

Report
Oakland University
Board of Trustees
Finance, Audit and Investment Committee
December 2, 2010

**MEADOW BROOK HALL OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2011**

1. **Division and Department:** Office of the President, Meadow Brook Hall

2. **Introduction:** The calendar 2011 operating budget for Meadow Brook Hall (MBH) is presented to the Board of Trustees (Board) for approval annually. Attached is the projected 2010 year-end budget performance and proposed budget for 2011, along with the budget assumptions (See Attachments).

Since Board approval in December 2004, MBH has been operating under a “cultural center” model, providing public museum and educational programming and access for university, social and corporate events and activities.

In 2005, 2006, 2007, 2008, and 2009 MBH revenues exceeded expenses. Projections for 2010 suggest that revenues will once again exceed expenses.

3. **Previous Board Action:** The Meadow Brook Hall 2010 Calendar Year Budget was approved by the Board on November 9, 2009.

4. **Budget Implications:** For the calendar year 2011 budget, an operating surplus of \$1,684 is projected.

5. **Educational Implications:** MBH will continue to share its architectural, art and historical resources with Oakland University’s students and faculty (See Attachment C).

6. **Personnel Implications:** Meadow Brook Hall will have an increase of student hours for educational programming assistants.

7. **University Reviews/Approvals:** The Meadow Brook Hall Budget Report was prepared by the Meadow Brook Hall Business Manager and Executive Director and was thoroughly reviewed by the Office of Budget and Financial Planning, Financial Performance Review Committee, Vice President for Finance and Administration and the President.

**Meadow Brook Hall Operating Budget for
Calendar Year Ending December 31, 2011
Oakland University
Board of Trustees
Finance, Audit and Investment Committee
December 2, 2010
Page 2**

8. **Board Action to be Requested:** The Finance, Audit and Investment Committee will be asked to recommend the Meadow Brook Hall Calendar 2011 All Funds Budget to the Board for its approval at the Board's December 9, 2010 Formal Session.

9. **Attachments:**

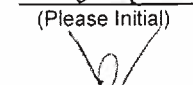
- A. Meadow Brook Hall Proposed Budget – All Funds Calendar 2011
- B. Meadow Brook Hall Budget Notes and Assumptions
- C. Meadow Brook Hall Student/Faculty Involvement

**Submitted by Executive Director Meadow Brook Hall
Geoffrey C. Upward:**



(Please Initial)

Reviewed by Secretary Victor A. Zambardi:



(Please Initial)

Reviewed by President Gary D. Russi:



(Please Initial)

Oakland University
Ancillary Activities Operating Budget
Meadow Brook Hall
Proposed Budget - All Funds
Calendar 2011

| | 2010 BUDGET | 2010 ESTIMATED ACTUAL | 2011 PROPOSED BUDGET |
|----------------------------------|---------------------|-----------------------------|----------------------------|
| REVENUE: | | | |
| Operating Revenue | \$ 2,262,690 | \$ 2,485,742 | \$ 2,214,190 |
| Allowance for Bad Debt | (10,000) | - | (10,000) |
| Retail Sales | 35,000 | 34,473 | 35,000 |
| Student Tuition Allocation | - | - | - |
| Marketing Support | 49,000 | 49,000 | 49,000 |
| Gifts and Grants | 110,000 | 46,229 | 110,000 |
| Investment Income | 1,000 | 4,860 | 1,000 |
| General Fund Support | - | 17,267 | - |
| Total Revenue | <u>\$ 2,447,690</u> | <u>\$ 2,637,571</u> | <u>\$ 2,399,190</u> |
| EXPENDITURES: | | | |
| Compensation | \$ 634,838 | \$ 569,381 | \$ 647,213 |
| Supplies and Services | 425,761 | 306,637 | 427,520 |
| Food Service | 1,182,750 | 1,391,955 | 1,182,750 |
| Repairs and Maintenance | 29,000 | 29,040 | 28,000 |
| Cost of Retail Sales | 19,000 | 20,962 | 19,000 |
| Equipment | 15,000 | 12,868 | 15,000 |
| Insurance | 50,000 | 50,000 | 50,000 |
| Utilities | 193,000 | 193,811 | 193,000 |
| Debt Service | - | - | - |
| University Overhead | (106,635) | (106,635) | (164,977) |
| Other Transfers | - | (111,048) | - |
| Total Expenditures | <u>\$ 2,442,714</u> | <u>\$ 2,356,971</u> | <u>\$ 2,397,506</u> |
| Net Revenue | <u>\$ 4,976</u> | <u>\$ 280,600</u> | <u>\$ 1,684</u> |
| Restricted Funds Received | \$ 366,000 | \$ 445,105 | \$ 366,000 |
| Restricted Funds Expensed | \$ 381,000 | 355,078 | 381,000 |
| Restricted Fund Balance * | \$ 727,830 | \$ 88,162 | \$ 73,162 |
| Unrestricted Fund Balance | 508,924 | 933,718 | 935,402 |
| Less: Major Capital Expenditures | 623,200 | | |
| Total Fund Balance | <u>\$ 613,554</u> | <u>\$ 1,021,880</u> | <u>\$ 1,008,564</u> |
| Chrysler & Motor Cities Gifts | | \$ 13,526 | |
| Garden Club Fund | | 68,569 | |
| Matilda R Wilson Fund | | - | |
| Costume Support Fund | | 4,750 | |
| Organ Fund | | 1,317 | |
| Restricted Fund Balance * | | <u>\$ 88,162</u> | |

**MEADOW BROOK HALL
BUDGET NOTES AND ASSUMPTIONS**

Description of Program:

Meadow Brook Hall was the former home of Dodge Brothers Motor Car Company heiress Matilda Dodge Wilson and her second husband, Alfred Wilson. Built between 1926 and 1929 for \$4 million, Meadow Brook is known as the pre-eminent example of the country estate lifestyle of America's automotive aristocracy, and for its Tudor Revival architecture and vast collection of original decorative and fine arts. The Hall's 88,000 square feet and 110 rooms make it the fourth largest historic house in the United States and the largest in the Midwest.

In a visionary act of philanthropy, the Wilsons donated The Hall, their 1,500-acre Meadow Brook Farms estate and \$2 million to Michigan State University in 1957 to form a branch campus in Oakland County. The university opened in 1959 and became an independent Michigan public institution of higher education – Oakland University – in 1970.

The Wilsons continued to live in The Hall and a surrounding 127 acres until both passed away; Alfred in 1962 and Matilda in 1967. Oakland University took possession of The Hall from the Wilsons' estate in 1971. Since that time, the building has been open to the public as a museum and cultural center, per Matilda's wishes.

The Hall is self-supporting, relying primarily on facility rental revenue, tour fees and donations to preserve, interpret and operate the building at a cost of some \$6,500 a day.

As the educational cornerstone of Oakland University, Meadow Brook Hall serves students, faculty, staff and an international research community as a major cultural and historical resource, a resource renowned for its architecture, scale, collections and social history.

And, as the flagship of the campus physical plant, the former home of the university founders functions as the community gateway to OU through public, corporate and social events . . . and it serves as OU's premier facility for cultivating friends and donors and hosting high-level meetings with partners, including ceremonial milestones.

2010 NOTES

1. 2010 projected operating performance is based on actual revenue and expenses booked through August 31, 2010 and a revenue and expense forecast for the remainder of the year.
2. The "Major Capital Expenditures" for FY10 are estimated to be \$0. This differs from the FY10 Budget presented to the Board in November 2009 because the transfer relating to the capital expenditure in the FY10 Budget actually occurred in FY09.
3. \$111,048 in "Other Transfers" reflects the balance of a Term Life Policy from the Lowell Eklund Estate transferred to MBH on 3-04-10.
4. 2010 Wilson Fund match of \$366,000 is expected.
5. \$16,206 for General Fund Support represents one time request for IT enhancements, electrical upgrades, new seating for Loggia Terrace, high top tables, coat racks, and event signage. \$1,061 is a transfer for the president's matching funds for All-University Fund Drive contributions to Meadow Brook Hall.

2011 Assumptions

1. Operating revenue for 2011 is projected to be \$48,500 less than the 2010 budget, based on estimates from our catering partner and an assumption of a continued flat or slightly lower economy as well as the loss of the Concours d'Elegance event. Corporate and OU business projections have been reduced also. However, weddings sold for 2011 are currently on pace with 2009 weddings sold at the same point in time (2009 was a strong year for MBH wedding sales).
2. Retail sales are projected to increase 17% due to increase in Meadow Brook product development.
3. Compensation is expected to increase 3% due to fringe benefit increases and the addition of educational program assistants (offset by revenue from programs).
4. Net revenues from operations will be distributed as follows:

| | |
|-------------------------------|-------------|
| Operating/Maintenance Reserve | 100 percent |
|-------------------------------|-------------|

Meadow Brook Hall/Oakland University Program Integration

EXISTING PROGRAMMING

Frosh evening mansion visit

- Offered by Student Affairs for new first-year students during Welcome Week
- More than 300 students participate . . . gaining in popularity

Meadow Brook Ball

- Student formal held at MBH by Student Affairs twice annually.
- Hundreds of students participate . . . popularity requires tickets through a lottery

Touring

- Discounted museum touring for students (free), faculty and staff. In 2009, 256 Students participated in the Daily Tour Program and 222 students participated in Holiday Walk Tour Program
- OU Night at Holiday Walk – discounted tickets for staff and families with over 100 Faculty/Staff discounts
- More than 100 OU Faculty/Staff tours, 65 OU Parent Orientation tours, 9 OU New Employee tours, and more than 100 Meadow Brook Theatre tours

Facility use

- MBH discounts on school/departmental meetings, receptions, dinners with over 273 OU events and attendance over 8,900
- Academic Affairs facility rental waiver for one conference annually
- Donor cultivations
- University events, signings, etc.

OU Golf & Learning Center

- Collaborations on golf outing food service

Meadow Brook Greenhouse

- Collaborations through plant purchases, Garden Club activities
- MBH purchases/rents plants from the Greenhouse for events & facility rentals

Shotwell Pavilion

- Limited rentals and servicing of Shotwell Pavilion, sharing revenue with OU

Internships

- 3 students employed as paid interns through OU Summer Student Campus Corps program (grounds and house maintenance, publishing program)
- 5 students annually employed as unpaid interns in curatorial department (research, exhibition preparation, archives management, etc.)

Part-time employment

- 9 students employed in part-time capacities (docents, front desk, facilities maintenance, marketing and special events)
- Part-time food service employment opportunities routinely offered to students

Brooksie's Way

- Collaboration with OU and race organizers to use MBH roadways and grounds

Writing Workshop

- 3 week-long summer writing workshop day camps for area youth in partnership with the OU CAS writing program (grew from roughly 20 youth at one camp in 2009 to nearly 50 in each of three camps in 2010).

NEW PROGRAMMING

Classical Music Series

- Series of three concert performances during the 2010-11 academic year in partnership with faculty from the OU MTD piano program.
- Opportunity for fund-raising cultivation, sponsorships, etc.
- Will be held in the MBH ballroom.

Film production

- OU student production interns (2) included in "Transformers 3" movie shoot at MBH
- New film on the history of Meadow Brook Farms includes interviews with Anthropology Professor Richard Stamps and former OU Engineer George Karas.

Exhibit collaborations

- Collaborated with MTD on creating a replica of a Frances Dodge dress for use in a theatrical production on campus
- Collaborated with Art & Art History to mount an exhibit with MBH collection items in conjunction with an art exhibit at the Anton Art Center in Mount Clemens

Collections Donations

- MBH is making an effort to reach out to faculty and staff to think of The Hall for donations. Recent collection items given to (or returned to) The Hall from OU employees include:
 - Yearbook of the Choate Academy (when Danny Dodge was a student there) – Donor: Biology Professor Doug Hunter
 - Steam measuring instrument belonging to John Dodge
Donor: Retired SECS Dean Howard Witt
 - Furniture from Dodge executive used at Dodge Main Plant
Donor: SECS

Friends of Meadow Brook Student Chapter

- The group will be built through the introduction of MBH's new membership program and annual giving societies in Fall 2010.
- Membership will be free to OU students.