EXHIBIT B

CASH SOURCES AND USES - 2016/17 FORECAST VS BUDGET

		A 9 MONTHS ACTUAL	B 4TH QUARTER FORECAST	C FY 2016/17 FULL YEAR FORECAST	D FY 2016/17 FULL YEAR BUDGET	E FY 2016/17 FULL YEAR VARIANCE
1	Beginning Cash Balance	464,249	1,300,594	464,249	464,249	
2	Cash Sources					
3	GOB - Gifts, Grants and Pledges - Current Year	1,200,715	142,250	1,342,965	1,884,000	(541,035)
4	GOB - Prepayment by RK Mellon & Fisher Hill	600,000		600,000	0	600,000
5	Membership	58,201	19,700	77,901	90,000	(12,099)
6	Earned Income	311,710	63,114	374,824	434,238	(59,414)
7	Distributed Income	185,649	62,958	248,606	249,900	3,306
* 8	Capital Campaign Pledge Gifts	1,368,125	30,000	1,363,125	2,163,500	(1,800,407)
* 9	Transfer Funds from Endowed Investments Account	0	1,207,000	1,207,000	0	1,207,000
10	Total Cash Sources	3,666,697	1,524,222	5,204,899	5,681,138	(476,239)
	Cash Uses					
11	Compensation	1,024,578	370,550	1,395,128	1,437,879	42,751
12	Benefits	105,488	37,637	143,125	139,468	(3,657)
13	Outside Services	51,045	11,550	62,595	54,400	(8,195)
14	Utilities	139,257	48,224	187,481	187,700	8,219
15	Maintenance and Repairs	77,582	20,890	104,472	145,375	40,903
16	Insurance	42,259	17,587	61,846	45,600	(15,246)
17	Collections, Exhibitions and Programs	21,014	15,000	36,014	50,524	14,510
18	Education	6,382	4,200	10,582	11,075	493
19	Special Events	70,027	9,215	85,242	99,700	14,458
20	Travel and Meeting Expenses	5,245	2,574	7,819	16,704	8,885
21	General, Printing & Promotion	93,617	51,389	144,110	144,486	486
22	Professional Services	21,194	1,000	28,194	35,000	7,806
23	Museum Shop	42,962	11,025	54,988	52,725	(2,263)
24	Women's Committee	0		0	0	0
25	Depreciation	0	0	0	0	0
26	Fundraising	39,529	15,000	54,529	31,075	(23,454)
27	Off Site Rental Space	0		0	0	0
28	Art Acquisition	0		0	0	0
29	Interest	38,067	10,500	48,567	72,000	23,433
* 30	Construction Expenses	95,575	15,000	95,575	141,202	45,627
31	Capital Expenditures	5,888	2,000	10,888	0	(10,888)
* 32	Loan Repayment	975,000	1,275,000	2,250,000	2,250,000	0
33	Other	62,318	20,094	82,412	123,875	41,463
34	Total Cash Uses	2,863,353	2,847,744	5,710,800	5,925,266	214,466
35	Net Cash Sources	803,315	(323,522)	479,793	(244,128)	(191,921)
36	Ending Cash Balance	1,300,594	788,118	788,118	980,112	
37	Net Operating Cash Flow	526,975	(449,616)	357,222	(356,921)	353,045

* Non-operating accounts affecting cash flow

THE WESTMORELAND
MUSEUM of AMERICAN ART

Notes pertaining to the Financial Statements of 3/31/2017
Westmoreland Museum of American Art
Meeting of the Board of Trustees, April 11, 2017

These notes pertain to the following financial reports for period ending 3/31/17:

Cash Sources and Uses – 2016/17 Forecast vs Budget

The numbers presented in the Cash Sources and Uses 2016/2017 Forecast vs Budget are preliminary numbers for 3/31/2017 and they will be updated during the month end closing process. Additionally, Column B is an estimate of cash sources and uses expected to be realized in the period of April 1 through June 30, 2017.

Comparison of FY 2016/2017 Forecast vs Budget

This report shows the cash operating finances for The Westmoreland profit centers and is broken down as follows:

Column A – 9 month (July 1, 2016 through March 31, 2017) Actual Cash - Operating and Capital Campaign Related Activities
– Includes all incoming cash activities such as cash gifts and pledge payments, revenue from Earned Income activities, distributions from Endowments and transfers from the Guyasuta Investment Account and all cash disbursements for Museum Operations expenses, final building project disbursements and cash disbursed for repayment of the PNC Bridge Loan.

Column B – 4th Quarter (April 1, 2017 through June 30, 2017) Forecast of Cash Operating and Capital Campaign Related Activities
– Includes all incoming cash activities such as cash gifts and pledge payments, revenue from Earned Income activities, distributions from Endowments and transfers from the Guyasuta Investment Account and all cash disbursements for Museum Operations expenses, final building project disbursements and cash disbursed for repayment of the PNC Bridge Loan.

Column C – Total of Column A plus Column B - Full Year 2016-2017 Cash Forecast

Column D – Full Year 2016-2017 Operating and Capital Campaign Budget

Column E - Full Year 2016-2017 Variance between the Full Year Cash Forecast (Column C) and the 2016-2017 Operating and Capital Campaign Budget (Column D).

Notable variances on Page 1 Include:

Line 1 – Beginning Cash Balances – These figures reflect the total opening cash balances in the combination of the Operating Activities bank accounts and the Capital Campaign bank accounts. It does not include the Guyasuta investment balance.

Line 3 – GOS - Gifts, Grants and Pledges - Current Year
The unfavorable variance of $341,000 is the result of several significant foundation operating grants and other grant opportunities for operating (GOS) funding which had been budgeted but not received in this fiscal year. In some cases, WMAA did receive funding from these grant providers (i.e. Laurel Highlands Visitors Bureau, Dollar Bank) but the funding was specific to expenses other than GOS and is therefore not included in Line 3 for comparison purposes. Also, one foundation was budgeted to provide support for this fiscal year and did provide GOS support, but designated that the funds be restricted to FY 2017-2018. In the budget, some stretch goals for existing funders had been established and were met as well (Allegheny Foundation, McKenna Foundation). While there is a negative variance in the overall GOS funding versus the Budget, there were several unexpected new family foundation gifts that were received this fiscal year and several corporate gifts to support the Family Free Days at WMAA.

Line 4 – GOS – Prepayment by RK Mellon and Eden Hall
The positive variance of $600,000 is a result of the prepayment of the RK Mellon pledge of $500,000 due in 2017-2018 and the prepayment of the Eden Hall pledge of $100,000 due in 2017-2018.

Line 5 – Membership
The unfavorable variance of 12,000 is a result of a slower number of new memberships being purchased as compared to our inaugural year in the new building. The Budget indicated an increase in new memberships from the inaugural year level. Also, we offered a promotion which discounted total membership prices on two-year memberships which were purchased in 2015-2016 (cash recognized in 2015-2016) which then reduced the renewal memberships for this fiscal year by $6,850. Currently, a focused membership program is underway to encourage memberships for new visitors/returning visitors to the Museum. The admission desk and Shop personnel are instrumental in encouraging memberships at the time of checking in to the Museum and at the time of checking out of the Museum Shop as discounts are available to Museum members.

Line 6 – Earned Income – Includes education tuitions, admissions donations, special event revenues (Big Art Party, Jazz, Art on Tap), rental income, and 206 North Main rental fees.

The Earned Income unfavorable variance of $63,000 is a combination of negatives variance to Budget in several Earned Income categories, some more significant than others:

- Museum Shop: The unfavorable variance of $8,000 is the result of slower sales activity during the winter months than anticipated and slower overall visitor traffic in the Museum Shop.

- Education Tuition: The unfavorable variance of $4,500 is a result of several items: 1) receiving summer art camp tuition revenues in FY 2015-2016 for July, 2016 (budgeted for the current fiscal year) 2) offering a lower-priced half-day camp for young children and 3) cancelling an educational program budgeted for Fall, 2016.

- Big Art Party revenues: The unfavorable variance of $18,600 is a result of the receipt of $18,000 of Big Art Party sponsorships in FY 2015-2016 which were planned for 2016-2017. In total, the Big Art Party revenue income met the budgeted goal.

- Art on Tap revenues: The unfavorable variance of $13,600 is due to lower event attendance and the receipt and coding of sponsorship revenues in FY 2015-2016 for FY 2016-2017 AOT events.

- Jazz revenues: The unfavorable variance of $7,700 is due to lower than expected attendance at concerts.

- Admission income: The unfavorable variance of $6,600 is due to a greater number of our visitors being members or becoming members at their visit and the increased attendance at Free Sundays. 33% of our gallery visitors who checked in with the front desk visited on Free Sundays and Free Family Days.

- Outside Rentals: The unfavorable variance of $8,800 is a result of fewer corporate rentals than anticipated for meeting rentals and holiday parties. Additional marketing efforts are underway to market the space to brides and other non-profits.

- 206 N. Main: The favorable variance of $1,600 reflects the income from the commercial space rental which had been previously occupied by the construction team, but this gain was offset by the loss of a residential renter. However, as of May 1, 2017, all residential units are 100% rented. Continued improvements are being made to 206 N. Main.

- Miscellaneous: A favorable insurance payment was received of $6,000 for the damage incurred on Park Street. The related expenses to repair lighting as a result of the accident are also reflected in the financial statements.

Line 8 – Capital Campaign
The unfavorable variance of $1.8 million is reflective of the planning of a $2 million gift from a significant foundation which was not received and the positive variance of $200,000 for gifts not budgeted but received from the Katherine Mabis McKenna Foundation and the Hurtt Foundation. The RACP funds were received ($975,000) with a residual amount of $25,000 still outstanding.

Line 9 – Transfer Funds from Guyasuta Investment Accounts
This line reflects the withdrawal of funds from Guyasuta in June, 2017 for payment of the PNC Bridge Line of Credit. (Action to be approved at the April Board Meeting) $100,000 will be left in the account for future investments.

Line 11 - Compensation
The positive variance of the Compensation line ($92,000) is offset by negative variance in Line #13 - Outside Services. Since July 2016 through December 2016, WMAA had used independent contractors ("Outside Services") for an interim Director of Facilities position and janitorial assistance. Both positions were previously full-time, benefitted positions and are now both part-time positions. Also, the housekeeper position is currently being paid from Worker's Compensation insurance and is not in the compensation line for 6 months as well. Additionally, the positive variance in the Compensation line is also a result of annual staff raises that had been included in the budget, but were cancelled in order to reduce expenditures.

Line 13 - Outside Services
Outside Services has an unfavorable variance of approx. $57,000 due for the use of outside contractors for the Director of Facilities and janitorial positions. While we continue to use an outside janitorial service, we have hired a part-time Director of Facilities and a part-time custodian. This unfavorable variance is offset by the positive Compensation variance in Line 11.

Line 15 - Repairs and Maintenance
The favorable variance of $41,000 is a combination of lower than expected maintenance costs for this fiscal year.

Line 16 – Insurance
The unfavorable variance of $16,000 is a result of higher package premiums than budgeted, the addition of fiduciary risk premiums, higher collection premium coverage costs, and the 2016 prior year cost adjustment based on insurance audit procedures.

Line 17 – Collections, Exhibitions and Programs
This positive variance of $16,000 is reflective of lower permanent collection expenses for items such as collection software upgrades, the delay in scaffolding expenses, and lower preparator fees. All exhibition fees and exhibition expenses are funded with temporarily restricted funding and not from GOS funding.

Line 29 – Interest Expense
The positive variance of $23,000 is a result of early payment of loan principal with the cash payment of the RACP funding of $975,000.

Line 30 – Construction Expenses
The positive variance of $48,000 reflects that the final construction expenses have been less than anticipated. Only one invoice remains that relates to the construction period and it should be settled by the fiscal year end.

Line 31 – Capital Expenditures
This negative variance of $11,000 reflects the investment in flooring, paint, and capital improvements primarily at 206 N. Main.

Line 33 – Other
The positive variance of $41,000 is a combination of several line items that collectively have been under budget in terms of spending. They include administrative expenses (fees, misc. charges) (+$6,000), postage (+$9,000), Office equipment charges (+$5,000), technology (+$11,000) and banking service fees (+$6,000).