

**MEADOW BROOK ESTATE OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

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, 2023.

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 21, 2021, the Board of Trustees (Board) approved the FY2022 budget for MBE.
4. **Budget Implications:** See attachment A for budget implications.
5. **Educational Implications:** See attachment A for educational implications.
6. **Personnel Implications:** See attachment A 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, Interim Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approve the FY2023 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, 2023
Oakland University
Board of Trustees Formal Session
June 13, 2022
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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 FY2023 budget and the ongoing administration of the FY2023 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 – FY2023
- C. Meadow Brook Estate Proposed Major Capital Expenditures – FY2023

Submitted to the President
on JUNE 9, 2022 by

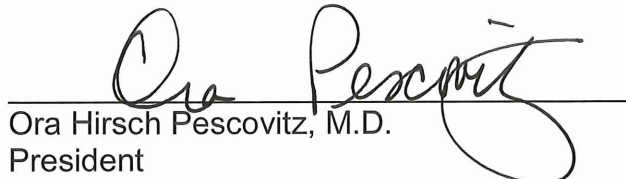


Michael J. Westfall
Vice President for University Advancement



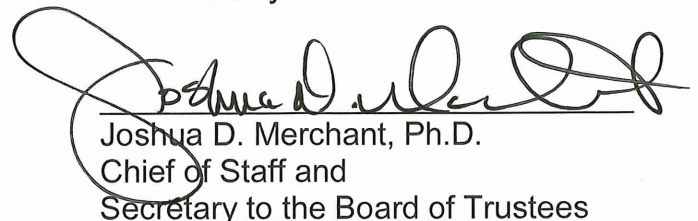
James L. Hargett
Interim Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/9, 2022
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

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>FY2020</u>	<u>FY2021</u>	Projected <u>FY2022</u>
Number of facility rentals	374	151	455
Number of museum visitors	23,446	7,027	47,320
Gross Facility Rental Revenue	\$1.7M	\$1.1M	\$3.25M
Museum Revenue	\$729,997	\$182,255	\$1.19M
Total Revenue	\$2.97M	\$1.92M	\$6.46M

FY2022 Explanation of Major Budget Impacts

1. FY2022 projected operating performance is based on actual and anticipated expenses and booked revenue through the end of the year.
2. Gross revenue budget to actual variance of \$1,398,267 includes:
 - \$276,137 increase (68%) in Gifts and Grants revenue primarily due to increases membership, annual giving, and OUFD participation, as well as a few significant designated gifts
 - \$1.1M increase in Retail Sales revenue due to the sale of a painting to the DIA
3. Restricted gifts represent \$430,738, or 63%, of projected actual FY2022 gross gift and grants revenue primarily given for collections conservation, the new Visitor Center project, and the Matilda Wilson preservation maintenance grant.
4. Expenditures funded by restricted gift revenue, a portion of which was received prior to FY2022, represent \$119,305, or 10%, of projected actual FY2022 supplies and services and repairs and maintenance expenditures for purposes of interpretation, collections conservation, preservation maintenance, and the Garden Club.

5. The “Major Capital Expenditures” for FY2022 are projected to be \$517,518.
 - \$119,250 roof and gutter repairs
 - \$109,500 for condensate pipe leak repairs
 - \$185,000 for architectural and engineering services and surveys related to the Visitor Center and Learning Center projects, funded by reserves and gifts received for the project in FY2022
 - \$55,406 for boiler upgrades
 - \$48,362 for the Colt Pegasus Fountain restoration project

6. University Support in the amount of \$207,875 represents:
 - \$200,000 for the second-year match pursuant to the Matilda Wilson Fund grant terms.
 - \$7,875 from the President’s matching funds for the All-University Fund Drive contributions to Meadow Brook Hall.

FY2023 Budget Assumptions

1. Operating revenue for FY2023 is projected to be \$128,700 more than the FY2022 projected actual revenue, based on estimates from the Hall’s catering partner including an anticipated increase in facility rental, as well as an increase in ticketed community events and touring.

2. Proposed FY2023 gift revenue is in alignment with the average of gifts and grants revenue received over a 3-year period, as well as \$1.749M in philanthropy anticipated for the Activating Meadow Brook project, and the five-year \$200,000/year matching grant provided by the Matilda Wilson Fund, which commenced in FY2021. Restricted gifts represent \$1,955,500 of gross gift and grants revenue for the Activating Meadow Brook project, collections care/conservation, Garden Club, and the Matilda Wilson preservation maintenance grant.

3. Compensation will increase by 3% from the FY2022 budget through planned salary and wage adjustments. Staffing changes were implemented in FY2022 for several strategic revenue growth initiatives and the full salary expense of those changes is being realized in the FY2023 budget.

4. Insurance is estimated by OU administration to increase 28% over the FY2022 actual cost due to economic conditions and associated premium increases.

5. Proposed FY2023 supplies and services expenditures funded by restricted gift revenue represent \$274,400, or 22%, of supplies and services expenditures which will be used for purposes of interpretation, collections conservation, preservation maintenance, and the Garden Club. \$200,000 of the funding for these expenditures is budgeted to be received in FY2023 in University Support, while the remaining \$74,400 was funded in previous fiscal years.
6. FY2023 University Support projection in the amount of \$3,706,000 represents:
 - \$200,000 for the third-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.
 - \$3.5M for the anticipated loan amount from the University which is financing the Hall's \$5.5M Activating Meadow Brook project (approved by the board in February 2022). \$2M of the project is anticipated to be funded by philanthropy. The Hall will pay a 4.25% interest rate and payments to the University will begin in FY24.
7. Major capital expenditures include \$200,000 to restore the tilework and the functionality of the Colt Pegasus fountain, which will be funded by the Matilda Wilson grant, and \$5,249,000 for the Hall's Activating Meadow Brook project which will provide a new Visitor Center, Orientation Gallery, improvements to the existing east tent venue, and a new west tent venue.

Oakland University
Ancillary Activities Operating Budget
Meadow Brook Estate
Proposed Budget - All Funds
FY2023

	FY2021 ACTUAL	FY2022 BUDGET	FY2022 ESTIMATED ACTUAL	FY2023 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 1,301,659	\$ 4,312,346	\$ 4,443,390	\$ 4,572,090
Retail Sales	44,961	273,900	1,261,923	161,888
OU Purchased Services	72,671	41,060	41,060	13,321
Gifts and Grants	470,402	408,360	684,497	2,191,500
Investment Income	31,732	30,000	33,062	30,000
Total Revenue	<u>\$ 1,921,424</u>	<u>\$ 5,065,666</u>	<u>\$ 6,463,933</u>	<u>\$ 6,968,799</u>
Expenditures:				
Compensation	\$ 1,173,057	\$ 1,588,027	\$ 1,516,607	\$ 1,641,284
Supplies and Services	602,199	1,003,063	1,087,776	1,221,391
Food Service	542,368	1,829,117	1,983,732	1,975,201
Repairs and Maintenance	21,999	56,888	56,888	55,550
Cost of Retail Sales	28,392	135,668	63,938	77,422
Equipment	5,436	15,000	27,000	7,500
Insurance	61,417	77,371	65,617	84,074
Utilities	114,700	130,000	131,966	131,928
Debt Service	-	-	-	-
Overhead charged by OU	185,533	185,708	185,708	143,014
Other Transfers	-	-	16,350	-
Total Expenditures	<u>\$ 2,735,100</u>	<u>\$ 5,020,842</u>	<u>\$ 5,135,582</u>	<u>\$ 5,337,364</u>
Net Income	<u>\$ (813,677)</u>	<u>\$ 44,824</u>	<u>\$ 1,328,351</u>	<u>\$ 1,631,435</u>
University Support:				
President's Match - All University Fund Drive	\$ 6,190	\$ 6,000	\$ 7,875	\$ 6,000
Wilson Fund Grant Match	200,000	200,000	200,000	200,000
Activating Meadow Brook Loan	-	-	-	3,500,000
Total University Support	<u>\$ 206,190</u>	<u>\$ 206,000</u>	<u>\$ 207,875</u>	<u>\$ 3,706,000</u>
Net Income with University Support	<u>\$ (607,486)</u>	<u>\$ 250,824</u>	<u>\$ 1,536,225</u>	<u>\$ 5,337,435</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 169,894	146,995	\$ 122,548	\$ 71,648
Unrestricted Fund Balance	798,766	177,438	1,487,286	6,358,103
Less: Major Capital Expenditures	895,051	354,000	517,518	5,449,000
Total Ending Fund Balance	<u>\$ 73,609</u>	<u>\$ (29,567)</u>	<u>\$ 1,092,316</u>	<u>\$ 980,751</u>
Garden Club Fund			\$ 35,595	
Adopt an Artifact Fund			35,553	
Publishing Fund			35,000	
Collections Conservation Fund			9,000	
Gate Lodge Fund			5,000	
Organ Fund			2,400	
Restricted Fund Balance *			<u>\$ 122,548</u>	

**Oakland University
Meadow Brook Estate
Proposed Major Capital Expenditures
FY2023**

Item Description	Estimated Cost
Colt Pegasus Fountain Restoration	200,000
Activating Meadow Brook Project	5,249,000
FY2023 Total	<u><u>\$ 5,449,000</u></u>