Levitt: In the Street (open until April 16, 2017), James Nares: In the City (open until April 16, 2017), Eastman Johnson and a Nation Divided (open May 21, 2017) and How Posters Work (open until June 25, 2017). Upcoming future Exhibits at the museum are Paul Druecke: A Social Event Archive (opens on May 12, 2017) and Frank Lloyd Wright: Buildings for the Prairie (opens July 28, 2017).

Regarding the O'Donnell property, Museum and County legal counsel are in the process of reviewing documents and making good progress. Survey work is in progress and is critical to the finalization of the transaction. MAM has completed 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.**  
**Statement of Revenues and Expenditures (Operating Fund)**  
**For the Year ending August 31, 2016, Second Quarter ending February 28, 2017 and Budget for year ending August 31, 2017**

**BUDGET SUMMARY**

	<b>FY 2016 Actual</b>	<b>FY 2017 Q2 ending 02/28/17</b>	<b>FY 2017 Budget</b>	<b>FY17 Actual As % of Budget</b>
<b><u>Expenditures</u></b>				
Personnel expenses	\$ 8,659,005	\$ 4,271,503	\$ 9,052,672	47.2%
Professional services	868,033	205,528	413,900	49.7%
Supplies	463,080	175,045	377,665	46.3%
Equipment rental/maintenance	905,813	403,917	558,376	72.3%
Building repairs/maintenance	637,126	242,645	608,401	39.9%
Insurance	219,863	122,435	243,500	50.3%
Utilities	847,495	453,756	859,530	52.8%
Advertising and marketing	1,021,302	483,761	856,564	56.5%
Postage/shipping/printing	312,563	153,343	347,535	44.1%
Education programs	271,891	106,378	189,540	56.1%
Exhibitions	1,056,598	519,792	1,252,591	41.5%
Other	524,246	244,829	653,356	37.5%
Fundraising/donor/volunteer	433,036	75,808	598,200	12.7%
Bank fees	194,310	77,273	157,023	49.2%
<b>Total Expenditures</b>	<b>16,414,361</b>	<b>7,536,013</b>	<b>16,168,853</b>	<b>46.6%</b>
<b><u>Revenues</u></b>				
Annual campaign and membership	5,235,975	2,204,391	5,852,663	37.7%
Grants and sponsorships	2,169,598	910,966	1,970,029	46.2%
Admissions	1,427,891	603,808	1,729,003	34.9%
Exhibition revenue	50,650	10,164	37,250	27.3%
Facility rental	483,600	170,983	541,054	31.6%
Parking	348,113	159,332	401,200	39.7%
Tours	225,243	76,631	230,004	33.3%
Store gross margin	530,052	228,249	588,531	38.8%
Café gross margin	1,448,486	515,161	1,661,657	31.0%
Other	1,924,406	142,972	646,962	22.1%
Distribution from endowment	1,472,200	674,570	1,410,500	47.8%
<b>Milwaukee County Contribution</b>	<b>1,100,000</b>	<b>550,000</b>	<b>1,100,000</b>	<b>50.0%</b>
<b>Total Revenue</b>	<b>\$ 16,416,214</b>	<b>6,247,227</b>	<b>16,168,853</b>	<b>38.6%</b>
<b>Budget Surplus/(Deficit):*</b>	<b>1,853</b>	<b>(1,288,786)</b>	<b>-</b>	
<b>County Contribution as % of Total Revenue:</b>	<b>7%</b>	<b>9%</b>	<b>7%</b>	

\*Quarterly reporting is variable based on timing of gifts, pledges and other revenue. MAM is forecasting a balanced budget for FY2017.

**Milwaukee Art Museum, Inc.**  
**Statements of Financial Position**  
**February 28, 2017 and August 31, 2015**

<b>Assets</b>	<b>2/28/2017</b>	<b>8/31/2016</b>
Cash and cash equivalents	\$ 1,582,806	2,258,863
Accounts receivable - Net	111,668	125,235
Pledges receivable	4,740,380	6,177,857
Investment income receivable	83,814	80,113
Inventories - Net	389,835	413,774
Prepaid expenses	212,994	457,602
Investments	49,002,391	47,989,949
Beneficial interest in assets held in trusts	316,324	316,323
Property and equipment - Net	93,933,434	95,353,496
<b>Total Assets</b>	<b>\$ 150,373,646</b>	<b>\$ 153,173,212</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 639,205	\$ 1,267,323
Construction line of credit	2,500,000	4,000,000
Deferred revenue	1,133,539	1,058,979
<b>Total Liabilities</b>	<b>4,272,744</b>	<b>6,326,302</b>
<b>Net Assets</b>		
Unrestricted:		
Board designated	2,337,403	4,063,559
Undesignated	95,040,886	96,192,575
Total unrestricted	97,378,289	100,256,134
Temporarily restricted	18,676,108	17,062,502
Permanently restricted	30,046,505	29,528,274
<b>Total net assets</b>	<b>146,100,902</b>	<b>146,846,910</b>
<b>Total liabilities and net assets</b>	<b>\$ 150,373,646</b>	<b>\$ 153,173,212</b>