

# Milwaukee Art Museum, Inc. and Subsidiary

Consolidated Financial Statements and  
Supplementary Information

Years Ended August 31, 2021 and 2020



**WIPFLI**

## 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, 2021 and 2020, 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, 2021 and 2020, 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.

## 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 35 through 42 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.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

December 13, 2021

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statements of Financial Position

August 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 6,909,078	\$ 3,213,914
Accounts receivable - Net	962,073	249,501
Current portion of pledges receivable	2,802,167	2,700,305
Current portion of other receivable	189,867	189,772
Investment income receivable	34,137	9,412
Inventories - Net	251,506	269,140
Prepaid expenses	457,012	482,291
<b>Total current assets</b>	<b>11,605,840</b>	<b>7,114,335</b>
Investments	69,887,003	60,357,823
Pledges receivable, less current portion	695,466	1,725,771
Other receivable - Net, less current portion	920,133	1,129,228
Beneficial interest in assets held in trust	455,987	388,898
Property and equipment - Net	92,492,367	95,956,318
Art Collection - See Note 1		
<b>TOTAL ASSETS</b>	<b>\$ 176,056,796</b>	<b>\$ 166,672,373</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current maturities of debt	\$ 175,559	\$ 254,816
Accounts payable and accrued expenses	2,262,491	1,891,407
Deferred revenue	1,343,465	911,792
<b>Total current liabilities</b>	<b>3,781,515</b>	<b>3,058,015</b>
Long-term liabilities:		
Deferred lease expense	94,646	101,098
Long-term debt, less current maturities	1,928,400	2,020,640
<b>Total long-term liabilities</b>	<b>2,023,046</b>	<b>2,121,738</b>
<b>Total liabilities</b>	<b>5,804,561</b>	<b>5,179,753</b>
Net assets:		
Without donor restrictions:		
Board designated	12,662,426	7,970,272
Undesignated	93,151,427	96,481,627
<b>Total without donor restrictions</b>	<b>105,813,853</b>	<b>104,451,899</b>
With donor restrictions	64,438,382	57,040,721
<b>Total net assets</b>	<b>170,252,235</b>	<b>161,492,620</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 176,056,796</b>	<b>\$ 166,672,373</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statements of Activities

Year Ended August 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:						
Contributions and membership	\$ 3,806,430	\$ 489,071	\$ 4,295,501	\$ 4,371,803	\$ 659,521	\$ 5,031,324
Grants and sponsorships	177,870	3,287,925	3,465,795	17,500	5,396,416	5,413,916
Milwaukee County	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Admission, tour fees, and parking	1,509,622	-	1,509,622	2,469,180	-	2,469,180
Rental income	223,057	-	223,057	209,463	-	209,463
Education programs	20,541	-	20,541	41,273	-	41,273
Exhibition and curatorial income	17,360	-	17,360	72,803	-	72,803
Retail operations (net of cost of sales of \$105,590 and \$318,189 for 2021 and 2020, respectively)	145,093	-	145,093	276,611	-	276,611
Food and beverage operations (net of sales of \$110,123 and \$331,389 for 2021 and 2020, respectively)	322,997	-	322,997	901,682	-	901,682
Facility rental income	173,679	-	173,679	522,148	-	522,148
Fundraising events and auxiliary activities	-	50	50	2,161	143,461	145,622
Other	17,280	-	17,280	83,123	3,880	87,003
Paycheck Protection Program Grant	1,877,000	-	1,877,000	1,619,700	-	1,619,700
Employee Retention Credit	2,059,556	-	2,059,556	-	-	-
Investment income - Net	1,124,301	10,153,040	11,277,341	373,205	3,496,567	3,869,772
Net assets released from restrictions and transfers	6,162,576	(6,162,576)	-	7,497,913	(7,497,913)	-
Contributions restricted for endowment or building	10,000	119,551	129,551	56,418	73,080	129,498
<b>Total operating support and revenue</b>	<b>18,747,362</b>	<b>7,887,061</b>	<b>26,634,423</b>	<b>19,614,983</b>	<b>2,275,012</b>	<b>21,889,995</b>
Operating expenses:						
Program services	5,507,123	-	5,507,123	7,662,735	-	7,662,735
General and administrative	3,167,463	-	3,167,463	3,219,588	-	3,219,588
Financial development and volunteer services	1,012,330	-	1,012,330	1,572,274	-	1,572,274
Building Services	7,303,623	-	7,303,623	8,000,078	-	8,000,078
<b>Total operating expenses</b>	<b>16,990,539</b>	<b>-</b>	<b>16,990,539</b>	<b>20,454,675</b>	<b>-</b>	<b>20,454,675</b>
<b>Change in net assets from operating activities</b>	<b>1,756,823</b>	<b>7,887,061</b>	<b>9,643,884</b>	<b>(839,692)</b>	<b>2,275,012</b>	<b>1,435,320</b>
Nonoperating revenue, expense, gains, and losses:						
Acquisition of art	(1,270,444)	-	(1,270,444)	(373,936)	-	(373,936)
Net assets released to fund acquisitions of art	1,270,444	(1,270,444)	-	368,365	(368,365)	-
Contributions restricted for acquisition of art	-	778,351	778,351	-	374,259	374,259
Loss of sale on fixed assets	(231,822)	-	(231,822)	-	-	-
Other	(163,047)	2,693	(160,354)	(180,301)	16,000	(164,301)
<b>Total nonoperating revenue, expense, gains, and losses</b>	<b>(394,869)</b>	<b>(489,400)</b>	<b>(884,269)</b>	<b>(185,872)</b>	<b>21,894</b>	<b>(163,978)</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,361,954</b>	<b>7,397,661</b>	<b>8,759,615</b>	<b>(1,025,564)</b>	<b>2,296,906</b>	<b>1,271,342</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>104,451,899</b>	<b>57,040,721</b>	<b>161,492,620</b>	<b>105,477,463</b>	<b>54,743,815</b>	<b>160,221,278</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 105,813,853</b>	<b>\$ 64,438,382</b>	<b>\$ 170,252,235</b>	<b>\$ 104,451,899</b>	<b>\$ 57,040,721</b>	<b>\$ 161,492,620</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statement of Functional Expenses

Year Ended August 31, 2021

	Program						Supporting Services		
	Audience, Communication and Member Development			Business Operations		Building Services	Financial Development and Volunteer Services		
	Education	Development	Curatorial	Operations	Operations	Total	General and Administrative	Services	Total
Wages and salaries	\$ 430,787	\$ 880,836	\$ 1,380,345	\$ 333,262	\$ 1,264,310	\$ 4,289,540	\$ 1,467,728	\$ 646,032	\$ 6,403,300
Employee benefits	82,867	183,495	291,367	111,567	319,029	988,325	487,515	108,873	1,584,713
Professional services	11,384	97,860	3,550	31,342	888	145,024	275,403	99,112	519,539
Supplies	47,360	8,366	20,989	25,949	50,560	153,224	8,969	589	162,782
Staff/conferences/training	4,019	1,145	2,097	233	3,390	10,884	28,402	1,087	40,373
Dues/memberships/publications/subscriptions	589	10,123	21,304	450	-	32,466	23,660	488	56,614
Equipment rental/maintenance/purchases	160	24,518	14,879	31,989	(215,946)	(144,400)	285,520	1,848	142,968
Building repairs/maintenance/services	-	14,304	-	-	627,383	641,687	272,006	-	913,693
Depreciation	-	-	-	-	4,304,402	4,304,402	-	-	4,304,402
Insurance	-	-	89,174	-	-	89,174	210,460	-	299,634
Telephone and utilities	300	1,013	-	150	965,861	967,324	26,769	-	994,093
Advertising/marketing/promotions	47,243	354,634	300	(3,863)	-	398,314	-	10,418	408,732
Postage/shipping/mailhouse services	520	703	767	(2,451)	10	(451)	1,993	71,264	72,806
Printing	6,048	55,964	183	-	-	62,195	-	227	62,422
Education & public programs	52,402	13,400	-	-	-	65,802	-	-	65,802
Curatorial/conservation/registrarial	-	-	262,218	-	-	262,218	-	-	262,218
Exhibitions	-	28,751	394,728	-	-	423,479	-	-	423,479
Acquisitions of art for the collection	-	-	-	-	-	-	-	-	-
Facility rental - Net	82	6,884	-	-	(16,265)	(9,299)	-	-	(9,299)
Special events - fundraising	-	-	-	-	-	-	(700)	5,576	4,876
Donor/member/volunteer	3,729	6	-	-	-	3,735	1,423	22,326	27,484
Uncollected pledges (recovery)	-	-	-	-	-	-	-	(41,167)	(41,167)
Bank/ticket fees	649	79,279	63	13,359	-	93,350	22,843	27,037	143,230
Other expense	1,734	5,675	26,204	140	-	33,753	55,472	58,620	147,845
<b>Totals</b>	<b>\$ 689,873</b>	<b>\$ 1,766,956</b>	<b>\$ 2,508,168</b>	<b>\$ 542,127</b>	<b>\$ 7,303,622</b>	<b>\$ 12,810,746</b>	<b>\$ 3,167,463</b>	<b>\$ 1,012,330</b>	<b>\$ 16,990,539</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statement of Functional Expenses

Year Ended August 31, 2020

	Program						Supporting Services		
	Audience, Communication and Member Development		Curatorial	Business Operations	Building Services	Total	Financial Development and Volunteer Services		Total
	Education	Development		General and Administrative	Services				
Wages and salaries	\$ 601,464	\$ 1,176,367	\$ 1,535,459	\$ 1,058,017	\$ 1,651,899	\$ 6,023,206	\$ 1,380,790	\$ 783,461	\$ 8,187,457
Employee benefits	107,398	211,239	317,961	232,570	416,939	1,286,107	386,982	129,436	1,802,525
Professional services	23,349	66,387	3,841	11,935	3,411	108,923	362,746	143,010	614,679
Supplies	24,342	21,313	26,909	76,603	92,787	241,954	11,824	664	254,442
Staff, conferences, and training	3,974	3,125	36,128	2,020	4,416	49,663	50,119	441	100,223
Dues, memberships, publications, and subscriptions	686	13,879	26,989	175	-	41,729	38,510	5,205	85,444
Equipment rental, maintenance, and purchases	6,074	118,601	12,958	21,982	(39,484)	120,131	661,952	-	782,083
Building repairs, maintenance, and services	-	16,166	-	-	655,324	671,490	-	-	671,490
Depreciation	-	-	-	-	4,295,553	4,295,553	-	-	4,295,553
Insurance	-	-	82,163	-	-	82,163	201,583	-	283,746
Telephone and utilities	300	1,440	863	150	956,384	959,137	11,271	238	970,646
Advertising, marketing, and promotions	25,913	385,435	-	1,078	9,334	421,760	-	-	421,760
Postage, shipping, and mailhouse services	2,546	253	2,577	950	38	6,364	2,423	96,858	105,645
Printing	2,477	71,270	1,335	-	-	75,082	-	957	76,039
Education and public programs	128,530	-	-	-	-	128,530	-	-	128,530
Curatorial, conservation, and registrarial	-	6,418	266,291	-	-	272,709	-	-	272,709
Exhibitions	-	18,082	699,090	-	-	717,172	-	-	717,172
Facility rental - Net	1,378	87,451	-	-	(46,523)	42,306	(3,960)	1,756	40,102
Special events - fundraising	-	28,955	-	-	-	28,955	-	302,500	331,455
Donor, member, and volunteer	4,706	212	-	1,150	-	6,068	4,169	18,343	28,580
Uncollected pledges	-	-	-	-	-	-	-	62,682	62,682
Bank and ticket fees	2,839	60,784	112	32,380	-	96,115	24,429	25,261	145,805
Other expense	1,710	(26,981)	9,126	3,841	-	(12,304)	86,750	1,462	75,908
<b>Totals</b>	<b>\$ 937,686</b>	<b>\$ 2,260,396</b>	<b>\$ 3,021,802</b>	<b>\$ 1,442,851</b>	<b>\$ 8,000,078</b>	<b>\$ 15,662,813</b>	<b>\$ 3,219,588</b>	<b>\$ 1,572,274</b>	<b>\$ 20,454,675</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Art Museum, Inc. and Subsidiary

## Consolidated Statements of Cash Flows

Years Ended August 31, 2021 and 2020

	2021	2020
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 8,759,615	\$ 1,271,342
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Provision for (recovery of) inventory obsolescence	(21,995)	26,336
Change in uncollectable pledges receivable	(15,000)	(10,000)
Provision for accounts receivable doubtful accounts	3,250	25,000
Discount on pledges receivable	3,500	54,500
Depreciation and amortization	4,304,402	4,295,553
Contributions restricted for endowment or building	(129,551)	(129,498)
Contributions restricted for acquisitions of art	(778,351)	(374,259)
Net realized gains on sale of investments	(2,262,061)	(643,321)
Net change in unrealized gains and losses on investments	(8,383,375)	(3,146,806)
Change in beneficial interest in assets held in trust	(67,089)	(39,730)
Changes in assets and liabilities:		
Accounts receivable	(715,822)	260,218
Pledges receivable	939,943	(1,640,737)
Other receivable	209,000	121,000
Investment income receivable	(24,725)	3,877
Inventories	39,629	(8,702)
Prepaid expenses	25,279	64,384
Accounts payable and accrued expenses	371,084	48,397
Deferred lease expense	(6,452)	(2,442)
Deferred revenue	431,673	(317,388)
<b>Net cash provided by (used in) operating activities</b>	<b>2,682,954</b>	<b>(142,276)</b>
Cash flows from investing activities:		
Purchases of investments	(6,689,992)	(7,750,900)
Proceeds from sale of investments	7,806,248	9,024,226
Loss on sale of fixed assets	231,822	-
Purchases of property and equipment	(1,072,273)	(1,696,026)
<b>Net cash provided by (used in) investing activities</b>	<b>275,805</b>	<b>(422,700)</b>
Cash flows from financing activities:		
Payments on debt financing	(171,497)	(249,254)
Contributions received restricted for acquisition of art	778,351	374,259
Contributions received restricted for long-term investments and capital expenditures	129,551	129,498
<b>Net cash provided by financing activities</b>	<b>736,405</b>	<b>254,503</b>
Increase (decrease) in cash and cash equivalents	3,695,164	(310,473)
Cash and cash equivalents at beginning of year	3,213,914	3,524,387
Cash and cash equivalents at end of year	\$ 6,909,078	\$ 3,213,914
<b>Supplemental cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ 76,356	\$ 79,666

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 32,000 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 \$9,250 and \$6,000 that reflect management's estimates of uncollectable accounts at August 31, 2021 and 2020, respectively.

#### **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.

# 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** (Continued)

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. As of August 31, 2021, the discount rates ranged between 0.07% and 1.08%. As of August 31, 2020, the discount rates ranged between 0.12% and 0.28%. 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. As of August 31, 2021, the discount rates ranged between 0.07% and 1.08%. As of August 31, 2020, the discount rates ranged between 0.12% and 0.28%. 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:

	<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, 2021 and 2020.

# 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 promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. 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.

Donated services are recognized as contributions, at the donor's estimated fair value, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. No donated services were recorded for the years ended August 31 2021 and 2020.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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

#### Revenue Recognition

Revenue from exchange transactions are recognized in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its consolidated statements of activities for the years ending August 31, 2021 and 2020:

#### Admissions:

Admissions to the museum are recognized at the stand-alone price that reflects the consideration for which the Organization expects to be entitled to in exchange for providing these services to the visitor. Customers generally pay an admission fee for a single-day visit to the museum and the revenue is recognized on the date of the visit.

#### Memberships:

The Organization recognizes revenue from members over the membership period, which is generally one year. The contract requires payment in advance and the price is based on terms established by management. Membership benefits include discounts to the gift shop, early access to events, discounts at local restaurants, and the ability to go to any public art museum for free. The cost of the benefits are minimal and are recorded when they are used. Unearned memberships are reflected as deferred revenue on the consolidated statements of financial position. Memberships are recognized over time prorated evenly over the term of the membership.

#### Cafe and Retail Sales:

The Organization recognizes revenue from sales at the cafe and gift shop at the point in time the customer pays for the goods on a stand-alone selling price basis. The Organization collects the sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected from revenues and record as a liability until it is remitted to the State.

#### Events:

The Organization recognizes revenue from sales of events at the point in time the event occurs. The most common event would be a wedding held at the Organization's venue. When a deposit is received before the event, it is recorded as deferred revenue and then recognized as revenue once the event happens.

#### Parking:

The Organization records parking revenue when the cash is received from the parking management company. See Note 15 for further information.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### 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, 2021 and 2020, were \$408,732 and \$421,760, 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 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.

As of August 31, 2021, the Art Museum had a net operating loss carryforward sufficient to cover the net gain recorded, therefore no income tax provision was recorded. As of August 31, 2021, management has elected not to record a provision for income tax or deferred tax asset related to net operation loss carry forwards as management believes the amount is not significant to the overall financial statements.

MCP does pay property taxes on certain property. Property taxes were \$153,876 and \$152,535 for the years ended August 31, 2021 and 2020, respectively.

#### 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.

#### Subsequent Events

Subsequent events have been evaluated through December 13, 2021, which is the date the consolidated financial statements were available to be issued.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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

#### Change in Accounting Policy

In May 2014, the Financial Accounting Standards Board 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 Organization adopted this ASU in 2021. The adoption of this ASU had no significant impact on the consolidated financial statements.

#### New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for the Organization in 2023, with early adoption permitted. ASU No. 2016-02 must be applied on a modified retrospective basis. Management is currently evaluating the impact of the provisions of ASU No. 2016-02 will have on the Organization.

### Note 2: Pledges Receivable

Pledges receivable are summarized as follows as of August 31:

	2021	2020
Less than one year	\$ 2,802,167	\$ 2,700,305
One to five years	750,564	1,792,368
Gross pledges receivable	3,552,731	4,492,673
Less:		
Unamortized discount	(20,098)	(16,597)
Allowance for uncollectable accounts	(35,000)	(50,000)
Pledges receivable - Net	3,497,633	4,426,076
Less - Current portion	(2,802,167)	(2,700,305)
Pledges receivable, less current portion	\$ 695,466	\$ 1,725,771



# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 3: Other Receivables

Other receivables are summarized as follows as of August 31:

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 190,000	\$ 190,000
One to five years	760,000	760,000
Six to nine years	190,000	380,000
<hr/>		
Gross receivable	1,140,000	1,330,000
Less:		
Unamortized discount	(30,000)	(11,000)
<hr/>		
Other receivables - Net	1,110,000	1,319,000
Less - Current portion	(189,867)	(189,772)
<hr/>		
Other receivables, less current portion	\$ 920,133	\$ 1,129,228

### Note 4: Inventories

Inventories consist of the following as of August 31:

	<b>2021</b>	<b>2020</b>
Store inventory	\$ 188,920	\$ 234,395
Publications inventory	27,982	22,706
Cafe inventory	58,803	58,233
Reserve for obsolescence	(24,199)	(46,194)
<hr/>		
Inventories - Net	\$ 251,506	\$ 269,140

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### Note 5: Investments

Investments consist of the following at August 31:

	<b>2021</b>	<b>2020</b>
Money market funds	\$ 8,287,744	\$ 7,048,114
Equities	12,683,659	10,167,830
Fixed income mutual funds	8,106,083	9,067,643
Equity mutual funds	25,208,454	20,185,459
Alternative investments	15,601,063	13,888,777
<b>Total investments</b>	<b>\$ 69,887,003</b>	<b>\$ 60,357,823</b>

Investment income was as follows for the years ended August 31:

	<b>2021</b>	<b>2020</b>
Interest and dividend income, net of trustee and management fees	\$ 631,905	\$ 79,645
Net realized gains on sale of investments	2,262,061	643,321
Net change in unrealized gains and losses on investments	8,383,375	3,146,806
<b>Total investment income</b>	<b>\$ 11,277,341</b>	<b>\$ 3,869,772</b>

Investment trustee and management fees of \$157,422 and \$142,920 were paid by the Organization for the years ended August 31, 2021 and 2020, 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 from 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 \$455,987 and \$388,898 as of August 31, 2021 and 2020, 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 \$16,332 and \$9,678 from this fund during 2021 and 2020, respectively.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 6: Beneficial Interest in Assets Held in Trust (Continued)

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 \$9,173,494 and \$7,754,178 at August 31, 2021 and 2020, respectively. The Art Museum received income distributions of \$266,785 and \$269,147 during 2021 and 2020, respectively, from these designated funds.

### Note 7: Property and Equipment

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

	<b>2021</b>	<b>2020</b>
Building	\$ 134,892,746	\$ 134,892,746
Building improvements	4,157,269	3,331,831
Land improvements	11,490,898	11,490,898
Leasehold improvements	642,193	642,193
Furniture and equipment	6,659,607	6,860,848
Construction in progress	236,459	227,930
<hr/>		
Total property and equipment	158,079,172	157,446,446
Less - Accumulated depreciation	(65,586,805)	(61,490,128)
<hr/>		
Property and equipment - Net	\$ 92,492,367	\$ 95,956,318

Construction in progress at August 31, 2021 and 2020, 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 \$3,000,000 as of August 31, 2021 and 2020. 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, 2025. There were no borrowings under the line of credit at August 31, 2021 and 2020.

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 8: Debt (Continued)

#### Construction Lines of Credit

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, 2021 and 2020, was \$1,207,256 and \$1,237,480, respectively. In December 2018, MCP entered into a \$836,150 construction note agreement in order to fund additional structural and repairs and related improvements to MCP property. The amount outstanding at August 31, 2021 and 2020, was \$763,415 and \$781,840, respectively. The construction line and note requires monthly payments of \$14,685 and \$7,998, respectively, and the line and note mature on January 31, 2025, at which time any outstanding balanced on the line and note are due. The line bears interest at 4.41% and the note bears interest of 2.81%. Under the terms of the agreements, MCP is required to maintain a specific financial covenant. The line of credit is collateralized by Unit 2 of the Lakefront Pavilion Condominium and the airspace easement owned by MCP. In 2021, there was a modification to the line of credit and note, which deferred principal payments from March 2021 to February 2022. The deferred payments are due at maturity of the line and note.

#### 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, 2021 and 2020, was \$110,856 and \$217,870, respectively. The note requires monthly payments of \$4,141 and matures in January of 2023. The note is non-interest-bearing and is secured by the parking garage.

In February 2019, the Art Museum 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, 2021 and 2020, was \$22,432 and \$38,266, respectively. The note requires monthly payments of \$1,320 and matures in January 2023. The note is non-interest-bearing and is secured by the parking garage.

#### Future Minimum Payments

Future minimum payments of principal on the debt are as follows as of August 31, 2021:

	<b>Museum Center Park</b>
2022	\$ 175,559
2023	257,285
2024	221,412
2025	230,036
2026	239,009
Thereafter	980,658
Total debt	2,103,959
Less - Current maturities	(175,559)
Long-term debt, less current maturities	\$ 1,928,400

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### Note 8: Debt (Continued)

#### Interest

Interest expense during the years ended August 31, 2021 and 2020, totaled \$76,356 and \$79,666, 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, 2021, pledges from three donors totaled 62% of total pledges receivable. At August 31, 2020, pledges from two donors totaled 50% 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:

	2021	2020
Board-designated endowment	\$ 6,154,215	\$ 5,053,409
Deaccessioning fund	123,748	123,172
Board-designated reserve	6,384,463	2,793,691
Total Board-designated net assets	\$ 12,662,426	\$ 7,970,272

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>2021</b>	<b>2020</b>
<b>Subject to appropriation or expenditure for a specified purpose:</b>		
Facility expansion project	\$ 615,495	\$ 481,320
Acquisition of art	9,007,340	7,694,703
Exhibitions	2,950,054	2,307,532
Education	2,980,645	2,161,589
Collection - Care and maintenance	784,609	497,635
Auxiliary activities	1,412,861	1,634,677
Operations	11,659,013	7,478,466
<b>Total subject to appropriation or expenditure for a specific purpose</b>	<b>29,410,017</b>	<b>22,255,922</b>
<b>Endowments:</b>		
<b>Subject to endowment spending policy and appropriation:</b>		
Operations	16,289,914	17,002,710
Education	3,738,908	2,863,871
Curatorial	12,441,516	12,365,191
Acquisitions	2,558,027	2,553,027
<b>Total endowments</b>	<b>35,028,365</b>	<b>34,784,799</b>
<b>Total net assets with donor restrictions</b>	<b>\$ 64,438,382</b>	<b>\$ 57,040,721</b>

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>2021</b>	<b>2020</b>
Education	\$ 939,637	\$ 1,068,459
Audience, communication, and member development	314,056	306,925
Presentation and curatorial	1,433,886	2,358,332
General, administrative and development	2,713,670	1,553,637
Renovations	700,052	1,951,089
Financial development and volunteer services	61,275	259,471
Endowments - Acquisition of art	1,270,444	368,365
<b>Total net assets released from donor restrictions</b>	<b>\$ 7,433,020</b>	<b>\$ 7,866,278</b>

# 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, 2019	\$ 4,444,714	\$ 11,375,528	\$ 34,616,200	\$ 50,436,442
Contributions	396,418	-	72,000	468,418
Investment return:				
Interest and dividends	83,872	816,189	-	900,061
Net appreciation	264,791	2,601,444	-	2,866,235
<b>Total investment return</b>	<b>348,663</b>	<b>3,417,633</b>	<b>-</b>	<b>3,766,296</b>
Appropriations - Acquisition of art	-	(38,083)	-	(38,083)
Investment return appropriated for expenditures	(136,386)	(1,630,108)	-	(1,766,494)
Designated transfers - Other	-	(96,599)	96,599	-
Endowment net assets at August 31, 2020	5,053,409	13,028,371	34,784,799	52,866,579
Contributions	200,000	-	168,441	368,441
Investment return:				
Interest and dividends	72,191	672,685	-	744,876
Net appreciation	1,023,479	9,467,853	-	10,491,332
<b>Total investment return</b>	<b>1,095,670</b>	<b>10,140,538</b>	<b>-</b>	<b>11,236,208</b>
Investment return appropriated for expenditures	(194,864)	(1,972,248)	-	(2,167,112)
Designated transfers - Other	-	(75,125)	75,125	-
<b>Endowment net assets at August 31, 2021</b>	<b>\$ 6,154,215</b>	<b>\$ 21,121,536</b>	<b>\$ 35,028,365</b>	<b>\$ 62,304,116</b>

# 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, 2021</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Subject to Appropriation	Perpetual in Nature	
Donor-designated endowment funds	\$ -	\$ 21,121,536	\$ 35,028,365	\$ 56,149,901
Board-designated and other endowment funds	6,154,215	-	-	6,154,215
<b>Totals</b>	<b>\$ 6,154,215</b>	<b>\$ 21,121,536</b>	<b>\$ 35,028,365</b>	<b>\$ 62,304,116</b>

<i>As of August 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Subject to Appropriation	Perpetual in Nature	
Donor-designated endowment funds	\$ -	\$ 13,028,371	\$ 34,784,799	\$ 47,813,170
Board-designated and other endowment funds	5,053,409	-	-	5,053,409
<b>Totals</b>	<b>\$ 5,053,409</b>	<b>\$ 13,028,371</b>	<b>\$ 34,784,799</b>	<b>\$ 52,866,579</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, 2021 and 2020. The letter of credit expires in December 2025.

### 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, 2021 and 2020, totaled \$477,049 and \$504,423, 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:

2022	\$	523,149
2023		531,528
2024		505,527
2025		496,883
2026		470,599
Thereafter		235,323
<hr/>		
Total	\$	2,763,009

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:

2022	\$	228,600
2023		118,600
2024		61,933
2025		61,933
2026		51,611
<hr/>		
Total	\$	522,677

### 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 the 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. Due to the global pandemic, there was an amendment that adjusted the minimum amount of revenue guaranteed from March 2020 through August 2020. The minimum amount of revenue in 2020 was \$1,414,500. As of September 2020, there was another amendment adjusting the minimum amount of revenue guaranteed to a shared revenue calculation. 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. The Organization received \$1,100,000 in both 2021 and 2020 relating to this agreement.

### **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, 2021 and 2020, was 3%. 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 \$98,084 and \$133,383 for the years ended August 31, 2021 and 2020, 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 16% of Art Museum employees. The current agreement is in effect until August 31, 2023. Expenses related to this plan for contributions on behalf of eligible union employees were \$46,180 and \$64,947 for the years ended August 31, 2021 and 2020, 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, 2021</i>	<u>Fair Value Measurements Using</u>			<u>Total Assets</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>at Fair Value</u>
Investments:				
Cash and cash equivalents:				
Money market funds	\$ -	\$ 8,349,843	\$ -	\$ 8,349,843
Equities:				
Domestic	9,779,717	-	-	9,779,717
Foreign	2,569,664	-	-	2,569,664
Privately held stock	-	-	334,278	334,278
Fixed income mutual funds	8,915,166	-	-	8,915,166
Equity mutual funds	24,327,553	-	-	24,327,553
Alternative investments measured using NAV practical expedient: *				
Private equity fund				465,081
Defensive equity fund				4,114,149
Private real estate investment trust				3,973,977
Collective trust fund				3,272,321
Emerging markets debt				1,849,900
High yield bond fund				1,935,354
<b>Total investments</b>	<b>45,592,100</b>	<b>8,349,843</b>	<b>334,278</b>	<b>69,887,003</b>
Pledges and other receivables	-	4,607,633	-	4,607,633
Beneficial interest in assets held in trust	-	455,987	-	455,987
<b>Totals</b>	<b>\$ 45,592,100</b>	<b>\$ 13,413,463</b>	<b>\$ 334,278</b>	<b>\$ 74,950,623</b>

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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

<i>As of August 31, 2020</i>	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Cash and cash equivalents:				
Money market funds	\$ -	\$ 7,048,114	\$ -	\$ 7,048,114
Equities:				
Domestic	7,573,332	-	-	7,573,332
Foreign	2,260,220	-	-	2,260,220
Privately held stock	-	-	334,278	334,278
Fixed income mutual funds	9,067,643	-	-	9,067,643
Equity mutual funds	20,185,459	-	-	20,185,459
Alternative investments measured using NAV practical expedient: *				
Defensive equity fund				3,864,969
Private real estate investment trust				2,653,621
Collective trust fund				3,833,650
Emerging markets debt				1,749,854
High yield bond fund				1,786,683
<hr/>				
Total investments	39,086,654	7,048,114	334,278	60,357,823
Pledges and other receivables	-	5,745,076	-	5,745,076
Beneficial interest in assets held in trust	-	388,898	-	388,898
<hr/>				
Totals	\$ 39,086,654	\$ 13,182,088	\$ 334,278	\$ 66,491,797

\*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>2021 Market Value</b>	<b>2020</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>	<b>Unfunded Commitments</b>
Private equity fund:					
RCP SOF III Overage Fund <sup>(A)</sup>	\$ 155,000	\$ 0	N/A	N/A	\$ 285,153
BPEA V <sup>(B)</sup>	\$ 310,081	\$ 0	N/A	N/A	\$ 530,000
Defensive equity fund:					
Parametric Defensive Equity <sup>(C)</sup>	\$ 4,114,149	\$ 3,864,969	Monthly	5 days	\$ -
Private real estate investment trust:					
Barings Core Property Fund <sup>(D)</sup>	\$ 3,973,977	\$ 2,653,621	Quarterly	30 days	\$ -
Collective trust fund:					
Wellington Trust Company N.A. <sup>(E)</sup>	\$ 3,272,321	\$ 3,833,650	Monthly	Notice on calendar day of prior month	\$ -
Emerging markets debt:					
Logan Circle Partners <sup>(F)</sup>	\$ 1,849,900	\$ 1,749,854	Monthly	10 days	\$ -
High yield bond fund:					
Primus High Yield Bond Fund <sup>(G)</sup>	\$ 1,935,354	\$ 1,786,683	Monthly	10 days	\$ -

- (A) The fund has been organized to enable eligible investors to gain exposure to small-to-middle market private equity fund interests and, to a lesser extent, direct investment interests acquired in the secondary market.
- (B) The primary purpose of the fund is to acquire, manage, and dispose of investments in private equity funds that are focused primarily on making buyout and growth capital investments in companies that are organized or headquartered within the United States and that have earnings before interest, taxes, depreciation, and amortization below \$10 million and enterprise values below \$100 million.
- (C) 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.



# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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

- (D) 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.
- (E) 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.
- (F) 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.
- (G) 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: 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 statements of financial position date, comprise the following as of August 31:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 6,909,078	\$ 3,213,914
Accounts receivable - Net	962,073	249,501
Current portion of other receivable	189,867	189,772
Less: Cash with donor restrictions	(459,270)	(513,795)
<hr/>		
Total financial assets available for general expenditure within one year of the consolidated statement of financial position date	\$ 7,601,748	\$ 3,139,392

# Milwaukee Art Museum, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

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### **Note 19: Liquidity and Availability of Financial Resources (Continued)**

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 \$3,000,000 line of credit. As more fully described in note 10, funds in the amount of \$12,662,426 and \$7,970,272 as of August 31, 2021 and 2020, respectively 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.

### **Note 20: Paycheck Protection Program Grant**

In March of 2020, the Organization received \$1,619,700 of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the COVID-19 pandemic. The Organization was notified of PPP1 forgiveness in January 2021. Also, in January of 2021, the Organization received \$1,877,000 from the SBA's PPP2 program.

The Organization has interpreted the condition of the awards to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, recognized ratably over the covered period of either 8 or 24 weeks. Management believes that the Organization has met all the conditions of the awards, therefore has recorded them as income in the accompanying consolidated financial statements. The Organization was notified in October of 2021 that the PPP2 loan was also forgiven in full.

### **Note 21: Employee Retention Credit (ERC)**

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the ERC to provide a refundable tax credit for employers that were negatively impacted by the COVID19 pandemic, designated to provide an incentive to retain their employees. The Organization calculated and applied for a tax credit of \$1,950,739 for MAM and \$108,817 for MCP based off of eligible wages.

The Organization determined the award is a conditional grant and has interpreted the condition of the award to be the incurring of eligible expenses. Management believes the Organization has incurred eligible expenses required under the ERC; and, therefore, the Organization has recognized the full amount as operating revenue, and a receivable for the amount of \$710,426 for MAM and \$39,083 for MCP as of and for the year ended August 31, 2021.

## **Supplementary Information**

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# Milwaukee Art Museum, Inc.

## Consolidating Statements of Financial Position

August 31, 2021

Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 6,610,067	\$ 299,011	\$ -	\$ 6,909,078
Accounts receivable - Net	814,977	147,096	-	962,073
Current portion of pledges receivable	2,802,167	-	-	2,802,167
Current portion of other receivable	189,867	-	-	189,867
Investment income receivable	34,137	-	-	34,137
Inventories - Net	251,506	-	-	251,506
Prepaid expenses	444,569	12,443	-	457,012
<b>Total current assets</b>	<b>11,147,290</b>	<b>458,550</b>	<b>-</b>	<b>11,605,840</b>
Investments	69,887,003	-	-	69,887,003
Pledges receivable, less current portion	695,466	-	-	695,466
Other receivable - Net, less current portion	920,133	-	-	920,133
Beneficial interest in assets held in trust	455,987	-	-	455,987
Property and equipment - Net	78,585,416	13,906,951	-	92,492,367
Due from related party	316,300	-	(316,300)	-
<b>TOTAL ASSETS</b>	<b>\$ 162,007,595</b>	<b>\$ 14,365,501</b>	<b>\$ (316,300)</b>	<b>\$ 176,056,796</b>
Liabilities and Net Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current liabilities:				
Current maturities of debt	\$ 15,834	\$ 159,725	\$ -	\$ 175,559
Accounts payable and accrued expenses	2,044,953	217,538	-	2,262,491
Deferred revenue	1,335,131	8,334	-	1,343,465
<b>Total current liabilities</b>	<b>3,395,918</b>	<b>385,597</b>	<b>-</b>	<b>3,781,515</b>
Long-term liabilities:				
Deferred lease expense	94,646	-	-	94,646
Due to related party	-	316,300	(316,300)	-
Long-term debt, less current maturities	6,598	1,921,802	-	1,928,400
<b>Total long-term liabilities</b>	<b>101,244</b>	<b>2,238,102</b>	<b>(316,300)</b>	<b>2,023,046</b>
<b>Total liabilities</b>	<b>3,497,162</b>	<b>2,623,699</b>	<b>(316,300)</b>	<b>5,804,561</b>
Net assets:				
Without donor restrictions:				
Board designated	12,662,426	-	-	12,662,426
Undesignated	81,409,625	11,741,802	-	93,151,427
<b>Total without donor restrictions</b>	<b>94,072,051</b>	<b>11,741,802</b>	<b>-</b>	<b>105,813,853</b>
With donor restrictions	64,438,382	-	-	64,438,382
<b>Total net assets</b>	<b>158,510,433</b>	<b>11,741,802</b>	<b>-</b>	<b>170,252,235</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 162,007,595</b>	<b>\$ 14,365,501</b>	<b>\$ (316,300)</b>	<b>\$ 176,056,796</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Financial Position (Continued)

August 31, 2020

Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 2,599,623	\$ 614,291	\$ -	\$ 3,213,914
Accounts receivable - Net	89,489	160,012	-	249,501
Current portion of pledges receivable	2,700,305	-	-	2,700,305
Current portion of other receivable	189,772	-	-	189,772
Investment income receivable	9,412	-	-	9,412
Inventories - Net	269,140	-	-	269,140
Prepaid expenses	477,432	4,859	-	482,291
<b>Total current assets</b>	<b>6,335,173</b>	<b>779,162</b>	<b>-</b>	<b>7,114,335</b>
Investments	60,357,823	-	-	60,357,823
Pledges receivable, less current portion	1,725,771	-	-	1,725,771
Other receivable - Net, less current portion	1,129,228	-	-	1,129,228
Beneficial interest in assets held in trust	388,898	-	-	388,898
Property and equipment - Net	81,325,814	14,630,504	-	95,956,318
Due from related party	411,105	-	(411,105)	-
<b>TOTAL ASSETS</b>	<b>\$ 151,673,812</b>	<b>\$ 15,409,666</b>	<b>\$ (411,105)</b>	<b>\$ 166,672,373</b>
Liabilities and Net Assets	Milwaukee Art Museum	Museum Center Park	Eliminations	Total
Current liabilities:				
Current maturities of debt	\$ 15,834	\$ 238,982	\$ -	\$ 254,816
Accounts payable and accrued expenses	1,736,518	154,889	-	1,891,407
Deferred revenue	903,459	8,333	-	911,792
<b>Total current liabilities</b>	<b>2,655,811</b>	<b>402,204</b>	<b>-</b>	<b>3,058,015</b>
Long-term liabilities:				
Deferred lease expense	101,098	-	-	101,098
Due to related party	-	411,105	(411,105)	-
Long-term debt, less current maturities	22,432	1,998,208	-	2,020,640
<b>Total long-term liabilities</b>	<b>123,530</b>	<b>2,409,313</b>	<b>(411,105)</b>	<b>2,121,738</b>
<b>Total liabilities</b>	<b>2,779,341</b>	<b>2,811,517</b>	<b>(411,105)</b>	<b>5,179,753</b>
Net assets:				
Without donor restrictions:				
Board designated	7,970,272	-	-	7,970,272
Undesignated	83,883,478	12,598,149	-	96,481,627
<b>Total without donor restrictions</b>	<b>91,853,750</b>	<b>12,598,149</b>	<b>-</b>	<b>104,451,899</b>
With donor restrictions	57,040,721	-	-	57,040,721
<b>Total net assets</b>	<b>148,894,471</b>	<b>12,598,149</b>	<b>-</b>	<b>161,492,620</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 151,673,812</b>	<b>\$ 15,409,666</b>	<b>\$ (411,105)</b>	<b>\$ 166,672,373</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities

Year Ended August 31, 2021

	Milwaukee Art Museum	Museum Center Park	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>			
<b>Operating Fund:</b>			
Operating support and revenue:			
Contributions and membership	\$ 3,806,430	\$ -	\$ 3,806,430
Grants and sponsorships	177,870	-	177,870
Milwaukee County	1,100,000	-	1,100,000
Admission, tour fees, and parking	905,915	603,707	1,509,622
Rental income	-	223,057	223,057
Education programs	20,541	-	20,541
Exhibition and curatorial income	17,360	-	17,360
Retail operations (net of cost of sales of \$105,590)	145,093	-	145,093
Food and beverage operations (net of cost of sales of \$110,123)	322,997	-	322,997
Facility rental income	173,679	-	173,679
Fundraising events and auxiliary activities	-	-	-
Other	17,280	-	17,280
Paycheck Protection Program Grant (see Note 20)	1,740,691	136,309	1,877,000
Employee Retention Credit (See Note 21)	1,950,739	108,817	2,059,556
Investment income - Net	1,124,301	-	1,124,301
Net assets released from restrictions and transfers	6,162,576	-	6,162,576
Net asset transferred between funds	-	-	-
Contributions restricted for endowment or building	10,000	-	10,000
<b>Total operating support and revenue</b>	<b>17,675,472</b>	<b>1,071,890</b>	<b>18,747,362</b>
Operating expenses:			
Program services	5,507,116	7	5,507,123
General and administrative	3,065,968	101,495	3,167,463
Financial development and volunteer services	1,012,330	-	1,012,330
Building services	5,938,941	1,364,682	7,303,623
<b>Total operating expenses</b>	<b>15,524,355</b>	<b>1,466,184</b>	<b>16,990,539</b>
<b>Change in net assets from operating activities</b>	<b>2,151,117</b>	<b>(394,294)</b>	<b>1,756,823</b>
Nonoperating revenue, expense, gains, and losses:			
Acquisition of art	(1,270,444)	-	(1,270,444)
Net assets released to fund acquisition of art	1,270,444	-	1,270,444
Contributions restricted for acquisition of art	-	-	-
Loss on sale of fixed assets	-	(231,822)	(231,822)
Other	67,184	(230,231)	(163,047)
<b>Total nonoperating revenue, expense, gains and losses</b>	<b>67,184</b>	<b>(462,053)</b>	<b>(394,869)</b>
<b>Change in net assets without donor restrictions</b>	<b>\$ 2,218,301</b>	<b>\$ (856,347)</b>	<b>\$ 1,361,954</b>

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities (Continued)

Year Ended August 31, 2021

	Milwaukee Art Museum	Museum Center Park	Total
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>			
Operating support and revenue:			
Contributions and membership	\$ 489,071	\$ -	\$ 489,071
Grants and sponsorships	3,287,925	-	3,287,925
Fundraising events and auxiliary activities	50	-	50
Investment Income - Net	10,153,040	-	10,153,040
Net assets released from restrictions and transfers	(6,162,576)	-	(6,162,576)
Net assets transferred between funds	-	-	-
Contributions restricted for endowment or building	119,551	-	119,551
<b>Total operating support and revenue</b>	<b>7,887,061</b>	<b>-</b>	<b>7,887,061</b>
Nonoperating revenue, expense, gains, and losses:			
Net assets released to fund acquisitions of art	(1,270,444)	-	(1,270,444)
Contributions restricted for acquisition of art	778,351	-	778,351
Other	2,693	-	2,693
<b>Total nonoperating revenue, expense, gains, and losses</b>	<b>(489,400)</b>	<b>-</b>	<b>(489,400)</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>7,397,661</b>	<b>-</b>	<b>7,397,661</b>
<b>CHANGE IN NET ASSETS</b>	<b>9,615,962</b>	<b>(856,347)</b>	<b>8,759,615</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>148,894,471</b>	<b>12,598,149</b>	<b>161,492,620</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 158,510,433</b>	<b>\$ 11,741,802</b>	<b>\$ 170,252,235</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities

Year Ended August 31, 2020

	Milwaukee Art Museum	Museum Center Park	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>			
<b>Operating Fund:</b>			
Operating support and revenue:			
Contributions and membership	\$ 4,371,803	\$ -	\$ 4,371,803
Grants and sponsorships	17,500	-	17,500
Milwaukee County	1,100,000	-	1,100,000
Admission, tour fees, and parking	1,054,520	1,414,660	2,469,180
Rental income	-	209,463	209,463
Education programs	41,273	-	41,273
Exhibition and curatorial income	72,803	-	72,803
Retail operations (net of cost of sales of \$318,189)	276,611	-	276,611
Food and beverage operations (net of cost of sales of \$331,389)	901,682	-	901,682
Facility rental income	522,148	-	522,148
Fundraising events and auxiliary activities	2,161	-	2,161
Other	83,123	-	83,123
Paycheck Protection Program Grant (see Note 20)	1,619,700	-	1,619,700
Investment income - Net	373,205	-	373,205
Net assets released from restrictions and transfers	7,497,913	-	7,497,913
Net asset transferred between funds	-	-	-
Contributions restricted for endowment or building	56,418	-	56,418
<b>Total operating support and revenue</b>	<b>17,990,860</b>	<b>1,624,123</b>	<b>19,614,983</b>
Operating expenses:			
Program services	7,657,200	5,535	7,662,735
General and administrative	3,052,685	166,903	3,219,588
Financial development and volunteer services	1,572,274	-	1,572,274
Building services	6,334,814	1,665,264	8,000,078
<b>Total operating services</b>	<b>18,616,973</b>	<b>1,837,702</b>	<b>20,454,675</b>
<b>Change in net assets from operating activities</b>	<b>(626,113)</b>	<b>(213,579)</b>	<b>(839,692)</b>
Nonoperating revenue, expense, gains, and losses:			
Acquisition of art	(373,936)	-	(373,936)
Net assets released to fund acquisition of art	368,365	-	368,365
Contributions restricted for acquisition of art	-	-	-
Other	51,900	(232,201)	(180,301)
<b>Total nonoperating revenue, expense, gains and losses</b>	<b>46,329</b>	<b>(232,201)</b>	<b>(185,872)</b>
<b>Change in net assets without donor restrictions</b>	<b>\$ (579,784)</b>	<b>\$ (445,780)</b>	<b>\$ (1,025,564)</b>



# Milwaukee Art Museum, Inc.

## Consolidating Statements of Activities (Continued)

Year Ended August 31, 2020

	Milwaukee Art Museum	Museum Center Park	Total
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>			
Operating support and revenue:			
Contributions and membership	\$ 659,521	\$ -	\$ 659,521
Grants and sponsorships	5,396,416	-	5,396,416
Fundraising events and auxiliary activities	143,461	-	143,461
Other	3,880	-	3,880
Investment Income - Net	3,496,567	-	3,496,567
Net assets released from restrictions and transfers	(7,497,913)	-	(7,497,913)
Contributions restricted for endowment or building	73,080	-	73,080
<b>Total operating support and revenue</b>	<b>2,275,012</b>	<b>-</b>	<b>2,275,012</b>
Nonoperating revenue, expense, gains, and losses:			
Net assets released to fund acquisition of art	(368,365)	-	(368,365)
Contributions restricted for acquisition of art	374,259	-	374,259
Other	16,000	-	16,000
<b>Total nonoperating revenue, expense, gains and losses</b>	<b>21,894</b>	<b>-</b>	<b>21,894</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>2,296,906</b>	<b>-</b>	<b>2,296,906</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,717,122</b>	<b>(445,780)</b>	<b>1,271,342</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>147,177,349</b>	<b>13,043,929</b>	<b>160,221,278</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 148,894,471</b>	<b>\$ 12,598,149</b>	<b>\$ 161,492,620</b>

See Independent Auditor's Report.

# Milwaukee Art Museum, Inc.

## Schedule of Endowment Funds

August 31, 2021 and 2020

	2021	2020
<b>Donor-restricted endowments:</b>		
Abert Family Curator of American Art Fund	\$ 7,271,534	\$ 6,219,065
Albert Tooman Acquisition Fund	12,742	10,474
Boyd Fund	132,010	113,673
Bradley Conservation/Maintenance Fund	1,646,072	1,417,254
Bradley Foundation Fund	5,751,512	4,951,904
Catherine Jean Quirk Fund	115,943	99,838
CAS/Dimoff Fund	374,826	308,123
Constance P. Godfrey Acquisition Fund	2,208,484	1,815,472
Croasdaile Acquisition Fund	1,656,501	1,361,717
Doerfler Fund	174,068	143,091
Dunham Fund for Education	689,805	485,350
Endowment for Conservation	48,820	42,039
Endowment for Education	741,685	639,881
Eric C. Stern Fund	144,642	118,902
Esther S. Weber Memorial Education Fund	53,809	46,335
Expansion Operating Endowment	1,110,669	956,390
Florence Eiseman Foundation Fund	57,577	49,579
Frederick Layton Lecture Series Fund	281,054	242,015
Friends of Art Exhibition Fund	2,265,275	1,906,036
General Operating Endowment	8,932,781	7,692,032
Grootemaat Fund	66,993	57,687
Hambling Endowment	1,110,957	956,639
Hay Gift Annuity	2,468	2,491
Herzfeld Curator of Photography Fund	3,931,809	3,366,042
James H. Brachman Fund	91,872	79,111
Jill and Jack Pelisek Fund	127,739	100,879
Joan Marcus Memorial Fund	84,474	72,740
John Porter Retzer and Florence Horn Retzer Competition Fund	355,232	305,889
Katherine Smith Gift Annuity	11,200	11,286
LaBahn Fund	1,862,270	1,603,591
Laskin Fund	1,944,688	1,598,620
Lee, Barbara Brown, Director of Education Endowment	632,779	543,705
Miller Lewensohn Gift Annuity	9,106	9,189
NEA Challenge Endowment-Match	1,832,264	1,577,753
Orth Fund	201,486	173,498
Patti Baker Education Endowment Fund	1,636,451	1,409,139
Pellegrin Family Endowment for Education	409,898	352,961
Rene von Schleinitz Memorial Fund	184,689	151,823
Richard and Ethel Herzfeld Photography Exhibition Fund	633,461	545,470
Schuchardt Fund	30,808	25,326
Pieper Challenge Grant and Match	5,750,177	4,964,588
Vilski Gift Annuity	15,935	16,080
Virginia Booth Vogel Acquisition Fund	1,553,336	1,269,493
<b>Total donor-restricted endowments</b>	<b>\$ 56,149,901</b>	<b>\$ 47,813,170</b>

**Milwaukee Art Museum, Inc.**  
**Schedule of Endowment Funds (Continued)**  
August 31, 2021 and 2020

	2021	2020
<b>Board-designated endowments:</b>		
Ruth K. Abrams Fund	\$ 79,301	\$ 68,286
Board Designated Fund	1,758,270	1,500,511
Karen Johnson Boyd Fund	239,539	206,266
Gloff Fund	850,388	723,013
Nason Fund	1,354,907	1,153,385
Wilson Fund	1,768,812	1,297,958
Gift Annuity Reserve	102,998	103,990
<b>Total Board-designated endowments</b>	<b>6,154,215</b>	<b>5,053,409</b>
<b>Total endowment funds</b>	<b>\$ 62,304,116</b>	<b>\$ 52,866,579</b>

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

	2021	2020
Investments	\$ 62,309,518	\$ 52,868,429
Other	(5,403)	(1,850)
<b>Total endowment funds</b>	<b>\$ 62,304,116</b>	<b>\$ 52,866,579</b>

See Independent Auditor's Report.