

# Milwaukee Art Museum, Inc. and Subsidiary

Milwaukee, Wisconsin

Consolidated Financial Statements  
and Supplementary Information

Years Ended August 31, 2019 and 2018

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants



## **Independent Auditor's Report**

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Milwaukee Art Museum, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidating 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Art Museum, Inc. and Subsidiary as of August 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.



***Emphasis of a Matter***

As discussed in Note 1 to the consolidated financial statements, the Milwaukee Art Museum, Inc. and subsidiary adopted the amendments in *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended August 31, 2019. The ASU has been applied retrospectively to all periods presented with the exception of certain omissions of prior year data as allowed under the standard. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 33 through 40 is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

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

Wipfli LLP  
Milwaukee, Wisconsin

December 18, 2019

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statements of Financial Position

August 31, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 3,524,387	\$ 2,685,809
Accounts receivable - Net	534,719	544,352
Current portion of pledges receivable	2,579,936	2,572,966
Current portion of other receivables	186,714	185,438
Investment income receivable	13,289	14,221
Inventories - Net	286,774	332,183
Prepaid expenses	546,675	586,807
<b>Total current assets</b>	<b>7,672,494</b>	<b>6,921,776</b>
Investments	57,841,022	53,064,453
Pledges receivable, less current portion	249,902	117,370
Other receivable - Net, less current portion	1,253,286	1,353,434
Beneficial interest in assets held in trust	349,168	361,071
Property and equipment - Net	98,555,845	100,874,025
Prepaid expense, less current portion	-	58,443
<b>TOTAL ASSETS</b>	<b>\$ 165,921,717</b>	<b>\$ 162,750,572</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current maturities of debt	\$ 300,372	\$ 831,503
Accounts payable and accrued expenses	1,843,010	1,523,649
Deferred revenue	1,229,180	1,083,080
<b>Total current liabilities</b>	<b>3,372,562</b>	<b>3,438,232</b>
Long-term liabilities:		
Deferred lease expense	103,540	101,972
Long-term debt, less current maturities	2,224,337	942,077
<b>Total long-term liabilities</b>	<b>2,327,877</b>	<b>1,044,049</b>
<b>Total liabilities</b>	<b>5,700,439</b>	<b>4,482,281</b>
Net assets:		
Without donor restrictions:		
Board designated	6,508,538	4,637,627
Undesignated	98,968,925	102,093,599
<b>Total without donor restrictions</b>	<b>105,477,463</b>	<b>106,731,226</b>
<b>With donor restrictions</b>	<b>54,743,815</b>	<b>51,537,065</b>
<b>Total net assets</b>	<b>160,221,278</b>	<b>158,268,291</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 165,921,717</b>	<b>\$ 162,750,572</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statements of Activities

Year Ended August 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:						
Contributions and membership	\$ 5,163,674	\$ 571,440	\$ 5,735,114	\$ 5,502,212	\$ 654,246	\$ 6,156,458
Grants and sponsorships	17,500	5,625,044	5,642,544	17,500	2,134,555	2,152,055
Milwaukee County	1,100,000	-	1,100,000	2,829,000	-	2,829,000
Admission, tour fees, and parking	4,016,919	-	4,016,919	3,564,791	-	3,564,791
Rental income	186,265	-	186,265	113,670	-	113,670
Education programs	47,852	-	47,852	65,300	-	65,300
Exhibition and curatorial income	120,171	-	120,171	241,889	-	241,889
Retail operations - Net of cost of sales	530,252	-	530,252	519,414	-	519,414
Food and beverage operations - Net of cost of sales	1,861,216	-	1,861,216	2,203,996	-	2,203,996
Facility rental income	541,253	-	541,253	544,004	-	544,004
Fundraising events and auxiliary activities	55,687	527,584	583,271	110,477	1,353,349	1,463,826
Other	18,525	(3,000)	15,525	38,217	7,846	46,063
Investment income (loss)	2,022,846	(434,767)	1,588,079	1,704,904	1,721,885	3,426,789
Net assets released from restrictions and transfers	4,450,752	(4,450,752)	-	3,920,976	(3,920,976)	-
Net assets transferred between funds	373,000	(373,000)	-	200,000	(200,000)	-
Net assets released to fund acquisitions of art	1,076,332	(1,076,332)	-	72,542	(72,542)	-
Contributions restricted for endowment or building	1,143,029	2,887,864	4,030,893	-	1,033,744	1,033,744
Contributions restricted for acquisition of art	-	308,619	308,619	-	500,917	500,917
<b>Total operating support and revenue</b>	<b>22,725,273</b>	<b>3,582,700</b>	<b>26,307,973</b>	<b>21,648,892</b>	<b>3,213,024</b>	<b>24,861,916</b>
Operating expenses:						
Program services	17,841,206	-	17,841,206	16,134,691	-	16,134,691
General and administrative	3,208,729	-	3,208,729	4,141,284	-	4,141,284
Financial development and volunteer services	2,034,048	-	2,034,048	2,754,616	-	2,754,616
Acquisitions of art	1,076,332	385,950	1,462,282	209,258	840,190	1,049,448
<b>Total operating expenses</b>	<b>24,160,315</b>	<b>385,950</b>	<b>24,546,265</b>	<b>23,239,849</b>	<b>840,190</b>	<b>24,080,039</b>
<b>Change in net assets from operating activities</b>	<b>(1,435,042)</b>	<b>3,196,750</b>	<b>1,761,708</b>	<b>(1,590,957)</b>	<b>2,372,834</b>	<b>781,877</b>
Nonoperating revenue, support, gains, and losses:						
Nonmonetary exchange (See Note 18)	-	-	-	11,240,033	-	11,240,033
Other	181,279	10,000	191,279	8,495	19,620	28,115
<b>Total nonoperating revenue, support, gains, and losses</b>	<b>181,279</b>	<b>10,000</b>	<b>191,279</b>	<b>11,248,528</b>	<b>19,620</b>	<b>11,268,148</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,253,763)</b>	<b>3,206,750</b>	<b>1,952,987</b>	<b>9,657,571</b>	<b>2,392,454</b>	<b>12,050,025</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>106,731,226</b>	<b>51,537,065</b>	<b>158,268,291</b>	<b>97,073,655</b>	<b>49,144,611</b>	<b>146,218,266</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 105,477,463</b>	<b>\$ 54,743,815</b>	<b>\$ 160,221,278</b>	<b>\$ 106,731,226</b>	<b>\$ 51,537,065</b>	<b>\$ 158,268,291</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statement of Functional Expenses

Year Ended August 31, 2019

	Program							Supporting Services		
	Audience, Communication and Member Development			Acquisitions of Art	Business Operations	Building Services	Total	Financial Development and Volunteer Services		Total
	Education	Development	Curatorial					General and Administrative	Services	
Wages and salaries	\$ 615,508	\$ 1,346,473	\$ 1,568,692	\$ -	\$ 1,288,844	\$ 1,634,524	\$ 6,454,041	\$ 1,437,377	\$ 708,699	\$ 8,600,117
Employee benefits	105,215	229,897	316,064	-	227,042	308,127	1,186,345	226,507	117,378	1,530,230
Professional services	13,133	104,975	2,147	-	27,093	45,532	192,880	279,497	200,605	672,982
Supplies	52,274	10,064	23,900	-	131,147	124,913	342,298	13,420	12,074	367,792
Staff, conferences, and training	10,628	11,291	55,327	-	2,894	6,162	86,302	56,949	6,938	150,189
Dues, memberships, publications, and subscriptions	1,039	9,416	38,260	-	585	-	49,300	30,172	1,224	80,696
Equipment rental, maintenance, and purchases	580	166,829	20,962	-	13,352	10,045	211,768	639,071	-	850,839
Building repairs, maintenance, and services	-	-	-	-	-	1,039,022	1,039,022	-	-	1,039,022
Depreciation	-	-	-	-	44,006	4,002,173	4,046,179	135,176	-	4,181,355
Insurance	-	-	89,528	-	-	-	89,528	216,318	-	305,846
Telephone and utilities	301	1,520	1,075	-	153	1,021,690	1,024,739	9,131	400	1,034,270
Advertising, marketing, and promotions	99,875	647,358	-	-	636	-	747,869	-	-	747,869
Postage, shipping, and mailhouse services	3,066	1,643	4,473	-	(2,642)	83	6,623	21,832	112,511	140,966
Printing	5,291	124,433	1,458	-	-	-	131,182	-	265	131,447
Education and public programs	208,670	-	-	-	-	-	208,670	-	-	208,670
Curatorial, conservation, and registrarial	-	9,510	395,268	-	-	-	404,778	-	-	404,778
Exhibitions	-	108,524	1,325,567	-	-	-	1,434,091	-	-	1,434,091
Acquisitions of art for the collection	-	-	-	1,462,282	-	-	1,462,282	-	-	1,462,282
Facility rental	1,248	51,539	-	-	-	(71,795)	(19,008)	(7,160)	15,134	(11,034)
Special events - fundraising	-	-	-	-	-	-	-	-	758,225	758,225
Donor, member, and volunteer	16,120	2,644	-	-	960	-	19,724	13,412	49,470	82,606
Uncollected pledges	-	-	-	-	-	-	-	-	16,531	16,531
Bank and ticket fees	2,347	87,197	92	-	55,460	-	145,096	27,160	30,935	203,191
Other expense	1,809	12,668	22,912	-	2,390	-	39,779	109,867	3,660	153,306
<b>Totals</b>	<b>\$ 1,137,104</b>	<b>\$ 2,925,980</b>	<b>\$ 3,865,725</b>	<b>\$ 1,462,282</b>	<b>\$ 1,791,920</b>	<b>\$ 8,120,476</b>	<b>\$ 19,303,487</b>	<b>\$ 3,208,729</b>	<b>\$ 2,034,049</b>	<b>\$ 24,546,265</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statements of Cash Flows

Years Ended August 31, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 1,952,987	\$ 12,050,025
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Provision for (recovery of) inventory obsolescence	(120,545)	74,453
Provision for (recovery of) uncollectable pledges receivable	(18,500)	12,500
Depreciation and amortization	4,181,355	3,997,634
Property acquired from non-monetary exchange	-	(11,240,033)
Contributions restricted for long-term investments, capital expenditures, and art purchases	(3,196,483)	(1,534,661)
Contributions restricted for acquisitions of art	1,462,282	1,049,448
Net realized gains on sale of investments	(1,166,661)	(2,081,495)
Net change in unrealized gains and losses on investments	(300,610)	(1,263,605)
Change in beneficial interest in assets held in trust	11,903	(17,195)
Changes in assets and liabilities:		
Accounts receivable	9,633	(441,440)
Pledges receivable	1,981,498	1,646,771
Other receivables	98,872	(1,353,434)
Investment income receivable	932	40,953
Inventories	165,954	24,759
Prepaid expenses	98,575	(472,014)
Accounts payable and accrued expenses	319,361	624,895
Deferred lease expense	1,568	5,578
Deferred revenue	146,100	36,981
<b>Net cash provided by operating activities</b>	<b>5,628,221</b>	<b>1,160,120</b>
Cash flows from investing activities:		
Acquisitions of art	(1,462,282)	(1,049,448)
Purchases of investments	(22,130,698)	53,935,769
Proceeds from sale of investments	18,821,400	(53,169,088)
Purchases of property and equipment	(1,863,175)	(1,279,802)
<b>Net cash used in investing activities</b>	<b>(6,634,755)</b>	<b>(1,562,569)</b>
Cash flows from financing activities:		
(Payments) receipts on debt financing	751,129	(726,420)
Contributions designated for long-term investments received	1,093,983	1,403,423
<b>Net cash provided by financing activities</b>	<b>1,845,112</b>	<b>677,003</b>
Increase in cash and cash equivalents	838,578	274,554
Cash and cash equivalents at beginning of year	2,685,809	2,411,255
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,524,387</b>	<b>\$ 2,685,809</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### 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.

Museum Center Park, Inc. (MCP) was formed in 2017 and is a not-for-profit corporation organized to accept, acquire, operate, and manage property in furtherance of the purposes of the Art Museum. The Art Museum is the sole corporate member of MCP.

#### Consolidated Financial Statements

The consolidated financial statements include the accounts of the Art Museum and MCP (collectively, the "Organization"). The entities are consolidated since the Art Museum is the sole corporate member of MCP and appoints its directors. All significant inter-organizational transactions have been eliminated in consolidation.

#### Financial Statement Presentation

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

The Organization 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.

#### Net Assets

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

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated net assets for an operating reserve, deaccessioning fund and Board-designated endowment.

**Net assets with donor restrictions:** Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.



# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Art Collection**

The Art Museum's collection comprises more than 31,000 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 consolidated 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 for acquisitions may be classified as with donor restrictions, which are perpetual in nature, for which only the income earned on the principal balance may be used for acquisitions; or with donor restrictions for which both the principal and earned income may be used for acquisitions; or without restrictions, 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 Organization 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 \$34,000 that reflect management's estimates of uncollectable accounts at both August 31, 2019 and 2018.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Pledges Receivable**

Pledges are recorded as receivables in the year pledged. Promises to give whose eventual uses are restricted by donors are recorded as increases in net assets with donor restrictions. Promises to give without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

Pledges receivable are reported in the consolidated statements of financial position net of unamortized discounts and an allowance for uncollectable promises to give. Pledges 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 1.39% and 1.76%). Amortization of the discount is recorded as a change to contributions and membership revenue in the accompanying consolidated statements of activities. An allowance for uncollectable accounts is determined by management based on past collection history.

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

#### **Other Receivables**

Other receivables relate to a settlement with Milwaukee County (the "County") related to building improvements that were previously paid by the Art Museum. This settlement is to be received in annual installments of \$190,000 through 2027 from the County. Other receivables are reported in the consolidated statements of financial position net of unamortized discounts and an allowance for uncollectable accounts. Other receivables 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 1.39% and 1.76%). Amortization of the discount is recorded as a change to operating support and revenue in the accompanying consolidated statements of activities. No allowance for uncollectable accounts is deemed necessary as management believes the amount is fully collectible.

#### **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 net realizable value.

#### **Prepaid Expenses**

Prepaid expenses primarily include insurance and technology expenditures for monthly and annual contracts. The costs are expensed in the period the coverage occurs.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Investments

Investments are carried at fair value in the accompanying consolidated 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 net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income or as increases in net assets without donor restrictions in all other cases.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### 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:

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	<b>Useful Lives</b>
Building	30 to 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

The Organization 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 Organization determined that no evaluations of recoverability were necessary during the years ended August 31, 2019 and 2018.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **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 Organization recognizes rent expense on a straight-line basis over the noncancelable lease term for a lease agreement that provides free-rent occupancy periods or has known escalation clauses that increase rent annually.

#### **Contributed Revenue**

Contributions, including unconditional promises to give, are recorded in the period the contribution or unconditional promise is received as without donor restrictions or with donor restrictions 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated 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 consolidated 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.

#### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs charged to expense during the years ended August 31, 2019 and 2018, were \$747,869 and \$755,079, respectively.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### 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 donor restricted funds for such purposes, are considered nonoperating revenues and expenses.

#### Income Taxes

The Art Museum and MCP are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Art Museum and MCP are 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 2019 and 2018; therefore, no provision has been made for income taxes in the accompanying consolidated financial statements.

#### Subsequent Events

Subsequent events have been evaluated through December 18, 2019, which is the date the consolidated financial statements were available to be issued.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs have been charged directly to functions when appropriate. Cost related to employees working in multiple functional categories have been allocated based on estimated time and effort. Occupancy costs have been allocated based on square footage.

#### Change in Accounting Policy

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of certain omissions of prior year data as allowed under the standard.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for the Organization in 2020. The Organization is currently evaluating the impact of the provisions of ASU No. 2014-09.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for periods beginning after December 15, 2019, for transactions in which the entity serves as the resource provider. The Organization is still evaluating the impact of the provisions of ASU Topic 958.

#### Note 2: Pledges Receivable

Pledges receivable are summarized as follows as of August 31:

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 2,579,936	\$ 2,636,182
One to five years	361,000	207,025
Gross pledges receivable	2,940,936	2,843,207
Less:		
Unamortized discount	(71,098)	(94,371)
Allowance for uncollectable accounts	(40,000)	(58,500)
Pledges receivable - Net	2,829,838	2,690,336
Less - Current portion	(2,579,936)	(2,572,966)
Pledges receivable, less current portion	\$ 249,902	\$ 117,370

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 3: Other Receivables

Other receivables are summarized as follows as of August 31:

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 190,000	\$ 190,000
One to five years	760,000	760,000
Six to nine years	570,000	760,000
Gross receivable	1,520,000	1,710,000
Less:		
Unamortized discount	(80,000)	(171,128)
Other receivables - Net	1,440,000	1,538,872
Less - Current portion	(186,714)	(185,438)
Other receivables, less current portion	\$ 1,253,286	\$ 1,353,434

### Note 4: Inventories

Inventories consisted of the following as of August 31:

	<b>2019</b>	<b>2018</b>
Store inventory	\$ 218,796	\$ 260,611
Publications inventory	19,884	134,939
Cafe inventory	67,952	77,036
Reserve for obsolescence	(19,858)	(140,403)
Inventories - Net	\$ 286,774	\$ 332,183

### Note 5: Investments

Investments consisted of the follows for the years ended August 31:

	<b>2019</b>	<b>2018</b>
Money market funds	\$ 7,821,635	\$ 6,653,449
Equities	9,498,111	8,981,997
Fixed income mutual funds	9,440,720	8,586,878
Equity mutual funds	17,761,991	16,171,410
Alternative investments	13,318,565	12,670,719
Total investments	\$ 57,841,022	\$ 53,064,453

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 5: Investments (Continued)

Investment income was as follows:

	<b>2019</b>	<b>2018</b>
Interest and dividend income, net of trustee and management fees	\$ 120,808	\$ 81,689
Net realized gains on sale of investments	1,166,661	2,081,495
Net change in unrealized gains and losses on investments	300,610	1,263,605
Total investment income	\$ 1,588,079	\$ 3,426,789

Investment trustee and management fees of \$152,382 and \$167,929 were paid by the Art Museum for the years ended August 31, 2019 and 2018, 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 consolidated financial statements.

### Note 6: 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 donations without donor restrictions 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 \$349,168 and \$361,071 as of August 31, 2019 and 2018, respectively, is recorded as a beneficial interest in assets held in trust in the accompanying consolidated statements of financial position. The Art Museum received income distributions of \$21,628 and \$15,008 from this fund during 2019 and 2018, respectively.

The Art Museum is also the income beneficiary of 12 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 \$7,261,952 and \$7,491,916 at August 31, 2019 and 2018, respectively. The Art Museum received income distributions of \$260,407 and \$250,534 during 2019 and 2018, respectively, from these designated funds.



# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 7: Property and Equipment

Property and equipment consisted of the following as of August 31:

	<b>2019</b>	<b>2018</b>
Building	\$ 134,923,052	\$ 134,923,052
Building improvements	2,137,456	911,354
Land improvements	11,490,898	11,490,898
Leasehold improvements	642,193	642,203
Furniture and equipment	6,426,793	6,051,733
Construction in progress	217,640	400,611
<hr/>		
Total property and equipment	155,838,032	154,419,851
Less - Accumulated depreciation	(57,282,187)	(53,545,826)
<hr/>		
Property and equipment - Net	\$ 98,555,845	\$ 100,874,025

Construction in progress at August 31, 2019 and 2018, primarily consists of renovations and property acquisition costs.

### Note 8: Debt

#### 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, 2019 and 2018. 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. The line of credit agreement expires April 30, 2020. There were no borrowings under the line of credit at August 31, 2019 and 2018.

#### Construction Lines 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. The agreement requires minimum annual principal payments of \$1,200,000. The interest rate is one-month LIBOR plus 100 basis points (3.17% as of August 31, 2019). The amount owed under the construction line of credit was \$0 and \$700,000 as of August 31, 2019 and 2018, respectively. Under the terms of the agreement, the Art Museum is required to maintain a specific financial covenant.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 8: Debt (Continued)

#### Construction Lines of Credit (Continued)

In January 2018, MCP entered into a \$2,260,000 construction line of credit agreement in order to fund structural repairs and related improvements to MCP property. The amount outstanding at August 31, 2019 and 2018, was \$1,326,436 and \$1,073,580, respectively. The construction line of credit requires monthly payments of \$14,685 maturing on January 31, 2025, at which time any outstanding balance on the line is due. The line bears interest at 4.41%. Under the terms of the agreement, MCP is required to maintain a specific financial covenant.

In December 2018, MCP entered into a \$836,150 construction note agreement in order to fund structural and repairs and related improvements to MCP. The amount drawn during 2019 and outstanding on the note at August 31, 2019 was \$836,150. The construction note requires monthly payments of \$7,998 and matures on January 31, 2025 at which time any outstanding balance on the note is due. The note bears an interest rate of 2.81%. Under the terms of the agreement, MCP is required to maintain a specific financial covenant.

#### Notes Payable

In February 2019, MCP entered into a note with its parking management vendor to fund equipment. The note was in the amount of \$360,612 at inception. The amount outstanding at August 31, 2019 was \$308,023. The note requires monthly payments of \$7,513 for 48 months maturing in January of 2023. The note is non-interest-bearing. The note is secured by the parking garage.

In February 2019, MAM entered into a note with its parking management vendor to fund equipment. The note was in the amount of \$63,337 at inception. The amount outstanding at August 31, 2019 was \$54,100. The note requires monthly payments of \$1,320 for 48 months maturing in January of 2023. The note is non-interest-bearing. The note is secured by the parking garage.

#### Future Minimum Payments

Future minimum payments of principal on the debt are as follows as of August 31, 2019:

	<b>Museum Center Park</b>
2020	\$ 300,373
2021	306,196
2022	314,071
2023	260,443
2024	224,686
Thereafter	1,118,940
Total debt	2,524,709
Less - Current maturities	(300,372)
Long-term debt, less current maturities	\$ 2,224,337

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 8: Debt (Continued)

#### Interest

Interest paid during the years ended August 31, 2019 and 2018, totaled \$79,145 and \$55,069, respectively.

### Note 9: Concentrations

The Organization 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 Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

At August 31, 2019, pledges from two donors totaled 47% of total pledges receivable. At August 31, 2018, pledges from one donor totaled 11% of total pledges receivable.

### Note 10: Board-Designated Net Assets

Certain net assets without donor restrictions 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 as of August 31:

	2019	2018
Board-designated endowment	\$ 4,444,714	\$ 1,687,134
Deaccessioning fund	124,054	29,286
Board-designated reserve	1,939,770	2,921,207
Total Board-designated net assets	\$ 6,508,538	\$ 4,637,627

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. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 11: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted as of August 31:

	<b>2019</b>	<b>2018</b>
Subject to appropriation or expenditure for a specified purpose:		
Facility expansion project	\$ -	\$ 36,635
Acquisition of art	6,991,671	7,827,717
Exhibitions	2,578,583	2,128,720
Education	1,945,797	2,133,984
Collection - Care and maintenance	489,315	526,399
Auxiliary activities	1,391,299	1,629,123
Program services	142,043	60,000
Operations	6,588,907	5,586,389
Total subject to appropriation or expenditure for a specific purpose	20,127,615	19,928,967
Endowments:		
Subject to endowment spending policy and appropriation:		
Operations	16,925,201	16,822,758
Education	2,842,704	2,807,679
Curatorial	12,291,052	9,425,467
Acquisitions	2,548,027	2,543,027
Other	9,216	9,167
Total endowments	34,616,200	31,608,098
Total net assets with donor restrictions	\$ 54,743,815	\$ 51,537,065

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended August 31:

	<b>2019</b>	<b>2018</b>
Education	\$ 939,474	\$ 798,203
Audience, communication, and member development	315,107	232,251
Presentation and curatorial	2,194,342	1,351,888
General, administrative and development	147,370	258,542
Renovations	674,903	374,863
Financial development and volunteer services	179,556	905,229
Endowments - Acquisition of art	1,076,332	72,542
Total net assets released from donor restrictions	\$ 5,527,084	\$ 3,993,518

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 12: 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.

#### 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 in perpetuity 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 net assets with donor restrictions to be held in perpetuity (a) the original value of the donor's gifts to the endowment, (b) the original value of a donor's subsequent gifts to the endowment, and (c) accumulations to the 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 net assets with donor restrictions to be held in perpetuity are classified as net assets with donor restriction 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 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 net assets without donor restrictions. The Board of Trustees may designate additional amounts from time to time to be added to the endowment fund.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### **Note 12: Endowments** (Continued)

#### **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.

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, alternative investments, and cash equivalents.

#### **Distributions**

The annual distribution policy the Board of Trustees has set will allow distributions to be made available to operations of 5% of a trailing 12 quarter average market value of the with donor restrictions 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.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 12: Endowments (Continued)

#### Changes in Endowment Net Assets

Changes in the endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Perpetual in Nature	
Endowment net assets at August 31, 2017	\$ 1,636,910	\$ 11,978,363	\$ 30,076,640	\$ 43,691,913
Contributions	-	-	1,033,820	1,033,820
Investment return:				
Interest and dividends	27,280	734,817	-	762,097
Net appreciation	92,879	2,507,598	-	2,600,477
<b>Total investment return</b>	<b>120,159</b>	<b>3,242,415</b>	<b>-</b>	<b>3,362,574</b>
Appropriations - Acquisition of art	-	(72,542)	-	(72,542)
Investment return appropriated for expenditures	(69,935)	(1,540,709)	-	(1,610,644)
Designated transfers - Other	-	(497,638)	497,638	-
Endowment net assets at August 31, 2018	1,687,134	13,109,889	31,608,098	46,405,121
Contributions	2,683,571	6,235	2,880,349	5,570,155
Investment return:				
Interest and dividends	64,329	837,607	-	901,936
Net appreciation	97,545	441,003	-	538,548
<b>Total investment return</b>	<b>161,874</b>	<b>1,278,610</b>	<b>-</b>	<b>1,440,484</b>
Appropriations - Acquisition of art	-	(1,076,332)	-	(1,076,332)
Investment return appropriated for expenditures	(87,865)	(1,815,121)	-	(1,902,986)
Designated transfers - Other	-	(127,753)	127,753	-
Endowment net assets at August 31, 2019	\$ 4,444,714	\$ 11,375,528	\$ 34,616,200	\$ 50,436,442

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 12: Endowments (Continued)

#### Endowment Net Assets

Endowment net assets consisted of the following:

<i>As of August 31, 2019</i>	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Subject to Appropriation	Perpetual in Nature	
Donor-designated endowment funds	\$ -	\$ 11,375,528	\$ 34,616,200	\$ 45,991,728
Board-designated and other endowment funds	4,444,714	-	-	4,444,714
<b>Totals</b>	<b>\$ 4,444,714</b>	<b>\$ 11,375,528</b>	<b>\$ 34,616,200</b>	<b>\$ 50,436,442</b>

<i>As of August 31, 2018</i>	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Subject to Appropriation	Perpetual in Nature	
Donor-designated endowment funds	\$ -	\$ 13,109,889	\$ 31,608,098	\$ 44,717,987
Board-designated and other endowment funds	1,687,134	-	-	1,687,134
<b>Totals</b>	<b>\$ 1,687,134</b>	<b>\$ 13,109,889</b>	<b>\$ 31,608,098</b>	<b>\$ 46,405,121</b>

### Note 13: Unemployment Compensation

The Organization 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 Organization has obtained a letter of credit of \$139,606 to meet state funding requirements. There were no borrowings against this letter of credit at August 31, 2019 and 2018. The letter of credit expires in December 2022.

### Note 14: Leases

The Organization leases office equipment, office space, and storage space under operating leases, which expire through September 2027. Rent expense for the years ended August 31, 2019 and 2018, totaled \$536,659 and \$520,597, respectively.



# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 14: Leases (Continued)

Future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year consisted of the following for the years ended August 31:

2020	\$	501,635
2021		506,572
2022		514,845
2023		523,224
2024		497,223
Thereafter		1,303,387
<hr/>		
Total	\$	3,846,886
<hr/>		

MCP has entered into operating leases as the lessor of building space. The leases expire at varying times through March of 2028. The leases contain options for renewal periods and early termination options. The leases contain terms to collect from the tenants additional rents based on certain expenses and increases in these expenses as defined in the lease agreements. Future minimum receipts under the base lease arrangements, not including additional rents or increases in expenses which may be collected in future periods, are as follows for the fiscal years ending August 31:

2020	\$	210,683
2021		221,096
2022		231,103
2023		76,100
2024		61,933
Thereafter		175,477
<hr/>		
Total	\$	976,392
<hr/>		

### Note 15: Operator Agreement

MCP has entered into an operating agreement for management and operation of its parking garage. As part of the agreement the operator will receive a management fee based on the amount of revenue collected. As part of agreement, MCP is guaranteed a minimum amount of revenue in the amount of \$1,885,000, with revenue over this amount being allocated between MCP and the operator based on the terms of the operating agreement. The operating agreement's initial term ends in March of 2023 with a five year renewal option unless the operator terminates, thereafter the agreement will renew for twelve month terms unless either party terminates the agreement.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### **Note 16: Milwaukee County Support**

Under an agreement with the County, the Art Museum is to receive from the County \$1,100,000 per year in support through 2023 and \$500,000 per year for 2024 through 2033. The agreement is considered contingent upon future events and, therefore, the future payments are not recorded as a receivable or contributions in the accompanying consolidated financial statements. The payments will be recorded as contributions when received.

### **Note 17: 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, 2019 and 2018, 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 \$90,822 and \$79,568 for the years ended August 31, 2019 and 2018, 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 6% of Art Museum employees. The current agreement is in effect until August 31, 2020. Expenses related to this plan for contributions on behalf of eligible union employees were \$60,311 and \$47,708 for the years ended August 31, 2019 and 2018, respectively.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 18: Fair Value Measurements

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

<i>As of August 31, 2019</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Cash and cash equivalents:				
Money market funds	\$ -	\$ 7,821,635	\$ -	\$ 7,821,635
Equities:				
Domestic	7,037,714	-	-	7,037,714
Foreign	2,126,119	-	-	2,126,119
Privately held stock	-	-	334,278	334,278
Fixed income mutual funds	9,440,720	-	-	9,440,720
Equity mutual funds	17,761,991	-	-	17,761,991
Alternative investments measured using NAV practical expedient: *				
Defensive equity fund				3,702,271
Private real estate investment trust				2,560,762
Collective trust fund				3,645,846
Emerging markets debt				1,708,103
High yield bond fund				1,701,583
<b>Total investments</b>	<b>36,366,544</b>	<b>7,821,635</b>	<b>334,278</b>	<b>57,841,022</b>
Pledges and other receivables	-	4,269,838	-	4,269,838
Beneficial interest in assets held in trust	-	349,168	-	349,168
<b>Totals</b>	<b>\$ 36,366,544</b>	<b>\$ 12,440,641</b>	<b>\$ 334,278</b>	<b>\$ 62,460,028</b>

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 18: Fair Value Measurements (Continued)

<i>As of August 31, 2018</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Cash and cash equivalents:				
Money market funds	\$ -	\$ 6,653,449	\$ -	\$ 6,653,449
Equities:				
Domestic	6,832,093	-	-	6,832,093
Foreign	1,815,626	-	-	1,815,626
Privately held stock	-	-	334,278	334,278
Fixed income mutual funds	8,586,878	-	-	8,586,878
Equity mutual funds	16,171,410	-	-	16,171,410
Alternative investments measured using NAV practical expedient: *				
Defensive equity fund				3,573,463
Private real estate investment trust				3,485,234
Collective trust fund				2,685,256
Emerging markets debt				1,437,414
High yield bond fund				1,489,352
<hr/>				
Total investments	33,406,007	6,653,449	334,278	53,064,453
Pledges and other receivables	-	4,229,208	-	4,229,208
Beneficial interest in assets held in trust	-	361,071	-	361,071
<hr/>				
Totals	\$ 33,406,007	\$ 11,243,728	\$ 334,278	\$ 57,654,732

\*In accordance with FASB ASC 820-10, certain investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 18: Fair Value Measurements (Continued)

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 NAV.
- Equities, except for privately held stock, are valued at quoted market prices.
- Privately held stock is valued using a discounted cash flow method.
- 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.
- Alternative investments are valued based on the NAV of the underlying investments of the funds.
- Pledges and other receivables 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.

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 Organization 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. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 18: Fair Value Measurements (Continued)

The following table presents additional information about the Organization's investments whose fair value is estimated using the reported NAV:

<i>As of August 31,</i>	<b>2019</b>	<b>2018</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>	<b>Unfunded Commitments</b>
Defensive equity fund:					
Parametric Defensive Equity <sup>(A)</sup>	\$ 3,702,271	\$3,573,463	Monthly	5 days	\$ -
Private real estate investment trust:					
Barings Core Property Fund <sup>(B)</sup>	\$ 2,560,762	\$ 3,485,234	Quarterly	30 days	\$ -
Collective trust fund:					
Wellington Trust Company N.A. <sup>(C)</sup>	\$ 3,645,846	\$ 2,685,256	Monthly	Notice on calendar day of prior month	\$ -
Emerging markets debt:					
Logan Circle Partners <sup>(D)</sup>	\$ 1,708,103	\$ 1,437,414	Monthly	10 days	\$ -
High yield bond fund:					
Primus High Yield Bond Fund <sup>(E)</sup>	\$ 1,701,583	\$ 1,489,352	Monthly	10 days	\$ -

- (A) The fund attempts to generate similar returns to the S&P 500 over a full market cycle with lower risk. The fund consists of S&P 500 securities and treasury bills. In addition, the fund sells fully collateralized call and put options on the S&P 500 to generate outgoing income. The fund seeks to structurally reduce equity market risk while adding a relatively uncorrelated risk premium to enhance returns. The fund seeks to reduce the magnitude of drawdowns and recover faster from stress events.
- (B) The fund is a U.S. open-end diversified core fund that focuses on the four traditional property types and hotels. The fund is managed with an emphasis on research, targeting “barrier” markets, which are perceived to reduce the risk of oversupply and offer potential for outsized rent growth and appreciation.
- (C) The collective trust seeks to outperform the MSCI Emerging Markets Index (the “Index”) over three to five years. The fund uses a highly diversified, research-driven strategy targeting an excess return over the Index.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 18: Fair Value Measurements (Continued)

- (D) The collective trust invests primarily in debt securities of issuers located in emerging market countries. The collective trust normally will hold fixed-income securities of government and government-related issuers and corporate issuers in emerging market countries. The investment advisor may invest in capital securities, which are hybrid securities that combine the characteristics of bonds and preferred stocks, in order to take advantage of the mispricing of subordinated risk within the marketplace. Amounts invested in Logan Circle may only be redeemed as of the last business day of a calendar month and with at least 10 business days' prior written notice, unless otherwise consented to by the general partner in its sole discretion.
- (E) The fund provides a conservative and prudent approach to investing in high yield that seeks to maximize risk-adjusted performance over a full market cycle. The strategy is based upon rigorous, proprietary credit analysis that seeks to invest in the bonds of companies with strong and/or improving financial characteristics, while avoiding those most likely to default. The primary objective is to preserve capital during all market environments by mitigating credit risk in the portfolio. Performance is generated through the compounding of interest income and capital appreciation.

### Note 19: Nonmonetary Exchange

In December 2017, the Art Museum created a wholly-owned, tax exempt subsidiary, MCP, for the transaction related to the transfer of ownership of the adjacent parking garage, pavilion, and park from the County to the Art Museum. An appraised value of \$13.4 million was established for the acquired property. This property was recorded as an asset and a corresponding nonmonetary exchange in MCP in the accompanying consolidated financial statements.

In conjunction with the acquisition, the County also transferred ownership of portions of two additional buildings which were previously leased from Milwaukee County to the Art Museum. An appraised value of \$20.8 million was established for the acquired property. The net book value of leasehold improvements related to these properties exceeded the appraised value; therefore, a write-down of the property was recorded for \$2,159,967. In connection with the transfer, the Art Museum has assumed full responsibility for capital maintenance and repair for its portion of the two properties and terminated the lease with the County. As part of this exchange, the County will continue to own all the land beneath the structures. Costs for future capital maintenance will be recognized by the Art Museum as incurred.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 20: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of August 31, 2019:

Cash and cash equivalents	\$ 3,524,387
Accounts receivable - Net	534,719
Current portion of other receivable	186,714
Less: Cash with donor restrictions	(745,840)

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Total financial assets available for general expenditure within one year of the consolidated statement of financial position date	\$ 3,499,980
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The Organization does not have a formal liquidity policy, but generally maintains financial assets in liquid form such as cash for over 90 days of operating expenses. In the event of a liquidity need, the Organization could also draw upon the unused portion of its \$1,500,000 line of credit. As more fully described in note 10, funds in the amount of \$6,508,538 have been put into board-designated net assets to fund board initiatives. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.



## **Supplementary Information**

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# Milwaukee Art Museum, Inc.

## Consolidating Statements of Financial Position

August 31, 2019

Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 2,837,632	\$ 686,755	\$ -	\$ 3,524,387
Accounts receivable - Net	360,625	174,094	-	534,719
Current portion of pledges receivable	2,579,936	-	-	2,579,936
Current portion of other receivable	186,714	-	-	186,714
Investment income receivable	13,289	-	-	13,289
Inventories - Net	286,774	-	-	286,774
Prepaid expenses	542,135	4,540	-	546,675
<b>Total current assets</b>	<b>6,807,105</b>	<b>865,389</b>	<b>-</b>	<b>7,672,494</b>
Investments	57,841,022	-	-	57,841,022
Pledges receivable, less current portion	249,902	-	-	249,902
Other receivable - Net, less current portion	1,253,286	-	-	1,253,286
Beneficial interest in assets held in trust	349,168	-	-	349,168
Property and equipment - Net	83,268,548	15,287,297	-	98,555,845
Due from related party	470,485	-	(470,485)	-
<b>TOTAL ASSETS</b>	<b>\$ 150,239,516</b>	<b>\$ 16,152,686</b>	<b>\$ (470,485)</b>	<b>\$ 165,921,717</b>
Liabilities and Net Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current liabilities:				
Current maturities of debt	\$ 15,834	\$ 284,538	\$ -	\$ 300,372
Accounts payable and accrued expenses	1,683,680	159,330	-	1,843,010
Deferred revenue	1,220,847	8,333	-	1,229,180
<b>Total current liabilities</b>	<b>2,920,361</b>	<b>452,201</b>	<b>-</b>	<b>3,372,562</b>
Long-term liabilities:				
Deferred lease expense	103,540	-	-	103,540
Due to related party	-	470,485	(470,485)	-
Long-term debt, less current maturities	38,266	2,186,071	-	2,224,337
<b>Total long-term liabilities</b>	<b>141,806</b>	<b>2,656,556</b>	<b>(470,485)</b>	<b>2,327,877</b>
<b>Total liabilities</b>	<b>3,062,167</b>	<b>3,108,757</b>	<b>(470,485)</b>	<b>5,700,439</b>
Net assets:				
Without donor restrictions:				
Board designated	6,508,538	-	-	6,508,538
Undesignated	85,924,996	13,043,929	-	98,968,925
<b>Total without donor restrictions</b>	<b>92,433,534</b>	<b>13,043,929</b>	<b>-</b>	<b>105,477,463</b>
With donor restrictions	54,743,815	-	-	54,743,815
<b>Total net assets</b>	<b>147,177,349</b>	<b>13,043,929</b>	<b>-</b>	<b>160,221,278</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 150,239,516</b>	<b>\$ 16,152,686</b>	<b>\$ (470,485)</b>	<b>\$ 165,921,717</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Financial Position (Continued)

August 31, 2018

Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 1,851,625	\$ 834,184	\$ -	\$ 2,685,809
Accounts receivable - Net	328,156	216,196	-	544,352
Current portion of pledges receivable	2,572,966	-	-	2,572,966
Other receivable - Net, less current portion	185,438	-	-	185,438
Investment income receivable	14,221	-	-	14,221
Inventories - Net	332,183	-	-	332,183
Prepaid expenses	556,437	30,370	-	586,807
<b>Total current assets</b>	<b>5,841,026</b>	<b>1,080,750</b>	<b>-</b>	<b>6,921,776</b>
Investments	53,064,453	-	-	53,064,453
Pledges receivable, less current portion	117,370	-	-	117,370
Other receivable - Net, less current portion	1,353,434	-	-	1,353,434
Beneficial interest in assets held in trust	361,071	-	-	361,071
Property and equipment - Net	86,364,008	14,510,017	-	100,874,025
Prepaid expenses, less current portion	58,443	-	-	58,443
Due from related party	960,348	-	(960,348)	-
<b>TOTAL ASSETS</b>	<b>\$ 148,120,153</b>	<b>\$ 15,590,767</b>	<b>\$ (960,348)</b>	<b>\$ 162,750,572</b>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Current maturities of debt	\$ 700,000	\$ 131,503	\$ -	\$ 831,503
Accounts payable and accrued expenses	1,129,174	394,475	-	1,523,649
Deferred revenue	1,074,747	8,333	-	1,083,080
<b>Total current liabilities</b>	<b>2,903,921</b>	<b>534,311</b>	<b>-</b>	<b>3,438,232</b>
Long-term liabilities:				
Deferred lease expense	101,972	-	-	101,972
Due to related party	-	960,348	(960,348)	-
Long-term debt, less current maturities	-	942,077	-	942,077
<b>Total long-term liabilities</b>	<b>101,972</b>	<b>1,902,425</b>	<b>(960,348)</b>	<b>1,044,049</b>
<b>Total liabilities</b>	<b>3,005,893</b>	<b>2,436,736</b>	<b>(960,348)</b>	<b>4,482,281</b>
Net assets:				
Without donor restrictions:				
Board designated	4,637,627	-	-	4,637,627
Undesignated	88,939,568	13,154,031	-	102,093,599
<b>Total without donor restrictions</b>	<b>93,577,195</b>	<b>13,154,031</b>	<b>-</b>	<b>106,731,226</b>
With donor restrictions	51,537,065	-	-	51,537,065
<b>Total net assets</b>	<b>145,114,260</b>	<b>13,154,031</b>	<b>-</b>	<b>158,268,291</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 148,120,153</b>	<b>\$ 15,590,767</b>	<b>\$ (960,348)</b>	<b>\$ 162,750,572</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities

Year Ended August 31, 2019

	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>				
<b>Operating Fund:</b>				
Operating support and revenue:				
Contributions and membership	\$ 5,163,674	\$ -	\$ -	\$ 5,163,674
Grants and sponsorships	17,500	-	-	17,500
Milwaukee County	1,100,000	-	-	1,100,000
Admission, tour fees, and parking	2,127,739	1,889,180	-	4,016,919
Rental income	-	186,265	-	186,265
Education programs	47,852	-	-	47,852
Exhibition and curatorial income	120,171	-	-	120,171
Retail operations (net of cost of sales of \$498,894)	530,252	-	-	530,252
Food and beverage operations (net of cost of sales of \$630,215)	1,861,216	-	-	1,861,216
Facility rental income	541,253	-	-	541,253
Fundraising events and auxiliary activities	55,687	-	-	55,687
Other	18,525	-	-	18,525
Investment income	2,022,846	-	-	2,022,846
Net assets released from restrictions and transfers	4,450,752	-	-	4,450,752
Net asset transferred between funds	373,000	-	-	373,000
Net assets released to fund acquisition of art	1,076,332	-	-	1,076,332
Contributions restricted for endowment or building	1,143,029	-	-	1,143,029
Contributions restricted for acquisition of art	-	-	-	-
<b>Total operating support and revenue</b>	<b>20,649,828</b>	<b>2,075,445</b>	<b>-</b>	<b>22,725,273</b>
Operating expenses:				
Program services	15,976,089	1,865,117	-	17,841,206
General and administrative	2,888,299	320,430	-	3,208,729
Financial development	2,034,048	-	-	2,034,048
Acquisitions of art	1,076,332	-	-	1,076,332
<b>Total operating services</b>	<b>21,974,768</b>	<b>2,185,547</b>	<b>-</b>	<b>24,160,315</b>
<b>Change in net assets from operating activities</b>	<b>(1,324,940)</b>	<b>(110,102)</b>	<b>-</b>	<b>(1,435,042)</b>
Nonoperating revenue, support, gains, and losses - Other	181,279	-	-	181,279
<b>Change in net assets without donor restrictions</b>	<b>(1,143,661)</b>	<b>(110,102)</b>	<b>-</b>	<b>(1,253,763)</b>

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities (Continued)

Year Ended August 31, 2019

	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>				
Operating support and revenue:				
Contributions and membership	571,440	-	-	571,440
Grants and sponsorships	5,625,044	-	-	5,625,044
Fundraising events and auxiliary activities	527,584	-	-	527,584
Other	(3,000)	-	-	(3,000)
Investment Income	(434,767)	-	-	(434,767)
Net assets released from restrictions and transfers	(4,450,752)	-	-	(4,450,752)
Net assets transferred between funds	(373,000)	-	-	(373,000)
Net assets released to fund acquisitions of art	(1,076,332)	-	-	(1,076,332)
Contributions restricted for endowment or building	2,887,864	-	-	2,887,864
Contributions restricted for acquisition of art	308,619	-	-	308,619
<b>Total operating support and revenue</b>	<b>3,582,700</b>	<b>-</b>	<b>-</b>	<b>3,582,700</b>
Operating expenses - Acquisition of art	385,950	-	-	385,950
Change in net assets from operating activities	3,196,750	-	-	3,196,750
Nonoperating revenue, support, gains, and losses - Other	10,000	-	-	10,000
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>3,206,750</b>	<b>-</b>	<b>-</b>	<b>3,206,750</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,063,089</b>	<b>(110,102)</b>	<b>-</b>	<b>1,952,987</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>145,114,260</b>	<b>13,154,031</b>	<b>-</b>	<b>158,268,291</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 147,177,349</b>	<b>\$ 13,043,929</b>	<b>\$ -</b>	<b>\$ 160,221,278</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities

Year Ended August 31, 2018

	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>				
<b>Operating Fund:</b>				
Operating support and revenue:				
Contributions and membership	\$ 5,502,212	\$ -	\$ -	\$ 5,502,212
Grants and sponsorships	17,500	-	-	17,500
Milwaukee County	2,829,000	-	-	2,829,000
Admission, tour fees, and parking	2,336,404	1,228,387	-	3,564,791
Rental income	-	113,670	-	113,670
Education programs	65,300	-	-	65,300
Exhibition and curatorial income	241,889	-	-	241,889
Retail operations (net of cost of sales of \$600,993)	519,414	-	-	519,414
Food and beverage operations (net of cost of sales of \$711,172)	2,203,996	-	-	2,203,996
Facility rental income	544,004	-	-	544,004
Fundraising events and auxiliary activities	110,477	-	-	110,477
Other	38,217	-	-	38,217
Investment income	1,704,904	-	-	1,704,904
Net assets released from restrictions and transfers	3,920,976	-	-	3,920,976
Net asset transferred between funds	200,000	-	-	200,000
Net assets released to fund acquisition of art	72,542	-	-	72,542
<b>Total operating support and revenue</b>	<b>20,306,835</b>	<b>1,342,057</b>	<b>-</b>	<b>21,648,892</b>
Operating expenses:				
Program services	14,716,003	1,418,688	-	16,134,691
General and administrative	3,971,946	169,338	-	4,141,284
Financial development	2,754,616	-	-	2,754,616
Acquisitions of art	209,258	-	-	209,258
<b>Total operating services</b>	<b>21,651,823</b>	<b>1,588,026</b>	<b>-</b>	<b>23,239,849</b>
<b>Change in net assets from operating activities</b>	<b>(1,344,988)</b>	<b>(245,969)</b>	<b>-</b>	<b>(1,590,957)</b>
Nonoperating revenue, support, gains, and losses:				
Nonmonetary exchange	(2,159,967)	13,400,000	-	11,240,033
Other	8,495	-	-	8,495
<b>Total nonoperating revenue, support, gains, and losses</b>	<b>(2,151,472)</b>	<b>13,400,000</b>	<b>-</b>	<b>11,248,528</b>
<b>Change in net assets without donor restrictions</b>	<b>(3,496,460)</b>	<b>13,154,031</b>	<b>-</b>	<b>9,657,571</b>

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities (Continued)

Year Ended August 31, 2018

	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>				
Operating support and revenue:				
Contributions and membership	654,246	-	-	654,246
Grants and sponsorships	2,134,555	-	-	2,134,555
Fundraising events and auxiliary activities	1,353,349	-	-	1,353,349
Other	7,846	-	-	7,846
Investment Income	1,721,885	-	-	1,721,885
Net assets released from restrictions and transfers	(3,920,976)	-	-	(3,920,976)
Net assets transferred between funds	(200,000)	-	-	(200,000)
Net assets released to fund acquisitions of art	(72,542)	-	-	(72,542)
Contributions restricted for endowment or building	1,033,744	-	-	1,033,744
Contributions restricted for acquisition of art	500,917	-	-	500,917
<b>Total operating support and revenue</b>	<b>3,213,024</b>	<b>-</b>	<b>-</b>	<b>3,213,024</b>
Operating expenses - Acquisition of art	840,190	-	-	840,190
<b>Change in net assets from operating activities</b>	<b>2,372,834</b>	<b>-</b>	<b>-</b>	<b>2,372,834</b>
Nonoperating revenue, support, gains, and losses - Other	19,620	-	-	19,620
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>2,392,454</b>	<b>-</b>	<b>-</b>	<b>2,392,454</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,104,006)</b>	<b>13,154,031</b>	<b>-</b>	<b>12,050,025</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>146,218,266</b>	<b>-</b>	<b>-</b>	<b>146,218,266</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 145,114,260</b>	<b>\$ 13,154,031</b>	<b>\$ -</b>	<b>\$ 158,268,291</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Schedule of Endowment Funds

August 31, 2019 and 2018

	2019	2018
<b>Donor-restricted endowments:</b>		
Abert Family Curator of American Art Fund	\$ 6,019,678	\$ 4,148,833
Albert Tooman Acquisition Fund	9,732	705,757
Boyd Fund	111,252	114,043
Bradley Conservation/Maintenance Fund	1,387,050	1,421,795
Bradley Foundation Fund	4,846,358	4,967,655
Catherine Jean Quirk Fund	97,711	100,163
CAS/Dimoff Fund	286,289	279,080
Constance P. Godfrey Acquisition Fund	1,722,291	1,678,922
Croasdaile Acquisition Fund	1,265,225	1,618,410
Doerfler Fund	132,952	129,604
Dunham Fund for Education	472,672	484,394
Endowment for Conservation	41,143	42,175
Endowment for Education	626,434	641,900
Eric C. Stern Fund	110,477	107,695
Esther S. Weber Memorial Education Fund	45,348	46,485
Expansion Operating Endowment	936,006	959,427
Florence Eiseman Foundation Fund	48,523	49,740
Frederick Layton Lecture Series Fund	236,859	242,801
Friends of Art Exhibition Fund	1,809,692	1,852,770
General Operating Endowment	7,528,317	7,717,064
Grootemaat Fund	56,458	57,875
Hambling Endowment	936,256	959,726
Hay Gift Annuity	2,440	2,395
Herzfeld Curator of Photography Fund	533,849	547,243
James H. Brachman Fund	77,426	79,368
Jill and Jack Pelisek Fund	89,019	81,756
Joan Marcus Memorial Fund	71,191	72,977
John Porter Retzer and Florence Horn Retzer Competition Fund	299,372	306,883
Katherine Smith Gift Annuity	11,088	10,882
LaBahn Fund	1,569,428	1,608,803
Laskin Fund	1,485,340	1,447,938
Lee, Barbara Brown, Director of Education Endowment	520,007	495,310
Miller Lewensohn Gift Annuity	9,021	8,853
NEA Challenge Endowment-Match	1,544,141	1,582,881
Orth Fund	169,802	174,062
Patti Baker Education Endowment Fund	1,379,119	1,413,719
Pellegrin Family Endowment for Education	345,441	354,108
Pieper Challenge Grant Matching Fund	3,086,984	3,198,295
Rene von Schleinitz Memorial Fund	141,065	141,909
Richard and Ethel Herzfeld Photography Exhibition Fund	3,240,073	2,150,199
Schuchardt Fund	25,809	25,159
Suzanne and Richard Pieper Family Fund	1,525,809	1,580,752
Vilski Gift Annuity	15,768	9,251
Virginia Booth Vogel Acquisition Fund	1,122,813	1,098,930
<b>Total donor-restricted endowments</b>	<b>45,991,728</b>	<b>44,717,987</b>



**Milwaukee Art Museum, Inc.**  
**Schedule of Endowment Funds (Continued)**  
August 31, 2019 and 2018

	2019	2018
<b>Board-designated endowments:</b>		
Ruth K. Abrams Fund	\$ 66,831	\$ 68,508
Board Designated Fund	1,399,366	1,312,018
Karen Johnson Boyd Fund	201,869	206,924
Gloff Fund	686,230	-
Nason Fund	1,096,223	-
Wilson Fund	892,072	-
Gift Annuity Reserve	102,123	99,684
<b>Total Board-designated endowments</b>	<b>4,444,714</b>	<b>1,687,134</b>
<b>Total endowment funds</b>	<b>\$ 50,436,442</b>	<b>\$ 46,405,121</b>

Endowment assets (liabilities) consisted of the following as of August 31:

	2019	2018
Investments	\$ 50,444,456	\$ 46,404,581
Other	(8,014)	540
<b>Total endowment funds</b>	<b>\$ 50,436,442</b>	<b>\$ 46,405,121</b>

See Independent Auditor's Report.