

Return of Organization Exempt From Income Tax

2002

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2002 calendar year, or tax year beginning **9/1/02**, 2002, and ending **8/31/03**, 20

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
Milwaukee Public Museum, Inc.
 Number and street (or P O box if mail is not delivered to street address) Room/suite
800 W. Wells St
 City or town, state or country, and ZIP + 4
Milwaukee WI 53233

D Employer identification number
39 1723105

E Telephone number
 (**414**) **278-2793**

F Accounting method: Cash Accrual
 Other (specify) ▶

G Web site: ▶ **www.mpm.edu**

J Organization type (check only one) ▶ 501(c) (**3**) ◀ (insert no.) 4947(a)(1) or 527

K Check here ▶ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶

H and I are not applicable to section 527 organizations
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶ _____
H(c) Are all affiliates included? Yes No
 (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Enter 4-digit GEN ▶ _____
M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions.)

Revenue					
1	Contributions, gifts, grants, and similar amounts received:				
a	Direct public support	1a	5,321,733		
b	Indirect public support	1b	106,663		
c	Government contributions (grants)	1c	4,300,000		
d	Total (add lines 1a through 1c) (cash \$ <u>9,728,396</u> noncash \$ _____)	1d		9,728,396	
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		2,813,681	
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4		34,113	
5	Dividends and interest from securities	5			
6a	Gross rents	6a	131,273		
b	Less: rental expenses	6b	257,337		
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		(126,064)	
7	Other investment income (describe ▶ _____)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
b	Less: cost or other basis and sales expenses	8a			
c	Gain or (loss) (attach schedule)	8b			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c			
8d		8d			
9	Special events and activities (attach schedule)				
a	Gross revenue (including contributions reported on line 1a) of _____	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a	2,047,894		
b	Less: cost of goods sold	10b	2,442,998		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		(395,104)	
11	Other revenue (from Part VII, line 103)	11		1,919,025	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		13,974,047	
Expenses					
13	Program services (from line 44, column (B))	13		12,053,558	
14	Management and general (from line 44, column (C))	14		2,618,449	
15	Fundraising (from line 44, column (D))	15		1,306,570	
16	Payments to affiliates (attach schedule)	16		-0-	
17	Total expenses (add lines 16 and 44, column (A))	17		15,978,577	
Net Assets					
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		(2,004,530)	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		9,865,585	
20	Other changes in net assets or fund balances (attach explanation)	20		115,362	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		7,976,417	

SCANNED APR 22 04

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 21 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	159,007		159,007	
26	Other salaries and wages	5,180,928	3,875,610	870,777	434,541
27	Pension plan contributions				
28	Other employee benefits	2,112,338	1,491,974	450,353	170,011
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees				
32	Legal fees				
33	Supplies	3,378,022	3,111,536	23,444	243,042
34	Telephone				
35	Postage and shipping				
36	Occupancy				
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel	161,313	148,004	9,015	4,294
40	Conferences, conventions, and meetings				
41	Interest	691,337	50,372	640,965	
42	Depreciation, depletion, etc (attach schedule)	990,704	990,704		
43	Other expenses not covered above (itemize) a	3,304,928	2,385,358	464,888	454,682
b				
c				
d				
e				
44	Total functional expenses (add lines 22 through 43) <i>Organizations completing columns (B)-(D), carry these totals to lines 13-15.</i>	15,978,577	12,053,558	2,618,449	1,306,570

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 24 of the instructions.)

What is the organization's primary exempt purpose? **Operation of educational museum**
 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others)
a Expenditures are used exclusively for charitable, educational and scientific purposes designed to foster and operate the Milwaukee Public Museum. (Grants and allocations \$ _____)	12,053,558
b (Grants and allocations \$ _____)	
c (Grants and allocations \$ _____)	
d (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	12,053,558

Part IV Balance Sheets (See page 24 of the instructions)

				(A)		(B)
				Beginning of year		End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only						
Assets	45 Cash—non-interest-bearing				45	
	46 Savings and temporary cash investments			1,475,355	46	481,222
	47a Accounts receivable	47a	214,779			
	b Less: allowance for doubtful accounts	47b	-0-	256,191	47c	214,779
	48a Pledges receivable	48a	2,856,853			
	b Less: allowance for doubtful accounts	48b		3,267,895	48c	2,856,853
	49 Grants receivable				49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
	51a Other notes and loans receivable (attach schedule).	51a				
	b Less: allowance for doubtful accounts	51b			51c	
	52 Inventories for sale or use			899,134	52	870,873
	53 Prepaid expenses and deferred charges			139,133	53	274,600
	54 Investments—securities (attach schedule).			2,804,362	54	1,128,084
	55a Investments—land, buildings, and equipment: basis	55a				
	b Less: accumulated depreciation (attach schedule).	55b			55c	
56 Investments—other (attach schedule)			-0-	56	477,031	
57a Land, buildings, and equipment: basis	57a	28,281,847				
b Less: accumulated depreciation (attach schedule).	57b	4,772,772	22,555,762	57c	23,509,075	
58 Other assets (describe ► Deferred financing costs)			329,324	58	307,061	
59 Total assets (add lines 45 through 58) (must equal line 74)			31,727,156	59	30,119,578	
Liabilities	60 Accounts payable and accrued expenses			1,859,445	60	1,936,991
	61 Grants payable				61	
	62 Deferred revenue			953,694	62	829,864
	63 Loans from officers, directors, trustees, and key employees (attach schedule).				63	
	64a Tax-exempt bond liabilities (attach schedule)			15,700,000	64a	14,600,000
	b Mortgages and other notes payable (attach schedule)				64b	
	65 Other liabilities (describe ►)			3,348,432	65	4,776,306
66 Total liabilities (add lines 60 through 65)			21,861,571	66	22,143,161	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.					
	67 Unrestricted			(4,701,634)	67	5,051,936
	68 Temporarily restricted			14,518,423	68	2,875,685
	69 Permanently restricted			48,796	69	48,796
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.					
	70 Capital stock, trust principal, or current funds				70	
	71 Paid-in or capital surplus, or land, building, and equipment fund				71	
	72 Retained earnings, endowment, accumulated income, or other funds				72	
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21).			9,865,585	73	7,976,417	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)			31,727,156	74	30,119,578	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See page 27 of the instructions.)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		<input checked="" type="checkbox"/>
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		<input checked="" type="checkbox"/>
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<input checked="" type="checkbox"/>	
78b	If "Yes," has it filed a tax return on Form 990-T for this year?	<input checked="" type="checkbox"/>	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		<input checked="" type="checkbox"/>
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	<input checked="" type="checkbox"/>	
80a	b If "Yes," enter the name of the organization Milwaukee Public Museum Endowment Fund, Friends of the Milw. Public Museum and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a	Enter direct or indirect political expenditures See line 81 instructions		0
81b	Did the organization file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	<input checked="" type="checkbox"/>	
82a	b If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		677,433
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	<input checked="" type="checkbox"/>	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<input checked="" type="checkbox"/>	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		<input checked="" type="checkbox"/>
84a	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85a	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?		
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
85c	c Dues, assessments, and similar amounts from members		
85d	d Section 162(e) lobbying and political expenditures		
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
86a	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12		
86b	b Gross receipts, included on line 12, for public use of club facilities.		
87a	501(c)(12) orgs. Enter: a Gross income from members or shareholders.		
87b	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		<input checked="" type="checkbox"/>
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <input type="checkbox"/> ; section 4912 <input type="checkbox"/> ; section 4955 <input type="checkbox"/>		
89b	b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction.		
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958.		0
	d Enter. Amount of tax on line 89c, above, reimbursed by the organization.		0
90a	List the states with which a copy of this return is filed		
90b	b Number of employees employed in the pay period that includes March 12, 2002 (See instructions.)		251
91	The books are in care of Terry A. Gaouette Telephone no (414) 278-2793 Located at 800 W. Wells St., Milwaukee, WI ZIP + 4 53233-1478		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year		92

Part VII Analysis of Income-Producing Activities (See page 31 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Admissions					2,635,489
b Programs					178,192
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	34,113	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property	900,000	(126,064)			
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					(395,104)
103 Other revenue: a Other			03	67,066	
b Catering/beverage	722,320	658,230			
c Restaurant/vending			03	1,193,729	
d					
e					
104 Subtotal (add columns (B), (D), and (E))		532,166		1,294,908	2,418,577
105 Total (add line 104, columns (B), (D), and (E)).					4,245,651

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 32 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	See statement XV

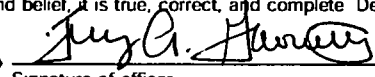
Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 33 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign  Date 4-7-04

Chief Financial Officer

Date _____ Check if self-employed Preparer's SSN or PTIN (See Gen. Inst. W)

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

OMB No 1545-0047

2002

Department of the Treasury
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization: **Milwaukee Public Museum, Inc.** Employer identification number: **39 : 1723105**

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Lis Froemming ----- Milwaukee, WI	VP Development 40 hours	153,519	21,833	
Terry Gauvette ----- Wauwatosa, WI	COO/CFO 40 hours	127,700	20,588	
Amy Chionchio ----- Milwaukee, WI	VP Marketing	90,936	10,629	
Allen Young ----- Fox Point, WI	VP Collections, Research & Public Programming 40	89,999	14,893	
James Krivitz ----- Franklin, WI	Executive VP, 40 hours	87,573	32,661	
Total number of other employees paid over \$50,000 ▶	43			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Total number of others receiving over \$50,000 for professional services ▶	-0-	

Part III Statements About Activities (See page 2 of the instructions)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>5,404</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	✓	
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property?		✓
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?		✓
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	✓	
e Transfer of any part of its income or assets?		✓
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below)		✓
4 Do you have a section 403(b) annuity plan for your employees?	✓	
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.		

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box)

- 5** A church, convention of churches, or association of churches Section 170(b)(1)(A)(i).
- 6** A school. Section 170(b)(1)(A)(ii) (Also complete Part V.)
- 7** A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii).
- 8** A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v).
- 9** A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A.)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A.)
- 11b** A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12** An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: **(1)** lines 5 through 12 above; or **(2)** section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety Section 509(a)(4). (See page 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) *Use cash method of accounting.*

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) . ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	10,236,215	10,620,892	11,104,376	14,054,806	46,016,289
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	5,496,352	5,713,921	4,416,868	2,796,459	18,423,600
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	1,536,633	1,907,258	1,382,003	1,338,256	6,164,150
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	0	23,859	154,380	54,561	232,800
23 Total of lines 15 through 22.	17,269,200	18,265,930	17,057,627	18,244,082	70,836,839
24 Line 23 minus line 17.	11,772,848	12,552,009	12,640,759	15,447,623	52,413,239
25 Enter 1% of line 23	172,692	182,659	170,576	182,441	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24. ▶					26a 1,048,264
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶					26b 2,476,384
c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶					26c 52,413,239
d Add. Amounts from column (e) for lines: 18 <u>6,164,150</u> 19 <u>-0-</u> ▶					26d 8,873,334
22 <u>232,800</u> 26b <u>2,476,384</u> ▶					26e 43,539,905
e Public support (line 26c minus line 26d total) ▶					26e 43,539,905
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶					26f 83 %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2001) _____ (2000) _____ (1999) _____ (1998) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2001) _____ (2000) _____ (1999) _____ (1998) _____					
c Add: Amounts from column (e) for lines 15 _____ 16 _____ ▶					27c _____
17 _____ 20 _____ 21 _____ ▶					27d _____
d Add Line 27a total _____ and line 27b total _____ ▶					27e _____
e Public support (line 27c total minus line 27d total). ▶					27e _____
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e). ▶					27f _____
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)). ▶					27g _____ %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)). ▶					27h _____ %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement.)		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4.05 of Rev. Proc. 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39).	40	
41	Lobbying nontaxable amount. Enter the amount from the following table— If the amount on line 40 is— The lobbying nontaxable amount is— Not over \$500,000 20% of the amount on line 40. Over \$500,000 but not over \$1,000,000 . . \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 . \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					0
46 Lobbying ceiling amount (150% of line 45(e)).					0
47 Total lobbying expenditures					0
48 Grassroots nontaxable amount					0
49 Grassroots ceiling amount (150% of line 48(e))					0
50 Grassroots lobbying expenditures					0

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
a Volunteers		✓	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)	✓		
c Media advertisements		✓	
d Mailings to members, legislators, or the public		✓	
e Publications, or published or broadcast statements		✓	
f Grants to other organizations for lobbying purposes		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body	✓		5404
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		✓	
i Total lobbying expenditures (Add lines c through h.)			5404

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Milwaukee Public Museum, Inc
Form 990
Statement I

EIN 39-1723105

Description	Gross
Non Debt Financed Property Rentals	131,273
Form 990, Part I, Line 6a	<u>131,273</u>

Description	Rental Expense
Non Debt Financed Property Rentals	257,337
Form 990, Part I, Line 6b	<u>257,337</u>

Milwaukee Public Museum, Inc
Form 990
Statement VI

EIN 39-1723105

Description	Cost of Goods Sold
Cost of Goods Sold	2,442,998
Form 990, Part I, Line 10b	<u>2,442,998</u>

Milwaukee Public Museum, Inc
Form 990

EIN 39-1723105

Statement VII - Other changes in Fund Balances

Description	Amount
Net Unrealized Gain on Swap Agreement	68,657
Net Unrealized Gain on Investments	46,705
Form 990, Part I, Line 20	<u>115,362</u>

Milwaukee Public Museum, Inc.
 Form 990
 Statement VIII - Other expenses

EIN 39-1723105

Description	Total	Program	Mgmt/Gen	Fund Raising
Public Relations	606,338	575,356	28,314	2,668
Member/Donor Development	51,198	13,562	16,196	21,440
Subscriptions	55,092	36,693	13,691	4,708
Maintenance	832,851	771,850	46,702	14,299
Professional Fees	712,312	168,861	137,921	405,530
Utilities	739,144	739,144	-	-
Insurance	238,903	44,314	194,589	-
Other	34,340	828	27,475	6,037
Reimbursed Expenses	34,750	34,750	-	-
Form 990, Part II, Line 43	3,304,928	2,385,358	464,888	454,682

Milwaukee Public Museum, Inc.
Form 990
Statement IX - Securities

EIN 39-1723105

Investments

Stocks	Corporate Fixed Income
955,239	172,845
<u>955,239</u>	<u>172,845</u>

Form 990, Part IV, Line 54

Milwaukee Public Museum, Inc
Form 990
Statement X - Other Liabilities

EIN 39-1723105

Description	Amount
Interest Payable	164,590
Inventory Line of Credit	1,000,000
Working Capital Line of Credit	500,000
Capital Leases	179,928
Accrued Postretirement Benefits	2,525,111
Interest Rate Swap Liability	406,677
Form 990, Part IV, Line 65	<u>4,776,306</u>

Milwaukee Public Museum, Inc.
 Form 990
 Statement XI - Tax Exempt Bond Liabilities

EIN 39-1723105

Purpose	Unexpended Bond Proceeds	Amount of Issue Outstanding
Series A Bonds - Fund capital projects	0	4,200,000
Series B Bonds - Refinance Theater Construction	0	6,300,000
Series 2000 Bonds - Acquisition of the CTC Form 990, Part IV, Line 64a	0	4,100,000
		<u>14,600,000</u>

Milwaukee Public Museum, Inc.
Form 990

EIN 39-1723105

Statement XII - Other amounts included in audited
financials but not on line 12, Form 990

Description	Amount
Rental Expenses	257,337
Cost of Goods Sold	2,442,998
Form 990, Part IV-A, Line 4	<u>2,700,335</u>

Milwaukee Public Museum, Inc.
Form 990

EIN 39-1723105

Statement XIII - Other amounts included in audited
financials but not on line 12, Form 990

Description	Amount
Rental Expenses	257,337
Cost of Goods Sold	2,442,998
Net Unrealized Loss on Swap Agreement	(68,656)
Form 990, Part IV-B, Line 4	<u>2,631,679</u>

Name and Address	Title/Hours per Week	Compensation	Benefits	Expense Accts
Sheila A. Aldrich Milwaukee, Wisconsin		0	0	0
Richard E. Beightol Mequon, Wisconsin		0	0	0
Kathryn Murphy Burke Milwaukee, Wisconsin		0	0	0
Roger W. Bowen, Ph.D. Milwaukee, Wisconsin	Past President	159,007	10,374	
Marcia P. Coggs Milwaukee, Wisconsin		0	0	0
Patricia Coorough-Burke Milwaukee, Wisconsin		0	0	0
George D. Dalton Waukesha, Wisconsin		0	0	0
Thomas L. Frenn Milwaukee, Wisconsin		0	0	0
Mark F. Furlong Milwaukee, Wisconsin		0	0	0
Gerardo Gonzalez Milwaukee, Wisconsin		0	0	0
Charles T. Gorham Milwaukee, Wisconsin		0	0	0
Charles I. Henderson Milwaukee, Wisconsin		0	0	0
Maxine Herz Milwaukee, Wisconsin		0	0	0
Susan Jennings Milwaukee, Wisconsin		0	0	0
Sheldon B. Lubar Milwaukee, Wisconsin		0	0	0

Name and Address	Title/Hours per Week	Compensation	Benefits	Expense Accts
Rose Mary Muller Milwaukee, Wisconsin		0	0	0
Patricia Brash McKeithan Milwaukee, Wisconsin	Chairman	0	0	0
David G. Meissner Milwaukee, Wisconsin	Chairman-Elect	0	0	0
Gerard A. Randall, Jr. Milwaukee, Wisconsin		0	0	0
V. Ross Read, III Milwaukee, Wisconsin		0	0	0
Kip R. Ritchie Milwaukee, Wisconsin		0	0	0
Kathleen D Ryan Bayside, Wisconsin		0	0	0
Jacqueline D. Schellinger Milwaukee, Wisconsin		0	0	0
Prem S. Sharma, DDS Milwaukee, Wisconsin		0	0	0
Michael C. Smith, Ph.D. Milwaukee, Wisconsin	Vice Chairman	0	0	0
Michael D. Stafford, Ph.D. Milwaukee, Wisconsin	President	0	0	0
Gerald Stein Milwaukee, Wisconsin		0	0	0
Richard Weiss Milwaukee, Wisconsin		0	0	0
Edwin P. Wiley Milwaukee, Wisconsin	Secretary/Treasurer	0	0	0
Essie Whitelaw Milwaukee, Wisconsin		0	0	0
		159,007	10,374	-

Milwaukee Public Museum, Inc.
Form 990

EIN 39-1723105

Statement XV - Relationship of activities to accomplishment of exempt purpose

- line 93 a Admission fees received from the tours and educational programs are used to increase the public's awareness of cultural, educational and scientific progress and help maintain and operate the Milwaukee Public Museum facility.
- line 102 Income received from the Milwaukee Public Museum Gift Shop sales.

Milwaukee Public Museum, Inc.
Form 990

EIN 39-1723105

Statement XVII - Statement of Lobbying Activities

During the year ended August 31, 2003, Milwaukee Public Museum, Inc. paid \$5,404 to a lobbyist firm.

MILWAUKEE PUBLIC MUSEUM, INC.

**Consolidated Financial Statements and
Additional Information for the Years
Ended August 31, 2003 and 2002 and
Independent Auditors' Report**

MILWAUKEE PUBLIC MUSEUM, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2003 AND 2002:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3-4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-15
INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION	16
ADDITIONAL INFORMATION:	
Consolidating Statement of Financial Position Information - August 31, 2003	17
Consolidating Statement of Activities Information - Year Ended August 31, 2003	18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Milwaukee Public Museum, Inc.:

We have audited the accompanying consolidated statements of financial position of Milwaukee Public Museum, Inc. (the "Museum") as of August 31, 2003 and 2002 and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Museum's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Milwaukee Public Museum, Inc. as of August 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, in 2003 the Museum changed its method of accounting for the release of donor-imposed restrictions related to capital projects.

Deloitte & Touche LLP

November 25, 2003

MILWAUKEE PUBLIC MUSEUM, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AUGUST 31, 2003 AND 2002

ASSETS	2003	2002
ASSETS:		
Cash and cash equivalents	\$ 601,078	\$ 2,636,282
Investments	4,749,046	4,950,503
Accounts receivable	213,576	246,026
Contributions receivable - current	2,430,857	2,813,691
Inventories	870,873	899,134
Prepaid expenses	274,600	139,133
	<u>9,140,030</u>	<u>11,684,769</u>
OTHER ASSETS:		
Contributions receivable	425,996	454,204
Long-term investments	1,182,772	1,182,772
Deferred financing costs, net	247,915	253,495
Intangible pension asset	477,031	-
Other	59,146	75,829
	<u>2,392,860</u>	<u>1,966,300</u>
PROPERTY AND EQUIPMENT FUNDED BY MPM RESOURCES:		
Construction in progress	1,537,681	973,766
Building additions and improvements	19,072,376	18,672,042
Furniture, equipment and exhibit improvements	7,630,640	6,909,045
Living collections	86,169	-
	<u>4,817,791</u>	<u>3,999,091</u>
	<u>23,509,075</u>	<u>22,555,762</u>
TOTAL ASSETS	<u><u>\$35,041,965</u></u>	<u><u>\$36,206,831</u></u>

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	2003	2002
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 1,255,811	\$ 1,254,598
Accrued expenses	678,215	603,958
Deferred revenue	904,114	1,008,762
Interest payable	164,590	148,840
Capital leases - current	66,149	-
Line of credit	<u>1,500,000</u>	<u>1,000,000</u>
Total current liabilities	<u>4,568,879</u>	<u>4,016,158</u>
Capital leases - long term	113,779	-
Accrued pension and postretirement benefits	2,525,111	1,724,259
Interest rate swap liability	406,677	475,333
1999 Series A bonds payable	4,200,000	5,200,000
1999 Series B bonds payable	6,300,000	6,300,000
Series 2000 bonds payable	<u>4,100,000</u>	<u>4,200,000</u>
Total liabilities	<u>22,214,446</u>	<u>21,915,750</u>
NET ASSETS (DEFICIENCY):		
Unrestricted (deficiency)	7,856,628	(2,213,864)
Unrestricted - board designated	100,000	100,000
Temporarily restricted	3,688,119	15,222,173
Permanently restricted	<u>1,182,772</u>	<u>1,182,772</u>
Total net assets	12,827,519	14,291,081
Total net assets	<u>12,827,519</u>	<u>14,291,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 35,041,965</u></u>	<u><u>\$ 36,206,831</u></u>

MILWAUKEE PUBLIC MUSEUM, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED AUGUST 31, 2003 AND 2002

	2003	2002
CHANGES IN UNRESTRICTED NET ASSETS:		
Support and revenue:		
Contributions and membership	\$ 3,704,044	\$ 3,450,554
Public support	4,406,663	4,837,610
Admissions	1,090,271	924,071
IMAX Theater	1,545,218	1,443,266
Programs	529,942	827,753
Contributed services	717,555	488,896
Restaurant and facility rental	1,983,231	2,018,351
Retail	2,047,894	1,916,182
Investment earnings	72,136	607,277
Other income	67,068	87,739
Net assets released from restrictions	<u>4,955,015</u>	<u>1,078,404</u>
 Total unrestricted support and revenue	 <u>21,119,037</u>	 <u>17,680,103</u>
Expenses:		
Programs:		
Curatorial	1,726,087	1,962,908
Exhibits and graphics	285,137	493,545
IMAX Theater	1,568,306	1,385,183
Programs	1,071,183	893,224
Contributed services	717,555	488,896
Restaurant and facility rental	1,988,403	2,057,451
Retail	2,276,965	2,182,407
Grant expenditures	1,078,613	705,759
Management and general:		
Fundraising	1,259,931	1,119,378
Administrative	2,146,947	1,896,091
Facilities	2,665,939	2,798,255
Interest	694,640	711,418
Marketing	460,839	511,235
Depreciation	<u>1,042,648</u>	<u>866,145</u>
 Total expenses	 <u>18,983,193</u>	 <u>18,071,895</u>
 Increase (decrease) in unrestricted net assets before nonoperating items and reclassification due to accounting change (Note 2)	 2,135,844	 (391,792)

(Continued)

MILWAUKEE PUBLIC MUSEUM, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED AUGUST 31, 2003 AND 2002

	2003	2002
NONOPERATING ITEMS:		
Net change in interest rate swaps	\$ 68,656	\$ (475,333)
Unrealized and realized investment gains and losses	469,636	(870,286)
Pension expense	<u>(706,251)</u>	<u>(623,493)</u>
Total nonoperating items	<u>(167,959)</u>	<u>(1,969,112)</u>
RECLASSIFICATION DUE TO ACCOUNTING CHANGE (NOTE 2)	<u>8,102,607</u>	<u>-</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>10,070,492</u>	<u>(2,360,904)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	1,411,409	1,666,173
Net investment gains (losses)	112,159	(2,125)
Net assets released from restrictions	<u>(4,955,015)</u>	<u>(1,078,404)</u>
(DECREASE) INCREASE IN TEMPORARY RESTRICTED NET ASSETS BEFORE RECLASSIFICATION DUE TO ACCOUNTING CHANGE	(3,431,447)	585,644
RECLASSIFICATION DUE TO ACCOUNTING CHANGE (NOTE 2)	<u>(8,102,607)</u>	<u>-</u>
(Decrease) increase in temporarily restricted net assets	<u>(11,534,054)</u>	<u>585,644</u>
DECREASE IN TOTAL NET ASSETS	(1,463,562)	(1,775,260)
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>14,291,081</u>	<u>16,066,341</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 12,827,519</u>	<u>\$ 14,291,081</u>

See notes to consolidated financial statements.

MILWAUKEE PUBLIC MUSEUM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2003 AND 2002

	2003	2002
OPERATING ACTIVITIES:		
Decrease in net assets	\$(1,463,562)	\$(1,775,260)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,042,648	866,145
Net (appreciation) depreciation on investments	(552,587)	65,134
Change in value of interest rate swaps	(68,656)	475,333
Changes in operating assets and liabilities:		
Accounts receivable	32,450	(35,664)
Contributions receivable	411,042	422,220
Inventories and other assets	(434,087)	(358,221)
Prepaid expenses	(135,467)	86,054
Accounts payable, accrued expenses and accrued benefits	876,322	811,707
Interest payable	15,750	70,430
Deferred revenue	(104,648)	106,036
Net cash (used in) provided by operating activities	<u>(380,795)</u>	<u>733,914</u>
INVESTING ACTIVITIES:		
Building improvements, furniture, equipment and exhibit improvements	(1,827,643)	(2,481,888)
Net purchases and sales of investments	754,044	(1,628,651)
Net cash used in investing activities	<u>(1,073,599)</u>	<u>(4,110,539)</u>
FINANCING ACTIVITIES:		
Payment of debt issuance costs	-	(4,108)
Net proceeds from line of credit	500,000	290,000
Principal payment on 1999 Series A and Series 2000 bonds	(1,100,000)	-
Payment on capital lease obligations	19,190	-
Net cash (used in) provided by financing activities	<u>(580,810)</u>	<u>285,892</u>
Net decrease in cash and cash equivalents	(2,035,204)	(3,090,733)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,636,282</u>	<u>5,727,015</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 601,078</u>	<u>\$ 2,636,282</u>
SUPPLEMENTAL DATA -		
Interest paid (less amounts capitalized)	\$ 678,590	\$ 640,988
NONCASH INVESTING AND FINANCING ACTIVITIES -		
Inception of capital leases	\$ 179,928	\$ -

See notes to consolidated financial statements.

MILWAUKEE PUBLIC MUSEUM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED AUGUST 31, 2003 AND 2002

1. ORGANIZATION

The consolidated financial statements include the accounts of Milwaukee Public Museum, Inc. ("MPM, Inc."), Friends of the Milwaukee Public Museum, Inc. ("Friends of the Museum") and The Milwaukee Public Museum Endowment Fund ("The Endowment Fund"), collectively the "Organization."

MPM, Inc. was organized on January 10, 1992 as a nonstock, not-for-profit organization under Wisconsin Statutes. Prior to March 31, 1992, the Milwaukee Public Museum (the "Museum") was operated by Milwaukee County (the "County"). On March 31, 1992, MPM, Inc. commenced operations as a corporation, separate and distinct from the County. MPM, Inc. was organized exclusively for charitable, educational and scientific purposes designed to foster and operate the Museum.

MPM, Inc. operates a natural history museum which focuses on exhibits, public programming, and research in the natural sciences, anthropology, and history. MPM, Inc. uniquely and directly addresses the themes of biological and cultural diversity and their interrelationships, so important to our society and the world today. MPM, Inc. preserves and cares for its collections in the public trust. Through its research and collections, MPM, Inc. seeks knowledge and understanding of global change and diversity from geological, biological, cultural, and historical perspectives. Through its renowned exhibits, its programs and its publications, MPM, Inc. interprets these themes to diverse audiences.

Friends of the Museum is a not-for-profit organization whose purpose is to further the charitable, educational and scientific purposes which foster and benefit MPM, Inc. Friends of the Museum is operated by its own Board of Directors.

The Endowment Fund was organized as a perpetual charitable trust for the benefit of the Museum. The Endowment Fund is operated by its own trustees, three appointed by the Board of Directors of Friends of the Museum and three appointed by the Board of Directors of MPM, Inc. It is operated exclusively for charitable, educational and scientific purposes to foster and benefit the Museum.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - MPM, Inc. has consolidated Friends of the Museum and The Endowment Fund in its financial statements. The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation - All significant interorganization amounts have been eliminated in the consolidation process.

Net assets and revenues, expenses, gains, and losses are classified based on the existence, or absences of, donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to board or donor imposed stipulations

Temporarily Restricted Net Assets - Net assets subject to board or donor imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as "net assets released from restrictions."

On September 1, 2002, the Organization changed its method of accounting for the release of donor-imposed restrictions related to capital projects. Prior to fiscal 2003, donor-imposed restrictions for capital projects were released from restriction as the underlying assets were depreciated. Beginning September 1, 2002, the Organization now releases donor-imposed restrictions for capital projects as the underlying assets are placed in service. This change in accounting was made to more closely match the release from restriction with the use of donor funds. The impact of this change in accounting as of September 1, 2002 of \$8,102,607 has been recorded in the statement of activities as a reclassification from temporarily restricted net assets to unrestricted net assets. This was the balance in temporarily restricted net assets at August 31, 2002 for contributions for capital assets that had already been placed in service. This change in accounting had no impact on the Organization's total net assets.

The Organization's temporarily restricted net assets are available for the following purposes:

	<u>August 31,</u>	
	<u>2003</u>	<u>2002</u>
MPM, Inc.:		
Exhibits and museum renovations	\$2,567,857	\$ 14,397,638
Educational lecture costs	73,848	76,828
Purchase and maintenance of collections	<u>233,980</u>	<u>43,957</u>
Total MPM, Inc.	<u>2,875,685</u>	<u>14,518,423</u>
Friends of the Museum:		
Rayniak funds for purchase of decorative glass	289,609	256,517
Exhibit maintenance and construction	22,899	19,982
Support of specific museum departments	21,924	21,924
Educational lecture costs	22,317	22,317
Purchase and maintenance of collections	7,800	7,033
Staff travel to seminars, staff fieldwork	<u>5,708</u>	<u>5,708</u>
Total Friends of the Museum	<u>370,257</u>	<u>333,481</u>
The Endowment Fund:		
Purchase and maintenance of collections	184,956	164,988
Internship programs	<u>257,221</u>	<u>205,281</u>
Total Endowment Fund	<u>442,177</u>	<u>370,269</u>
Total	<u>\$3,688,119</u>	<u>\$ 15,222,173</u>

Permanently Restricted Net Assets - Net assets subject to Board-imposed stipulations which the Board has chosen to maintain as a permanent restricted asset. Permanently restricted net assets of MPM, Inc. and The Endowment Fund are invested in perpetuity, the income from which is expendable to support the following activities:

	<u>August 31,</u>	
	<u>2003</u>	<u>2002</u>
MPM, Inc. -		
Any activities	\$ 48,796	\$ 48,796
The Endowment Fund:		
Any activities	787,600	787,600
Special exhibits	275,000	275,000
Starr adventure and internship	<u>71,376</u>	<u>71,376</u>
Total Endowment Fund	<u>1,133,976</u>	<u>1,133,976</u>
Total	<u>\$1,182,772</u>	<u>\$1,182,772</u>

Net Assets Released from Restrictions - Net assets released from board or donor imposed stipulations by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors are as follows:

	<u>2003</u>	<u>2002</u>
MPM, Inc.:		
Exhibits and museum renovations	\$4,730,712	\$ 934,333
Support of specific museum departments	1,696	-
Purchase and maintenance of collections	<u>215,412</u>	<u>108,661</u>
Total MPM Inc.	<u>4,947,820</u>	<u>1,042,994</u>
Friends of the Museum:		
Exhibit maintenance and construction	-	3,383
Support of specific museum departments	-	573
Purchase and maintenance of collections	<u>36</u>	<u>-</u>
Total Friends of the Museum	<u>36</u>	<u>3,956</u>
The Endowment Fund:		
Purchase and maintenance of collections	2,500	22,321
Internship Programs	<u>4,659</u>	<u>9,133</u>
Total Endowment Fund	<u>7,159</u>	<u>31,454</u>
Total	<u>\$4,955,015</u>	<u>\$1,078,404</u>

Non-Operating Items - The Organization excludes from its measure of operations revenue and expenses that are not integral to its operations, including realized and unrealized gains and losses on investments, the net change in the liability for interest rate swaps, pension expense, including \$346,697 in 2003 and \$285,888 in 2002, for the Postretirement Pension Plan, and \$308,300 in 2003 and \$287,900 in 2002, for the Organization's contribution to the Defined Contribution Plan.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Interest Rate Swaps - Unrealized gains or losses on interest rate swaps are accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." The swaps are recorded in the statement of financial position at their estimated fair values, with the corresponding gains or losses reported as nonoperating items in the Organization's consolidated statements of activities.

Contributions - The Organization recognizes contributions received and contributions made as revenues and expenses, respectively, including those contributions received or made in the form of unconditional "promises to give" (i.e., pledges). At August 31, 2003, contributions receivable from two donors comprised approximately 30% of total contributions receivable. No other individual donors comprised more than 10% of total contributions receivable at August 31, 2003.

The Organization recognizes contributions revenue for certain volunteer services at the fair value of these services. These contributions are included in contributed services on the consolidated statement of activities.

Public Support - Public support includes funds received from the County and from federal and state governmental grant contracts. Support received from the County (see Note 3) is reflected as revenue in the period to which the support is designated. Each grant contract is evaluated to determine whether it qualifies as an exchange transaction or as a contribution. Revenue from grant contracts accounted for as exchange transactions is recognized as unrestricted revenue in the consolidated statement of activities in the period the related grant expenses are incurred. Revenue from grant contracts accounted for as contributions is recognized as unrestricted revenue when the contributions are received.

Inventories - The Museum gift shop inventory is recorded at the lower of cost (first-in, first-out) or market.

Building, Building Additions and Improvements - The County has legal title to the Museum building, exhibits and artifacts, including any building improvements, additions or Museum exhibits acquired by MPM, Inc. All such assets are leased to MPM, Inc. under the long-term lease described in Note 3. MPM, Inc. has not recorded the building and exhibits from the long-term lease in its financial statements as that agreement is considered an exchange transaction rather than a contribution. MPM, Inc. capitalizes building additions, improvements and exhibit costs when MPM, Inc. is obligated to pay for those capital items. Building additions and improvements funded by MPM, Inc. resources are depreciated on a straight-line basis over 35 years.

Furniture, Equipment and Exhibit Improvements - Furniture, equipment and exhibit improvements funded by MPM, Inc. resources are stated at cost. Depreciation of furniture, equipment and exhibit improvements is provided on a straight-line basis over the following estimated useful lives:

	Years
Furniture	5 - 7
Equipment	3 - 10
Exhibit improvements	5

Interest is capitalized on certain long-term construction projects. Total interest capitalized was approximately \$184,000 and \$220,000 in 2003 and 2002, respectively.

Deferred Financing Costs - Financing costs incurred in the issuance of bond offerings are capitalized and are being amortized over the life of the related debt.

Asset Impairments- Based upon its not-for-profit nature and business purpose of operating the Museum, management reviews impairment of the Organization's assets as a whole rather than any individual asset or group of assets. The Organization has experienced no impairments to date.

Investments - Investments are stated at fair market value. Long-term investments include amounts permanently restricted by donor-imposed stipulations. All other investments are classified as current. Interest and dividend income is recorded as unrestricted revenues in the Organization's consolidated statements of activities. Net unrealized and realized investment gains and losses are recorded as nonoperating items in the Organization's consolidated statements of activities.

Income Taxes - MPM, Inc., the Friends of the Museum and The Endowment Fund are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could be different from those estimates.

Reclassifications - Certain reclassifications were made to the 2002 financial statements to conform with the current year presentation.

3. AGREEMENT WITH MILWAUKEE COUNTY

1992 Lease and Management Agreement and Amendments - MPM, Inc. and the County entered into an agreement which provides for the not-for-profit operations and management of the Museum. The agreement, effective March 31, 1992, encompasses: (1) the lease and management of the Museum and (2) the transition of employees to MPM, Inc.

The Lease and Management agreement includes annual rental payments of \$10 and is renewable every five years through March 31, 2042. The current period extends through December 2004. MPM, Inc. is responsible for all real estate taxes (if any), utilities, insurance, normal repair and maintenance expenses. The County is responsible for, among other items, any special assessments, structural repairs and capital projects. The agreement also requires the County to pay annual support. As a result of the amendment to the agreement in fiscal 1999, the base annual support level of \$4.3 million since April

1992 remained in effect through March 21, 2002, at which time the County and MPM, Inc. would be required to renegotiate a new base level funding agreement. Since an agreement was not established, the County will continue to fund MPM, Inc. through December 31, 2004; however, the County may reduce the base level funding to 95% of the prior year funding level for each year subsequent to March 30, 2002, through December 31, 2004. In fiscal 2003, the County reduced funding to 95% of the prior year amount. At August 31, 2003, MPM, Inc. has received approximately \$340,400 of fiscal 2004 support that has been recorded as deferred revenue.

Additionally, the agreement provides for substantially equivalent employee benefits for all employees, then employed by the County, who became employees of MPM, Inc. in 1992.

4. BONDS PAYABLE

On April 5, 2000, MPM, Inc. completed a \$4,200,000 underwritten tax-exempt bond offering of Series 2000 adjustable rate revenue bonds. Beginning in 2006, MPM, Inc. is required to make annual principal payments of \$100,000 less any previously made optional principal payments. The bonds mature in 2035, at which time all outstanding principal and interest will be due. The bonds were credit enhanced by a line of credit established with a bank. The cost of the letter of credit increases the effective rate on the bonds by 1.1%. This cost may decrease over time based on MPM, Inc.'s compliance with the established covenants. As of August 31, 2003, MPM, Inc. was in compliance with all of the established covenants for the series 2000 bonds.

On May 28, 1999, MPM, Inc. completed a \$12,500,000 underwritten tax-exempt bond offering consisting of \$6,200,000 Series A adjustable rate revenue bonds and \$6,300,000 Series B adjustable rate refunding revenue bonds. The interest rate for the Series B Bonds is fixed for the first 5 years at 4.3% and at the end of this period converts to a floating rate not to exceed 8.0% with interest payable semi-annually. Beginning in 2002, MPM, Inc. is required to make annual principal payments of \$100,000 less any previously made optional principal payments. During 2001, MPM, Inc. made an optional principal payment of \$1,000,000 to cover required principal payments through 2011. In 2003, MPM, Inc. made another optional principal payment of \$1,000,000 to cover required principal payments through 2021. The bonds mature in 2029, at which time all outstanding principal and interest will be due. The bonds were credit enhanced by a line of credit established with a bank. The cost of the letter of credit increases the effective rate on the Series A and B bonds by 1.1% and 1.5%, respectively. This cost may decrease over time based on MPM, Inc.'s compliance with the established covenants. As of August 31, 2003, MPM, Inc. was in compliance with or obtained waivers for all of the established covenants for the 1999 Series A and 1999 Series B bonds.

In December 2001, MPM, Inc. entered into interest rate swaps relating to their Series 2000 and 1999 Series A revenue bonds. The swaps converted the entire outstanding balances of the Series 2000 and 1999 Series A revenue bonds from variable interest rates to fixed rates of 3.685% and 3.575%, respectively, for the remaining terms of the bonds. The net payments or receipts due from these interest rate swaps are recorded as interest expense. MPM, Inc. is exposed to credit loss in the event of non-performance by the counterparty on the above interest rate swaps. However, management does not anticipate nonperformance by the counterparty.

The estimated fair value of these swaps at August 31, 2003 and 2002 of \$(406,677) and \$(475,333), respectively, has been recorded as a liability in the Organization's consolidated statement of financial position in accordance with SFAS No. 133. The corresponding net change in this liability is reported as a nonoperating item in the Organization's consolidated statement of activities.

5. INVESTMENTS

Investments consist of the following at August 31:

	Fair Value	
	2003	2002
Common stocks	\$ 767,264	\$ 709,644
Mutual funds:		
Artisan Funds Inc. Mid Cap Fund	761,245	628,227
Masters Select International Fund	962,923	887,749
Vanguard 100 Index Fund - Admiral	2,531,515	2,264,613
Baird Intermediate Bond Fund	908,871	1,643,042
	<u> </u>	<u> </u>
Total investments	<u>\$5,931,818</u>	<u>\$6,133,275</u>

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are reported in the consolidated statements of financial position net of unamortized discounts. 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 discounts on those amounts are computed at the date of contribution using a risk-free interest rate applicable to the periods in which the promise is expected to be received, ranging from 1.75% to 6.29%. Contribution revenue is recorded net of any discount.

Maturities of contributions receivable at August 31, 2003 are as follows:

Less than one year	\$2,430,857
One to five years	<u>435,333</u>
Gross contributions receivable	2,866,190
Less - Unamortized discount	<u>9,337</u>
Net contributions receivable	<u>\$2,856,853</u>

7. LOAN AND LETTERS OF CREDIT

As of August 31, 2002, MPM had a \$1,000,000 line of credit secured by inventory with an interest rate of LIBOR plus 2.5%. The balance due at August 31, 2002 was \$1,000,000. Interest on the line was at LIBOR plus 2.5% which was approximately 4.3% at August 31, 2002. This was converted to a \$1,000,000 unsecured loan to support inventory at the retail stores, expiring January 30, 2005. Interest on the loan is LIBOR plus 3% with a minimum rate of 4%. At August 31, 2003, the rate was 4.10%.

MPM, Inc. has a \$500,000 unsecured line of credit and \$1,000,000 line of credit secured by pledge receivables expiring January 30, 2005. The balance due was \$500,000 on the unsecured line of credit at August 31, 2003, and no amounts have been drawn on the secured line of credit. Interest on these lines is at LIBOR plus 2.5% with a minimum rate of 4.0%. The rate at August 31, 2003 was 4.0%.

MPM, Inc. has available a standby letter of credit in the amount of \$100,221 to secure its obligations, if any, to the Wisconsin Unemployment Reserve Fund. This letter of credit expires on December 31, 2004. There was no balance outstanding at August 31, 2003 and 2002.

MPM, Inc. has also issued a standby letter of credit in the amount of \$375,000 related to a traveling exhibit (see Note 11).

8. POSTRETIREMENT BENEFITS

Defined Benefit Pension Plan - MPM, Inc. sponsors a defined benefit pension plan that covers all employees who were employed by the County prior to March 31, 1992. The plan provides benefits to those employees upon attainment of minimum age and service requirements. The plan provides for benefits to be paid to eligible employees at retirement based upon years of service with MPM, Inc. and the same compensation formula used by the County. These employees will receive a separate pension from the County based upon years of service prior to March 31, 1992. MPM, Inc.'s funding policy is to contribute the amount necessary to satisfy the funding requirements of the Employee Retirement Income Security Act of 1974. Plan assets consist principally of fixed income and equity mutual funds.

	2003	2002
Benefit obligation at August 31	\$ 4,567,542	\$ 3,443,278
Fair value of plan assets at August 31	<u>1,548,033</u>	<u>1,508,793</u>
Funded status	<u>\$ (3,019,509)</u>	<u>\$ (1,934,485)</u>
Amounts recognized in the statements of financial position consist of:		
Accrued benefit cost	\$ (1,875,210)	\$ (1,528,513)
Additional minimum liability	(481,337)	-
Intangible asset	<u>477,031</u>	<u>-</u>
	<u>\$ (1,879,516)</u>	<u>\$ (1,528,513)</u>

The assumptions used in the determination of the projected benefit obligation as of August 31 are as follows:

	2003	2002
Discount rate	6.50 %	7.25 %
Expected return on plan assets	8.75	8.75
Rate of compensation increase	2.00	2.00

The following amounts are for the years ended August 31:

	2003	2002
Net periodic pension cost	\$ 346,697	\$ 285,888
Benefits paid	(28,712)	(8,566)

Postretirement Benefits Other Than Pensions - MPM, Inc. sponsors defined benefit postretirement plans that provide postretirement medical and life insurance benefits to all employees who were employed by the County prior to March 31, 1992. The plans are noncontributory and contain features such as deductibles and coinsurance. Upon retirement, the employees have the option to elect benefits under MPM, Inc.'s plans or the County's Plan. Management does not expect to provide future postretirement benefits under the MPM, Inc. sponsored plan. Accordingly, no liability for postretirement medical and life insurance benefits has been recorded in the accompanying consolidated financial statements.

MPM, Inc. also pays accumulated unused sick time for employees who retire and meet certain other eligibility requirements. The amount of unused sick time expected to be paid out has been accrued in the accompanying consolidated financial statements.

Defined Contribution Plans - MPM, Inc. sponsors a defined contribution plan that covers all employees. MPM, Inc. contributes 3% of the employee's salary to a tax-deferred annuity plan, and matches up to \$.50 for each dollar contributed by an employee to the plan, up to 2.5% of the employee's salary. Expense for the defined contribution plan amounted to \$308,300 in fiscal 2003 and \$287,900 in fiscal 2002.

9. LEASES

MPM, Inc. leases computer equipment, theater projection equipment and retail space under various operating leases. Rent expense included in the consolidated statements of activities was approximately \$428,400 and \$397,900 in 2003 and 2002, respectively.

MPM, Inc. also leases certain computer equipment and copiers under four capital leases. These capital lease assets are included in equipment and are depreciated over the terms of the leases. At August 31, 2003 these capital lease assets have a net book value of \$171,171.

Future minimum lease payments under leases as of August 31, 2003 are as follows:

Year Ending	Capital Leases	Operating Leases
2004	\$ 71,631	\$ 261,881
2005	71,631	185,551
2006	47,048	133,518
2007	-	28,252
2008	-	-
Thereafter	-	-
Total minimum payments	190,310	<u>\$ 609,202</u>
Amount representing interest	<u>(10,382)</u>	
Obligation under capital lease	179,928	
Obligation due within one year	<u>(66,149)</u>	
Long-term obligation under capital leases	<u>\$ 113,779</u>	

10. RELATED PARTIES

MPM, Inc. has an agreement with Milwaukee County to provide for the lease and management of the Museum (see Note 3). The County appoints nine of MPM, Inc.'s twenty-seven Board members.

In 1994, MPM, Inc. and Riveredge Nature Center ("Riveredge"), an unrelated not-for-profit corporation, organized Tirimbina Rainforest Center, Inc. ("Tirimbina"), a not-for-profit corporation whose purpose is to preserve and protect the primary and secondary rainforest of La Tirimbina, Costa Rica. The board of director appointments of Tirimbina are shared equally between MPM, Inc. and Riveredge. The financial statements of Tirimbina are not included in the Organization's consolidated financial statements because the Museum does not control Tirimbina.

Certain Board members of the Museum are employed by companies that provide legal, banking and other services to the Museum in the normal course of business.

11. EGYPTIAN EXHIBIT

In 2002, MPM, Inc. entered into an agreement (the "Agreement") with United Exhibits II ("United Exhibits") that secured for the Museum the right to display a traveling exhibit called "The Quest for Immortality - Treasures of Ancient Egypt" (the "Exhibit"). The Exhibit will be displayed at eleven different museums throughout North America between 2002 and 2007. The Exhibit is scheduled to be displayed at the Museum for approximately four months beginning in March 2004.

As part of this Agreement, MPM, Inc. is entitled to receive contributions of \$500,000 from the Exhibit's national sponsor and \$500,000 from the Egyptian government. In addition, MPM, Inc. has an additional \$1,097,000 in pledges from private donors for this exhibit. These amounts have been recorded as temporarily restricted contributions. MPM, Inc. has incurred approximately \$428,800 and \$376,700 in 2003 and 2002, respectively, of exhibit costs. These costs have been expensed in the statement of activities, with a corresponding release from temporarily restricted net assets.

To secure its obligations to United Exhibits, the Museum was also required to issue a \$375,000 irrevocable standby letter of credit to United Exhibits. No amounts have been drawn on the letter of credit as of August 31, 2003.

12. SUBSEQUENT EVENT

MPM, Inc. is in negotiations with Riveredge to reorganize Tirimbina and its Costa Rican subsidiary, Reserva Biologica La Tirimbina Limitada, such that MPM, Inc. would control Tirimbina. Should this occur, MPM, Inc. would consolidate Tirimbina. At August 31, 2003, Tirimbina reported assets of approximately \$703,000, liabilities of approximately \$15,600 and net assets of approximately \$687,400. Management anticipates the transaction to occur prior to August 31, 2004.

* * * * *

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
Milwaukee Public Museum, Inc.:

Our audit of Milwaukee Public Museum, Inc.'s financial statements was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional consolidating information for 2003 presented on pages 17 and 18 is presented for the purpose of additional analysis of the basic consolidated financial statements rather than to present the financial position information and statement of activities information of the individual entities, and is not a required part of the basic consolidated financial statements. This additional consolidating information is the responsibility of Milwaukee Public Museum, Inc.'s management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2003 consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2003 consolidated financial statements taken as a whole.

Deloitte & Touche LLP

Milwaukee, Wisconsin
November 25, 2003

**MILWAUKEE PUBLIC MUSEUM, INC.,
FRIENDS OF THE MILWAUKEE PUBLIC MUSEUM, INC. AND
THE MILWAUKEE PUBLIC MUSEUM ENDOWMENT FUND**

**ADDITIONAL CONSOLIDATING INFORMATION - STATEMENT OF FINANCIAL POSITION INFORMATION
AUGUST 31, 2003**

	Milwaukee Public Museum, Inc.	Friends of the Milwaukee Public Museum, Inc.	The Milwaukee Public Museum Endowment Fund	Eliminating Entries	Milwaukee Public Museum, Inc. Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 481,222	\$ 92,192	\$ 27,664		\$ 601,078
Investments	1,079,288	413,346	3,256,412		4,749,046
Accounts receivable	214,779	(1,203)			213,576
Contributions receivable - current	2,430,857				2,430,857
Inventories	870,873				870,873
Prepaid expenses	274,600				274,600
Total current assets	<u>5,351,619</u>	<u>504,335</u>	<u>3,284,076</u>		<u>9,140,030</u>
OTHER ASSETS					
Contributions receivable	425,996				425,996
Long-term investments	48,796		1,133,976		1,182,772
Deferred financing costs, net	247,915				247,915
Intangible pension asset	477,031				477,031
Other	59,146				59,146
Total other assets	<u>1,258,884</u>		<u>1,133,976</u>		<u>2,392,860</u>
PROPERTY AND EQUIPMENT FUNDED BY MPM RESOURCES					
Construction in progress	1,537,681				1,537,681
Building additions and improvements	19,072,376				19,072,376
Furniture, equipment and exhibit improvements	7,585,621	45,019			7,630,640
Living collections	86,169				86,169
Less - accumulated depreciation	(4,772,772)	(45,019)			(4,817,791)
Property and equipment - net	<u>23,509,075</u>				<u>23,509,075</u>
TOTAL ASSETS	<u>\$ 30,119,578</u>	<u>\$ 504,335</u>	<u>\$ 4,418,052</u>	<u>\$</u>	<u>\$ 35,041,965</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current liabilities					
Accounts payable	\$ 1,258,776	\$ (2,965)			\$ 1,255,811
Accrued expenses	678,215				678,215
Deferred revenue	829,864	74,250			904,114
Interest payable	164,590				164,590
Capital leases - current	66,149				66,149
Lines of credit	1,500,000				1,500,000
Total current liabilities	<u>4,497,594</u>	<u>71,285</u>			<u>4,568,879</u>
Capital leases - long-term	113,779				113,779
Accrued pension and postretirement benefits	2,525,111				2,525,111
Interest rate swap liability	406,677				406,677
1999 Series A bonds payable	4,200,000				4,200,000
1999 Series B bonds payable	6,300,000				6,300,000
Series 2000 bonds payable	4,100,000				4,100,000
Total liabilities	<u>22,143,161</u>	<u>71,285</u>			<u>22,214,446</u>
NET ASSETS (DEFICIENCY)					
Unrestricted (deficiency)	5,051,936	(37,207)	\$ 2,841,899		7,856,628
Unrestricted - board designated		100,000			100,000
Temporarily restricted	2,875,685	370,257	442,177		3,688,119
Permanently restricted	48,796		1,133,976		1,182,772
Total net assets	<u>7,976,417</u>	<u>433,050</u>	<u>4,418,052</u>		<u>12,827,519</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,119,578</u>	<u>\$ 504,335</u>	<u>\$ 4,418,052</u>	<u>\$</u>	<u>\$ 35,041,965</u>

**MILWAUKEE PUBLIC MUSEUM, INC.,
FRIENDS OF THE MILWAUKEE PUBLIC MUSEUM, INC. AND
THE MILWAUKEE PUBLIC MUSEUM ENDOWMENT FUND**

**ADDITIONAL CONSOLIDATING INFORMATION - STATEMENT OF ACTIVITIES INFORMATION
YEAR ENDED AUGUST 31, 2003**

	Milwaukee Public Museum, Inc.	Friends of the Milwaukee Public Museum, Inc.	The Milwaukee Public Museum Endowment Fund	Eliminating Entries	Milwaukee Public Museum, Inc. Consolidated
CHANGES IN UNRESTRICTED NET ASSETS					
Support and revenue					
Contributions and membership	\$ 3,914,044			\$ (210,000)	\$ 3,704,044
Public support	4,406,663				4,406,663
Admissions	1,090,271				1,090,271
IMAX Theater	1,545,218				1,545,218
Programs	178,192	\$ 351,750			529,942
Contributed services	677,433	40,122			717,555
Restaurant and facility rental	1,983,231				1,983,231
Retail	2,047,894				2,047,894
Investment earnings	34,113	10,680	\$ 27,343		72,136
Other income	67,068				67,068
Net assets released from restrictions	4,947,820	36	7,159		4,955,015
Total unrestricted support and revenue	20,891,947	402,588	34,502	(210,000)	21,119,037
Expenses					
Programs					
Curatorial	1,726,087				1,726,087
Exhibits and graphics	285,137				285,137
IMAX Theater	1,568,306				1,568,306
Programs	820,812	325,707	134,664	(210,000)	1,071,183
Contributed services	677,433	40,122			717,555
Restaurant and facility rental	1,988,403				1,988,403
Retail	2,276,965				2,276,965
Grant expenditures	1,078,613				1,078,613
Management and general					
Fundraising	1,259,931				1,259,931
Administrative	2,109,285	15,015	22,647		2,146,947
Facilities	2,665,939				2,665,939
Interest	694,640				694,640
Marketing	455,895	4,944			460,839
Depreciation	1,042,648				1,042,648
Total expenses	18,650,094	385,788	157,311	(210,000)	18,983,193
Increase (decrease) in unrestricted net assets before nonoperating items and reclassification due to accounting change (Note 2)	2,241,853	16,800	(122,809)	-	2,135,844
NONOPERATING ITEMS					
Net change in interest rate swaps	68,656				68,656
Unrealized and realized investment gains and losses	46,705	6,703	416,228		469,636
Pension expense	(706,251)				(706,251)
Total nonoperating items	(590,890)	6,703	416,228		(167,959)
Reclassification due to accounting change (Note 2)	8,102,607				8,102,607
INCREASE IN UNRESTRICTED NET ASSETS	9,753,570	23,503	293,419		10,070,492
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions	1,407,689	3,720			1,411,409
Investment gains		33,092	79,067		112,159
Net assets released from restrictions	(4,947,820)	(36)	(7,159)		(4,955,015)
Reclassification due to accounting change (Note 2)	(8,102,607)				(8,102,607)
(Decrease) increase in temporarily restricted net assets	(11,642,738)	36,776	71,908		(11,534,054)
(DECREASE) INCREASE NET ASSETS	(1,889,168)	60,279	365,327		(1,463,562)
TOTAL NET ASSETS AT BEGINNING OF YEAR	9,865,585	372,771	4,052,725		14,291,081
TOTAL NET ASSETS AT END OF YEAR	\$ 7,976,417	\$ 433,050	\$ 4,418,052	\$	\$ 12,827,519

Application for Extension of Time To File an Exempt Organization Return

COPY

OMB No 1545-1709

▶ File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
 - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)
- Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)
Note: Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only
 All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print	Name of Exempt Organization Milwaukee Public Museum, Inc.	Employer identification number 39 1723105
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P O box, see instructions 800 West Wells Street	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions Milwaukee, WI 53233	

- Check type of return to be filed** (file a separate application for each return)
- | | | |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole** group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for **990-T corporation**) extension of time until April 15, 2004 to file the exempt organization return for the organization named above. The extension is for the organization's return for
 ▶ calendar year 20... or
 ▶ tax year beginning September 1, 2002, and ending August 31, 2003

2 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ _____

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ _____

Signature and Verification

Under penalties of perjury I declare that I have examined this form including accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ Title ▶ COO/CEO Date ▶ 1-08-04

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box **Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.**
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.

Type or print <small>File by the extended due date for filing the return See instructions</small>	Name of Exempt Organization	Employer identification number
	Number, street, and room or suite no. If a P.O. box, see instructions	For IRS use only
	City, town or post office, state and ZIP code For a foreign address, see instructions	

Check type of return to be filed (File a separate application for each return)

- Form 990
 Form 990-EZ
 Form 990-T (sec 401(a) or 408(a) trust)
 Form 1041-A
 Form 5227
 Form 8870
 Form 990-BL
 Form 990-PF
 Form 990-T (trust other than above)
 Form 4720
 Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole** group, check this box If it is for **part** of the group, check this box and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until _____, 20...
- 5 For calendar year _____, or other tax year beginning _____, 20... and ending _____, 20....
- 6 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period
- 7 State in detail why you need the extension _____

- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ _____
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- c **Balance Due.** Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete and that I am authorized to prepare this form

Signature ▶ _____ Title ▶ _____ Date ▶ _____

Notice to Applicant—To Be Completed by the IRS

- We **have** approved this application Please attach this form to the organization's return
- We **have not** approved this application However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return Please attach this form to the organization's return
- We **have not** approved this application After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file We are not granting a 10-day grace period
- We **cannot consider** this application because it was filed after the due date of the return for which an extension was requested
- Other _____

By _____ Date _____
Director

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name
	Number and street (include suite, room, or apt. no.) Or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)