

Milwaukee Art Museum, Inc.

Financial Statements and Supplementary Information

Years ended August 31, 2016 and 2015

WIPFLI^{LLP}
CPAs and Consultants



Independent Auditor's Report

Board of Trustees
Milwaukee Art Museum, Inc.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Milwaukee Art Museum, Inc. (a nonprofit organization) which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Art Museum, Inc. as of August 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 29 and 30 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Milwaukee, Wisconsin
December 5, 2016

Milwaukee Art Museum, Inc.

Statements of Financial Position

August 31, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 2,258,863	\$ 6,823,139
Accounts receivable - Net	125,235	111,648
Current portion of pledges receivable	2,867,881	4,166,856
Investment income receivable	80,113	97,664
Inventories - Net	413,774	385,256
Prepaid expenses	457,602	422,457
Total current assets	6,203,468	12,007,020
Investments	48,424,353	42,533,782
Pledges receivable, less current portion	2,875,572	4,341,346
Beneficial interest in assets held in trust	316,323	311,413
Property and equipment - Net	95,353,496	89,444,850
Collections (see Note 1 to the financial statements)		
TOTAL ASSETS	\$ 153,173,212	\$ 148,638,411
Liabilities and Net Assets	2016	2015
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,188,203	\$ 2,297,171
Deferred revenue	1,058,979	1,028,870
Total current liabilities	2,247,182	3,326,041
Long-term liabilities:		
Deferred lease expense	79,120	-
Construction line of credit	4,000,000	-
Total long-term liabilities	4,079,120	-
Total liabilities	6,326,302	3,326,041
Net assets:		
Unrestricted:		
Board designated	4,063,559	6,756,672
Undesignated	96,192,575	90,277,166
Total unrestricted	100,256,134	97,033,838
Temporarily restricted	17,062,502	23,215,095
Permanently restricted	29,528,274	25,063,437
Total net assets	146,846,910	145,312,370
TOTAL LIABILITIES AND NET ASSETS	\$ 153,173,212	\$ 148,638,411

See accompanying notes to financial statements

Milwaukee Art Museum, Inc.

Statements of Activities

Year Ended August 31, 2016

	Unrestricted			Temporarily Restricted	Permanently Restricted	Totals
	Operating Fund	Other Funds	Subtotal Unrestricted			
Operating support and revenue:						
Contributions and membership	\$ 5,235,976	\$ 373,417	\$ 5,609,393	\$ 232,800	\$ -	\$ 5,842,193
Grants and sponsorships	17,500	-	17,500	3,426,249	-	3,443,749
Milwaukee County	1,100,000	-	1,100,000	-	-	1,100,000
Admission, tour fees, and parking	2,001,247	-	2,001,247	-	-	2,001,247
Education programs	82,805	-	82,805	-	-	82,805
Exhibition and curatorial income	50,650	-	50,650	-	-	50,650
Retail operations (net of cost of sales of \$520,065)	546,684	-	546,684	-	-	546,684
Food and beverage operations (net of cost of sales of \$813,513)	2,018,752	-	2,018,752	-	-	2,018,752
Facility rental income	483,600	-	483,600	-	-	483,600
Fundraising events and auxiliary activities	251,133	-	251,133	514,437	-	765,570
Other	68,338	23,390	91,728	6,416	-	98,144
Investment return appropriated for operations	1,472,200	(14,262)	1,457,938	(1,457,938)	-	-
Net assets released from restrictions	4,786,639	6,098,139	10,884,778	(10,884,778)	-	-
Total operating support and revenue	18,115,524	6,480,684	24,596,208	(8,162,814)	-	16,433,394
Operating expenses:						
Program services:						
Education	1,310,339	-	1,310,339	-	-	1,310,339
Audience, communication, and member development	2,864,397	-	2,864,397	-	-	2,864,397
Presentation and curatorial	3,343,420	-	3,343,420	-	-	3,343,420
Business operations	2,138,447	-	2,138,447	-	-	2,138,447
Total program services	9,656,603	-	9,656,603	-	-	9,656,603
Supporting services:						
General and administrative	2,972,620	3,302	2,975,922	-	-	2,975,922
Financial development and volunteer services	2,847,070	-	2,847,070	-	-	2,847,070
Building services	2,672,743	-	2,672,743	-	-	2,672,743
Total supporting services	8,492,433	3,302	8,495,735	-	-	8,495,735
Total operating expenses	18,149,036	3,302	18,152,338	-	-	18,152,338
Change in net assets from operating activities	(33,512)	6,477,382	6,443,870	(8,162,814)	-	(1,718,944)

Milwaukee Art Museum, Inc.
Statements of Activities (Continued)

Year Ended August 31, 2016

	Unrestricted			Temporarily Restricted	Permanently Restricted	Totals
	Operating Fund	Other Funds	Subtotal Unrestricted			
Nonoperating revenue, support, gains, and losses:						
Contributions designated for acquisition of art	-	-	-	2,374,613	-	2,374,613
Income from sale of art	-	254,551	254,551	-	-	254,551
Net assets released to fund acquisitions of art	-	405,257	405,257	(405,257)	-	-
Acquisitions of art	-	(663,919)	(663,919)	(1,323,347)	-	(1,987,266)
Investment income	51,229	84,347	135,576	2,143,789	5,307	2,284,672
Net assets transferred between funds	-	-	-	(802,678)	802,678	-
Contributions designated for endowment or building fund	-	120,000	120,000	5,820	3,646,133	3,771,953
Depreciation and amortization	-	(3,462,085)	(3,462,085)	-	-	(3,462,085)
Interest expense	(15,864)	-	(15,864)	-	-	(15,864)
Other	-	4,910	4,910	28,000	-	32,910
Net assets released from restrictions	-	-	-	(10,719)	10,719	-
Total nonoperating revenue, support, gains, and losses	35,365	(3,256,939)	(3,221,574)	2,010,221	4,464,837	3,253,484
Changes in net assets	1,853	3,220,443	3,222,296	(6,152,593)	4,464,837	1,534,540
Net assets at beginning of year	520,902	96,512,936	97,033,838	23,215,095	25,063,437	145,312,370
Net assets at end of year	\$ 522,755	\$ 99,733,379	\$ 100,256,134	\$ 17,062,502	\$ 29,528,274	\$ 146,846,910

See accompanying notes to financial statements.

Milwaukee Art Museum, Inc.

Statements of Activities (Continued)

Year Ended August 31, 2015

	Unrestricted			Temporarily Restricted	Permanently Restricted	Totals
	Operating Fund	Other Funds	Subtotal Unrestricted			
Operating support and revenue:						
Contributions and membership	\$ 4,611,341	\$ 1,266,769	\$ 5,878,110	\$ 607,724	\$ -	\$ 6,485,834
Grants and sponsorships	17,500	-	17,500	5,543,766	-	5,561,266
Milwaukee County	1,100,000	-	1,100,000	-	-	1,100,000
Admission, tour fees, and parking	1,394,684	-	1,394,684	-	-	1,394,684
Education programs	131,672	-	131,672	-	-	131,672
Exhibition and curatorial income	297,215	-	297,215	-	-	297,215
Retail operations (net of cost of sales of \$679,525)	678,797	-	678,797	-	-	678,797
Food and beverage operations (net of cost of sales of \$564,584)	1,521,045	-	1,521,045	-	-	1,521,045
Facility rental income	415,717	-	415,717	-	-	415,717
Fundraising events and auxiliary activities	261,107	-	261,107	597,933	-	859,040
Other	89,389	-	89,389	15,636	-	105,025
Investment return appropriated for operations	1,610,000	(13,682)	1,596,318	(1,596,318)	-	-
Net assets released from restrictions	3,804,233	13,500,879	17,305,112	(17,305,112)	-	-
Total operating support and revenue	15,932,700	14,753,966	30,686,666	(12,136,371)	-	18,550,295
Operating expenses:						
Program services:						
Education	1,127,716	-	1,127,716	-	-	1,127,716
Audience, communication, and member development	1,993,440	-	1,993,440	-	-	1,993,440
Presentation and curatorial	3,506,575	-	3,506,575	-	-	3,506,575
Business operations	1,461,680	-	1,461,680	-	-	1,461,680
Total program services	8,089,411	-	8,089,411	-	-	8,089,411
Supporting services:						
General and administrative	2,308,022	25,063	2,333,085	-	-	2,333,085
Financial development and volunteer services	2,560,034	-	2,560,034	-	-	2,560,034
Building services	2,975,537	-	2,975,537	-	-	2,975,537
Total supporting services	7,843,593	25,063	7,868,656	-	-	7,868,656
Total operating expenses	15,933,004	25,063	15,958,067	-	-	15,958,067
Change in net assets from operating activities	(304)	14,728,903	14,728,599	(12,136,371)	-	2,592,228

Milwaukee Art Museum, Inc.
Statements of Activities (Continued)

Year Ended August 31, 2015

	Unrestricted			Temporarily Restricted	Permanently Restricted	Totals
	Operating Fund	Other Funds	Subtotal Unrestricted			
Nonoperating revenue, support, gains, and losses:						
Contributions designated for acquisition of art	-	-	-	1,363,158	-	1,363,158
Net assets released to fund acquisitions of art	-	308,135	308,135	(308,135)	-	-
Acquisitions of art	-	(343,031)	(343,031)	(866,170)	-	(1,209,201)
Investment income	2,669	36,581	39,250	157,564	8,332	205,146
Contributions designated for endowment or building fund	-	1,123	1,123	12,553	450,208	463,884
Depreciation and amortization	-	(2,999,843)	(2,999,843)	-	-	(2,999,843)
Other	-	(16,859)	(16,859)	(44,000)	-	(60,859)
Net assets released from restrictions	-	-	-	(223,754)	223,754	-
Total nonoperating revenue, support, gains, and losses	2,669	(3,013,894)	(3,011,225)	91,216	682,294	(2,237,715)
Changes in net assets	2,365	11,715,009	11,717,374	(12,045,155)	682,294	354,513
Net assets at beginning of year	518,537	84,797,927	85,316,464	35,260,250	24,381,143	144,957,857
Net assets at end of year	\$ 520,902	\$ 96,512,936	\$ 97,033,838	\$ 23,215,095	\$ 25,063,437	\$ 145,312,370

See accompanying notes to financial statements.

Milwaukee Art Museum, Inc.

Statements of Cash Flows

Years Ended August 31, 2016 and 2015

	2016	2015
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 1,534,540	\$ 354,513
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Provision for inventory obsolescence	(13,000)	(15,100)
Provision for uncollectable accounts	-	3,000
Depreciation and amortization	3,462,085	2,999,843
Contributions designated for long-term investments, capital expenditures, and art purchases	(7,414,265)	(8,895,419)
Acquisitions of art	1,987,266	1,209,201
Net realized gains on sale of investments	(915,974)	(3,283,727)
Net change in unrealized (gains) losses on investments	(1,280,926)	3,173,566
Change in beneficial interest in assets held in trust	(4,910)	16,859
Changes in assets and liabilities:		
Accounts receivable	(13,587)	111,655
Pledges receivable	8,312,690	7,477,154
Investment income receivable	17,551	2,737
Inventories	(15,518)	80,479
Prepaid expenses	(35,145)	460,891
Accounts payable and accrued expenses	(1,108,968)	915,723
Deferred lease expense	79,120	-
Deferred revenue	30,109	(195,660)
Net cash provided by operating activities	4,621,068	4,415,715
Cash flows from investing activities:		
Acquisitions of art	(1,987,266)	(1,209,201)
Purchases of investments	(42,417,663)	(53,611,910)
Proceeds from sale of investments	38,723,992	62,456,673
Purchases of property and equipment	(9,370,731)	(14,273,879)
Net cash used in investing activities	(15,051,668)	(6,638,317)
Cash flows from financing activities:		
Borrowings from construction line of credit	6,000,000	-
Payment on construction line of credit	(2,000,000)	-
Contributions designated for long-term investments received	1,866,324	4,044,666
Net cash provided by financing activities	5,866,324	4,044,666
(Decrease) increase in cash and cash equivalents	(4,564,276)	1,822,064
Cash and cash equivalents at beginning of year	6,823,139	5,001,075
Cash and cash equivalents at end of year	\$ 2,258,863	\$ 6,823,139

See accompanying notes to financial statements.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Milwaukee Art Museum, Inc. (the "Art Museum") is a not-for-profit corporation and premier art museum with collections and exhibitions of internationally recognized excellence. Through its partnerships with volunteers, corporations, educational institutions, and art organizations, the Art Museum is committed to advancing the appreciation and understanding of the visual arts through collection, preservation, display, research, publication, education, and interpretation.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

The Art Museum maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

Net assets of the Art Museum and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or where donor imposed stipulations are met in the year of the contribution. The statements of activities categorize unrestricted net assets between the operating fund and all other funds in which unrestricted net assets are recorded.

The operating fund is the fund used by the Art Museum to record the day-to-day activities performed in accomplishing the appreciation, understanding, and education of the visual arts. At the end of each fiscal year, an amount equal to the surplus (deficit) in the operating fund is transferred to (from) the board-designated reserves from (to) the operating fund.

Other funds classified as unrestricted net assets include deaccessioning funds, board-designated reserves, and property and equipment.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be met either by actions of the Art Museum and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Art Museum. Generally, the donors of these assets permit the Art Museum to use all or part of the income earned on any related investments for general or specific purposes.

Art Collections

The Art Museum's collection comprises more than 30,000 works of art that are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items.

The value of the art objects in the permanent collection is excluded from the accompanying statements of financial position. An addition of a work of art to the permanent collection is made either by donation from a benefactor or through a purchase from Art Museum acquisition funds. The Art Museum's funds designated for acquisitions may be classified as permanently restricted, for which only the income earned on the principal balance may be used for acquisitions; temporarily restricted, for which both the principal and earned income may be used for acquisitions; or unrestricted, representing funds designated by the board to be used for acquisitions. Proceeds from deaccessions of collection items are reflected as increases in the appropriate net asset class.

Cash and Cash Equivalents

The Art Museum considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents, excluding amounts classified as investments.

Accounts Receivable

Accounts receivable are generally uncollateralized client obligations due upon receipt. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of accounts receivable have been reduced by allowances of \$39,000 that reflect management's estimate of uncollectable accounts at August 31, 2016 and 2015.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Pledges are recorded as receivables in the year pledged. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in temporarily restricted net assets. Unrestricted pledges to be collected in future periods are also recorded as an increase to temporarily restricted net assets and reclassified to unrestricted net assets when received.

Pledges receivable are reported in the statements of financial position net of unamortized discounts and an allowance for uncollectable pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities applicable to the years in which payments are to be received (between 0.15% and 0.55%). Amortization of the discount is recorded as a change to contributions and membership in the accompanying statement of activities. An allowance for uncollectible accounts is determined by management based on past collection history.

Pledges receivable consist primarily of pledges for the annual campaign, the facility expansion project, and exhibition and education programs.

Inventories

Inventories consist of retail items, publications, and food and beverage items and are valued at the lower of cost, determined using the average cost method, or market.

Prepaid Expenses

Prepaid expenses primarily include expenditures made in connection with the development of future exhibitions. These expenditures typically relate to research, organizational travel, and transport costs of the works to be included in the exhibitions. The costs are expensed in the period the exhibition occurs.

Investments

Investments are carried at fair value in the accompanying statements of financial position. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated based on specific identification of the securities sold. Investments received as gifts are stated at the fair value at the date of donation. Investment management and custodian fees are recorded as a reduction of investment income for financial reporting purposes.

Interest and dividend income and realized and unrealized gains or losses are reported as increases in temporarily or permanently restricted net assets if the terms of the gift impose restrictions on the use of the income or as increases in unrestricted net assets in all other cases.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Art Museum measures the fair value of its financial instruments, pledges receivable, and beneficial interest in assets held in trusts using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Art Museum determines fair value by:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical asset or liabilities in active markets that the Art Museum has the ability to access.
- Level 2 inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs, other than quoted prices, that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment

Property and equipment are recorded at cost on the date of acquisition or fair value at the date of donation if received as a contribution. Depreciation is provided on the straight-line basis over the estimated useful lives as follows:

	Useful Lives
Building	50 years
Building improvements	10 to 50 years
Land improvements	10 to 25 years
Leasehold improvements	10 to 15 years
Furniture and equipment	3 to 10 years

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The Art Museum periodically assesses the recoverability of long-lived assets (including property and equipment) when indications of potential impairment, based on estimated, undiscounted future cash flows, exist. Management considers such factors as current results, trends, and future prospects, in addition to other economic factors, in determining whether there is an impairment of the asset. The Art Museum determined that no evaluations of recoverability were necessary during the years ended August 31, 2016 and 2015.

Deferred Revenue

Deferred revenue consists of funds received in advance for facility rentals, memberships, and other services that are to be performed at a future date. Revenues are recognized in the period in which the services are performed.

Deferred Lease Expense

The Art Museum recognizes rent expense on a straight-line basis over the non-cancelable lease term for a lease agreement that provides free-rent occupancy periods. Deferred rent expense is included as a long-term liability in the statements of financial position.

Contribution Revenue

Contributions, including unconditional promises to give, are recorded in the period the contribution or unconditional promise is received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift, except contributions of works of art, historical treasures, and similar assets held as part of collections that are not capitalized. In addition, the Art Museum receives a significant amount of volunteer time that does not meet the criteria for recognition as a contribution. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Admissions and Memberships

Admission revenue is recorded when received. Membership revenue is recorded when received unless related to future annual membership periods, in which case the revenue is deferred until earned.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs charged to expense during the years ended August 31, 2016 and 2015, were \$1,058,789 and \$910,978, respectively.

Purchases and Sales of Art

All revenue and expenses associated with the purchases and sales of art objects, including restricted giving and the release and use of restricted and unrestricted funds for such purposes, are considered nonoperating revenues and expenses.

Income Taxes

The Art Museum is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Art Museum is also exempt from state income taxes on related income.

The Art Museum's unrelated business income was less than the expenses related to this income in both 2016 and 2015, and therefore, no provision has been made for income taxes in the accompanying financial statements.

Subsequent Events

Subsequent events have been evaluated through December 5, 2016, which is the date the financial statements were available to be issued.

Note 2: Pledges Receivable

Pledges receivable are summarized as follows:

<i>As of August 31,</i>	2016	2015
Less than one year	\$ 2,867,881	\$ 4,166,856
One to five years	2,948,625	4,437,532
Gross pledges receivable	5,816,506	8,604,388
Less:		
Unamortized discount	(23,553)	(46,686)
Allowance for uncollectable accounts	(49,500)	(49,500)
Pledges receivable - Net	5,743,453	8,508,202
Less - Current portion	(2,867,881)	(4,166,856)
Pledges receivable, less current portion	\$ 2,875,572	\$ 4,341,346

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 3: Inventories

Inventories consisted of the following:

<i>As of August 31,</i>	2016	2015
Store inventory	\$ 268,161	\$ 267,467
Publications inventory	110,608	113,002
Cafe inventory	78,005	60,787
Reserve for obsolescence	(43,000)	(56,000)
Inventories - Net	\$ 413,774	\$ 385,256

Note 4: Investments

Investments consisted of the following:

<i>As of August 31,</i>	2016	2015
Money market funds	\$ 11,249,158	\$ 6,293,316
U.S. government obligations	5,567,912	3,683,733
Fixed income securities	8,355,059	9,533,097
Equities	11,422,664	11,699,004
Fixed income mutual funds	1,285,266	1,254,288
Equity mutual funds	10,544,294	10,070,344
Total investments	\$ 48,424,353	\$ 42,533,782

Investments were held for the following purposes:

<i>As of August 31,</i>	2016	2015
Endowment:		
Operations	\$ 19,324,078	\$ 19,241,901
Education	3,695,709	3,650,666
Curatorial	10,068,406	6,181,859
Acquisitions	6,462,719	5,641,375
Other	1,563,258	1,386,639
Total endowment	41,114,170	36,102,440
Other	7,310,183	6,431,342
Total investments	\$ 48,424,353	\$ 42,533,782

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 4: Investments (Continued)

Investment income is as follows:

<i>Years Ended August 31,</i>	2016	2015
Interest and dividend income, net of trustee and management fees	\$ 87,772	\$ 94,985
Net realized gains on sale of investments	915,974	3,283,727
Net change in unrealized (losses) gains on investments	1,280,926	(3,173,566)
Total investment income	\$ 2,284,672	\$ 205,146

Investment trustee and management fees of \$156,981 and \$145,415 were paid by the Art Museum for each of the years ended August 31, 2016 and 2015, respectively.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 5: Beneficial Interest in Assets Held in Trust

The Art Museum is the income beneficiary of certain funds maintained by the Greater Milwaukee Foundation, a community support foundation. The Milwaukee Art Museum Endowment Fund (the "Endowment Fund") is a component fund of the Greater Milwaukee Foundation. The assets of the Endowment Fund were unrestricted donations by third-party donors to the Art Museum and then transferred by the Art Museum to the Greater Milwaukee Foundation, with the Art Museum named as beneficiary. Periodic distributions of income are made to the Art Museum. Under GAAP, the fair value of the Endowment Fund of \$316,323 and \$311,413 as of August 31, 2016 and 2015, respectively, is recorded as a beneficial interest in assets held in trust in the accompanying statements of financial position. The Art Museum received income distributions of \$13,580 and \$10,069 from this fund during 2016 and 2015, respectively.

The Art Museum is also the income beneficiary of eleven other designated funds of the Greater Milwaukee Foundation. Because these funds have been established at the Greater Milwaukee Foundation by third-party donors (not established by the Art Museum) and due to the Greater Milwaukee Foundation's explicit variance power over the use of these funds, the Art Museum has not recorded any beneficial interest in these assets, nor does the Art Museum record an asset for any potential future distributions from these funds. The designated funds had a fair value of \$6,370,353 and \$6,290,030 at August 31, 2016 and 2015, respectively. The Art Museum received income distributions of \$220,803 and \$202,315 during 2016 and 2015, respectively, from these designated funds.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 6: Property and Equipment

Property and equipment consisted of the following:

<i>As of August 31,</i>	2016	2015
Building	\$ 95,352,427	\$ 95,352,427
Building improvements	248,169	215,747
Land improvements	11,490,898	11,490,898
Leasehold improvements	30,625,240	5,579,525
Furniture and equipment	5,465,323	4,996,695
Construction in process	200,480	16,376,514
Total property and equipment	143,382,537	134,011,806
Less - Accumulated depreciation	(48,029,041)	(44,566,956)
Property and equipment - Net	\$ 95,353,496	\$ 89,444,850

Construction in process at August 31, 2016 and 2015 consists of renovations and construction of additional space (see Note 13).

Note 7: Lines of Credit

Operating Line of Credit

The Art Museum has a bank line of credit agreement with an available credit balance of \$1,500,000 as of August 31, 2016 and 2015. The line of credit bears interest at the London Interbank Offered Rate (LIBOR) plus 100 basis points and is collateralized by certain contributions receivable and investments. The agreement contains covenants that restrict the Art Museum with regard to additional debt, disposition of assets, and use of endowment funds and requires the maintenance of certain financial and reporting covenants. Management believes the Art Museum is in compliance with all financial covenants as of August 31, 2016 and 2015. The line of credit agreement expires April 30, 2017. There were no borrowings under the line of credit at August 31, 2016 and 2015.

Construction Line of Credit

In April 2015, the Art Museum entered into a \$10,000,000 construction line of credit agreement in order to fund renovations and construction of additional space. The agreement is secured by pledges and deposit accounts associated with the Capital Campaign. Under the terms of the agreement, the Art Museum is required to maintain specified financial covenants of which management believes the Art Museum is in compliance as of August 31, 2016. The construction line of credit has a 24 month interest only period, followed by full amortization of the principal over four years. The construction line of credit will be converted into a construction note when the renovation project is completed or at the latest on March 1, 2017. The rate during the interest only period is 1-month LIBOR plus 100 basis points (currently at 1.52% as of August 31, 2016). The Art Museum has the right to fix the interest rate during the principal amortization period. As of August 31, 2016, the net borrowings under the construction line of credit is \$4,000,000. There were no borrowings as of August 31, 2015.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 7: Lines of Credit (Continued)

Interest

Information regarding interest incurred is as follows:

<i>Years Ended August 31,</i>	2016	2015
Interest charged to expense	\$ 15,864	\$ -
Interest capitalized	37,567	-
Total interest costs incurred	\$ 53,431	\$ -

Note 8: Concentrations

The Art Museum maintains depository relationships with area financial institutions, including banks, which are Federal Deposit Insurance Corporation (FDIC) insured institutions. At times, deposits may exceed FDIC insurance limits. The Art Museum has not experienced any losses with these accounts. Management believes the Art Museum is not exposed to any significant credit risk on cash.

At August 31, 2016 and 2015, pledges from one donor totaled 21% and 18%, respectively, of total pledges receivable.

Note 9: Board-Designated Net Assets

Certain unrestricted net assets are designated for specific purposes by the board of trustees as endowments or restricted by various internal operating and administrative arrangements of the Art Museum. A summary of board designated net assets is as follows:

<i>As of August 31,</i>	2016	2015
Board-designated endowment	\$ 1,504,043	\$ 1,323,299
Deaccessioning fund	84,364	93,066
Board-designated reserve	2,475,152	5,340,307
Total board designated net assets	\$ 4,063,559	\$ 6,756,672

The deaccessioning fund consists of amounts resulting from the sale of art from the collection, which are to be spent on acquisition of artwork.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 10: Temporarily Restricted Net Assets

Donor restrictions of temporarily restricted net assets are summarized as follows:

<i>As of August 31,</i>	2016	2015
Facility expansion project	\$ 763,406	\$ 857,983
Acquisition of art	7,308,615	7,134,235
Exhibitions	1,334,534	1,449,465
Education	1,208,596	1,980,255
Collection - Care and maintenance	513,937	520,904
Reinstallation project	-	6,015,772
Auxiliary activities	1,379,507	1,629,327
Program services	72,500	66,500
Operations	4,481,407	3,560,654
Total temporarily restricted net assets	\$ 17,062,502	\$ 23,215,095

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

<i>Years Ended August 31,</i>	2016	2015
Temporarily restricted net assets released for operations:		
Education	\$ 1,074,387	\$ 763,501
Audience, communication, and member development	199,370	286,837
Presentation and curatorial	657,743	659,751
General, administrative, and development	1,094,445	344,009
Renovations	6,766,556	14,132,005
Financial development and volunteer services	1,027,371	753,996
Building services	64,906	365,013
Total temporarily restricted net assets released for operations	10,884,778	17,305,112
Transfer to permanently restricted net assets to meet donor designation requirements	10,719	223,754
Total temporarily restricted net assets released from restrictions	\$ 10,895,497	\$ 17,528,866

Note 11: Endowments

The Art Museum's endowments consist of various funds established to benefit the Art Museum for a variety of purposes. The Art Museum's endowments include both donor-restricted endowments and funds designated by the board of trustees to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 11: Endowments (Continued)

Donor-Restricted Endowments

The Art Museum has received various endowment gifts for which the donors have stipulated that the gift amount be invested and maintained permanently to generate annual income that benefits the Art Museum for a variety of purposes.

The board of trustees of the Art Museum has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring the Art Museum to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Art Museum classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Art Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Art Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds, (b) the purposes of the donor-restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Art Museum, and (g) the Art Museum's investment policies.

Board-Designated Endowment

The board of trustees has set aside certain unrestricted net assets for endowment purposes. Since these amounts are not restricted by the donor but are restricted only by board policy, the amounts have been classified as unrestricted net assets. The board of trustees' intent is that the board-designated endowment will always be equal to the unrestricted net assets of the Endowment Fund. The Board of trustees may designate additional amounts from time to time to be added to the endowment fund.

Investment Return Objectives, Risk Parameters, and Strategies

The Art Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to preserve the fair value of the endowment assets. Under the Art Museum's investment policy, as approved by the board of trustees, the endowment assets are invested in a manner to produce a rate of return which will permit maximum support for the general operating fund to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure that any risk assumed is commensurate with the given investment vehicle and the Art Museum's objectives. The endowment funds are reviewed quarterly by the Art Museum Investment committee, which reports to the Art Museum Finance committee. Changes to the Art Museum investment policy are recommended by the investment committee, approved by the finance committee and by the board of trustees.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 11: Endowments (Continued)

To achieve its investment goals, the Art Museum targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Art Museum's asset allocations include a blend of equity and debt securities and cash equivalents.

Distributions

The annual distribution policy the board has set will allow distributions made available to operations of 5% of a trailing 12 quarter average market value of the donor-restricted and board designated endowment investments available in quarterly installments. The board of trustees' approved investment policy states that the original principal balance of donor designated contributions to the endowment fund shall not be invaded or borrowed from for any reason.

Endowment Net Assets

Endowment net assets consisted of the following as of August 31:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated endowment funds	\$ -	\$ 10,061,811	\$ 29,528,274	\$ 39,590,085
Board-designated and other endowment funds	1,504,043	-	-	1,504,043
Totals	\$ 1,504,043	\$ 10,061,811	\$ 29,528,274	\$ 41,094,128

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated endowment funds	\$ -	\$ 9,722,622	\$ 25,063,437	\$ 34,786,059
Board-designated and other endowment funds	1,323,299	-	-	1,323,299
Totals	\$ 1,323,299	\$ 9,722,622	\$ 25,063,437	\$ 36,109,358

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 11: Endowments (Continued)

Changes in the endowment net assets were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 1, 2014	\$ 1,334,473	\$ 13,114,343	\$ 24,381,143	\$ 38,829,959
Contributions	1,123	9,232	450,208	460,563
Investment return:				
Interest and dividends	22,971	690,175	10,648	723,794
Net depreciation	(21,586)	(605,377)	(2,316)	(629,279)
Total investment return	1,385	84,798	8,332	94,515
Appropriations - Acquisition of art	-	(308,135)	-	(308,135)
Appropriations - Miscellaneous	-	(5,599)	-	(5,599)
Investment return appropriated for expenditures	(13,682)	(1,596,318)	-	(1,610,000)
Designated transfer - Renovations	-	(1,351,945)	-	(1,351,945)
Designated transfers - Other	-	(223,754)	223,754	-
Endowment net assets at August 31, 2015	1,323,299	9,722,622	25,063,437	36,109,358
Contributions	120,000	-	3,646,133	3,766,133
Investment return:				
Interest and dividends	41,097	1,089,417	1,912	1,132,426
Net appreciation	33,909	1,016,089	3,395	1,053,393
Total investment return	75,006	2,105,506	5,307	2,185,819
Appropriations - Acquisition of art	-	(405,257)	-	(405,257)
Investment return appropriated for expenditures	(14,262)	(1,457,938)	-	(1,472,200)
Designated transfers - Other	-	96,878	813,397	910,275
Endowment net assets at August 31, 2016	\$ 1,504,043	\$ 10,061,811	\$ 29,528,274	\$ 41,094,128

Note 12: Unemployment Compensation

The Art Museum has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment compensation claims are paid to the state of Wisconsin as incurred. The Art Museum has obtained a letter of credit of \$118,145 to meet state funding requirements. There were no borrowings against this letter of credit at August 31, 2016 and 2015. The letter of credit expires in December 2018.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 13: Leases

Lease with Milwaukee County

The Art Museum has a direct lease with Milwaukee County (the "County") for spaces it currently occupies in County owned buildings. The Art Museum is responsible for all mechanical functions of its occupied space and will receive \$1,100,000 in support annually from the County through 2023. There is no rent payable under the terms of the lease agreement.

In addition, the Art Museum and the County jointly shared the costs of renovations of \$31,300,000 to existing space and construction of additional space. The construction project was completed in the fall of 2015. The Art Museum contributed \$21,500,000 to the project. Per the existing agreement, the improved and additional spaces are donated by the Art Museum to the County, and then leased back by the County to the Art Museum.

In March 2016, the Art Museum and the County negotiated a potential agreement to transfer the ownership of the renovated space, adjacent parking structure, pavilion and park, and the Art Museum-occupied gallery and office spaces currently owned by the County to the Art Museum. The initial terms of the agreement have been approved by the Milwaukee County Board of Supervisors, the County Executive and the Art Museum Board. As of the issuance date of this report, the details of the agreement have not been finalized.

Other Leases

The Art Museum leases office equipment and office space under operating leases which expire through September 2026. Rent expense for the years ended August 31, 2016 and 2015 totaled \$137,788 and \$92,175, respectively.

Future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year consisted of the following:

<i>Years Ended August 31,</i>	
2017	\$ 225,093
2018	222,135
2019	218,346
2020	181,541
2021	171,541
Thereafter	895,907
Total	\$ 1,914,563

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 14: Fair Value Measurements

Information regarding assets measured at fair value on a recurring basis is as follows:

<i>As of August 31, 2016</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Cash and equivalents:				
Money market funds	\$ -	\$ 11,249,158	\$ -	\$ 11,249,158
U.S. government obligations	5,567,912	-	-	5,567,912
Fixed income securities:				
Mortgage-backed securities	6,101,967	-	-	6,101,967
Corporate obligations	-	1,046,100	-	1,046,100
Foreign obligations	-	1,206,992	-	1,206,992
Equities:				
Domestic				
Consumer discretionary	2,173,226	-	-	2,173,226
Energy	291,394	-	-	291,394
Financials	1,823,125	-	-	1,823,125
Health care	835,870	-	-	835,870
Industrials	2,388,602	-	-	2,388,602
Information technology	1,078,660	-	-	1,078,660
Materials	154,764	-	-	154,764
Privately held stock	-	-	434,403	434,403
Foreign	2,242,620	-	-	2,242,620
Fixed income mutual funds	1,285,266	-	-	1,285,266
Equity mutual funds:				
Domestic	5,072,122	-	-	5,072,122
Foreign	5,472,172	-	-	5,472,172
Total investments	34,487,700	13,502,250	434,403	48,424,353
Pledges receivable	-	5,743,453	-	5,743,453
Beneficial interest in assets held in trust	-	316,323	-	316,323
Totals	\$ 34,487,700	\$ 19,562,026	\$ 434,403	\$ 54,484,129

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 14: Fair Value Measurements (Continued)

<i>As of August 31, 2015</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Cash and equivalents:				
Money market funds	\$ -	\$ 6,293,316	\$ -	\$ 6,293,316
U.S. Government obligations	3,683,733	-	-	3,683,733
Fixed income securities:				
Mortgage-backed securities	6,555,843	-	-	6,555,843
Corporate obligations	-	2,061,592	-	2,061,592
Foreign obligations	-	951,662	-	915,662
Equities:				
Domestic				
Consumer discretionary	1,754,940	-	-	1,754,940
Energy	295,421	-	-	295,421
Financials	2,129,664	-	-	2,129,664
Health care	684,110	-	-	684,110
Industrials	2,466,209	-	-	2,466,209
Information technology	1,056,608	-	-	1,056,608
Materials	144,795	-	-	144,795
Privately held stock	-	-	616,287	616,287
Foreign	2,550,970	-	-	2,550,970
Fixed income mutual funds	1,254,288	-	-	1,254,288
Equity mutual funds:				
Domestic	4,737,482	-	-	4,737,482
Foreign	5,332,862	-	-	5,332,862
<hr/>				
Total investments	32,646,925	9,306,570	616,287	42,533,782
Pledges receivable	-	8,508,202	-	8,508,202
Beneficial interest in assets held in trust	-	311,413	-	311,413
<hr/>				
Totals	\$ 32,646,925	\$ 18,126,185	\$ 616,287	\$ 51,353,397

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 14: Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair value of privately held stock:

Balance at September 1, 2014	\$	-
Contributions		616,287
<hr/>		
Balance at August 31, 2015		616,287
Distributions		(181,884)
<hr/>		
Balance at August 31, 2016	\$	434,403
<hr/> <hr/>		

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are measured using \$1 as the net asset value (“NAV”).
- U.S government obligations, mortgage-backed securities, corporate obligations, and foreign obligations are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Equities, except for privately held stock are valued at quoted market prices.
- Fixed income and equity mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-ended mutual funds that are registered with the U.S. Security and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held are deemed to be actively traded.
- Pledges receivable are valued at the present value of estimated future cash flows.
- Beneficial interest in assets held in charitable trusts are recorded net of a discount based upon the applicable Internal Revenue Code Section 7520 rate over the anticipated life expectancies of the donors. Beneficial interest in funds maintained by the Greater Milwaukee Foundation are valued based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices.
- Privately held stock is valued using a discounted cash flow method.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Art Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 15: Employee Benefit Plans

The Art Museum maintains an employee retirement plan qualified under Section 403(b) of the Code. The plan covers all Art Museum employees on their date of hire. The Art Museum matches employee contributions of 1% to 7% of gross salaries for qualified employees who have completed a minimum of one year of continuous employment of 1,000 hours or more. The match for the years ending August 31, 2016 and 2015 was 2%. Employees may make contributions to the plan up to the maximum amount allowed by the Code. The Art Museum's expenses related to this plan were \$60,318 and \$48,203 for the years ended August 31, 2016 and 2015, respectively.

The Art Museum also contributes to a pension plan for eligible security staff as specified by an agreement between the Art Museum and District #10 International Association of Machinists and Aerospace Workers, the labor union representing the security staff. The security staff represents approximately 7% of Art Museum employees. The current agreement is in effect until August 31, 2017. Expenses related to this plan for contributions on behalf of eligible union employees were \$25,790 and \$32,022 for the years ended August 31, 2016 and 2015, respectively.

Note 16: Reclassification

A reclassification has been made to the 2015 financial statements to conform to the 2016 classifications. This reclassification did not affect the overall change in net assets for 2015.

Supplementary Information

Milwaukee Art Museum, Inc.

Schedule of Endowment Funds

August 31, 2016 and 2015

	2016	2015
Donor-restricted endowments:		
Albert Family Curator of American Art Fund	\$ 3,755,900	\$ -
Albert Tooman Acquisition Fund	599,086	567,600
Boyd Fund	107,006	107,340
Bradley Conservation/Maintenance Fund	1,333,595	1,335,312
Bradley Foundation Fund	4,655,117	4,647,556
Catherine Jean Quirk Fund	93,982	94,276
CAS/Dimoff Fund	236,899	220,765
Constance P. Godfrey Acquisition Fund	1,425,164	471,738
Croasdaile Acquisition Fund	1,428,781	1,593,536
Doerfler Fund	110,015	104,233
Dunham Fund for Education	450,443	446,731
Endowment for Conservation	39,573	39,697
Endowment for Education	601,378	603,103
Erich C. Stern Fund	91,418	86,613
Esther S. Weber Memorial Education Fund	43,617	43,753
Expansion Operating Endowment	898,394	889,401
Florence Eiseman Foundation Fund	46,669	46,811
Frederick Layton Lecture Series Fund	227,819	228,530
Friends of Art Exhibition Fund	1,547,825	1,547,534
General Operating Endowment	7,227,490	7,235,919
Grootemaat Fund	54,304	54,473
Hambling Endowment	899,521	901,408
Hay Gift Annuity	2,383	2,392
Herzfeld Curator of Photography Fund	776,589	636,244
James H. Brachman Fund	74,474	74,712
Jill and Jack Pelisek Fund	99,837	85,831
Joan Marcus Memorial Fund	68,474	68,688
John Porter Retzer and Florence Horn Retzer Competition Fund	287,947	288,847
Katherine Smith Gift Annuity	10,828	10,869
LaBahn Fund	1,509,534	1,514,251
Laskin Fund	1,229,091	1,164,493
Lee, Barbara Brown, Director of Education Endowment	417,395	398,321
Miller Lewensohn Gift Annuity	8,809	8,843
NEA Challenge Endowment-Match	1,485,212	1,489,855
Orth Fund	163,318	163,807
Patti Baker Education Endowment Fund	1,326,487	1,330,633
Pellegrin Family Endowment for Education	332,258	333,296
Pieper Challenge Grant Matching Fund	2,783,849	2,728,125
Rene von Schleinitz Memorial Fund	128,474	285,251
Richard and Ethel Herzfeld Photography Exhibition Fund	513,476	515,080
Schuchardt Fund	31,275	29,631
Suzanne and Richard Pieper Family Fund	1,374,498	1,349,639
Vilski Gift Annuity	9,205	9,240
Virginia Booth Vogel Acquisition Fund	1,082,676	1,031,682
Total donor-restricted endowments	39,590,085	34,786,059

Milwaukee Art Museum, Inc.
Schedule of Endowment Funds (Continued)

August 31, 2016 and 2015

	2016	2015
Board-designated endowments:		
Ruth K. Abrams Fund	\$ 64,281	\$ 64,483
Board Designated Fund	1,146,777	965,077
Karen Johnson Boyd Fund	193,788	194,164
Gift Annuity Reserve	99,197	99,575
Total board-designated endowments	1,504,043	1,323,299
Total endowment funds	\$ 41,094,128	\$ 36,109,358

Endowment assets (liabilities) consisted of the following:

<i>As of August 31,</i>	2016	2015
Investments	\$ 41,114,170	\$ 36,102,440
Other	(20,042)	6,918
Total endowment funds	\$ 41,094,128	\$ 36,109,358

See independent auditor's report on supplementary information.