
MILWAUKEE ART MUSEUM

September 26, 2017

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

CC: Chairman Jason Haas, Committee on Parks, Energy and Environment
Vice Chair, Marcella Nicholson
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 3 and 4 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 quarters ended May 31 and August 31, 2017, the Art Museum presented the following major exhibitions, Milwaukee Collects (March 10 to May 21), Rashid Johnson: Hail We Now Sing Joy (June 23 to September 17), Lawrence Weiner: Inherent Inhate Tension (January 20 to April 2), How Posters Work (March 31 to June 25), Frank Lloyd Wright: Buildings for the Prairie (July 28 to October 15), Helen Levitt: In the Street (January 27 to April 16) and Paul Druecke: A Social Event Archive (May 12 to August 27) Attendance was approximately 336,000 for the year ending August 31, 2017, with approximately 59% coming from Milwaukee County. School tours welcomed almost 44, 000 students to the Art Museum for the year with over 59% 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, 2017. The Art Museum ended the year with a balanced operating budget. The Art Museum contributed revenue accounted for over 57% of all revenue sources. The earned revenue was 32% of total revenue.

The remaining 11% of revenue was primarily due to the distribution to operations from the endowment fund.

Looking forward

The Art Museum's future exhibitions are Degas to Picasso: Creating Modernism in France (opens November 4, 2017), Coming Away: Winslow Homer and England (opens March 1, 2018) and William Kentridge: More Sweetly Play the Dance (opens June 22, 2018), Jaime Hayon: Technicolor (opens December 8, 2017), Anthony Hernandez (open until January 1, 2018) and The Open Road: Photography and the American Road Trip (opens January 26, 2018)

Regarding the O'Donnell property, Museum and County legal counsel are in the final stages of reviewing documents. 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.
Statements of Financial Position
August 31, 2017 and August 31, 2016

	Pre audit	
Assets	8/31/2017	8/31/2016
Cash and cash equivalents	\$ 2,411,255	2,258,863
Accounts receivable - Net	115,912	125,235
Pledges receivable	4,725,085	6,177,857
Investment income receivable	55,174	80,113
Inventories - Net	431,395	413,774
Prepaid expenses	173,236	457,602
Investments	50,153,291	47,989,949
Beneficial interest in assets held in trusts	343,876	316,323
Property and equipment - Net	<u>92,351,824</u>	<u>95,353,496</u>
Total Assets	\$ <u>150,761,048</u>	\$ <u>153,173,212</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 996,683	\$ 1,267,323
Construction line of credit	2,500,000	4,000,000
Deferred revenue	<u>1,046,099</u>	<u>1,058,979</u>
Total Liabilities	<u>4,542,782</u>	<u>6,326,302</u>
Net Assets		
Unrestricted:		
Board designated	2,216,382	4,063,559
Undesignated	<u>94,857,272</u>	<u>96,192,575</u>
Total unrestricted	97,073,654	100,256,134
Temporarily restricted	19,067,971	17,062,502
Permanently restricted	<u>30,076,641</u>	<u>29,528,274</u>
Total net assets	<u>146,218,266</u>	<u>146,846,910</u>
Total liabilities and net assets	\$ <u>150,761,048</u>	\$ <u>153,173,212</u>

Milwaukee Art Museum, Inc.
Statement of Revenues and Expenditures (Operating Fund)
For the Year ending August 31, 2016, Third Quarter ending May 31, 2017 and Budget for year ending August 31, 2017

BUDGET SUMMARY

	FY 2016 Actual	FY 2017 Q3 ending 5/31/17	FY 2017 Budget	FY17 Actual As % of Budget
<u>Expenditures</u>				
Personnel expenses	\$ 8,659,005	\$ 6,525,052	\$ 9,052,672	72.1%
Professional services	868,033	353,989	413,900	85.5%
Supplies	463,080	276,005	377,665	73.1%
Equipment rental/maintenance	905,813	517,354	558,376	92.7%
Building repairs/maintenance	637,126	342,088	608,401	56.2%
Insurance	219,863	183,612	243,500	75.4%
Utilities	847,495	636,365	859,530	74.0%
Advertising and marketing	1,021,302	683,710	856,564	79.8%
Postage/shipping/printing	312,563	247,390	347,535	71.2%
Education programs	271,891	132,239	189,540	69.8%
Exhibitions	1,056,598	661,590	1,252,591	52.8%
Other	524,246	333,463	653,356	51.0%
Fundraising/donor/volunteer	433,036	230,657	598,200	38.6%
Bank fees	194,310	112,239	157,023	71.5%
Total Expenditures	16,414,361	11,235,753	16,168,853	69.5%
<u>Revenues</u>				
Annual campaign and membership	5,235,975	3,436,171	5,852,663	58.7%
Grants and sponsorships	2,169,598	1,407,049	1,970,029	71.4%
Admissions	1,427,891	1,006,234	1,729,003	58.2%
Exhibition revenue	50,650	58,995	37,250	158.4%
Facility rental	483,600	277,490	541,054	51.3%
Parking	348,113	253,286	401,200	63.1%
Tours	225,243	170,770	230,004	74.2%
Store gross margin	530,052	333,549	588,531	56.7%
Café gross margin	1,448,486	907,975	1,661,657	54.6%
Other	1,924,406	326,274	646,962	50.4%
Distribution from endowment	1,472,200	1,230,150	1,410,500	87.2%
Milwaukee County Contribution	1,100,000	825,001	1,100,000	75.0%
Total Revenue	\$ 16,416,214	10,232,944	16,168,853	63.3%
Budget Surplus/(Deficit):	1,853	(1,002,809)	-	
County Contribution as % of Total Revenue:	7%	8%	7%	

Milwaukee Art Museum, Inc.
Statement of Revenues and Expenditures (Operating Fund)
For the Year ending August 31, 2016, Pre Audit August 31, 2017 and Budget for year ending August 31, 2017

BUDGET SUMMARY

	FY 2016 Actual	FY 2017 Pre Audit	FY 2017 Budget	FY17 Actual As % of Budget
<u>Expenditures</u>				
Personnel expenses	\$ 8,659,005	\$ 8,893,029	\$ 9,052,672	98.2%
Professional services	868,033	474,204	413,900	114.6%
Supplies	463,080	396,045	377,665	104.9%
Equipment rental/maintenance	905,813	673,133	558,376	120.6%
Building repairs/maintenance	637,126	477,924	608,401	78.6%
Insurance	219,863	233,762	243,500	96.0%
Utilities	847,495	844,665	859,530	98.3%
Advertising and marketing	1,021,302	898,839	856,564	104.9%
Postage/shipping/printing	312,563	273,358	347,535	78.7%
Education programs	271,891	163,129	189,540	86.1%
Exhibitions	1,056,598	771,006	1,252,591	61.6%
Other	524,246	478,961	653,356	73.3%
Fundraising/donor/volunteer	433,036	303,053	598,200	50.7%
Bank fees	194,310	176,491	157,023	112.4%
Total Expenditures	16,414,361	15,057,599	16,168,853	93.1%
<u>Revenues</u>				
Annual campaign and membership	5,235,975	5,191,847	5,852,663	88.7%
Grants and sponsorships	2,169,598	2,033,264	1,970,029	103.2%
Admissions	1,427,891	1,425,111	1,729,003	82.4%
Exhibition revenue	50,650	62,028	37,250	166.5%
Facility rental	483,600	527,603	541,054	97.5%
Parking	348,113	371,589	401,200	92.6%
Tours	225,243	199,101	230,004	86.6%
Store gross margin	530,052	487,689	588,531	82.9%
Café gross margin	1,448,486	1,356,336	1,661,657	81.6%
Other	1,924,406	644,438	646,962	99.6%
Distribution from endowment	1,472,200	1,660,500	1,410,500	117.7%
Milwaukee County Contribution	1,100,000	1,100,000	1,100,000	100.0%
Total Revenue	\$ 16,416,214	15,059,506	16,168,853	93.1%
Budget Surplus/(Deficit):	1,853	1,907	-	
County Contribution as % of Total Revenue:	7%	7%	7%	