FY 2012 was an exceptional year at the Heard Museum, with many new opportunities to educate and inspire more than 135,000 visitors from all over the world. Generous patrons made those opportunities possible by giving the art and the funds to make major projects a reality. Because of those patrons, we were able to create acclaimed exhibits both in our galleries and on our grounds, produce publications of lasting value, and reach out through our web presence to bring history and art to an ever wider audience. We were moved by the response to our recognition of American Indian veterans that the Arizona Republic termed “long overdue,” and honored to be selected as the 2012 Best Museum by Phoenix New Times. We always try to better our best effort and do it more efficiently, as was the case with our lighting retrofit. Our mission of educating people about the arts, heritage and life ways of Indigenous peoples, always focusing on the people of the Southwest, is an important one that needs many people to make it a reality by supporting new programs and new ideas.

We are looking forward to the next fiscal year with a new leader. We have come through a year of change and many good projects because of dedicated supporters and a talented board and staff.

Our thanks to you all for your support,

Mark B. Bonsall
Board Chairman

Lee Peterson
Interim CEO

1. GROUNDBREAKING EXHIBITS

The Heard Museum developed and installed six exhibits at the Phoenix and North Scottsdale locations. The most successful was Beyond Geronimo: The Apache Experience, which received international acclaim, including the New York Times. The fully-underwritten exhibit was accompanied by a catalog of the same name and was an officially-recognized Arizona Centennial event. Native American Bolo Ties: Vintage and Contemporary Artistry was well-received, and its book, published by Museum of New Mexico Press was a 2012 New Mexico-Arizona Book Award Finalist and was selected as a 2013 Southwest Book of the Year. This exhibit traveled to Phoenix Sky Harbor Airport. Also, for the first time in its history, the Heard partnered with a tribal museum to bring in a traveling exhibit. Through the Lens: Diné Photographers, curated by the Navajo Nation Museum, was displayed at Heard Museum North Scottsdale.

2. ESTABLISHMENT OF THE AMERICAN INDIAN VETERANS NATIONAL MEMORIAL

The Heard secured $400,000 from TriWest Healthcare Alliance for the establishment of the first-ever nationwide memorial dedicated to American Indian veterans in multiple conflicts. We partnered with John Douglas Architects and Kitchell Construction to design and build the memorial, which was completed in November 2012 (FY 2013).

A HEARTFELT THANK YOU TO MORE THAN 6000 GENEROUS DONORS, CIRCLES MEMBERS, FOUNDATIONS, INDIAN TRIBES AND CORPORATIONS.

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CORPORATE AND FOUNDATION SUPPORTERS


(Every effort has been made to provide a complete and accurate listing of our donors. Please inform the Development Department of any omissions or errors so that we may correct our records.)
Row one: Presentation of a Pendleton blanket to the Salt River Pima-Maricopa Indian Community by Heard leadership; Jack Parker. Row two: Howard and Joy Berlin with Sen. Ben Nighthorse Campbell [center]; the museum director search committee. Row three: Eric Trevan, Rod Passmore, Lee Peterson and Mark Bonsall; David Rothberg, Justice Sandra Day O’Connor and Rod Passmore. Row four: Mark and Mary Bonsall, Sen. Jon Kyl, Arlene Kyl, and Mary and Tom Hudak; Jim and Patience Huntwork.
3. ENEGERIZE PHOENIX LIGHTING RETROFIT

The Heard obtained funding through Energize Phoenix, a program that provides grants to help pay for energy efficiency improvement projects. Completed in late FY 2012, the project includes a complete retrofit of all lighting on the museum grounds, including the exhibit galleries, to use CFL and LED lights. While kilowatt per hour costs have increased by 5% in the last year, we have decreased our kilowatt per hour usage by 25%, reducing energy costs as well as our carbon footprint.

4. MAJOR COLLECTIONS RECEIVED BY THE HEARD

From October 2011 through September 2012, the Heard Museum received donations and bequests of art from 22 individuals, including three major collections.

The estate of Ann B. Ritt gave 67 works of art, including sculpture by Allan Houser, John Hoover, Preston Singletary, Anita Fields and Arlo Namingha, and paintings by Dan Namingha. A bequest from the Les Goldberg estate included 60 works of art, including katsina carvings by Cecil Calnimptewa, Stetson Honyumptewa and Arthur Holmes, Jr., and pottery by Tammy Garcia, Russell Sanchez and Richard Zane Smith. The estate of Doren Indritz gifted the museum more than 300 works; of these, 31 Navajo textiles, one Hopi textile and two ceramics were brought into the museum collection.

5. AWARDS

The Heard Museum continues to receive accolades. This past year, we were selected as 2012’s Best Museum by Phoenix New Times and won another certificate of excellence from Trip Advisor.

6. INCREASED DIGITAL PUBLISHING REACH

The Curatorial, Library and Archives, and Design departments began collaborating on a project to add object collections and artists’ documentation to the museum website using the Library and Archives’ existing online database program, CONTENTdm. This project utilizes existing staff and volunteer time to add existing publication-quality images and text to the online collection. The online collection can be accessed on the museum’s website either through the “Explore Art” or the “Library” headings. All photography and scanning for the project is done by staff photographer Craig Smith. Hundreds of historic photos from the Billie Jane Baguley Library and Archives were digitally restored and scanned by Smith, and the Library and Archives staff added the images to the growing digital on-line library.

7. INSTITUTIONAL ADVANCEMENT

Each year, the Institutional Advancement team at the Heard is responsible for securing nearly one-third of the annual operating costs of the museum. This critical support guarantees that more than 135,000 annual visitors will always experience a world-class institution. We are proud to report that more than 50% of these contributed dollars come from private individuals, museum members and from support groups like the Heard Museum Guild. The development team at the Heard was directly responsible for $3.3 million in cash donations for programs and operations; an additional $1.3 million was received through in-kind gifts of art, artifacts, and estates. The Heard Museum is equally proud of the generous corporate and foundation support received throughout the year. The Institutional Advancement team extends a special thank-you to all of our benefactors who have made this year a success.
HEARD MUSEUM ANNUAL REPORT

FY 2012 FINANCIAL SNAPSHOT

STATEMENT OF FINANCIAL POSITION

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<th>Category</th>
<th>Amount</th>
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<tr>
<td>Total Assets</td>
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STATEMENT OF ACTIVITIES

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<td>Supporting Expenses</td>
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<td>Excess of Expenses over Revenues</td>
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<td>Non Operating Activities</td>
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<td>Net Assets Beginning of Year</td>
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<tr>
<td><strong>Net Assets End of Year</strong></td>
<td><strong>$28,187,232</strong></td>
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2012 OPERATING REVENUES

- Admissions – 9%
- Other Revenues – 4%
- Contributions, Grants and Fundraisers – 24%
- Memberships & Circles – 8%
- Shops, Food & Beverage – 55%

The museum’s revenues demonstrate a good diversification in the sources of funds. Admissions accounted for over $997,000 in revenue. Food & Beverage operations contributed strongly generating a gross profit of $293,000. Earned income represents 64% of total revenues, the majority of which is generated by the Museum Shop which sells artwork created by American Indian artists. This compares favorably with peer institutions where earned income represents 30% of total revenues.

Following the 2008 economic downturn, the museum took steps to improve earned income and reduce operating expenses. In 2012, those efforts included negotiating reductions in real estate lease expense. The re-negotiated lease required the museum to increase annual depreciation expense by $602,000; depreciation expense through 2014 will increase in the same amount. The following analysis demonstrates the impact of depreciation expense and non-recurring expenses on the museums audited 2012 operating results:

- Excess of Expenses over Revenues (audited) $(2,888,507)
- Plus: Depreciation expense 2,212,381
- Retirement & severance costs 351,000
- Inventory valuation reduction 231,000
- Legal costs related to planned giving 127,000

Operating results before non-recurring expense and depreciation $32,874

The museum’s expense reduction programs saved approximately $200,000 in 2012 and those savings are carried into 2013. The museum’s 2013 budget reflected expense reductions of $1.4 million and a positive surplus before depreciation. The $1.4 million in expense reductions includes cuts made in 2012 as well as additional reductions made in early 2013. Through March 2013 the museum is making good progress on meeting its 2013 financial goals and is on par with the YTD budget.

The museum received an unqualified opinion from its auditors, CliftonLarsonAllen LLP, on the audit of its consolidated financial statements for the year ended September 30, 2012. Copies of the audited financial statements are available upon request by calling 602.251.0222.