

# THE WESTMORELAND MUSEUM of AMERICAN ART

## Notes pertaining to the Financial Statements of 9/30/2020 Westmoreland Museum of American Art

These notes pertain to the following financial reports for the fiscal year period ending 9/30/20 (1Q, FY 20-21):

### Statement of Activities –Operating Results - Actual vs Budget

The numbers presented in this financial package are the preliminary results of Operations of The Westmoreland through the 1<sup>st</sup> Q of FY 20-21 (ending September 30, 2020). This statement also provides the Budget and Budget variances of the cash activities of the unrestricted operations of The Westmoreland. The report does not include the gains and losses and investment performance of the Endowment accounts or other restricted account activity. That is provided on a separate schedule.

### Summary Comments:

While The Westmoreland was closed to visitors during the first month of this quarter, we finished the first quarter with a stable cash position, a 7-month operating reserve and an unexpected bequest. We received an unexpected Covid related GOS grant of \$50,000 from the Hillman Foundation that helps to support operations in the event that Earned Income falls short of the Budget goals. Total expenses incurred during the Quarter were favorable to Budget by \$53,000 but the majority of that variance is timing related and cannot be counted on as a permanent favorable variance to Budget. The timing of billing versus the planned expense and the delay of marketing expenses and other expenses due to Covid are the primary drivers of those positive expense variances.

As of 9-30-20, 39% of the full year Budget of the line item “Gifts, Grants, and Pledges” was received. Another 17% of the Gifts and Grants budget are pledged. Significant grants remaining which are not pledged are Allegheny Foundation (\$250,000), Eden Hall (\$100,000), and an annual private donor (\$100,000). Annual requests have been provided to both Allegheny Foundation and Eden Hall. Additionally, while the availability of Commonwealth DCED funding is in question at this time (\$100K budgeted), we recently learned that we are recipients of the Commonwealth DCED Cares grant for \$87,900 which we will receive in the second quarter.

Membership and Earned income were close to expectations for the 1<sup>st</sup> Q but will be monitored closely as the Budget increases significantly as we enter into the second and third quarters of the fiscal year. We are running at about 47-55% of general visitation as compared to the same period in the prior year.

Expenses were favorable to Budget by ~\$53,000 but this favorable variance is essentially timing differences for most of the line items. Significant line item variances are described below.

Overall, a good first quarter for The Westmoreland despite being closed for one of the three months. We have seen continuing commitment and support from Foundations and members and restricted funding has allowed us to have unique and directed virtual programming for children and adults

without using operating funds for the direct costs of those engagements. Our visitor facing staff has stayed steady with no resignations or serious Covid- related health issues.

Finally, improvements were made to the 206 N Main building in terms of two new HVAC units for two apartments, several new windows for two apartment and some additional repairs on the building. We are fully occupied at the moment with gross rents of ~\$4,000/ month. One of our apartments is being used by our two Artists in Residence who will live in the community while they are working at our Museum.

The bequeath gift mentioned above will be addressed more fully in the restricted activity narrative.

### **Financial Operations: Statement of Activities**

**Column A** –Actual 1Q incoming cash activities such as grants, gifts and pledge payments, membership, earned income activities, distributions from endowments and all cash disbursements for Museum Operations expenses.

**Column B** – 1Q 2020-2021 Operations Budget

**Column C** –Variance between the 9-30-20 Statement of Activities and the Budget

**Column D** – Full Year FY 20-21 Budget

### **Notable variances Include:**

#### **Line 1 – Covid Related Gifts and Grants – (Received/pledged 6/2020 for FY 2020-2021)**

This line item reflects special COVID related G&Gs that were received in June 2020 but were designated for FY 2020-2021. They were released as Cash Revenue in the 1st Q, 2020.

#### **Line 2 – Gifts and Grants**

As mentioned above, an unexpected \$50,000 from the Hillman Foundation was granted to the Westmoreland in the 1<sup>st</sup> quarter to support us during Covid. This is reflected in the positive variance of this line item of ~\$52,000. This grant will be instrumental in any shortfall that we may experience in future budgeted gifts and grants or earned income.

#### **Line 4 – Earned Income**

Earned income for the 1<sup>st</sup> Q includes admission donations, Pop Up art studio tuition, Museum Shop revenues and 206 N. Main rental payments. Budget expectations were minimal for this quarter and no significant variances were noted. Attendance is approx. 50% of the prior year for the two months that we have been opened. The Café is closed.

#### **Line 6 & Line 7 – Compensation and Benefits and Outside Services**

The positive variance of the Compensation and Benefits line (\$12,400) is offset by the negative variance in the Outside Services line (-\$6,000) as outside contractors are being used for IT services and custodial services instead of replacing internal staff positions for the 1<sup>st</sup> Quarter. Additionally, visitor facing staff hours were reduced for the new visitor hours and benefit enrollment was slightly less than anticipated for the new Plan year in the quarter.

**Line 10 and Line 11 – Utilities and Repairs & Maintenance**

Both of these line items have a positive variance, but it is too early to determine if these savings will hold throughout the fiscal year. Utility costs are running below Budget targets and prior year expenses, but it is not expected to continue now that staff and visitors are back in the building. Typical R&M expenditures were delayed the first two months of the quarter due to Covid and we had a restricted grant that covered a portion of the cost of cleaning supplies and PPE during the summer. We anticipate the costs of additional cleaning supplies will continue to increase as we head into the winter.

**Line 17 & 18 – General Printing and Promotion and Professional Services**

The positive variance in GP& P was a timing variance and marketing will use this budgeted amount in future periods and the negative variance in Professional Services is also a timing variance due to the timing of the payment of audit invoices.

**Line 23 – Net Payables**

This line reflects the net amount in payables that balances the Income Statement to the cash at the end of the quarter. It will vary from period to period based on outstanding payables.

DRAFT - CONFIDENTIAL - OPERATING BUDGET & DRAFT ACTUALS

WESTMORELAND MUSEUM OF AMERICAN ART				D	
	A	B	C		
	SEPTEMBER YTD 2020 ACTUAL	SEPTEMBER YTD 2020 BUDGET	SEPTEMBER YTD 2020 VARIANCE	FULL YEAR BUDGET FY 20-21	
<b>STATEMENT OF OPERATING ACTIVITIES</b>					
<b>Revenues</b>					
1	COVID - related Gifts and Grants (Rec/Pledged in PY for FY 20-21)	\$ 80,000	\$ 80,000	\$ -	\$ 95,025
2	Gifts, Grants	617,225	565,000	52,225	1,583,000
3	Membership	10,366	11,900	(1,534)	95,000
4	Distributed Income	89,240	88,000	1,240	352,000
5	Earned Income	22,209	20,654	1,555	166,256
6	Release from Restricted	4,525	-	4,525	36,000
7	<b>Total Revenues and Other Support</b>	<b>823,565</b>	<b>765,554</b>	<b>58,011</b>	<b>2,327,281</b>
<b>Expenditures</b>					
8	Compensation and Benefits	\$ 407,012	\$ 419,445	\$ 12,432	\$ 1,884,300
9	Outside Services	7,783	1,680	(6,103)	14,400
10	Utilities	34,514	40,596	6,082	157,239
11	Maintenance and Repairs	23,152	28,590	5,438	113,296
12	Insurance	18,633	15,693	(2,940)	77,453
13	Curatorial	325	225	(100)	6,645
14	Education	311	800	489	26,250
15	Collections	1,541	3,151	1,610	11,901
16	Special Events	185	-	(185)	18,065
17	General Printing & Promotion	5,994	32,690	26,696	89,000
18	Professional Services	13,754	1,260	(12,494)	39,250
19	Museum Shop	874	5,665	4,791	22,800
20	Fundraising	9,000	9,000	-	27,000
21	Capital Expenditures	12,500	12,500	-	35,000
22	Other	27,448	29,315	1,867	91,063
23	Net Payables	(15,371)	-	15,371	-
24	<b>Total Expenditures</b>	<b>547,654</b>	<b>600,610</b>	<b>52,955</b>	<b>2,613,662</b>
24	Surplus/Deficit - Operations	275,911	164,944	110,966	(286,381)
25	Beginning CASH BALANCE	1,149,036	1,149,036	-	1,119,000
26	Surplus/Deficit - TOTAL (Line 24)	275,911	164,944	110,966	(286,381)
27	ENDING CASH BALANCE AT 9-30-20	1,424,947	1,313,980	110,966	832,619

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