

# **Milwaukee Art Museum, Inc.**

Milwaukee, Wisconsin

## **Financial Statements and Supplementary Information**

Years Ended August 31, 2011 and 2010

# Milwaukee Art Museum, Inc.

## Financial Statements and Supplementary Information

Years Ended August 31, 2011 and 2010

---

### Table of Contents

Independent Auditor's Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	2
Consolidated Statements of Activities .....	3
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	9
Supplementary Information	
Schedule of Endowment Funds.....	33



## Independent Auditor's Report

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

We have audited the accompanying statements of financial position of the Milwaukee Art Museum, Inc., as of August 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Milwaukee Art Museum, Inc., as of August 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

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

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

December 9, 2011  
Milwaukee, Wisconsin

# Milwaukee Art Museum, Inc.

## Statements of Financial Position

August 31, 2011 and 2010

<i>Assets</i>	2011	2010
Current assets:		
Cash and cash equivalents	\$ 902,664	\$ 452,751
Accounts receivable - Net	307,766	354,887
Current portion of pledges receivable	2,675,808	1,272,967
Investment income receivable	101,802	99,954
Inventories - Net	385,038	407,255
Prepaid expenses	303,056	382,245
Total current assets	4,676,134	2,970,059
Investments	41,474,976	42,249,090
Pledges receivable, less current portion	1,379,731	2,191,985
Beneficial interest in assets held in trusts	777,311	779,326
Property and equipment - Net	83,493,185	86,142,524
<b>TOTAL ASSETS</b>	<b>\$ 131,801,337</b>	<b>\$ 134,332,984</b>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,542,758	\$ 1,068,713
Deferred revenue	274,650	332,151
Total current liabilities	1,817,408	1,400,864
Net assets:		
Unrestricted:		
Board designated	2,308,349	1,919,711
Undesignated	84,767,832	87,201,525
Total unrestricted	87,076,181	89,121,236
Temporarily restricted	21,317,979	22,631,593
Permanently restricted	21,589,769	21,179,291
Total net assets	129,983,929	132,932,120
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 131,801,337</b>	<b>\$ 134,332,984</b>

# Milwaukee Art Museum, Inc.

## Statements of Activities

Years Ended August 31, 2011 and 2010

	2011					Totals
	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	
Operating support and revenue:						
Contributions and membership	\$ 4,805,610	\$ -	\$ 4,805,610	\$ 853,199	\$ -	\$ 5,658,809
Grants and sponsorships	-	-	-	3,173,191	-	3,173,191
Milwaukee County War Memorial Center, Inc.	595,000	-	595,000	250,000	-	845,000
Admission, tour fees, and parking	2,056,719	-	2,056,719	-	-	2,056,719
Education programs	170,114	-	170,114	-	-	170,114
Exhibition and curatorial income	430,244	-	430,244	-	-	430,244
Net retail operations (cost of sales of \$821,384)	804,384	-	804,384	-	-	804,384
Net museum café (cost of sales of \$707,056)	762,351	-	762,351	-	-	762,351
Facility rental income	423,135	-	423,135	-	-	423,135
Fundraising events and auxiliary activities	6,305	-	6,305	1,424,677	-	1,430,982
Other	439,229	-	439,229	10,703	-	449,932
Investment return appropriated for operations	839,144	-	839,144	-	-	839,144
Net assets released from restrictions and other transfers	2,763,018	2,275,347	5,038,365	(5,094,266)	55,901	-
<b>Total operating support and revenue</b>	<b>14,095,253</b>	<b>2,275,347</b>	<b>16,370,600</b>	<b>617,504</b>	<b>55,901</b>	<b>17,044,005</b>
Operating expenses:						
Program services:						
Education	1,171,371	12,241	1,183,612	-	-	1,183,612
Audience, communication, and member development	2,396,794	-	2,396,794	-	-	2,396,794
Presentation and curatorial	3,382,467	49,564	3,432,031	-	-	3,432,031
Business operations	1,212,961	-	1,212,961	-	-	1,212,961
<b>Total program services</b>	<b>8,163,593</b>	<b>61,805</b>	<b>8,225,398</b>	<b>-</b>	<b>-</b>	<b>8,225,398</b>
Supporting services:						
General and administrative	1,650,971	107,189	1,758,160	-	-	1,758,160
Financial development and volunteer services	1,304,487	1,500,299	2,804,786	-	-	2,804,786
Building services	2,974,763	-	2,974,763	-	-	2,974,763
<b>Total supporting services</b>	<b>5,930,221</b>	<b>1,607,488</b>	<b>7,537,709</b>	<b>-</b>	<b>-</b>	<b>7,537,709</b>
<b>Total operating expenses</b>	<b>14,093,814</b>	<b>1,669,293</b>	<b>15,763,107</b>	<b>-</b>	<b>-</b>	<b>15,763,107</b>
Change in net assets from operating activities	1,439	606,054	607,493	617,504	55,901	1,280,898

# Milwaukee Art Museum, Inc.

## Statements of Activities (Continued)

Years Ended August 31, 2011 and 2010

	2011					Totals
	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	
Nonoperating revenue, support, gains, and losses:						
Contributions designated for acquisition of art	-	-	-	209,679	1,000	210,679
Net assets released to fund acquisitions of art	-	4,870,103	4,870,103	(4,870,103)	-	-
Acquisitions of art	-	(5,194,228)	(5,194,228)	-	-	(5,194,228)
Investment income	1,060	536,785	537,845	3,135,448	-	3,673,293
Net assets released from restricted for operations	-	(214,618)	(214,618)	(624,526)	-	(839,144)
Contributions designated for endowment or building fund	-	63,939	63,939	205,031	378,000	646,970
Depreciation and amortization	-	(2,931,394)	(2,931,394)	-	-	(2,931,394)
Other	-	215,805	215,805	13,353	(24,423)	204,735
Total nonoperating revenue, support, gains, and losses	1,060	(2,653,608)	(2,652,548)	(1,931,118)	354,577	(4,229,089)
Changes in net assets	2,499	(2,047,554)	(2,045,055)	(1,313,614)	410,478	(2,948,191)
Net assets at beginning of year	1,073,436	88,047,800	89,121,236	22,631,593	21,179,291	132,932,120
Net assets at end of year	\$ 1,075,935	\$ 86,000,246	\$ 87,076,181	\$ 21,317,979	\$ 21,589,769	\$ 129,983,929

# Milwaukee Art Museum, Inc.

## Statements of Activities (Continued)

Years Ended August 31, 2011 and 2010

	2010					Totals
	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	
Operating support and revenue:						
Contributions and membership	\$ 4,425,005	\$ 95,524	\$ 4,520,529	\$ 854,603	\$ -	\$ 5,375,132
Grants and sponsorships	-	-	-	4,543,549	-	4,543,549
Milwaukee County War Memorial Center, Inc.	579,667	-	579,667	250,000	-	829,667
Admission, tour fees, and parking	1,643,223	-	1,643,223	-	-	1,643,223
Education programs	125,772	-	125,772	-	-	125,772
Exhibition and curatorial income	787,459	-	787,459	-	-	787,459
Net retail operations (cost of sales of \$889,163)	457,737	-	457,737	-	-	457,737
Net museum café (cost of sales of \$454,718)	676,100	-	676,100	-	-	676,100
Facility rental income	355,383	-	355,383	-	-	355,383
Fundraising events and auxiliary activities	68,714	-	68,714	842,966	-	911,680
Other	474,702	-	474,702	11,536	-	486,238
Investment return appropriated for operations	640,000	-	640,000	-	-	640,000
Net assets released from restrictions and other transfers	2,025,850	1,635,186	3,661,036	(3,584,808)	(76,228)	-
<b>Total operating support and revenue</b>	<b>12,259,612</b>	<b>1,730,710</b>	<b>13,990,322</b>	<b>2,917,846</b>	<b>(76,228)</b>	<b>16,831,940</b>
Operating expenses:						
Program services:						
Education	848,675	2,019	850,694	-	-	850,694
Audience, communication, and member development	2,003,792	-	2,003,792	-	-	2,003,792
Presentation and curatorial	2,975,315	38,366	3,013,681	-	-	3,013,681
Business operations	1,082,115	-	1,082,115	-	-	1,082,115
<b>Total program services</b>	<b>6,909,897</b>	<b>40,385</b>	<b>6,950,282</b>	<b>-</b>	<b>-</b>	<b>6,950,282</b>
Supporting services:						
General and administrative	1,563,191	24,204	1,587,395	-	-	1,587,395
Financial development and volunteer services	1,179,778	912,710	2,092,488	-	-	2,092,488
Building services	2,615,583	-	2,615,583	-	-	2,615,583
<b>Total supporting services</b>	<b>5,358,552</b>	<b>936,914</b>	<b>6,295,466</b>	<b>-</b>	<b>-</b>	<b>6,295,466</b>
<b>Total operating expenses</b>	<b>12,268,449</b>	<b>977,299</b>	<b>13,245,748</b>	<b>-</b>	<b>-</b>	<b>13,245,748</b>
Change in net assets from operating activities	(8,837)	753,411	744,574	2,917,846	(76,228)	3,586,192

# Milwaukee Art Museum, Inc.

## Statements of Activities (Continued)

Years Ended August 31, 2011 and 2010

	2010					Totals
	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	
Nonoperating revenue, support, gains, and losses:						
Contributions designated for acquisition of art	-	-	-	1,589,079	-	1,589,079
Net assets released to fund acquisitions of art	-	593,933	593,933	(593,933)	-	-
Acquisitions of art	-	(593,933)	(593,933)	-	-	(593,933)
Investment income	11,384	543,386	554,770	1,839,292	-	2,394,062
Net assets released from restricted for operations	-	(500,000)	(500,000)	-	(140,000)	(640,000)
Contributions designated for endowment or building fund	-	18,000	18,000	5,891	2,000,000	2,023,891
Depreciation and amortization	-	(2,990,330)	(2,990,330)	-	-	(2,990,330)
Other	(91)	9,778	9,687	15,490	36,267	61,444
Total nonoperating revenue, support gains, and losses	11,293	(2,919,166)	(2,907,873)	2,855,819	1,896,267	1,844,213
Changes in net assets	2,456	(2,165,755)	(2,163,299)	5,773,665	1,820,039	5,430,405
Net assets at beginning of year	1,070,980	90,213,555	91,284,535	16,857,928	19,359,252	127,501,715
Net assets at end of year	\$ 1,073,436	\$ 88,047,800	\$ 89,121,236	\$ 22,631,593	\$ 21,179,291	\$ 132,932,120



# Milwaukee Art Museum, Inc.

## Statements of Cash Flows

Years Ended August 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (2,948,191)	\$ 5,430,405
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Provision for inventory obsolescence	-	12,300
Depreciation and amortization	2,931,394	2,990,330
Loss on disposal of equipment	25,576	-
Contributions designated for long-term investment, capital expenditures, and art purchases	(600,024)	(4,064,553)
Acquisitions of art	5,194,228	593,933
Net realized gains on sale of investments	(1,200,754)	(841,947)
Net change in unrealized gains on investments	(1,651,420)	(664,724)
Change in beneficial interest in assets held in trusts	2,015	(48,979)
Changes in assets and liabilities:		
Accounts receivable	47,121	46,392
Pledges receivable	(410,514)	(1,810,933)
Investment income receivable	(1,848)	958
Inventories	22,217	124,561
Prepaid expenses	79,189	111,757
Accounts payable and accrued expenses	474,045	(39,599)
Deferred revenue	(57,501)	(105,259)
Net cash provided by operating activities	1,905,533	1,734,642
Cash flows from investing activities:		
Acquisitions of art	(5,194,228)	(593,933)
Purchases of investments	(34,535,088)	(28,122,403)
Proceeds from sale of investments	38,161,376	22,640,833
Purchases of property and equipment	(307,631)	(155,427)
Net cash used in investing activities	(1,875,571)	(6,230,930)

# Milwaukee Art Museum, Inc.

## Statements of Cash Flows (Continued)

Years Ended August 31, 2011 and 2010

	2011	2010
Net cash provided by financing activities - Contributions designated for long-term investment received	419,951	4,094,782
Increase (decrease) in cash and cash equivalents	449,913	(401,506)
Cash and cash equivalents at beginning of year	452,751	854,257
Cash and cash equivalents at end of year	\$ 902,664	\$ 452,751

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies**

#### **Nature of Activities**

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.

Milwaukee Art Museum, LLC, was formed in 2001 as a wholly owned for-profit subsidiary of Milwaukee Art Museum, Inc., for the purpose of contracting with a restaurateur and acquiring licenses related to that purpose. Milwaukee Art Museum, LLC, had no significant activity for the years ended August 31, 2011 and 2010.

#### **Financial Statement Preparation**

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

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

#### **Use of Estimates in Preparation of Financial Statements**

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Financial Statement Preparation** (Continued)

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. The statement of activities categorizes unrestricted net assets between the operating fund and all other funds in which unrestricted net assets are recorded.

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

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Art Museum and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

#### **Art Collections**

The Art Museum's collection comprises more than 26,000 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.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Art Collections** (Continued)

The value of the art objects in the permanent collection is excluded from the 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. Art Museum funds designated for acquisitions may be classified as permanently restricted, for which only the income earned on the principal balances may be used for acquisitions; temporarily restricted, for which both the principal and earned income may be used for acquisitions; or unrestricted, representing funds designated by the board to be used for acquisitions. Proceeds from deaccessions of collection items are reflected as increases in the appropriate net asset classes.

#### **Cash and Cash Equivalents**

The Art Museum considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents invested with investment managers as short-term investments are 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 \$41,000 and \$13,500 that reflect management's estimate of uncollectible amounts at August 31, 2011 and 2010, respectively.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Pledges Receivable**

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

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

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

#### **Inventories**

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

#### **Prepaid Expenses**

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Investments**

Investments are carried at fair value in the statement 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.

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

#### **Beneficial Interest in Assets Held in Trusts**

The Art Museum is the remainder beneficiary of certain charitable remainder trusts in which it is not the trustee and does not exercise control over the assets contributed to the trusts. These agreements are recognized for financial reporting purposes if the Art Museum receives documentation of the terms of its beneficial interest and the designation of the Art Museum as beneficiary is irrevocable. The existence of agreements known to the Art Museum that do not meet both conditions are not recorded in the financial statements. The beneficial interest and related change in valuation for these agreements are classified as temporarily restricted. The interests in the charitable remainder trusts are recorded net of a discount based upon the applicable Internal Revenue Code Section 7520 rate (2.2% as of August 31, 2011) over the anticipated life expectancies of the donors.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Fair Value Measurements**

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

The Art Museum determines fair value by:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical asset or liabilities in active markets that the Art Museum has the ability to access.
- Level 2 inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in active markets;
  - Inputs, other than quoted prices, that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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



# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **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 of accounting over the estimated useful lives as follows:

	<b>Useful Lives</b>
Building	50 years
Building improvements	20 years
Land improvements	20 years
Leasehold improvements	10 to 15 years
Furniture and equipment	3 to 7 years

The Art Museum periodically assesses the recoverability of long-lived assets (including property and equipment) when indications of potential impairment, based on estimated, undiscounted future cash flows, exist. Management considers such factors as current results, trends, and future prospects, in addition to other economic factors, in determining whether there is an impairment of the asset. The Art Museum did not recognize any impairment of long-lived assets during 2011 and 2010.

#### **Contributions**

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

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Contributions** (Continued)

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

#### **Admissions and Memberships**

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

#### **Donated Building Services**

The Art Museum occupies a portion of its current facility under the terms of an agreement between the Art Museum and the Milwaukee County War Memorial Center, Inc. (the "War Memorial"). Under that agreement, the Art Museum is allowed to occupy permanently and perpetually, without cost, those premises as a memorial decorative arts gallery. With funds provided by Milwaukee County, the War Memorial provides building services, including building maintenance and repairs, utilities, and insurance. The War Memorial determines the fair value of the building services annually. The fair value of the facility and building services amounted to \$845,000 and \$829,667 for the years ended August 31, 2011 and 2010, respectively, of which \$595,000 and \$579,667 was provided in-kind, respectively, and \$250,000 was received in cash. The Art Museum has recorded the in-kind value as support and reflected a corresponding expense entitled "contributed building services." In addition, the Art Museum leases land from the City of Milwaukee. The expenses under the existing lease are not significant to the Art Museum's financial statements.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

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

#### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs charged to expense in fiscal 2011 and fiscal 2010 were \$925,930 and \$866,291, respectively.

#### **Purchases and Sales of Art**

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

#### **Income Taxes**

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

The Art Museum's unrelated business income was less than the expenses related to this income in both 2011 and 2010, and therefore, no provision has been made for income taxes in the accompanying financial statements.

The Art Museum has recorded no assets or liabilities related to uncertain tax positions. Tax returns for the year ended August 31, 2008 and all subsequent years remain subject to examination by the applicable taxing authorities.

#### **Subsequent Events**

Subsequent events have been evaluated through December 9, 2011, which is the date the financial statements were available to be issued.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 2 Inventories

Inventories at August 31 consisted of the following:

	2011		2010
Store inventory	\$ 290,479	\$	286,921
Publications inventory	126,627		145,677
Café inventory	55,166		61,994
Miscellaneous inventory	9,066		8,963
Reserve for obsolescence	(96,300)		(96,300)
Inventories - Net	\$ 385,038	\$	407,255

### Note 3 Investments

Investments include the endowment and other restricted funds. Investments consisted of the following at August 31:

	2011		2010
Money market funds	\$ 7,648,970	\$	7,954,892
U.S. government and agency obligations	3,176,548		4,063,149
Mortgage-backed securities	5,331,166		2,871,190
Fixed income mutual funds	5,846,959		8,933,586
Corporate debt securities	5,214,938		4,373,878
Real estate investment trust	30,533		37,463
Equities and equity mutual funds	14,225,862		14,014,932
Total investments	\$ 41,474,976	\$	42,249,090

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

### Note 3 Investments (Continued)

Investments were held for the following purposes at August 31:

	2011	2010
Endowment:		
Operations	\$ 15,816,038	\$ 14,054,583
Education	2,520,442	2,324,167
Curatorial	4,945,042	4,437,501
Acquisitions	5,738,854	5,933,623
Other	780,524	404,085
Total endowment	29,800,900	27,153,959
Non-endowment acquisition funds	6,890,828	10,110,100
Other	4,783,248	4,985,031
Total investments	\$ 41,474,976	\$ 42,249,090

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

	2011	2010
Interest and dividend income, net of trustee and management fees	\$ 821,119	\$ 887,391
Net realized gains on sale of investments	1,200,754	841,947
Net change in unrealized gains on investments	1,651,420	664,724
Total investment income	\$ 3,673,293	\$ 2,394,062

Investment trustee and management fees of \$170,566 and \$160,842 were paid by the Art Museum for the years ended August 31, 2011 and 2010, respectively.

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 4 Pledges Receivable

Pledges receivable at August 31, are summarized as follows:

	2011	2010
Less than one year	\$ 2,675,808	\$ 1,272,967
One to five years	1,483,111	2,325,163
Gross pledges receivable	4,158,919	3,598,130
Less:		
Unamortized discount	13,380	43,178
Allowance for uncollectable amounts	90,000	90,000
Pledges receivable - Net	4,055,539	3,464,952
Less - Current portion	2,675,808	1,272,967
Pledges receivable, less current portion	\$ 1,379,731	\$ 2,191,985

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The Art Museum is using discount rates between 0.30% and 1.54%.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 5      **Beneficial Interest in Assets Held in Trust**

The Art Museum is the income beneficiary of certain funds maintained by the Greater Milwaukee Foundation, a community support foundation. The Milwaukee Art Museum Endowment Fund (the "Endowment Fund") is a component fund of the Greater Milwaukee Foundation. The assets of the Endowment Fund were donated 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. According to the original gift agreement, there is no provision for distribution of principal to the Art Museum; however, periodic distributions of income are made to the Art Museum. Under GAAP, the fair value of the Endowment Fund of \$268,898 and \$248,080 as of August 31, 2011 and 2010, respectively, is recorded as a beneficial interest in assets held in trust in the accompanying statements of financial position. The Art Museum received income distributions of \$10,475 and \$5,274 from this fund during 2011 and 2010, respectively.

The Art Museum is the remainder beneficiary of certain charitable remainder trusts in which it is not the trustee and does not exercise control over the assets contributed to the trusts, the principal of which will be turned over to the Art Museum at a future date. The estimated future value of these charitable remainder trusts as of August 31, 2011 and 2010 is approximately \$638,512 and \$642,326, respectively. The charitable remainder trusts are recorded at their present value of \$508,413 and \$531,246 as of August 31, 2011 and 2010, respectively, and are recorded as a beneficial interest in assets held in trust in the accompanying statements of financial position.

The Art Museum is also the income beneficiary of nine 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 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 \$4,155,174 and \$3,899,364 at August 31, 2011 and 2010, respectively. The Art Museum received income distributions of \$177,052 and \$182,541 during 2011 and 2010, respectively, from these designated funds.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

### Note 6 Fair Value Measurements

Information regarding assets measured at fair value on a recurring basis as of August 31, 2011 was as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Cash equivalents:				
Money market funds	\$ -	\$ 7,648,970	\$ -	\$ 7,648,970
Fixed income mutual funds:				
Ultrashort U.S. government bond funds	53,838	-	-	53,838
Short-term bond funds	5,793,121	-	-	5,793,121
Fixed income securities:				
U.S. government obligations	-	1,955,777	-	1,955,777
U.S. Treasury bonds and notes	1,220,771	-	-	1,220,771
Mortgage-backed securities	-	5,331,166	-	5,331,166
Corporate obligations	-	5,214,938	-	5,214,938
Equity mutual funds:				
Large growth funds	2,624,159	-	-	2,624,159
Foreign large blend funds	3,694,181	-	-	3,694,181
Equities:				
Domestic corporate stocks:				
Consumer discretionary	1,115,766	-	-	1,115,766
Consumer staples	961,010	-	-	961,010
Energy	282,103	-	-	282,103
Financials	995,841	-	-	995,841
Health care	447,896	-	-	447,896
Industrials	1,116,331	-	-	1,116,331
Information technology	692,511	-	-	692,511
Materials	327,951	-	-	327,951
International stocks	1,968,113	-	-	1,968,113
Real estate investment trusts	30,533	-	-	30,533
Total investments	21,324,125	20,150,851	-	41,474,976
Pledges receivable	-	4,055,539	-	4,055,539
Beneficial interest in assets held in trust	-	777,311	-	777,311
Total	\$ 21,324,125	\$ 24,983,701	\$ -	\$ 46,307,826



# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

### Note 6 Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of August 31, 2010 was as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 7,954,892	\$ -	\$ 7,954,892
U.S. government and agency obligations	-	4,063,149	-	4,063,149
Mortgage-backed securities	-	2,871,190	-	2,871,190
Short-term bonds - Institutional	-	8,933,586	-	8,933,586
Corporate debt securities	-	4,373,878	-	4,373,878
Real estate investment trust	30,533	-	-	30,533
Common and preferred stocks	14,014,932	-	-	14,014,932
Total investments	14,045,465	28,196,695	-	42,242,160
Pledges receivable	-	3,464,952	-	3,464,952
Beneficial interest in assets held in trust	-	779,326	-	779,326
Total	\$ 14,045,465	\$ 32,440,973	\$ -	\$ 46,486,438

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 at cost, which approximates fair value.
- U.S. government obligations, mortgage-backed securities, short-term bonds, corporate debt securities, and fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Fixed income and equity mutual funds, U.S. Treasury bonds and notes, common and preferred stocks, and real estate investment trusts are valued at quoted market prices.
- Pledges receivable are valued at the present value of estimated future cash flows.
- Beneficial interest in assets held in trusts are recorded net of a discount based upon the applicable Internal Revenue Code Section 7520 rate (2.2% as of August 31, 2011) over the anticipated life expectancies of the donors.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 6 Fair Value Measurements (Continued)

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

### Note 7 Property and Equipment

Property and equipment consisted of the following at August 31:

	2011	2010
Building	\$ 95,352,427	\$ 95,352,427
Building improvements	215,747	215,747
Land improvements	11,490,898	11,490,898
Furniture and equipment	4,832,761	4,730,789
Leasehold improvements	5,145,826	5,115,439
Construction in process	149,697	-
Total property and equipment	117,187,356	116,905,300
Less - Accumulated depreciation	33,694,171	30,762,776
Property and equipment - Net	\$ 83,493,185	\$ 86,142,524

### Note 8 Line of Credit

The Art Museum has a bank revolving credit note with an available credit balance of \$1,500,000 as of August 31, 2011 and 2010, respectively. The revolving credit note bears interest at the London Interbank Offered Rate (LIBOR) plus 225 basis points and is collateralized by certain contributions receivable and investments. The debt agreement contains covenants that restrict the Art Museum with regard to additional debt, disposition of assets, and use of endowment funds and requires the maintenance of certain financial and reporting covenants. Management believes the Art Museum is in compliance with all financial covenants as of August 31, 2011 and 2010. The bank revolving credit note expires April 30, 2012. There were no borrowings under the line of credit at August 31, 2011 and 2010.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 9 Board-Designated Net Assets

Certain unrestricted net assets are designated for specific purposes, designated by the board of trustees as board designated endowments or restricted by various internal operating and administrative arrangements of the Art Museum. A summary of board designated net assets is as follows at August 31:

	2011	2010
Board-designated endowment	\$ 772,642	\$ 490,957
Deaccessioning fund	318,455	467,375
Board-designated reserve	1,161,174	905,339
Unemployment compensation reserve	56,078	56,040
Total board designated net assets	\$ 2,308,349	\$ 1,919,711

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

### Note 10 Temporarily Restricted Net Assets

Donor restrictions of temporarily restricted net assets at August 31 are summarized as follows:

	2011	2010
Facility expansion project	\$ 1,298,541	\$ 1,281,231
Acquisition of art	11,023,579	14,155,493
Exhibitions	2,097,718	1,518,909
Education	3,122,830	3,454,426
Collection - Care and maintenance	1,218,645	759,763
Auxiliary activities	331,765	460,677
Time-restricted	13,227	57,236
Program services	60,000	50,500
Operations	2,151,674	893,358
Total temporarily restricted net assets	\$ 21,317,979	\$ 22,631,593

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 10 Temporarily Restricted Net Assets (Continued)

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

	2011	2010
Temporarily restricted net assets released for operations:		
Education	\$ 811,531	\$ 490,182
Audience, communication, and member development	305,231	447,693
Presentation and curatorial	1,997,639	1,324,008
General, administrative, and development	1,771,833	1,143,985
Transfer to (from) permanently restricted net assets to meet donor designation requirements	12,308	(16,784)
Building services	195,724	195,724
Total temporarily restricted net assets released for operations	5,094,266	3,584,808
Investment return appropriated for operations	624,526	-
Acquisitions of art for collection	4,870,103	593,933
Total temporarily restricted net assets released from restrictions	\$ 10,588,895	\$ 4,178,741

### Note 11 Endowments

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 11      **Endowments** (Continued)

#### **Donor-Restricted Endowments**

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

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

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 11      **Endowments** (Continued)

#### **Board-Designated Endowment**

The Board of Directors has set aside certain unrestricted net assets for endowment purposes. Since these amounts are not restricted by the donor but are restricted only by Board policy, the amounts have been classified as unrestricted net assets. The Board's intent is that the board-designated endowment will always be equal to the unrestricted net assets of the Endowment Fund. The Board may designate additional amounts from time to time to be added to the endowment fund. The annual distribution policy the board has set will allow distributions made available to operations up to 5% of the average market value of the board-designated net assets over a three-year period.

#### **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 Directors, the endowment assets are invested in a manner 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.

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

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

### Note 11 Endowments (Continued)

Endowment net assets consisted of the following at August 31:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-designated endowment funds	\$ (2,573)	\$ 7,909,064	\$ 21,589,769	\$ 29,496,260
Board-designated endowment funds	772,642	-	-	772,642
Total	\$ 770,069	\$ 7,909,064	\$ 21,589,769	\$ 30,268,902

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-designated endowment funds	\$ (262,516)	\$ 6,333,397	\$ 21,179,291	\$ 27,250,172
Board-designated endowment funds	490,957	-	-	490,957
Total	\$ 228,441	\$ 6,333,397	\$ 21,179,291	\$ 27,741,129

#### Funds With Short Falls

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the historical dollar value of the fund. In accordance with GAAP, these short falls of \$2,573 and \$262,516 were reported in unrestricted net assets as of August 31, 2011 and 2010, respectively. These short falls are the result of unfavorable market fluctuations, which has reduced the assets of the donor-restricted endowment funds below the level required by the donor.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

### Note 11 Endowments (Continued)

Changes in the endowment net assets were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 1, 2009	\$ 15,056	\$ 5,060,412	\$ 19,359,252	\$ 24,434,720
Contributions	113,524	-	2,000,000	2,113,524
Investment return:				
Interest and dividends	162,385	436,621	-	599,006
Net appreciation	378,033	916,580	36,267	1,330,880
Total investment return	540,418	1,353,201	36,267	1,929,886
Appropriation for expenditures	(500,000)	-	(140,000)	(640,000)
Designated transfers	59,443	(80,216)	(76,228)	(97,001)
Endowment net assets at August 31, 2010	228,441	6,333,397	21,179,291	27,741,129
Contributions	63,938	205,031	379,000	647,969
Investment return:				
Interest and dividends	68,763	533,784	-	602,547
Net appreciation (depreciation)	467,137	2,416,758	(24,423)	2,859,472
Total investment return	535,900	2,950,542	(24,423)	3,462,019
Appropriation for expenditures	(214,618)	(624,526)	-	(839,144)
Designated transfers	156,408	(955,380)	55,901	(743,071)
Endowment net assets at August 31, 2011	\$ 770,069	\$ 7,909,064	\$ 21,589,769	\$ 30,268,902



# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 12 Employee Benefit Plans

The Art Museum maintains a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all Art Museum employees on the first day of the month following 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. From September 1, 2010, through December 31, 2010, the maximum match was 2%. From January 1, 2011 to August 31, 2011, the maximum match was 4%. 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 \$77,396 and \$44,585 for the years ended August 31, 2011 and 2010, 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, 2012. Expenses related to this plan for contributions on behalf of eligible union employees were \$35,155 and \$34,056 for the years ended August 31, 2011 and 2010, respectively.

### Note 13 Concentrations

The Art Museum maintains depository relationships with area financial institutions, including banks, which are Federal Deposit Insurance Corporation (FDIC) insured institutions. On November 9, 2010, the FDIC issued a final rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited coverage of non-interest-bearing transaction accounts through December 31, 2012. In addition, the Art Museum maintains cash in interest-bearing accounts at these institutions, which are insured by the FDIC up to \$250,000. At times, deposits may exceed FDIC insurance limits. The Art Museum has not experienced any losses with these accounts. Management believes the Art Museum is not exposed to any significant credit risk on cash.

At August 31, 2011, pledges from one donor totaled 52% of total pledges receivable. At August 31, 2011, receivables from two customers totaled 27% of accounts receivable.

# Milwaukee Art Museum, Inc.

## Notes to Financial Statements

---

### Note 14      **Commitment**

The Art Museum has a letter of credit agreement with an area bank in the amount of \$92,466. The letter of credit agreement is secured by certain assets of the Art Museum and expires in December 2013. The letter of credit agreement is required by the State of Wisconsin since the Museum is self-funded in regard to unemployment insurance.

## Supplementary Information

---

# Milwaukee Art Museum, Inc.

## Schedule of Endowment Funds

August 31, 2011 and 2010

	2011	2010
<b>Donor-restricted endowments:</b>		
Abert Tooman Acquisition Fund	\$ 457,695	\$ 403,711
Boyd Fund	95,361	87,928
Bradley Conservation/Maintenance Fund	1,319,614	1,222,325
Bradley Foundation Fund	4,115,643	3,794,861
Catherine Jean Quirk Fund	83,754	77,226
CAS/Dimoff Fund	85,035	-
Constance P. Godfrey Acquisition Fund	1,307,427	1,153,218
Croasdaile Acquisition Fund	1,294,292	1,511,880
Doerfler Fund	81,526	71,910
Endowment for Conservation	35,266	32,518
Endowment for Education	536,443	494,767
Erich C. Stern Fund	85,657	85,348
Esther S. Weber Memorial Education Fund	38,870	35,841
Expansion Operating Endowment	691,210	698,321
Florence Eiseman Foundation Fund	41,603	38,361
Frederick Layton Lecture Series Fund	202,892	187,154
Friends of Art Exhibition Fund	1,267,887	1,168,143
General Operating Endowment	6,273,095	5,732,951
Grootemaat Fund	48,394	44,622
Hamblng Endowment	375,000	-
James H. Brachman Fund	66,364	61,196
Jill and Jack Pelisek Fund	61,534	54,276
Joan Marcus Memorial Fund	61,021	56,265
John Porter Retzer and Florence Horn Retzer Competition Fund	256,610	236,610
Katherine Smith Gift Annuity	4,981	4,973
LaBahn Fund	1,345,253	1,240,389
Laskin Fund	1,020,095	899,704
NEA Challenge Endowment-Match	1,326,248	1,231,101
Orth Fund	137,458	-
Patti Baker Education Endowment Fund	1,182,128	1,089,980
Pellegrin Family Endowment for Education	296,107	273,138
Pieper Challenge Grant Matching Fund	2,332,404	2,057,301
Rene von Schleinitz Memorial Fund	204,501	180,380
Richard & Ethel Herzfeld Photography Exhibition Fund	457,595	421,930
Schuchardt Fund	28,670	25,288
Suzanne and Richard Pieper Family Fund	1,166,202	1,028,650
Virginia Booth Vogel Acquisition Fund	1,112,425	1,547,906
<b>Total donor-restricted endowments</b>	<b>29,496,260</b>	<b>27,250,172</b>

# Milwaukee Art Museum, Inc.

## Schedule of Endowment Funds

August 31, 2011 and 2010

	2011	2010
<b>Board-designated endowments:</b>		
Ruth K. Abrams Fund	59,647	69,454
Board Designated Fund	438,980	161,187
Karen Johnson Boyd Fund	173,580	160,050
Gift Annuity Reserve	100,435	100,266
<b>Total board-designated endowments</b>	<b>772,642</b>	<b>490,957</b>
<b>Total endowment funds</b>	<b>\$ 30,268,902</b>	<b>\$ 27,741,129</b>

Endowment assets consisted of the following at August 31:

	2011	2010
Investments	\$ 29,800,900	\$ 27,153,959
Beneficial interest in assets held in trust	463,762	488,602
Other	4,240	98,568
<b>Total endowment funds</b>	<b>\$ 30,268,902</b>	<b>\$ 27,741,129</b>