



Date: Feb 16, 2024

To: Chairperson Liz Sumner, Committee on Finance
Vice Chairperson Sequanna Taylor, Committee on Finance

CC: Janelle M. Jensen, Legislative Services Division Manager,
Kelsey Evans, Committee Coordinator

Subject: P 24-50 Report from the President of the Milwaukee Public Museum, providing an informational report regarding financial statements.

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.

Current Museum Activities

Attendance from September through January was slightly behind projections. We attribute this to the fact that the museum was closed on one Friday and a Saturday morning due to snow. We will continue to monitor this.

MPM was pleased to host the exhibit "Canstruction," a canned-food sculpture exhibition, in collaboration with Women in Design, Wisconsin Chapter of the National Organization of Minority Architects (Wisco NOMA), American Institute of Architects (AIA) and the Harry & Rose Samson Family Jewish Community Center. Canstruction is a charity event held in cities throughout the U.S. and the world that combines STEM concepts, artistry and a little friendly competition, all to help fight hunger. Twelve organizations involved in the building industry participated in the week-long event, and when it was over, they were able to deliver the 35,000 food items that were used to construct the 12 sculptures to food pantries in Milwaukee.

MPM celebrated Black History Month with programming that explored the experiences and contributions of Black Americans throughout different periods of US history. Visitors learned about Black scientists' contributions to the field of entomology, the rich history of struggles for racial justice in Milwaukee and the role of the Watson family in establishing Milwaukee's Black middle class, among other things.

The museum hosted a Science on Tap lecture on ancient lakes across the world. Most lakes are less than 15,000 years old and short-lived, but a much smaller number of ancient lakes, often millions of years old, are scattered across every continent but Antarctica. The lecture showcased the remarkable living diversity of these aquatic bodies and explained the surprising, often controversial, findings that the study of their faunas is yielding about the formation and persistence of species.

Staff once again offered programs for Valentine Day. *Romancing the Stars* took guests on a romantic tour of the universe to explore the magic of night and constellations of love. *The Love & Heartbreak tour* then took them on a tour throughout the Museum to learn about love, heartbreak, and weird mating habits of the animal kingdom.

Milwaukee Public Museum

On January 12, new regulations went into effect under the Native American Graves Protection and Repatriation Act (NAGPRA) that impacts MPM's ability to continue to display certain Native American cultural heritage objects. In response, MPM's curatorial team removed or covered the impacted Native American cultural heritage items on exhibit. These items represent only about 2 percent of the anthropology items on exhibit. Signage was added to explain to visitors that these items were removed in accordance with the new NAGPRA regulations.

NAGPRA is a congressional law passed in 1990 that created a process by which specific Native American cultural items and all human remains can be returned to tribes and lineal descendants. To date, MPM has returned hundreds of ancestors and cultural heritage items to tribes around the country. In fact, MPM began repatriation efforts before NAGPRA was passed because we believed—and continue to believe—that it was the right thing to do. Additionally, MPM has honored the wishes of tribes who have requested their cultural heritage items remain in the museum's care.

While there are many modifications reflected in the new regulations, one stipulates that institutions must get consent from tribes before specific items that fall under NAGPRA can be put on exhibit. This modification has received a fair amount of media coverage because it impacts museums and universities across the country. In addition, some well-known museums, like the American Museum of Natural History in New York, have chosen to close or cover up entire galleries in response, which has sparked national news coverage. Like museums across the country, MPM has reviewed the new NAGPRA regulations and is committed to adhering to those regulations. Thanks to the museum's ongoing consultation work with tribes, the new regulations have a relatively small impact on MPM's exhibits compared to other museums who have closed entire galleries.

Status of Current Facility

Since December, we have been dealing with these issues in the building:

- The north foundation wall is again showing damage—at the site of the 2020 repair. Minor cracks were noted during a routine inspection about 6 months ago. During building rounds in December, the cracks were found to be worse, and chunks of concrete had broken free and fallen. We have reached out to the County for an assessment.
- A three-foot-long crack opened in a corroded floor drainpipe under the cafe. The leaking from it damaged a WPA painting stored in a collection space in the basement below.
- During the cold spell in January, the museum's windows experienced icing on the inside with subsequent melting because they are single-paned windows with aluminum casings. This happens every year and has resulted in damage to the windowsills and walls.
- We continue to deal with humidity issues in the basement collection areas. This is due to moisture infiltration through the concrete block, which has no moisture barrier.

New Museum progress

6th and McKinley Site progress – the utility poles were taken down in December. A formal groundbreaking ceremony will take place in the late spring.

Architectural and Exhibit Design Work – There are four general stages to design work. Each phase adds more detail and clarity to the project. The phases include Conceptual Design (completed and shared with the public in July 2022), Schematic Design (completed and shared with the public March-May 2023), Design Development (completed September 2023) and Construction Drawings (begun September 2023). As of the end of January, both construction and exhibits construction drawing phases were 50% complete.

Outreach – Community engagement has been an important part of the future museum process from the very beginning. As early as 2016, MPM convened community leaders to envision a new natural history

Milwaukee Public Museum

museum. Since then, we have held hundreds of focus groups/town halls/community conversations and individual interviews with teachers, students, members, non-members, WI's Indigenous communities, community members, accessibility partners and neighborhood groups to inform each phase of the process. In the past few months, we have hosted several tribal visits to discuss specific objects for display and the stories associated with those objects. In addition, the Museum continues to reach out to source communities from around the world (Sami, Yapese, Hopi, Quechua, Ikoma, Inuit, Ainu) to engage them in helping us to understand the collections we have and the stories that could be told through their voices.

Collections Move – in the past month, staff started to pack the glass and ceramic collections in preparation for a move. Staff continue to inventory and bar code the collections in advance of packing. Staff have also begun a search for an offsite storage facility. And a collections plan for high-density storage for both on-site and off-site storage has been completed.

Fundraising Progress -- This project will cost \$240 million, which includes \$45 million from Milwaukee County, \$40 million from the State of Wisconsin, \$5 million in federal funding and \$150 million in private donations. The \$240 million includes the costs for architectural and exhibit design and construction, the costs to inventory, evaluate, pack, move and unpack 4 million objects, and funds to grow the endowment which will help make up for the reduction in funding from the county in the new building (reduction from \$3.5M to \$1M annually to care for the county-owned collections).

Our early community input indicated that this project could happen **only** if this was a public-private venture. It was also important for the museum to secure public funding first to provide confidence to donors that the project was viable. With \$85 million of the \$90 million in public funding secured, MPM kicked off the private capital campaign just 16 months ago (July 2022). We continue to seek \$5M in federal funding through grants and appropriations.

Private funds will be raised throughout a statewide **five-year campaign**. The campaign was designed in four phases and kicked-off once the bulk of public funding was secured: Principal Gifts Phase (through 12/2022), Leadership Gifts Phase (1/2023 through Groundbreaking), Major Gifts Phase (Groundbreaking through 12/2025), Community Phase (Final year before opening). Each phase has a specific fundraising goal. We completed the Principal Gifts Phase and goal on time and are now in the Leadership Gifts Phase with a goal of securing most of the funds for construction costs prior to breaking ground.

We reported at the last committee meeting in December of 2023 that the museum had raised \$66 million in private donations. A new fundraising update will be shared at the upcoming committee meeting.

Fiscal Summary

For the four-month period ending December 31, 2023, MPM consolidated financial statements reported an operating income of \$1.2 million compared to \$992,000 income from same period in the prior year primarily due to \$669,000 of net assets released from restrictions. Net assets have increased by \$1.65 million.

Consolidated operating revenue increased in this fiscal year to about \$5.5 million vs. \$5.1 million in the same period of the prior year. This increase is mainly due to the increased admission, membership and annual fund revenue. This also included additional net assets released from restrictions.

Consolidated operating expenditures for the fiscal year were \$4.3 million vs. \$4.1 million in the prior year. This can largely be attributed to salaries, wages, and benefits, though we are below budget in these areas.

Milwaukee Public Museum

In other non-operating activity, MPM and the Endowment investments reported investment earnings of \$298,000 as the market continued to be highly volatile. A distribution from the MPM Endowment Fund totaling \$81,000 was made to MPM, historically comparable to those of prior years. We have begun conservatively accelerating depreciation on certain long-term assets as we anticipate our future move.

We are happy to take questions during our appearance before the Committee.

Sincerely,



Ellen Censky, PhD
President/CEO
Milwaukee Public Museum



Thomas M. O'Brien
CFO
Milwaukee Public Museum

Milwaukee Public Museum

MPM Consolidated Statement of Activities for the Four Months Ended 12/31/23					
	YTD	YTD		Prior Year	Prior Year
	<u>Actual</u>	<u>Budget</u>	<u>Dev</u>	<u>Actual</u>	<u>Change</u>
Revenue:					
Contributions	1,304,054	1,123,468	180,585	1,642,391	(338,338)
Membership	462,409	380,229	82,180	445,802	16,607
Special Event Revenue	704,288	665,000	39,288	630,545	73,743
Public Support	1,166,667	1,247,667	(81,000)	1,172,021	(5,354)
Admissions	682,146	710,072	(27,926)	580,958	101,188
Theatre/Planetarium	67,584	41,728	25,856	41,385	26,199
Programs	37,590	29,660	7,930	20,958	16,632
Restaurant and Facility Rental	42,744	41,940	804	72,703	(29,959)
Retail	229,706	225,110	4,596	217,264	12,442
Other income	42,416	32,965	9,451	49,575	(7,160)
Net Assets released from restrictions	800,359	248,445	551,914	257,388	542,970
Total Operating Revenue	5,539,962	4,746,284	793,678	5,130,992	408,970
Operating Expenses:					
Cost of Goods Sold	100,843	95,090	5,753	90,687	10,157
Supplies	307,575	492,775	(185,201)	289,319	18,256
Salaries and Wages	2,387,467	2,456,562	(69,095)	2,171,712	215,755
Benefits	499,379	582,614	(83,236)	453,574	45,804
Travel	26,077	41,312	(15,235)	21,939	4,138
Insurance	23,577	24,198	(621)	24,481	(904)
Marketing/Public Relations	209,353	267,864	(58,511)	231,973	(22,620)
Member/Donor Development	25,209	37,650	(12,441)	20,849	4,360
Subscriptions/Memberships	20,475	24,727	(4,252)	23,791	(3,316)
Maintenance	181,975	234,243	(52,268)	205,013	(23,038)
Utilities	365,744	371,400	(5,656)	357,453	8,291
Professional Fees	130,201	189,861	(59,660)	177,769	(47,568)
Interest Expense	1,995	1,963	32	1,756	239
Miscellaneous	56,884	53,294	3,591	65,047	(8,162)
Tax Expense	3,144	2,800	344	3,190	(46)
Total Operating Expenses	4,339,896	4,876,353	(536,457)	4,138,552	201,344
Inc/(dec) from Net Assets in Operating Activities	1,200,066	(130,069)	1,330,135	992,440	207,627
Non-Operating Items:					
Investment Earnings (Loss)	341,982	14,000	327,982	(10,871)	352,853
Pension & Post Retirement Expenses	(120,000)	(120,000)	0	(120,000)	0
Depreciation & Amortization	(400,888)	(266,715)	(134,174)	(272,556)	(128,332)
Total Non-Operating Items	(178,906)	(372,715)	193,809	(403,427)	224,521
Inc/(dec) in Net Assets Without Donor Restrictions	1,021,160	(502,784)	1,523,944	589,013	432,148
Changes in With Donor Restricted Net Assets:					
Contributions	1,138,494	92,500	1,045,994	3,715,368	(2,576,874)
Investment Earnings	289,864	0	289,864	(13,255)	303,119
Net Assets released from restrictions for operations	(800,359)	(248,445)	(551,914)	(257,388)	(542,970)
Inc/(dec) in With Donor Restricted Net Assets	628,000	(155,945)	783,945	3,444,725	(2,816,725)
Inc/(dec) in Net Assets	1,649,160	(658,728)	2,307,889	4,033,738	(2,384,577)
Total Net Assets at Beginning of Period	25,996,445	10,425,892	0	19,980,903	6,015,542
Total Net Assets at End of Period	27,645,605	9,767,164	2,307,889	24,014,641	3,630,965

Milwaukee Public Museum

MPM Consolidated Statement of Financial Position as of 12/31/23

	<u>12/31/23</u>	<u>12/31/22</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	5,014,539	8,090,067	(3,075,528)
Investments	2,843,636	402,132	2,441,503
Accounts Receivable	78,830	133,872	(55,041)
Contributions Receivable -Current	953,105	334,608	618,497
Inventories, net	81,402	77,655	3,747
Prepaid Expenses	53,722	45,164	8,558
Total Current Assets	9,025,234	9,083,498	(58,264)
Other Assets:			
Cash and investments held for endowment	12,160,971	9,040,993	3,119,978
Contributions Receivable - Long Term	4,822,487	3,690,567	1,131,920
Total Other Aassets	16,983,458	12,731,560	4,251,898
Property & Equipment:			
CIP	59,226	0	59,226
Building Additions	19,875,741	19,875,741	0
Furniture, equipment and other improvements	13,067,262	13,015,955	51,307
Right to Use Asset	65,637	65,637	0
Gross Property & Equipment	33,067,865	32,957,332	110,533
Less-Accumulated depreciation & amortization	(25,925,017)	(24,982,422)	(942,595)
Net Property & Equipment	7,142,848	7,974,910	(832,062)
Total Assets	33,151,540	29,789,968	3,361,571
Liabilities and Net Assets:			
Accounts Payable	331,002	353,295	(22,293)
Accrued Payroll & Benefits	807,167	705,278	101,889
Deferred Revenue	994,778	973,418	21,360
Lease Payable - Current	12,506	13,399	(893)
Current Portion of Post Retirement Benefits	168,132	247,895	(79,763)
Line of Credit	0	0	0
Total Current Liabilities	2,313,585	2,293,285	20,300
Accrued Postretirement Benefits	3,154,328	3,432,761	(278,432)
Due to Other Funds/Entities	0	0	0
Lease Payable	38,022	49,281	(11,260)
Total Liabilities	5,505,935	5,775,327	(269,392)
Net Assets:			
Without Donor Restrictions	14,199,877	13,586,790	613,088
With Donor Restrictions	13,445,728	10,427,852	3,017,876
Total Net Assets	27,645,605	24,014,642	3,630,964
Total Liabilities and Net Assets	33,151,540	29,789,968	3,361,572

Milwaukee Public Museum

MPM Consolidated Statement of Cash Flows for the Four Months Ended 12/31/23		
	YTD	Prior YTD
	<u>Actual</u>	<u>Actual</u>
Operating Activities:		
Increase in net assets	(143,922)	438,952
Adjustments to reconcile net cash flows from operations:		
Depreciation and amortization	400,888	272,556
Unrealized (gain)/loss on investments	(43,274)	0
Realized (gain)/loss on investments	1,449	2,862
Changes in operating assets and liabilities:		
Accounts Receivable	95,822	(20,401)
Contribution Receivable	(49,434)	(414,572)
Inventories and Other Assets	(14,567)	(21,627)
Prepaid Expenses	48,084	44,210
Accounts Payable, Accrued Expenses and Accrued Benefits	246,404	124,893
Deferred Revenue	(366,443)	(484,465)
Total Adjustments	318,929	(496,543)
Net cash provided/(used) by operating activities	175,008	(57,592)
Investing Activities:		
Purchases of Property & Equipment	(7,883)	(108,383)
Net Change in Note Receivable	450,000	0
Proceeds from Sale of Investments	100,621	38,273
Purchases of Investments	(1,430,651)	(34,128)
Net cash provided/(used) in investing activities	(887,913)	(104,238)
Financing Activities:		
Net change in Lease obligations	(4,109)	62,680
Net cash provided/(used) in financing activities	(4,109)	62,680
Net Inc/(Dec) in Cash and Cash Equivalents	(717,015)	(99,149)
Cash and Cash Equivalents, beginning of period	5,731,554	8,189,216
Cash and Cash Equivalents, end of period	5,014,539	8,090,067