

Milwaukee Art Museum, Inc.

Milwaukee, Wisconsin

Financial Statements and Supplementary Information

Years Ended August 31, 2013 and 2012

Milwaukee Art Museum, Inc.

Financial Statements and Supplementary Information

Years Ended August 31, 2013 and 2012

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Milwaukee Art Museum, Inc. (the "Organization"), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Milwaukee Art Museum, Inc. as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 35 and 36 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

December 3, 2013
Milwaukee, Wisconsin

Milwaukee Art Museum, Inc.

Statements of Financial Position

August 31, 2013 and 2012

<i>Assets</i>	2013	2012
Current assets:		
Cash and cash equivalents	\$ 1,228,615	\$ 743,680
Accounts receivable - Net	290,864	269,546
Current portion of pledges receivable	1,571,349	1,627,431
Investment income receivable	105,024	108,553
Inventories - Net	424,630	437,132
Prepaid expenses	535,286	583,042
Total current assets	4,155,768	3,769,384
Investments	46,720,603	42,905,598
Pledges receivable, less current portion	1,058,067	153,350
Beneficial interest in assets held in trusts	868,007	763,732
Property and equipment - Net	79,549,909	81,708,648
Collections (see Note 1 to the financial statements)		
TOTAL ASSETS	\$ 132,352,354	\$ 129,300,712
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,181,017	\$ 879,885
Deferred revenue	581,670	406,879
Total current liabilities	1,762,687	1,286,764
Net assets:		
Unrestricted:		
Board designated	3,404,269	2,488,281
Undesignated	80,933,742	83,033,082
Total unrestricted	84,338,011	85,521,363
Temporarily restricted	22,821,567	20,145,747
Permanently restricted	23,430,089	22,346,838
Total net assets	130,589,667	128,013,948
TOTAL LIABILITIES AND NET ASSETS	\$ 132,352,354	\$ 129,300,712

See accompanying notes to financial statements

Milwaukee Art Museum, Inc.

Statements of Activities

Year Ended August 31, 2013

	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating support and revenue:						
Contributions and membership	\$ 4,675,097	\$ -	\$ 4,675,097	\$ 880,602	\$ -	\$ 5,555,699
Grants and sponsorships	-	-	-	4,152,436	-	4,152,436
Milwaukee County War Memorial Center, Inc.	814,711	-	814,711	53,125	-	867,836
Admission, tour fees, and parking	2,044,021	-	2,044,021	-	-	2,044,021
Education programs	148,896	-	148,896	-	-	148,896
Exhibition and curatorial income	275,703	-	275,703	-	-	275,703
Net retail operations (cost of sales of \$784,319)	687,963	-	687,963	-	-	687,963
Net museum café (cost of sales of \$573,179)	1,247,524	-	1,247,524	-	-	1,247,524
Facility rental income	510,459	-	510,459	-	-	510,459
Fundraising events and auxiliary activities	5,642	-	5,642	1,362,292	-	1,367,934
Other	419,326	-	419,326	9,791	-	429,117
Investment return appropriated for operations	1,173,108	-	1,173,108	-	-	1,173,108
Net assets released from restrictions and other transfers	3,454,179	1,397,236	4,851,415	(5,016,146)	164,731	-
Total operating support and revenue	15,456,629	1,397,236	16,853,865	1,442,100	164,731	18,460,696
Operating expenses:						
Program services:						
Education	1,379,741	-	1,379,741	-	-	1,379,741
Audience, communication, and member development	2,191,959	-	2,191,959	-	-	2,191,959
Presentation and curatorial	2,832,017	697	2,832,714	-	-	2,832,714
Business operations	1,595,227	-	1,595,227	-	-	1,595,227
Total program services	7,998,944	697	7,999,641	-	-	7,999,641
Supporting services:						
General and administrative	1,928,160	-	1,928,160	-	-	1,928,160
Financial development and volunteer services	2,579,910	-	2,579,910	-	-	2,579,910
Building services	2,943,275	-	2,943,275	-	-	2,943,275
Total supporting services	7,451,345	-	7,451,345	-	-	7,451,345
Total operating expenses	15,450,289	697	15,450,986	-	-	15,450,986
Change in net assets from operating activities	6,340	1,396,539	1,402,879	1,442,100	164,731	3,009,710

Milwaukee Art Museum, Inc.

Statements of Activities (Continued)

Year Ended August 31, 2013

	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Nonoperating revenue, support, gains, and losses:						
Contributions designated for acquisition of art	-	-	-	258,716	-	258,716
Net assets released to fund acquisitions of art	-	553,003	553,003	(553,003)	-	-
Acquisitions of art	-	(634,678)	(634,678)	-	-	(634,678)
Investment income	1,969	527,046	529,015	2,633,686	26,044	3,188,745
Net assets released from restricted for operations	-	(67,665)	(67,665)	(1,105,443)	-	(1,173,108)
Contributions designated for endowment or building fund	-	32,912	32,912	2,870	762,807	798,589
Depreciation and amortization	-	(3,020,086)	(3,020,086)	-	-	(3,020,086)
Other	-	21,268	21,268	(3,106)	129,669	147,831
Total nonoperating revenue, support, gains, and losses	1,969	(2,588,200)	(2,586,231)	1,233,720	918,520	(433,991)
Changes in net assets	8,309	(1,191,661)	(1,183,352)	2,675,820	1,083,251	2,575,719
Net assets at beginning of year	1,077,261	84,444,102	85,521,363	20,145,747	22,346,838	128,013,948
Net assets at end of year	\$ 1,085,570	\$ 83,252,441	\$ 84,338,011	\$ 22,821,567	\$ 23,430,089	\$ 130,589,667

Milwaukee Art Museum, Inc.

Statements of Activities (Continued)

Year Ended August 31, 2012

	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating support and revenue:						
Contributions and membership	\$ 4,680,626	\$ -	\$ 4,680,626	\$ 726,526	\$ -	\$ 5,407,152
Grants and sponsorships	35,000	-	35,000	2,133,910	-	2,168,910
Milwaukee County War Memorial Center, Inc.	626,668	-	626,668	221,875	-	848,543
Admission, tour fees, and parking	2,209,516	-	2,209,516	-	-	2,209,516
Education programs	171,264	-	171,264	-	-	171,264
Exhibition and curatorial income	237,592	-	237,592	-	-	237,592
Net retail operations (cost of sales of \$821,384)	896,739	-	896,739	-	-	896,739
Net museum café (cost of sales of \$707,056)	810,247	-	810,247	-	-	810,247
Facility rental income	370,196	-	370,196	-	-	370,196
Fundraising events and auxiliary activities	6,225	-	6,225	595,137	-	601,362
Other	408,072	-	408,072	25,444	-	433,516
Investment return appropriated for operations	1,013,000	-	1,013,000	-	-	1,013,000
Net assets released from restrictions and other transfers	2,741,043	2,696,640	5,437,683	(5,784,168)	346,485	-
Total operating support and revenue	14,206,188	2,696,640	16,902,828	(2,081,276)	346,485	15,168,037
Operating expenses:						
Program services:						
Education	1,171,136	8,496	1,179,632	-	-	1,179,632
Audience, communication, and member development	2,513,712	-	2,513,712	-	-	2,513,712
Presentation and curatorial	3,109,102	66,869	3,175,971	-	-	3,175,971
Business operations	1,419,082	-	1,419,082	-	-	1,419,082
Total program services	8,213,032	75,365	8,288,397	-	-	8,288,397
Supporting services:						
General and administrative	1,620,121	112,196	1,732,317	-	-	1,732,317
Financial development and volunteer services	1,330,912	1,040,902	2,371,814	-	-	2,371,814
Building services	3,042,096	-	3,042,096	-	-	3,042,096
Total supporting services	5,993,129	1,153,098	7,146,227	-	-	7,146,227
Total operating expenses	14,206,161	1,228,463	15,434,624	-	-	15,434,624
Change in net assets from operating activities	27	1,468,177	1,468,204	(2,081,276)	346,485	(266,587)

Milwaukee Art Museum, Inc.

Statements of Activities (Continued)

Year Ended August 31, 2012

	Operating Funds	Other Funds	Subtotal Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Nonoperating revenue, support, gains, and losses:						
Contributions designated for acquisition of art	-	-	-	212,639	-	212,639
Net assets released to fund acquisitions of art	-	1,435,284	1,435,284	(1,435,284)	-	-
Acquisitions of art	-	(1,620,344)	(1,620,344)	-	-	(1,620,344)
Investment income	1,299	74,275	75,574	3,111,922	10,129	3,197,625
Net assets released from restricted for operations	-	(22,089)	(22,089)	(990,911)	-	(1,013,000)
Contributions designated for endowment or building fund	-	-	-	9,262	423,924	433,186
Depreciation and amortization	-	(2,971,626)	(2,971,626)	-	-	(2,971,626)
Other	-	80,179	80,179	1,416	(23,469)	58,126
Total nonoperating revenue, support, gains, and losses	1,299	(3,024,321)	(3,023,022)	909,044	410,584	(1,703,394)
Changes in net assets	1,326	(1,556,144)	(1,554,818)	(1,172,232)	757,069	(1,969,981)
Net assets at beginning of year	1,075,935	86,000,246	87,076,181	21,317,979	21,589,769	129,983,929
Net assets at end of year	\$ 1,077,261	\$ 84,444,102	\$ 85,521,363	\$ 20,145,747	\$ 22,346,838	\$ 128,013,948

Milwaukee Art Museum, Inc.

Statements of Cash Flows

Years Ended August 31, 2013 and 2012

	2013	2012
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 2,575,719	\$ (1,969,981)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Provision for inventory obsolescence	3,000	26,200
Provision for doubtful accounts	78,031	-
Depreciation and amortization	3,020,086	2,971,626
Contributions designated for long-term investment, capital expenditures, and art purchases	998,822	(636,790)
Acquisitions of art	634,678	1,620,344
Net realized gains on sale of investments	(1,014,314)	(765,845)
Net change in unrealized gains on investments	(1,393,811)	(1,678,843)
Change in beneficial interest in assets held in trusts	(104,275)	13,579
Changes in assets and liabilities:		
Accounts receivable	(60,318)	38,220
Pledges receivable	(2,938,467)	1,845,954
Investment income receivable	3,529	(6,751)
Inventories	9,502	(78,294)
Prepaid expenses	47,756	(279,986)
Accounts payable and accrued expenses	301,132	(662,873)
Deferred revenue	174,791	132,229
Net cash provided by operating activities	2,335,861	568,789
Cash flows from investing activities:		
Acquisitions of art	(634,678)	(1,620,344)
Purchases of investments	(30,398,544)	(35,186,344)
Proceeds from sale of investments	28,991,664	36,200,410
Purchases of property and equipment	(861,347)	(1,187,089)
Net cash used in investing activities	(2,902,905)	(1,793,367)
Net cash provided by financing activities - Contributions designated for long-term investment received	1,051,979	1,065,594
Increase (decrease) in cash and cash equivalents	484,935	(158,984)
Cash and cash equivalents at beginning of year	743,680	902,664
Cash and cash equivalents at end of year	\$ 1,228,615	\$ 743,680

See notes to accompanying financial statements.

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 year ended August 31, 2012. The Milwaukee Art Museum, LLC was dissolved in 2013.

Financial Statement Preparation

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

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

Use of Estimates 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)

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or where donor imposed stipulations are met in the year of the contribution. The 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 be met either by actions of the Art Museum and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the 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.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

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

Art Collections

The Art Museum's collection comprises more than 29,000 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 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 \$80,000 and \$41,000 that reflect management's estimate of uncollectible amounts at August 31, 2013 and 2012, 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% as of August 31, 2013) over the anticipated life expectancies of the donors. At August 31, 2013, no discount has been recorded as the underlying donor's related to the beneficial interest in assets held in trusts are deceased. The full value of the investments are expected to be received by the Art Museum in fiscal 2014.

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:

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

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 2013 and 2012.

Deferred Revenue

Deferred revenue consists of funds received in advance for facilities rental, 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.

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.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

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

Contributions (Continued)

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.

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.

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 \$867,836 and \$848,543 for the years ended August 31, 2013 and 2012, respectively, of which \$655,336 and \$626,668 was provided in-kind, respectively, and \$212,500 and \$221,875 was designated as a cash contribution. 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)

Admissions and Memberships

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs charged to expense during the years ended August 31, 2013 and 2012, were \$981,134 and \$973,843, 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 2013 and 2012, and therefore, no provision has been made for income taxes in the accompanying financial statements.

In order to account for any uncertain tax positions, the Art Museum determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Art Museum has recorded no assets or liabilities related to uncertain tax positions. Tax returns for the year ended August 31, 2010 and all subsequent years remain subject to examination by the applicable taxing authorities.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through December 3, 2013, which is the date the financial statements were available to be issued.

Note 2 Inventories

Inventories at August 31 consisted of the following:

	2013	2012
Store inventory	\$ 368,357	\$ 330,818
Publications inventory	88,834	110,287
Café inventory	31,864	58,563
Miscellaneous inventory	8,675	7,564
Reserve for obsolescence	(73,100)	(70,100)
Inventories - Net	\$ 424,630	\$ 437,132

Note 3 Investments

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

	2013	2012
Money market funds	\$ 9,782,772	\$ 7,080,808
U.S. government and agency obligations	4,408,995	6,010,166
Corporate debt securities	14,866,250	14,196,027
Equities	9,175,965	8,599,198
Mutual funds - Equities	8,486,621	7,019,399
Total investments	\$ 46,720,603	\$ 42,905,598

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 3 Investments (Continued)

Investments were held for the following purposes at August 31:

	2013	2012
Endowment:		
Operations	\$ 18,113,652	\$ 16,802,380
Education	3,256,743	2,867,841
Curatorial	5,832,218	5,430,406
Acquisitions	6,509,806	5,951,433
Other	951,860	848,115
Total endowment	34,664,279	31,900,175
Funds for reinstallation project	6,714,988	6,124,844
Other	5,341,336	4,880,579
Total investments	\$ 46,720,603	\$ 42,905,598

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

	2013	2012
Interest and dividend income, net of trustee and management fees	\$ 780,620	\$ 752,937
Net realized gains on sale of investments	1,014,314	765,845
Net change in unrealized gains on investments	1,393,811	1,678,843
Total investment income	\$ 3,188,745	\$ 3,197,625

Investment trustee and management fees of \$132,114 and \$178,448 were paid by the Art Museum for the years ended August 31, 2013 and 2012, 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:

	2013	2012
Less than one year	\$ 1,571,349	\$ 1,627,431
One to five years	1,146,916	250,556
Gross pledges receivable	2,718,265	1,877,987
Less:		
Unamortized discount	20,656	7,206
Allowance for uncollectable amounts	68,193	90,000
Pledges receivable - Net	2,629,416	1,780,781
Less - Current portion	1,571,349	1,627,431
Pledges receivable, less current portion	\$ 1,058,067	\$ 153,350

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 0.22% and 3.50%.

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 \$298,262 and \$276,995 as of August 31, 2013 and 2012, 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 \$10,238 and \$10,450 from this fund during 2013 and 2012, 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 charitable remainder trusts are recorded at their present value of \$569,745 and \$486,737 as of August 31, 2013 and 2012, 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 \$5,475,000 and \$4,265,951 at August 31, 2013 and 2012, respectively. The Art Museum received income distributions of \$182,262 and \$175,056 during 2013 and 2012, 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, 2013 was as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Cash and equivalents:				
Money market funds	\$ -	\$ 9,782,772	\$ -	\$ 9,782,772
Fixed income funds:				
Short term bonds mutual funds	4,950,933	-	-	4,950,933
U.S. Treasury bonds and notes	1,078,887	-	-	1,078,887
U.S. Government obligations	3,330,108	-	-	3,330,108
Mortgage-backed securities	7,225,898	-	-	7,225,898
Corporate obligations	-	1,479,110	-	1,479,110
Foreign obligations	-	1,210,309	-	1,210,309
Equity mutual funds:				
Domestic	3,545,737	-	-	3,545,737
Foreign	4,940,884	-	-	4,940,884
Equities:				
Domestic				
Consumer discretionary	282,598	-	-	282,598
Consumer staples	525,500	-	-	525,500
Energy	526,694	-	-	526,694
Financials	1,679,248	-	-	1,679,248
Health care	443,756	-	-	443,756
Industrials	2,160,637	-	-	2,160,637
Information technology	678,016	-	-	678,016
Materials	200,969	-	-	200,969
Foreign	2,678,547	-	-	2,678,547
Total investments	34,248,412	12,472,191	-	46,720,603
Pledges receivable	-	2,629,416	-	2,629,416
Beneficial interest in assets held in trust	-	868,007	-	868,007
Total	\$ 34,248,412	\$ 15,969,614	\$ -	\$ 50,218,026

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, 2012 was as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Cash and equivalents:				
Money market funds	\$ -	\$ 7,080,808	\$ -	\$ 7,080,808
Fixed income funds:				
Short term bonds mutual funds	5,191,215	-	-	5,191,215
U.S. Treasury bonds and notes	2,040,484	-	-	2,040,484
U.S. Government obligations	3,969,682	-	-	3,969,682
Mortgage-backed securities	7,774,423	-	-	7,774,423
Corporate obligations	-	373,441	-	373,441
Foreign obligations	-	856,948	-	856,948
Equity mutual funds:				
Domestic	3,021,504	-	-	3,021,504
Foreign	3,997,895	-	-	3,997,895
Equities:				
Domestic				
Consumer discretionary	779,668	-	-	779,668
Consumer staples	880,784	-	-	880,784
Energy	427,352	-	-	427,352
Financials	1,432,692	-	-	1,432,692
Health care	477,480	-	-	477,480
Industrials	1,521,556	-	-	1,521,556
Information technology	870,418	-	-	870,418
Materials	395,183	-	-	395,183
Foreign	1,814,065	-	-	1,814,065
Total investments	34,594,401	8,311,197	-	42,905,598
Pledges receivable	-	1,780,781	-	1,780,781
Beneficial interest in assets held in trust	-	763,732	-	763,732
Total	\$ 34,594,401	\$ 10,855,710	\$ -	\$ 45,450,111

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 6 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 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% as of August 31, 2013) 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 Art Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 7 Property and Equipment

Property and equipment consisted of the following at August 31:

	2013	2012
Building	\$ 95,352,427	\$ 95,352,427
Building improvements	215,747	215,747
Land improvements	11,490,898	11,490,898
Furniture and equipment	5,448,347	5,183,850
Leasehold improvements	5,999,287	5,840,500
Construction in process	675,018	236,956
Total property and equipment	119,181,724	118,320,378
Less - Accumulated depreciation	39,631,815	36,611,730
Property and equipment - Net	\$ 79,549,909	\$ 81,708,648

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, 2013 and 2012, respectively. The revolving credit note bears interest at the London Interbank Offered Rate (LIBOR) plus 200 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, 2013 and 2012. The bank revolving credit note expires April 30, 2014. There were no borrowings under the line of credit at August 31, 2013 and 2012.

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:

	2013	2012
Board-designated endowment	\$ 1,367,401	\$ 820,992
Deaccessioning fund	123,503	205,711
Board-designated reserve	1,857,178	1,405,446
Unemployment compensation reserve	56,187	56,132
Total board designated net assets	\$ 3,404,269	\$ 2,488,281

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:

	2013	2012
Facility expansion project	\$ 1,305,505	\$ 1,301,465
Acquisition of art	7,790,450	10,438,574
Exhibitions	2,270,449	2,024,687
Education	3,060,886	2,144,874
Collection - Care and maintenance	1,068,902	1,337,149
Funds for reinstallation	3,631,023	-
Auxiliary activities	602,640	425,894
Time-restricted	101,170	33,966
Program services	60,000	62,500
Operations	2,930,542	2,376,638
Total temporarily restricted net assets	\$ 22,821,567	\$ 20,145,747

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 10 Temporarily Restricted Net Assets

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

	2013	2012
Temporarily restricted net assets released for operations:		
Education	\$ 1,574,438	\$ 1,924,548
Audience, communication, and member development	170,500	293,987
Presentation and curatorial	1,263,478	1,524,290
General, administrative, and development	1,830,359	1,521,434
Transfer to (from) permanently restricted net assets to meet donor designation requirements	135,933	346,485
Building services	41,438	173,424
Total temporarily restricted net assets released for operations	5,016,146	5,784,168
Investment return appropriated for operations	1,105,443	990,911
Acquisitions of art for collection	553,003	1,435,284
Total temporarily restricted net assets released from restrictions	\$ 6,674,592	\$ 8,210,363

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.

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

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 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.

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:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated endowment funds	\$ -	\$ 10,474,664	\$ 23,430,089	\$ 33,904,753
Board-designated endowment funds	1,367,401	-	-	1,367,401
Total	\$ 1,367,401	\$ 10,474,664	\$ 23,430,089	\$ 35,272,154

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated endowment funds	\$ -	\$ 9,166,609	\$ 22,346,838	\$ 31,513,447
Board-designated endowment funds	820,992	-	-	820,992
Total	\$ 820,992	\$ 9,166,609	\$ 22,346,838	\$ 32,334,439

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, 2011	\$ 770,069	\$ 7,909,064	\$ 21,589,769	\$ 30,268,902
Contributions	-	8,952	423,924	432,876
Investment return:				
Interest and dividends	13,823	604,981	2,120	620,924
Net appreciation (depreciation)	59,189	2,322,802	(15,460)	2,366,531
Total investment return	73,012	2,927,783	(13,340)	2,987,455
Appropriation for expenditures	(22,089)	(990,911)	-	(1,013,000)
Designated transfers	-	(688,279)	346,485	(341,794)
Endowment net assets at August 31, 2012	820,992	9,166,609	22,346,838	32,334,439
Contributions	32,912	2,420	892,476	927,808
Investment return:				
Interest and dividends	107,479	563,601	5,137	676,217
Net appreciation	417,979	1,991,475	20,907	2,430,361
Total investment return	525,458	2,555,076	26,044	3,106,578
Appropriation for expenditures	(67,665)	(1,105,443)	-	(1,173,108)
Designated transfers	55,704	(143,998)	164,731	76,437
Endowment net assets at August 31, 2013	\$ 1,367,401	\$ 10,474,664	\$ 23,430,089	\$ 35,272,154

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 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, 2013 and 2012 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 \$109,608 and \$101,556 for the years ended August 31, 2013 and 2012, 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 13% of Art Museum employees. The current agreement is in effect until August 31, 2014. Expenses related to this plan for contributions on behalf of eligible union employees were \$44,762 and \$39,698 for the years ended August 31, 2013 and 2012, 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. 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, 2013 and 2012, pledges from one donor totaled 47% and 31%, respectively of total pledges receivable. At August 31, 2013 and 2012, receivables from two customers totaled 47% and 36%, respectively 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 \$118,145. The letter of credit agreement is secured by certain assets of the Art Museum and expires in December 2017. The letter of credit agreement is required by the State of Wisconsin since the Museum is self-funded in regard to unemployment insurance.

Note 15 **Leases**

The Art Museum leases space and office equipment under operating leases which expire in June 2018. Monthly lease payments range from \$570 to \$1,339. Rent expense for the years ended August 31, 2013 and 2012 totaled \$51,324 and \$47,628, respectively.

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

2014	\$	26,471
2015		26,471
2016		26,471
2017		22,453
2018		7,799
<hr/>		
Total	\$	109,665
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Note 16 **Subsequent Event**

As of October 1, 2013, the Art Museum, the War Memorial and Milwaukee County entered into various agreements, which changed the structure of the previous agreements with the War Memorial, which were terminated on September 30, 2013.

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

Milwaukee Art Museum, Inc.

Notes to Financial Statements

Note 16 Subsequent Event (Continued)

In addition, there is a development agreement which addresses any future expansion to the north of the County owned facility. Planned renovations to existing space and construction of additional space are estimated at \$25,000,000 with construction expected to begin in the fall of 2014. The County has appropriated \$2,000,200 to be applied to the construction and renovation costs and has appropriated additional funds of \$7,999,800 to be paid to the Art Museum between 2014 and 2017 for these purposes. The Art Museum will contribute \$15,000,000 to the construction project. Upon completion of the renovations and construction, the improvements will be donated by the Art Museum to the County, and then leased back to the Art Museum.

Supplementary Information

Milwaukee Art Museum, Inc.

Schedule of Endowment Funds

August 31, 2013 and 2012

	2013	2012
Donor-restricted endowments:		
Albert Tooman Acquisition Fund	\$ 495,786	\$ 308,321
Boyd Fund	105,874	100,607
Bradley Conservation/Maintenance Fund	1,026,657	1,389,588
Bradley Foundation Fund	4,569,370	4,342,066
Catherine Jean Quirk Fund	92,988	88,362
CAS/Dimoff Fund	103,605	93,965
Constance P. Godfrey Acquisition Fund	1,592,948	1,444,733
Croasdaile Acquisition Fund	1,499,026	1,430,218
Doerfler Fund	99,330	90,088
Dunham Fund for Education	226,489	208,743
Endowment for Conservation	39,154	37,207
Endowment for Education	595,011	565,270
Erich C. Stern Fund	75,655	68,615
Esther S. Weber Memorial Education Fund	43,156	41,009
Expansion Operating Endowment	822,267	680,548
Florence Eiseman Foundation Fund	46,190	43,892
Frederick Layton Lecture Series Fund	225,397	214,051
Friends of Art Exhibition Fund	1,408,374	1,338,272
General Operating Endowment	7,015,342	6,644,368
Grootemaat Fund	53,729	51,056
Hambling Endowment	853,931	429,870
Hay Gift Annuity	2,390	-
Herzfeld Curator of Photography Fund	336,170	210,129
James H. Brachman Fund	73,679	70,014
Jill and Jack Pelisek Fund	74,972	67,996
Joan Marcus Memorial Fund	67,750	64,380
John Porter Retzer and Florence Horn Retzer Competition Fund	284,900	270,728
Katherine Smith Gift Annuity	4,938	5,002
LaBahn Fund	1,493,562	1,419,264
Laskin Fund	1,242,867	1,127,226
Lee, Barbara Brown, Director of Education Endowment	281,418	-
Miller Lewensohn Gift Annuity	8,850	8,952
NEA Challenge Endowment-Match	1,469,577	1,396,673
Orth Fund	145,629	150,195
Patti Baker Education Endowment Fund	1,312,452	1,247,164
Pellegrin Family Endowment for Education	328,744	312,393
Pieper Challenge Grant Matching Fund	2,635,275	2,499,628
Rene von Schleinitz Memorial Fund	249,161	225,978
Richard and Ethel Herzfeld Photography Exhibition Fund	508,043	482,770
Schuchardt Fund	25,882	23,474
Suzanne and Richard Pieper Family Fund	1,317,638	1,249,815
Virginia Booth Vogel Acquisition Fund	1,050,577	1,070,817
Total donor-restricted endowments	33,904,753	31,513,447

Milwaukee Art Museum, Inc.

Schedule of Endowment Funds (Continued)

August 31, 2013 and 2012

	2013	2012
Board-designated endowments:		
Ruth K. Abrams Fund	\$ 63,661	\$ 60,769
Board Designated Fund	560,812	476,229
Karen Johnson Boyd Fund	192,716	183,129
Bradley Foundation Expendable	435,343	-
Orth Decorative Arts/Collectors Corner Expense	15,206	-
Gift Annuity Reserve	99,663	100,865
Total board-designated endowments	1,367,401	820,992
Total endowment funds	\$ 35,272,154	\$ 32,334,439

Endowment assets consisted of the following at August 31:

	2013	2012
Investments	\$ 34,664,279	\$ 31,893,851
Beneficial interest in assets held in trust	569,745	440,588
Other	38,130	-
Total endowment funds	\$ 35,272,154	\$ 32,334,439