

MEADOW BROOK ESTATE OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2024

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, 2024.

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 13, 2022, the Board of Trustees (Board) approved the FY2023 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, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approve the FY2024 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, 2024
Oakland University
Board of Trustees Formal Session
June 26, 2023
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 FY2024 budget and the ongoing administration of the FY2024 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 – FY2024
- C. Meadow Brook Estate Proposed Major Capital Expenditures – FY2024

Submitted to the President
on 6-16, 2023 by



Michael J. Westfall
Vice President for University Advancement



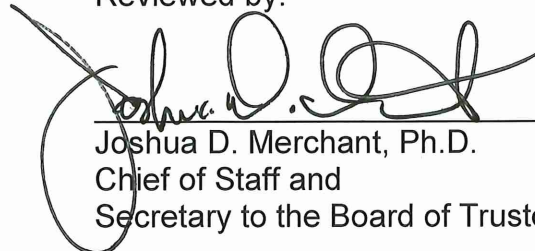
Stephen W Mackey
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/22, 2023
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>FY2021</u>	<u>FY2022</u>	<u>Projected FY2023</u>
Number of facility rentals	151	469	529
Number of museum visitors	7,027	55,755	56,615
Gross Facility Rental Revenue	\$1.1M	\$3.3M	\$3.6M
Museum Revenue	\$182,255	\$3.2M	\$2.7M
Total Revenue	\$1.92M	\$6.5M	\$6.3M

FY2023 Explanation of Major Budget Impacts

1. FY2023 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 (\$663,473) includes:
 - \$342,333 increase (8%) in Operating and Retail Sales revenue, primarily due to facility rental, ticketed events, Holiday Walk and photo shoot revenue increases
 - \$87,495 increase in Investment Income due to a significant increase to the maintenance reserve in FY22
 - \$1,093,301 decrease in Gifts and Grants revenue primarily due to only raising \$625,838 of the \$1.749M budget for the Visitor Center Project. However, a \$1M estate gift has been committed for the project which is not reflected in this budget.
3. Restricted gifts represent \$858,590, or 78%, of projected actual FY2023 gross gift and grants revenue primarily given for the gardens, 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 FY2023, represent \$109,000, or 9%, of projected actual FY2023 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 FY2023 are projected to be \$537,450.
 - \$250,000 for Colt Pegasus Fountain restoration
 - \$141,680 roof and gutter repairs
 - \$45,770 for elevator repairs
 - \$100,000 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 FY2023
6. University Support in the amount of \$200,000 represents the third-year match pursuant to the \$1M Matilda Wilson Fund grant terms.

FY2024 Budget Assumptions

1. Operating revenue for FY2024 is projected 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. Facility rental revenue accounts for 74% of operating revenue and 85% of FY2024’s budgeted facility rental revenue has already been secured.
2. Proposed FY2024 gift revenue is in alignment with the average of gifts and grants revenue received over a 3-year period, as well as year four of the \$200,000/year matching grant provided by the Matilda Wilson Fund. Restricted gifts represent \$215,000 of gross gift and grants revenue for collections care/conservation, Garden Club, and the Matilda Wilson preservation maintenance grant.
3. Compensation will increase from the FY2023 projected actual through planned salary and wage adjustments, primarily for part-time casual and student staff to remain competitive.
4. Insurance is estimated by OU administration to increase 12% over the FY2023 actual cost due to economic conditions and associated premium increases.
5. Proposed FY2024 repairs and maintenance expenditures funded by restricted gift revenue represent \$404,000, or 90%, of repairs and maintenance expenditures which will be used for purposes of preservation maintenance as well as restoration work on the Aeolian Organ.

6. Proposed FY2024 other transfers include the transfer of \$377,000 from the MBH Development quasi-endowment to cover the major capital expenditure of east tent venue improvements related to the Activating Meadow Brook project which was approved by the Board in February 2022. This transfer was reviewed and approved by the Vice President for Finance & Administration in April of 2023.
7. FY2024 University Support projection in the amount of \$3,700,000 represents:
 - \$200,000 for the fourth-year match pursuant to the Matilda Wilson Fund grant terms.
 - \$3.5M for the anticipated loan amount from the University which is financing the Hall's \$5.5M Activating Meadow Brook project. \$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 FY2025.
8. Major capital expenditures include \$60,000 to replace 300 banquet chairs, \$390,000 for improvements to the existing east tent venue, and \$4,025,838 for the Hall's Activating Meadow Brook project which will provide a new Visitor Center, Orientation Gallery, and a new west tent venue.

Oakland University
Ancillary Activities Operating Budget
Meadow Brook Estate
Proposed Budget - All Funds
FY2024

	FY2022 ACTUAL	FY2023 BUDGET	FY2023 ESTIMATED ACTUAL	FY2024 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 4,456,605	\$ 4,572,090	\$ 4,895,311	\$ 4,731,750
Retail Sales	1,260,184	161,888	181,000	171,000
OU Purchased Services	41,060	13,321	13,321	27,992
Gifts and Grants	651,017	2,191,500	1,098,199	422,600
Investment Income	45,246	30,000	117,495	59,000
Total Revenue	<u>\$ 6,454,112</u>	<u>\$ 6,968,799</u>	<u>\$ 6,305,326</u>	<u>\$ 5,412,342</u>
Expenditures:				
Compensation	\$ 1,536,591	\$ 1,641,284	\$ 1,645,493	\$ 1,725,661
Supplies and Services	1,044,760	1,221,391	1,102,950	1,041,689
Food Service	1,909,042	1,975,201	2,088,000	2,056,568
Repairs and Maintenance	72,968	55,550	102,518	450,550
Cost of Retail Sales	73,726	77,422	86,880	75,840
Equipment	16,450	7,500	21,244	7,500
Insurance	65,617	84,074	76,758	85,540
Utilities	131,520	131,928	147,000	147,000
Debt Service	-	-	-	-
Overhead charged by OU	185,708	143,014	143,014	185,708
Other Transfers	(3,650)	-	(15,150)	(377,000)
Total Expenditures	<u>\$ 5,032,732</u>	<u>\$ 5,337,364</u>	<u>\$ 5,398,708</u>	<u>\$ 5,399,056</u>
Net Income	<u>\$ 1,421,380</u>	<u>\$ 1,631,435</u>	<u>\$ 906,618</u>	<u>\$ 13,286</u>
University Support:				
President's Match - All University Fund Drive	\$ 7,875	\$ 6,000	\$ -	\$ -
Wilson Fund Grant Match	200,000	200,000	200,000	200,000
Activating Meadow Brook Loan	-	3,500,000	-	3,500,000
Total University Support	<u>\$ 207,875</u>	<u>\$ 3,706,000</u>	<u>\$ 200,000</u>	<u>\$ 3,700,000</u>
Net Income with University Support	<u>\$ 1,629,255</u>	<u>\$ 5,337,435</u>	<u>\$ 1,106,618</u>	<u>\$ 3,713,286</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 356,354	\$ 71,648	\$ 751,451	\$ 70,798
Unrestricted Fund Balance	1,346,509	6,358,103	1,680,242	5,536,730
Less: Major Capital Expenditures	377,789	5,449,000	537,450	4,475,838
Total Ending Fund Balance	<u>\$ 1,325,074</u>	<u>\$ 980,751</u>	<u>\$ 1,894,243</u>	<u>\$ 1,131,690</u>
Activating Meadow Brook Fund			\$ 525,838	
OU Match to Wilson Grant Fund			135,918	
Garden Club Fund			37,129	
Adopt an Artifact Fund			24,730	
Collections Conservation Fund			15,826	
Matilda Wilson Grant Fund			6,993	
Gate Lodge Fund			3,469	
Organ Fund			1,548	
Restricted Fund Balance *			<u>\$ 751,451</u>	

**Oakland University
Meadow Brook Estate
Proposed Major Capital Expenditures
FY2024**

Item Description	Estimated Cost
Activating Meadow Brook Project	4,025,838
East Venue Tent	390,000
Banquet Chairs	60,000
FY2024 Total	<u>\$ 4,475,838</u>