

**MEADOW BROOK ESTATE OPERATING BUDGET  
FOR FISCAL YEAR ENDING JUNE 30, 2022**

**A Recommendation**

1. **Division and Department:** University Advancement, Meadow Brook Estate
2. **Introduction:** The proposed budget for Meadow Brook Estate (MBE) is presented for approval for the fiscal year ending June 30, 2022.

The ancillary activity presented represents an operation connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense, and University Support categories. The “all funds” budget model is used to construct the proposed budget. The all funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from endowments are included.

3. **Previous Board Action:** On June 15, 2020, the Board of Trustees (Board) approved the FY2021 budget for MBE.
4. **Budget Implications:** See the program description for budget implications.
5. **Educational Implications:** See the program description for educational implications.
6. **Personnel Implications:** See the program description for personnel implications.
7. **University Reviews/Approvals:** The Meadow Brook Estate budget was prepared by the Meadow Brook Estate Director of Administration and Finance as well as the Executive Director. It has been thoroughly reviewed by the Budget and Financial Planning office, Financial Performance Review Committee, Vice President for University Advancement, Vice President for Finance and Administration, and President.
8. **Recommendation:**  
RESOLVED, that the Board of Trustees approve the FY2022 Budget for Meadow Brook Estate, with expenditures and transfers not to exceed the total as reflected in the attached budget, except as set forth; and, be it further

**Meadow Brook Estate Operating Budget  
For Fiscal Year Ending June 30, 2022  
Oakland University  
Board of Trustees Formal Session  
June 21, 2021  
Page 2**

RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees; and, be it further

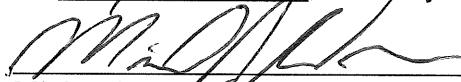
RESOLVED, that the Board of Trustees authorizes the President, the Executive Director, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2022 budget and the ongoing administration of the FY2022 budget; and, be it further

RESOLVED, that all contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

**9. Attachments:**

- A. Meadow Brook Estate Budget Notes and Assumptions
- B. Meadow Brook Estate Proposed Budget – FY2022
- C. Proposed Major Capital Expenditures

Submitted to the President  
on 6/18, 2021 by

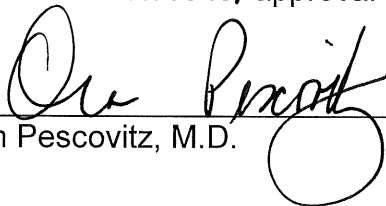


Michael J. Westfall  
Vice President for University Advancement



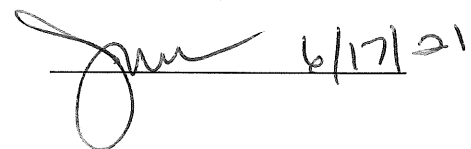
John W. Beagham  
Vice President for Finance & Administration  
and Treasurer to the Board of Trustees

Recommended on 6/17, 2021  
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.  
President

Reviewed by



## Meadow Brook Estate

### 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 Estate'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 their Estate, the 1,500-acre Meadow Brook Farm 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 Estate and the surrounding 127 acres until both passed away; Alfred in 1962 and Matilda in 1967. Oakland University took possession of the Estate in 1971. Since that time, the complex has been open to the public as a museum and cultural center, per Matilda's wishes.

The Estate 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.

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>FY2019</u>	<u>FY2020</u>	Projected <u>FY2021</u>
Number of facility rentals	523	374	212
Number of museum visitors	29,704	23,446	6,697
Gross Facility Rental Revenue	\$2.71M	\$1.7M	\$1.1M
Museum Revenue	\$794,345	\$729,997	\$158,590
Total Revenue	\$4.19M	\$2.97M	\$1.84M

### FY2021 Explanation of Major Budget Impacts

1. Fiscal year-end 2021 projected operating performance is based on actual and anticipated expenses and booked revenue through the end of the year.
2. A gross revenue decrease of 58% below the FY2021 budget is projected due to the pandemic-related restrictions on gatherings. Gross revenue budget to actual variance of \$2,564,309 includes:
  - \$1,090,079 facility rental income loss due to several factors including cancelled events, events postponed to future years, restricted guest counts, the loss of potential business, and the loss of additional revenue increases on booked business
  - \$1,474,230 museum revenue loss due to cancelled community programming including Holiday Walk and Winter Wonder Lights, daily tours, group tours, related losses in retail sales, and reduced investment income distributions
    - Winter Wonder Lights was scheduled to launch in November 2020 but was cancelled due to the pandemic. The major investment, funded by Meadow Brook's reserve in Fiscal Years 2020 and 2021, is projected to create significant annual net revenue for the operation in FY2022 and beyond.
    - A 48% decrease in investment income below the FY2021 budget is projected due to the significant decrease of nearly \$1.5M in the maintenance reserve balance.

3. Expenses are anticipated to be 40% under FY2021 budget, which is less than the gross revenue decrease of 58% noted above due to the late cancellation of the Winter Wonder Lights show. Approximately \$200,000 was spent on operating expenses for the show which had no offsetting revenue.
4. The “Major Capital Expenditures” for FY2021 are projected to be \$913,126.
  - \$655,083 for Winter Wonder Lights show final start-up investment
  - \$77,000 for domestic hot water tank repairs
  - \$68,070 for Family Garage renovations, directly supported by gifts received in FY2019 and FY2020
  - \$59,973 for boiler repairs
  - \$53,000 for architectural and engineering services for the proposed Welcome Center and Orientation Museum
5. University Support in the amount of \$206,190 represents:
  - \$200,000 for the first-year match pursuant to the Matilda Wilson Fund grant terms.
  - \$6,190 from the President’s matching funds for the All-University Fund Drive contributions to Meadow Brook Hall.

#### FY2022 Budget Assumptions

1. Operating revenue for FY2022 is projected to be \$3,056,993 more than the FY2021 projected actual year-end operating revenue, which was severely impacted by the pandemic restrictions during the entire year. Facility rental income is projected to increase due to change in menu and rental rates, as well as opening the year with significantly more weddings booked than the average (the 10-year average is 56.5 weddings and there are currently 67 weddings booked for FY2022).
2. Proposed FY2022 gift revenue is in alignment with the average of gifts and grants revenue received over a 3-year period, as well as the five-year \$200,000/year matching grant provided by the Matilda Wilson Fund, which commenced in FY2021.
3. Compensation will increase by 4% from the FY2021 budget through planned staffing changes which will ensure necessary human resources for external relations programming needs.
4. Insurance is estimated by OU administration to increase 26% over the FY2021 actual cost due to economic conditions and associated premium increases.

5. Food service is estimated to increase 28% over the FY2021 budget due to corresponding facility rental increases.
6. FY2022 University Support projection in the amount of \$206,000 represents:
  - \$200,000 for the second-year match pursuant to the Matilda Wilson Fund grant terms.
  - \$6,000 from the President's matching funds for the All-University Fund Drive contributions to Meadow Brook Hall.
7. Major capital expenditures based on internal facility assessment of high priority projects funded by the Matilda Wilson grant as well as the University's match and include \$200,000 to restore the tilework and the functionality of the Colt Pegasus fountain, \$107,000 to repair the condensate pipe leak in the Ballroom, and \$47,000 to upgrade the water treatment piping and valve on the boilers.
8. Lost income in FY2020 and FY2021 due to the pandemic has significantly impacted MBE's fund balance. Net income from operations for FY2022 is projected to be positive, however, necessary maintenance expenditures will cause a fund balance deficit that is expected to be resolved in future years.

**Oakland University**  
**Ancillary Activities Operating Budget**  
**Meadow Brook Estate**  
**Proposed Budget - All Funds**  
**FY2022**

	FY2020 ACTUAL	FY2021 BUDGET	FY2021 ESTIMATED ACTUAL	FY2022 PROPOSED BUDGET
<b>Revenue:</b>				
Operating Revenue	\$ 2,427,920	\$ 3,566,607	\$ 1,255,353	\$ 4,312,346
Retail Sales	114,658	273,900	36,047	273,900
OU Purchased Services	136,098	72,671	72,671	41,060
Gifts and Grants	226,964	433,360	446,892	408,360
Investment Income	64,046	60,000	31,265	30,000
<b>Total Revenue</b>	<b>\$ 2,969,686</b>	<b>\$ 4,406,538</b>	<b>\$ 1,842,228</b>	<b>\$ 5,065,666</b>
<b>Expenditures:</b>				
Compensation	\$ 1,391,715	\$ 1,523,880	\$ 1,186,451	\$ 1,588,027
Supplies and Services	574,604	955,574	504,107	1,003,063
Food Service	1,068,518	1,425,541	603,220	1,829,117
Repairs and Maintenance	22,290	51,780	20,637	56,888
Cost of Retail Sales	62,622	135,668	18,744	135,668
Equipment	7,430	16,066	10,300	15,000
Insurance	52,532	67,785	61,417	77,371
Utilities	110,189	131,200	121,708	130,000
Debt Service	-	-	-	-
Overhead charged by OU	185,708	185,533	185,533	185,708
Other Transfers	71,885	-	-	-
<b>Total Expenditures</b>	<b>\$ 3,547,493</b>	<b>\$ 4,493,027</b>	<b>\$ 2,712,117</b>	<b>\$ 5,020,842</b>
<b>Net Income</b>	<b>\$ (577,807)</b>	<b>\$ (86,489)</b>	<b>\$ (869,889)</b>	<b>\$ 44,824</b>
<b>University Support:</b>				
President's Match - All University Fund Drive	\$ 7,809	\$ 6,000	\$ 6,190	\$ 6,000
Overhead & Insurance	36,297	-	-	-
<b>Total University Support</b>	<b>\$ 44,106</b>	<b>\$ 6,000</b>	<b>\$ 6,190</b>	<b>\$ 6,000</b>
<b>Net Income with University Support</b>	<b>\$ (533,701)</b>	<b>\$ (80,488)</b>	<b>\$ (863,699)</b>	<b>\$ 50,824</b>
<b>Ending Balances prior to Major Cap. Expenditures:</b>				
Fund Balance	\$ 2,449,561	\$ 1,495,658	\$ 712,447	\$ 50,145
Less: Major Capital Expenditures	339,714	734,343	913,126	354,000
University Support - Wilson Fund Grant Match	-	200,000	200,000	200,000
<b>Total Ending Fund Balance</b>	<b>\$ 1,576,146</b>	<b>\$ 961,315</b>	<b>\$ (679)</b>	<b>\$ (103,855)</b>

**Oakland University  
Meadow Brook Estate  
Proposed Major Capital Expenditures  
FY2022**

Attachment C

<u>Item Description</u>	<u>Estimated Cost</u>
Colt Pegasus Fountain Restoration	200,000
Ballroom Condensate Pipe Repair	107,000
Boiler Upgrades	47,000
<b>FY2022 Total</b>	<u><u>\$ 354,000</u></u>