



# THE WESTMORELAND MUSEUM of AMERICAN ART

**Notes pertaining to the Financial Statements of 9/30/2017**  
**Westmoreland Museum of American Art**  
Meeting of the Board of Trustees, October 24, 2017

These notes pertain to the following financial reports for period ending 9/30/17:

Statement of Activities – 1Q 2017/18 Operating Actuals (preliminary) vs Budget

The numbers presented in the Statement of Activities 2017/2018 Operating Actuals vs Budget are preliminary numbers for 9/30/2017. Investment statements are not available at this report time to include investment income and gains/losses from investments for the first quarter of FY 2017-2018. Also, investment advisor presentations are scheduled for the October 17, 2017 Executive & Finance Committee meeting. Month end depreciation amounts are not presented as schedules are not finalized for FY 2017-2018.

**Summary Comments:**

The first quarter of FY 2017-2018 Change in Net Assets resulted in a favorable variance to Budget by approximately \$47,000. The variance is a result of an unfavorable revenue variance of \$28,000 which was offset by significantly reduced expenses as compared to the Budget. While most of the expense savings in the individual expense line items are below \$10,000 and are timing differences (only for the benefit of the 1Q reporting), the most significant expense savings is realized in the Compensation and Benefits line item. This line item savings should be a permanent savings and as a result, offset the current negative variance in Gifts, Grants and Pledges recognized in the first quarter of the fiscal year.

Positive variances in the Earned Income line items include the Museum Shop and the 206 N. Main rental property. Negative variances occurred in the other Earned Income line items but there were no material amounts in any individual income category.

The \$75,000 positive variance to expenses in the 1<sup>st</sup> Q is attributed to the delayed timing of expenses, the use of exhibition restricted funding for budgeted exhibition operating expenses and the delayed hiring for four staff positions. With the exception of permanent expense savings in Compensation and Benefits (as detailed below), the positive and negative variances in the other line items are under \$10,000 each and may/may not result in FY savings. The next quarter's results should indicate where the savings will result in lower operating expenses than budgeted for FY 2017-2018.

**Column A** – 3 months (July 1, 2017 through September 30, 2017) Actual Cash - Operating Related Activities

– Includes all incoming cash activities such as cash gifts and pledge payments, revenue from Earned Income activities, distributions from Endowments and all cash disbursements for Museum Operations expenses.

**Column C** – Q1 2017-2018 Operations Budget

**Column D** – Q1 2017-2018 Variance between the Q1 2017-2018 Operating Actuals and the Q1 2017-2018 Operations Budget

**Notable variances on Page 1 Include:**

Line 1 – GOS - Gifts, Grants and Pledges - Current Year

The unfavorable variance of \$37,000 is primarily the result of one gift that was budgeted for \$35,000 more than was received. There is a potential opportunity for a second gift from that particular foundation later in the fiscal year to reach the budgeted level.

Line 4 – Distributed Income

This line item reflects monthly and quarterly distribution for operating expenses from existing endowments. The monthly distribution from the Woods Marchand and Coulter BNY Mellon endowment funds was increased by BNY Mellon and thus the increased variance to Budget.

Lines 7-12 – Earned Income – the details reflected in Lines 7-12 include education tuitions, admissions donations, special event revenues ( Art on Tap, Great American Music Series, yoga), outside rental income, and 206 North Main rental fees. Total Earned Income (Lines 7 through 12) is favorable by \$1,900 due to a variances in each of the line items comprising this category, the most notable being a positive variance in Shop sales by \$4,000, a positive variance of \$4,000 in 206 N. Main rentals and a negative variance of \$3,000 in admission donations. No material changes are expected in the Earned Income forecast for FY 2017-2018.

Line 14 - Compensation

The positive variance of the Compensation line (\$34,000) is a result primarily of delayed hiring of our staff positions during the summer months. Those four positions are now filled.

