

THE WESTMORELAND MUSEUM of AMERICAN ART

Notes pertaining to the Financial Statements of 9/30/2021 Westmoreland Museum of American Art

These notes pertain to the following financial reports for the fiscal year period ending 9/30/21 (1Q, FY 21-22):

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 1st Q of FY 21-22 (ending September 30, 2021). 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:

The Westmoreland had a good first quarter of the new fiscal year, with stable operating grants, greater than expected earned income and savings in expenses. Currently, two FT staff positions are not filled yet so savings in Compensation expenses were realized. The Education and Special Events teams restarted our in-museum events, (and increasing our earned income) with several lectures, a photography workshop and the Border Cantos culinary dinner. Attendance is still limited at these types of events and precautions are being taken to minimize the risk of COVID spread. Total expenses incurred during the Quarter were favorable to Budget by ~\$17,000 but the majority of that variance is timing related and cannot be counted on as a permanent favorable variance to Budget.

As of 9-30-21, the State Tourism grant agreement of \$300,000 has been approved and signed for FY 21-22. It is not included in these projections as we have not received the funding but this included in the Operating Budget. . Another \$315,000 of the foundation-related Gifts and Grants budget has been pledged or received. Operating grant proposals for Allegheny Foundation (\$250,000) and RK Mellon Foundation (\$500,000) have been submitted for consideration.

Membership and Earned Income revenue categories both exceeded Budget expectations for the 1st Quarter but will be monitored closely as the Budget revenues increase significantly as we enter into the second and third quarters of the fiscal year. We are still limiting attendance at all events and classes as we continue to employ covid safety precautions.

As mentioned above, expenses were favorable to Budget by ~\$17,000 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. Museum events, in person programs and rentals are all underway and cash reserves are maintaining at 6X monthly operating cash needs.

Finally, improvements were made to the 206 N Main building which included new flooring in one of the commercial apartments and new windows and some renovations in a residential apartment. We are fully occupied at the moment with gross rents of ~\$4,500/ month and two commercial residents extended their lease for an additional two years. The staff parking lot was recently paved and lined.

Staffing continues to be challenging with several open positions for which we are currently recruiting. We have hired two additional Visitor Services representatives, a Finance Accounts Payable Associate and a K-12 Programs Manager in the first quarter (delayed start date). We have open positions on the Learning, Engagement and Partnership Team, the Advancement Team and the Collections Team. The Curator position to replace the Chief Curator has been posted nationally on many museum sites and interviewing is targeted to begin in mid November.

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 2021-2022 Operations Budget

Column C –Variance between the 9-30-21 Statement of Activities and the Budget

Column D – Full Year FY 21-22 Budget

Notable variances Include:

Line 1 – Covid Related Gifts and Grants

This line item reflects special COVID related G&Gs that were received in 4thQ FY 2021- 2021 but were released in 1st Q 2021-22.

Line 2 – Gifts and Grants

Gifts and Grants were as expected for the first quarter of the fiscal year. The positive variance of \$13,000 resulted from the payment of a FY 20-21 Pa State grant for the arts. No changes in the full year budget is expected at this time.

Line 5 – Earned Income

Earned income for the 1st Q includes admission donations, outside rentals/alcohol proceeds, art camp and photography class studio tuitions, Museum Shop revenues and 206 N. Main rental payments. Budget expectations were exceeded for this quarter by ~\$14,000. This is primarily due to Shop revenues (variance of ~\$7,500), art camp education revenues, and special event revenues for the Border Cantos dinner. A special outside artist fair was held during the summer which helped to boost sales beyond the budgeted 1st Q targets. The Café is opened again but with limited drink, dessert and snack selections.

Line 8 – Compensation and Benefits and Outside Services

The positive variance of the Compensation and Benefits line (\$24,400) is reflective of the two full time open positions on the Education team that are currently being filled and a leave of absence for a staff member, covered 60% by short term disability insurance.

Line 9 - Outside Services

The negative variance in Outside Services of \$10,000 is a result of the use of an outside marketing firm necessary during a marketing staff leave of absence – offsetting a small positive variance in Compensation expense.

Line 10 and Line 11 – Utilities and Repairs & Maintenance

While both utilities and repairs/maintenance have negative variances to Budget, the run rate of gas prices affecting utility costs is most concerning. Gas prices are 30% higher than the first quarter of FY 20-21.

The rest of the expense variances are timing in nature and not expected to have an impact on the forecast for the full fiscal year.

DRAFT - CONFIDENTIAL - OPERATING BUDGET & DRAFT ACTUALS

AS OF 9-30-21

WESTMORELAND MUSEUM OF AMERICAN ART

	A	B	C	D	
	SEPTEMBER YTD 2021 ACTUAL	SEPTEMBER YTD 2021 BUDGET	SEPTEMBER YTD 2021 VARIANCE	FULL YEAR BUDGET FY 21-22	
STATEMENT OF OPERATING ACTIVITIES					
Revenues					
1	COVID - related Gifts	150,000	150,000	0	105,000
2	Gifts, Grants	219,571	207,400	12,171	1,870,000
3	Membership	18,633	15,400	3,233	90,000
4	Distributed Income	99,917	89,850	10,067	435,000
5	Earned Income	52,848	38,664	14,184	338,080
6	Release from Restricted	13,483	13,500	(17)	149,006
7	Total Revenues and Other Support	554,452	514,814	39,638	2,987,086
Expenditures					
8	Compensation and Benefits	451,154	475,611	24,458	2,044,205
9	Outside Services	19,399	8,900	(10,499)	35,000
10	Utilities	43,753	38,169	(5,584)	155,000
11	Maintenance and Repairs	33,165	29,670	(3,495)	118,961
12	Insurance	13,383	13,353	(30)	85,000
13	Curatorial	295	2,355	2,060	7,495
14	Education	364	4,400	4,036	16,000
15	Collections	113	7,970	7,857	17,000
16	Special Events	5,103	5,699	596	70,335
17	Travel and Entertainment	1,611	2,575	964	10,335
18	General Printing & Promotion	12,286	15,155	2,869	123,000
19	Professional Services	240	0	(240)	48,000
20	Museum Shop	8,542	8,050	(492)	30,000
21	Fundraising	9,000	9,000	0	39,000
22	Capital Expenditures	22,882	18,750	(4,132)	78,450
23	Other	27,685	28,991	1,306	109,306
24	Net Payables	2,661	0	(2,661)	0
25	Total Expenditures	651,635	668,648	17,013	2,987,087
26	Surplus/Deficit - Operations	(97,183)	(153,834)	56,651	(1)
27	Beginning CASH BALANCE	1,482,679	1,482,679	0	1,482,679
28	Surplus/Deficit - TOTAL (Line 24)	(97,183)	(153,834)	56,651	(1)
29	ENDING CASH BALANCE AT 9-30-21	1,385,496	1,328,845		1,482,678