

**Meadow Brook Estate Operating Budget
for Calendar Year Ending December 31, 2017
Oakland University
Board of Trustees Formal Session
December 5, 2016**

**MEADOW BROOK ESTATE OPERATING BUDGET
FOR CALENDAR YEAR ENDING DECEMBER 31, 2017**

A Recommendation

1. **Division and Department:** Operations & Finance, Meadow Brook Estate
2. **Introduction:** The operating budget for Meadow Brook Estate (MBE) is presented to the Board of Trustees (Board) for approval annually. Attached is the projected 2016 year-end budget performance and proposed budget for 2017, along with the budget assumptions. (See Attachments)

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

From 2005 through 2015, MBE revenues exceeded expenses. Projections for 2016 suggest that revenues will once again exceed expenses.

3. **Previous Board Action:** The Meadow Brook Estate 2016 calendar year budget was approved by the Board on December 2, 2015.
4. **Budget Implications:** For the calendar year 2017 budget, an operating surplus of \$24,647 is projected.
5. **Educational Implications:** MBE will continue to share its architectural, art, and historical resources with Oakland University's students and faculty (See Attachment D.)
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** The Meadow Brook Estate budget was prepared by Meadow Brook Estate Director of Administration and Finance and Executive Director and thoroughly reviewed by the Office of Budget and Financial Planning, Financial Performance Review Committee, Vice President for Finance, and Administration, Chief Operating Officer, and President.

**Meadow Brook Estate Operating Budget
for Calendar Year Ending December 31, 2017
Oakland University
Board of Trustees Formal Session
December 5, 2016
Page 2**

8. Recommendation:

RESOLVED, that the Board of Trustees approve the 2017 Budget for Meadow Brook Estate.

9. Attachments:


- A. Meadow Brook Estate Budget Notes and Assumptions
- B. Meadow Brook Estate Proposed Budget – All Funds 2017
- C. Proposed Major Capital Expenditures
- D. Meadow Brook Estate/Oakland University 2015/2016 Program Integration

Submitted to the President
on NOV. 30, 2016 by



Scott Kunselman
Chief Operating Officer

Recommended on 11/30, 2016
to the Board for approval by



George W. Hynd
President

Meadow Brook Estate

Description of Program

Meadow Brook Hall is 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 museum in the United States and the largest in the Midwest. Meadow Brook was named a National Historic Landmark in 2012 by the National Park Service.

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 thousands of dollars a day.

As the educational cornerstone of Oakland University, Meadow Brook Estate 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's 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.

Meadow Brook Estate

Key Performance Indicators

	<u>2014</u>	<u>2015</u>	Projected <u>2016</u>
Number of Facility Rental Events	588	534	515
Gross Facility Rental Revenue	\$2.7M	\$2.65	\$2.5M
Number of Museum Visitors	20,449	23,266	23,313
Museum Revenue	\$573,528	\$506,347	\$463,780
Net Revenue	\$612,448	\$648,802	\$281,590

2016 Explanation of Major Changes

1. 2016 projected operating performance is based on actual revenue and expenses booked through September 30, 2016 and a revenue and expense forecast for the remainder of the year.
2. The "Major Capital Expenditures" for 2016 are estimated to be \$184,875 for boiler repair and improvements.
3. The "Restricted Funds Expended" for 2016 are estimated to be \$397,706. The following projects were funded by the Matilda Wilson Fund Matching Gift and other restricted funds received:

Timber Restoration	\$204,900
Mechanical Upgrades	\$18,121
Interior Repairs	\$16,665
Exterior Lighting	\$12,980
Floor Restoration	\$6,000
Adopt-an-Artifact	\$10,000
Preventative Maintenance	\$75,000
Curatorial & Fundraising Support	\$30,011
Miscellaneous	\$24,029

Miscellaneous includes garden expenses, fountain repair investigation, masonry repair, interpretive exhibits, etc.

Meadow Brook Estate

2016 Explanation of Major Changes (continued)

4. General Fund Support represents one-time funding from the University of \$21,103 for start-up security compensation. It also represents funding of \$199,381 for Executive Director's compensation that qualifies as a match for the last year of the Matilda Wilson Fund Matching Gift. \$3,597 is a transfer from the President's matching funds for the All-University Fund Drive contributions to Meadow Brook Hall.
5. The 2016 Wilson Fund match of \$366,000 will be met and the request for payment will be submitted in full to the Wilson Fund before year-end.

2017 Budget Assumptions

1. Operating revenue for 2017 is projected to be \$295,451 more than the 2016 budget, based on a 5-year average of operating revenue, estimates from our catering partner and an anticipated increase in facility rental, as well as a projected increase in Holiday Walk, Ticketed Events and touring in 2017.
2. The retail sales budget increased 20% over the 2016 budget to anticipate gross sales in alignment with the 3-year average.
3. 2017 gifts and grants are expected to increase significantly due to a large planned gift distribution of \$225,000.
4. 2017 general fund support is expected to be \$3,000 due to the President's AUFD Fund Match. Budget significantly decreased due to MBE no longer receiving University General Fund support for the Executive Director's compensation.
5. 2017 compensation is expected to increase significantly, approximately 9% over the 2016 projection (and 19% over the 2016 budget), primarily due to the full implementation of the Sibson Study recommended salary increases and full security staffing.

Meadow Brook Estate2017 Budget Assumptions (continued)

6. Net revenue from operations will be distributed as follows:

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

7. *2017 Restricted Funds Received:*

Adopt-An-Artifact	\$10,000
Garden Club	<u>25,000</u>
	<u>\$35,000</u>

2017 Restricted Funds Expended:

Wilson Fund Capital Projects	\$250,000
Wilson Fund Miscellaneous Expenses	41,406
Adopt-An-Artifact Expenses	10,000
Garden Club Expenses	<u>25,000</u>
	<u>\$326,406</u>

Oakland University
Ancillary Activities Operating Budget
Meadow Brook Estate
Proposed Budget - All Funds
Calendar 2017

	2016 BUDGET	2016 ESTIMATED ACTUAL	2017 PROPOSED BUDGET
REVENUE:			
Operating Revenue	\$ 2,720,200	\$ 2,963,780	\$ 3,015,651
Retail Sales	80,000	95,000	96,500
Student Tuition Allocation	-	-	-
Gifts and Grants	114,000	114,000	380,000
Investment Income	11,500	14,884	14,000
General Fund Support	209,875	224,081	3,000
Total Revenue	<u>\$ 3,135,575</u>	<u>\$ 3,411,745</u>	<u>\$ 3,509,151</u>
EXPENDITURES:			
Compensation	\$ 1,085,711	\$ 1,180,211	\$ 1,291,211
Supplies and Services	518,529	499,262	520,923
Food Service	1,377,000	1,327,557	1,537,982
Repairs and Maintenance	26,000	46,026	36,000
Cost of Retail Sales	28,800	23,800	28,800
Equipment	9,000	5,000	9,000
Insurance	50,000	50,000	50,000
Utilities	171,000	131,000	131,000
Debt Service	-	-	-
University Overhead	(132,324)	(132,324)	(120,412)
Other Transfers	-	(377)	-
Total Expenditures	<u>\$ 3,133,716</u>	<u>\$ 3,130,155</u>	<u>\$ 3,484,504</u>
Net Revenue	<u>\$ 1,859</u>	<u>\$ 281,590</u>	<u>\$ 24,647</u>
Restricted Funds Activity:			
Restricted Funds Received	\$ 391,000	\$ 400,691	\$ 35,000
Restricted Funds Expended	391,000	397,706	326,406
Net Restricted Funds Activity	\$ -	\$ 2,985	\$ (291,406)
Ending Balances prior to Major Cap.Expenditures:			
Restricted Fund Balance *	\$ 418,302	\$ 421,287	\$ 129,881
Unrestricted Fund Balance	2,623,655	2,903,386	2,743,158
Less: Major Capital Expenditures	-	184,875	-
Total Fund Balance	<u>\$ 3,041,957</u>	<u>\$ 3,139,798</u>	<u>\$ 2,873,039</u>
Fund 35122 Gifts & Donations		\$ 48,847	
Fund 33751 Wilson Fund		291,406	
Fund 43714 Publishing		46,500	
Fund 30230 Garden Club		12,089	
Fund 40560 Dress Conservation/Adopt-an-Artifact		22,445	
Restricted Fund Balance *		<u>\$ 421,287</u>	

**Oakland University
Meadow Brook Estate
Proposed Major Capital Expenditures
Calendar 2017**

<u>Item Description</u>	<u>Estimated Cost</u>
	-
2017 Total	<u>\$ -</u>
*Wilson Fund Projects (Exterior Lighting, Timber Restoration, Other)	250,000

***These projects are included in the "Restricted Funds Expended" amount on Attachment A**

Meadow Brook Estate/Oakland University 2015-16 Program Integration

STUDENT INVOLVEMENT

Internships

- 7 students enrolled either in Art & Art History, Anthropology or History utilized annually as curatorial research and exhibit assistants, including one paid assistantship position.
- 1 student employed as paid curatorial intern

Part-Time Employment

- 33 students employed in part-time capacities (docents, security, museum shop, facilities maintenance, youth programs, Archives)
- Part-time food service employment opportunities routinely offered to students

Meadow Brook Writing Project

- 6 one-week-long summer writing workshop day camps for area youth in partnership with the OU College of Arts & Sciences writing program
- Has grown from 150 participants in 2010 to 313 in 2016
- In addition to OU staff and area teachers, 4 OU students worked as Education Assistants
- Camps continue to gain national attention as a model program

OU Academic Departments

- Class projects/sessions hosted by MBE in 2015-2016 included: History, Sociology, Honors College, Business, and Galileo Institute.

First-Year students' evening mansion visit

- Offered by Student Affairs for new first-year students during Welcome Week with hundreds in attendance

Zombie Walk

- Offered by the Residence Hall Association, Zombie Walk is an annual event where volunteers dress up as zombies and scare students on a trail in the woods by Meadow Brook Mansion; the entire walk is centered around stories of MBE

Parent Orientation

- Complimentary tours offered to parents as well as tours for prospective students throughout the year

Meadow Brook Ball

- Two student formals held at MBE by Student Affairs in Winter 2016
- Hundreds of students participate...popularity requires tickets through a lottery

Honors College

- Fall 2015 Downton Abbey Class held at Meadow Brook. MBH Curator was a special lecturer for the class.

Holiday Walk

- OU men's and women's track teams provided three full days of volunteer services, assisting with decoration set-up

GENERAL UNIVERSITY INTERACTION

Touring

- Discounted museum touring for students (free), faculty and staff
- OU Night at Holiday Walk – discounted tickets for faculty, staff, alumni and their families
- Discounted Group Tour & Lunch packages for Meadow Brook Theater groups

Facility Use

- MBH discounts school/departmental meetings, receptions, dinners, award ceremonies
- Academic Affairs facility rental waiver for one conference annually
- Donor cultivations
- University events, signings, etc.
- Facility rental discounts offered to all faculty, staff, students & alumni

Meadow Brook Greenhouse

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

Brooksie Way

- Collaboration with OU & race organizers in Fall 2015 and 2016 to use MBE roadways/grounds

Homecoming

- Hosted luncheon in September 2016 for the Class of 1966, including lecture and tours
- General touring made available to alumni reunion participants during Homecoming weekend

Donations

- Donated more than 100 tour tickets to University departments including School of Medicine, School of Nursing, OU new faculty, etc.
- Donated MBE merchandise and unique MBE experiences to various OU departments including Athletics for their fundraising purposes