

## **Peoria Riverfront Museum Pro Forma**

The original Operating Pro Forma for the Peoria Riverfront Museum was developed in May 2005 as part of the Strategic Master Plan Volume I prepared in association with White Oak Associates, Inc., an internationally recognized museum planning firm. In November 2006, those figures were updated in comparison to Lakeview Museum's four-year historical averages.

Beginning in March 2007, discussions were held with Caterpillar executives to explain and provide documentation to support the Peoria Riverfront Museum Operating Pro Forma. Work sessions continued through May 2007 when a detailed review was conducted on each item of the Pro Forma. The sessions revolved around developing a Pro Forma for an average operations year, including a reduction of the planned endowment from \$10 million to \$5 million to meet an estimated increase in construction costs.

The working sessions included Sid Banwart, Kevin Colgan and Mark Johnson of Caterpillar, the Lakeview staff, and White Oak Associates, Inc. After careful review of the Lakeview Museum historical figures and benchmarks of similar-sized institutions, plus related assumptions from the Strategic Master Plan Volume I, the proposed Peoria Riverfront Museum Pro Forma was deemed reasonable and achievable.

### **Pro Forma Overview**

On average, Lakeview Museum receives approximately \$600,000 per year through earned income, including general memberships, gallery admissions, planetarium admissions, museum store, book court and book sales, museum schools and programs, and rental of museum space. This represents approximately 40 percent of total annual income. The remaining 60 percent of annual income, or approximately \$900,000 per year, is categorized as support income. The support income is generated from the museum endowment, annual fund drives, exhibit sponsors, other miscellaneous fundraising events, and grants received from various foundations and governmental agencies.

In the proposed Peoria Riverfront Museum Pro Forma, the relationship between earned income and support income is shifted, with earned income now representing 65 percent of the total and support income representing only 35 percent of the total. This change is due to the presence of the IMAX Theatre in the new museum, projected to generate almost \$1 million per year in operating income. The concessions area adjacent to the IMAX Theatre also would be a new source of income at the Peoria Riverfront Museum and is projected to generate close to \$300,000 annually.

This shift in earned income vs. support income means the Peoria Riverfront Museum, as represented by the proposed Pro Forma, would be a significantly more conservative operation. As Lakeview Museum's current support income is approximately \$900,000 per year, the Board of Directors and staff of the Peoria Riverfront Museum would be responsible for generating only an additional \$600,000 to support the facility's annual operations.

The Museum Collaboration Group (MCG) recognizes the critical importance of the museum's endowment as a source of revenue to fund annual operations of the new museum facility. The MCG has continued to evaluate funding options that would increase the endowment above the currently planned \$5 million level. Once capital requirements to construct the new museum are achieved, additional efforts will be devoted to increasing the amount of the endowment.

In May 2007, the Peoria Riverfront Museum Pro Forma (attached), with an annual operating budget of \$4.1 million, was presented and approved by the Lakeview Museum Board of Directors.

# Peoria Riverfront Museum

Annual Operating Pro Forma - Completed May 2007 \*

32,000 Lakeview GSF  
80,582 PRM Design GSF

|                             | Lakeview Museum - 4 yr avg |                | PRM - Stable Operation |                | vs. Lakeview |
|-----------------------------|----------------------------|----------------|------------------------|----------------|--------------|
|                             | Dollars                    | Per GSF        | Dollars                | Per GSF        |              |
| <b>Earned Income</b>        | <b>\$599,000</b>           | <b>\$18.72</b> | <b>\$2,698,000</b>     | <b>\$33.48</b> | 79%          |
| Memberships                 | \$130,000                  | \$4.06         | \$338,000              | \$4.19         | 3%           |
| Gallery Admissions          | \$68,000                   | \$2.13         | \$420,000              | \$5.21         | 145%         |
| Planetarium Admissions      | \$41,000                   | \$1.28         | \$24,000               | \$0.30         | -77%         |
| Museum Store                | \$150,000                  | \$4.69         | \$355,000              | \$4.41         | -6%          |
| Book Court & Book Sales     | \$58,000                   | \$1.81         | \$70,000               | \$0.87         | -52%         |
| Museum School/Programs      | \$134,000                  | \$4.19         | \$161,000              | \$2.00         | -52%         |
| Rental of Museum Spaces     | \$18,000                   | \$0.56         | \$46,000               | \$0.57         | 1%           |
| Theater Admission - Days    | \$0                        | \$0.00         | \$627,000              | \$7.78         | N/A          |
| Theater Admission - Nights  | \$0                        | \$0.00         | \$365,000              | \$4.53         | N/A          |
| Concessions                 | \$0                        | \$0.00         | \$292,000              | \$3.62         | N/A          |
| <b>Support Income</b>       | <b>\$874,000</b>           | <b>\$27.31</b> | <b>\$1,480,000</b>     | <b>\$18.37</b> | -33%         |
| Endowment                   | \$113,000                  | \$3.53         | \$250,000              | \$3.10         | -12%         |
| Annual Fund Drive           | \$371,000                  | \$11.59        | \$500,000              | \$6.20         | -46%         |
| Public Support (OTB)        | \$0                        | \$0.00         | \$30,000               | \$0.37         | N/A          |
| Exhibit Sponsors            | \$230,000                  | \$7.19         | \$350,000              | \$4.34         | -40%         |
| Fundraising Events          | \$83,000                   | \$2.59         | \$200,000              | \$2.48         | -4%          |
| Grants                      | \$77,000                   | \$2.41         | \$150,000              | \$1.86         | -23%         |
| <b>Total Income</b>         | <b>\$1,473,000</b>         | <b>\$46.03</b> | <b>\$4,178,000</b>     | <b>\$51.85</b> | 13%          |
| <b>Expenses</b>             |                            |                |                        |                |              |
| Salaries / Payroll Expenses | \$816,000                  | \$25.50        | \$1,894,000            | \$23.50        | -8%          |
| Exhibition Expenses         | \$125,000                  | \$3.91         | \$343,000              | \$4.26         | 9%           |
| Advertising / Marketing     | \$67,000                   | \$2.09         | \$340,000              | \$4.22         | 102%         |
| Museum Store                | \$93,000                   | \$2.91         | \$236,000              | \$2.93         | 1%           |
| Utilities                   | \$63,000                   | \$1.97         | \$141,000              | \$1.75         | -11%         |
| Printing                    | \$59,000                   | \$1.84         | \$126,000              | \$1.56         | -15%         |
| Contractual Services        | \$33,000                   | \$1.03         | \$88,000               | \$1.09         | 6%           |
| Fundraising Events          | \$31,000                   | \$0.97         | \$85,000               | \$1.05         | 9%           |
| Programs Supplies           | \$32,000                   | \$1.00         | \$75,000               | \$0.93         | -7%          |
| Postage / Shipping          | \$21,000                   | \$0.66         | \$38,000               | \$0.47         | -28%         |
| Equip Repairs / Maintenance | \$12,000                   | \$0.38         | \$37,000               | \$0.46         | 22%          |
| Liability Insurance         | \$22,000                   | \$0.69         | \$35,000               | \$0.43         | -37%         |
| Receptions / Dinners        | \$15,000                   | \$0.47         | \$28,000               | \$0.35         | -26%         |
| Professional Development    | \$11,000                   | \$0.34         | \$19,000               | \$0.24         | -31%         |
| Audit Expense               | \$12,000                   | \$0.38         | \$15,000               | \$0.19         | -50%         |
| Theater / Film Rights       | \$0                        | \$0.00         | \$345,000              | \$4.28         | N/A          |
| Parking (Employees)         | \$0                        | \$0.00         | \$85,000               | \$1.05         | N/A          |
| Concessions                 | \$0                        | \$0.00         | \$155,000              | \$1.92         | N/A          |
| All remaining expenses      | \$66,000                   | \$2.06         | \$82,000               | \$1.02         | -51%         |
| <b>Total Expenses</b>       | <b>\$1,478,000</b>         | <b>\$46.19</b> | <b>\$4,167,000</b>     | <b>\$51.71</b> | 12%          |
| <b>Operating Balance</b>    | <b>-\$5,000</b>            |                | <b>\$11,000</b>        |                |              |

\* Sid Banwart, Kevin Colgan, and Mark Johnson of Caterpillar, the Lakeview Staff and White Oak Associates analyzed the proposed PRM Pro Forma in detail in May 2007.