

**2016|2017
ANNUAL
REPORT
MONTREAL
MUSEUM OF
FINE ARTS**



**FINANCIAL
STATEMENTS OF
THE MUSEUM AND
THE MUSEUM
FOUNDATION**

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS

MARCH 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of The Montreal Museum of Fine Arts

We have audited the financial statements of The Montreal Museum of Fine Arts, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Montreal Museum of Fine Arts as at March 31, 2017, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP¹

June 27, 2017

¹ CPA auditor, CA, public
accountancy permit No. A120628

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	General Fund	Capital Assets Fund	Acquisitions Fund	Employee Benefit Fund	Total	
					2017	2016
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and term deposits	3,353,229	26,954	—	—	3,380,183	1,718,539
Accounts receivable	1,084,242	—	—	—	1,084,242	1,487,384
Interfund balances	75,728	(1,271,541)	1,320,813	(125,000)	—	—
Amount receivable from the Foundation, non-interest bearing and without specific terms of repayment	2,865,322	—	—	—	2,865,322	2,746,268
Grants receivable	1,420,062	3,993,090	—	—	5,413,152	5,975,096
Inventories of the Boutique and Bookstore	910,875	—	—	—	910,875	892,624
Prepaid expenses	1,777,187	—	—	—	1,777,187	1,052,519
	11,486,645	2,748,503	1,320,813	(125,000)	15,430,961	13,872,430
Grants receivable	2,661,105	25,333,687	—	—	27,994,792	12,629,022
Investments (note 12)	3,765,408	—	14,255,949	—	18,021,357	16,412,301
Accumulated interest	—	—	—	—	—	400,000
Capital assets (note 4)	—	123,933,472	—	—	123,933,472	98,656,565
Construction in progress	—	—	—	—	—	24,610,722
	17,913,158	152,015,662	15,576,762	(125,000)	185,380,582	166,581,040
Liabilities						
Current liabilities						
Bank overdraft	—	—	—	—	—	344,879
Bank loans (note 5)	875,000	4,150,000	—	—	5,025,000	23,000,000
Accrued interest	22,802	108,972	—	—	131,774	173,459
Accounts payable and accrued liabilities	3,795,947	67,602	—	—	3,863,549	5,034,292
Deferred revenue	5,334,973	—	—	—	5,334,973	3,289,175
Deferred contributions	23,357	—	—	—	23,357	1,477,668
Advance from the Foundation, non-interest bearing and without specific terms of repayment	2,840,201	—	—	—	2,840,201	2,840,201
Current portion of debt (note 6)	919,202	3,884,118	—	—	4,803,320	4,639,557
	13,811,482	8,210,692	—	—	22,022,174	40,799,231
Debt (note 6)	2,661,105	23,186,193	—	—	25,847,298	12,185,138
Deferred contributions (note 7)	—	93,530,200	7,236,558	—	100,766,758	78,367,784
Accrued benefit obligations – pension plan (note 8)	—	—	—	345,100	345,100	658,700
Accrued benefit obligations – post-employment benefits (note 8)	—	—	—	816,000	816,000	707,700
	16,472,587	124,927,085	7,236,558	1,161,100	149,797,330	132,718,553
Commitments (note 10)						
Net assets						
Endowments	1,252,549	—	8,340,204	—	9,592,753	9,587,753
Invested in capital assets	—	25,397,717	—	—	25,397,717	25,397,717
Internally restricted	2,529,171	1,180,581	—	—	3,709,752	2,194,528
Revaluation and other items recognized related to the defined benefit plans	—	—	—	2,147,800	2,147,800	2,126,200
Unrestricted	(2,341,149)	510,279	—	(3,433,900)	(5,264,770)	(5,443,711)
	1,440,571	27,088,577	8,340,204	(1,286,100)	35,583,252	33,862,487
	17,913,158	152,015,662	15,576,762	(125,000)	185,380,582	166,581,040

Approved by the Board



Jacques Parisien
Chairman of the Board
Trustee



Lise Croteau
Chairman of the Audit and
Financial Administration Committee

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2017

	General Fund		Capital Assets Fund	Acquisitions Fund	Employee Benefit Fund	Total	
	Operations	Restrictions				2017	2016
	\$	\$	\$	\$	\$	\$	\$
Revenue							
General							
Admissions and special events	5,284,842	—	—	—	—	5,284,842	4,296,903
Boutique and Bookstore	2,603,858	—	—	—	—	2,603,858	2,600,194
Donations of works of art (including a donation of \$50,413,715 in 2016)	—	—	—	9,893,219	—	9,893,219	59,311,369
Donations and sponsorships (note 11)	2,606,876	—	—	—	—	2,606,876	2,367,017
Donations from the Foundation (note 11)	3,374,710	—	—	—	—	3,374,710	2,748,452
Exhibition catalogues	296,200	—	—	—	—	296,200	512,437
Annual memberships	3,565,657	—	—	—	—	3,565,657	3,339,047
Exhibition participation	1,053,233	—	—	—	—	1,053,233	1,669,485
Investments (note 9)	5,543	528,175	—	—	—	533,718	(66,230)
Rental income	339,542	—	—	—	—	339,542	431,542
Miscellaneous (note 11)	1,145,461	—	—	—	—	1,145,461	537,015
	20,275,922	528,175	—	9,893,219	—	30,697,316	77,747,231
Operating and specific projects grants (note 3)	16,052,263	—	—	—	—	16,052,263	15,344,565
Grants – expansion projects (note 3)	97,781	—	546,632	—	—	644,413	613,895
Amortization of deferred contributions related to capital assets (note 7)	—	—	4,070,681	—	—	4,070,681	3,481,916
Amortization of deferred contributions related to acquisitions of works of art (note 7)	—	—	—	976,142	—	976,142	1,448,345
	36,425,966	528,175	4,617,313	10,869,361	—	52,440,815	98,635,952
Expenses							
Temporary exhibitions	5,306,042	—	—	—	—	5,306,042	5,943,874
Permanent collection	2,510,948	—	—	—	—	2,510,948	2,326,096
Security and maintenance	5,418,147	—	—	—	—	5,418,147	5,481,917
Administrative expenses	5,705,006	—	—	—	439,200	6,144,206	6,040,312
Educational programmes	1,897,279	—	—	—	—	1,897,279	1,827,052
Boutique and Bookstore	2,407,691	—	—	—	—	2,407,691	2,450,469
Curatorial services	5,128,098	—	—	186,356	—	5,314,454	5,169,674
Communications	5,775,315	—	—	—	—	5,775,315	3,412,172
Amortization of capital assets	—	—	4,269,870	—	—	4,269,870	3,688,329
Acquisitions of works of art	—	—	—	706,750	—	706,750	1,190,953
Loss on disposal of capital assets	—	—	82,942	—	—	82,942	—
Amortization of works of art (including a donation of \$50,413,715 in 2016)	—	—	—	9,893,219	—	9,893,219	59,311,369
Rental building	270,280	—	—	—	—	270,280	713,364
Investment management fees	—	22,058	—	83,036	—	105,094	89,127
Interest – projects	97,781	—	546,632	—	—	644,413	613,895
	34,516,587	22,058	4,899,444	10,869,361	439,200	50,746,650	98,258,603
Excess (deficiency) of revenue over expenses before interfund transfers	1,909,379	506,117	(282,131)	—	(439,200)	1,694,165	377,349
Interfund transfers							
Contributions from Restricted Funds to Operations	171,474	(171,474)	—	—	—	—	—
Contributions from General Fund							
to Employee Benefit Fund	(647,900)	—	—	—	647,900	—	—
to Capital Assets Fund	(1,196,272)	—	1,196,272	—	—	—	—
Excess of revenue over expenses after interfund transfers	236,681	334,643	914,141	—	208,700	1,694,165	377,349
Endowment contributions	—	5,000	—	—	—	5,000	324,833
Change in revaluations and other recognized elements	—	—	—	—	21,600	21,600	(158,100)
Net assets, beginning of year	(2,577,830)	3,442,077	26,174,436	8,340,204	(1,516,400)	33,862,487	33,318,405
Net assets, end of year	(2,341,149)	3,781,720	27,088,577	8,340,204	(1,286,100)	35,583,252	33,862,487

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess of revenue over expenses	1,694,165	377,349
Adjustments for:		
Change in fair value of investments	(427,776)	160,566
Amortization of capital assets	4,269,870	3,688,329
Loss on disposal of capital assets	82,942	—
Amortization of deferred contributions related to capital assets	(4,070,681)	(3,481,916)
Amortization of deferred contributions related to acquisitions of works of art	(976,142)	(1,448,345)
Accrued benefit obligations	(183,700)	(281,900)
	388,678	(985,917)
Net change in non-cash operating working capital items	1,841,566	(2,272,381)
	2,230,244	(3,258,298)
Investing activities		
Change in grants receivable	5,843,668	3,716,784
Net change in investments	462,128	239,745
Capital assets and construction in progress acquisitions	(7,096,303)	(15,025,299)
	(790,507)	(11,068,770)
Financing activities		
Change in bank loans	(17,975,000)	13,450,000
Increase in debt	20,508,304	—
Repayments of debt	(6,682,381)	(9,656,226)
Increase in deferred contributions related to capital assets	3,346,008	8,394,977
Increase in deferred contributions related to acquisitions of works of art	1,364,855	877,915
Endowments received	5,000	324,833
	566,786	13,391,499
Net increase (decrease) in cash and cash equivalents	2,006,523	(935,569)
Cash and cash equivalents, beginning of year	1,373,660	2,309,229
Cash and cash equivalents, end of year	3,380,183	1,373,660
Comprise of:		
Cash and term deposits	3,380,183	1,718,539
Bank overdraft	—	344,879
	3,380,183	1,373,660
Non-cash transactions		
Grants receivable in connection with deferred contributions related to capital assets uncashed at year-end	18,500,000	—
Capital assets and construction in progress acquisitions unpaid at year-end	43,220	2,120,526
Uncashed deferred contributions	21,091,526	843,884

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. STATUS AND NATURE OF ACTIVITIES

The Montreal Museum of Fine Arts (the "Museum"), a not-for-profit organization, encourages the plastic arts and an appreciation thereof and acquires, conserves, collects, promotes and exhibits works of art on behalf of the citizens of Montreal, the province of Québec, Canada and elsewhere. The Museum is incorporated as a private corporation under the *Loi sur le Musée des beaux-arts de Montréal* and is recognized as a registered charity within the meaning of the *Income Tax Act*.

2. ACCOUNTING POLICIES

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

FUND ACCOUNTING

The Museum uses the deferral method to account for contributions and follows the fund accounting method for the presentation of financial information, whereby resources are classified into funds in accordance with specified activities or objectives.

I GENERAL FUND

The General Fund reports the assets, liabilities, revenue and operating expenses related to the Museum's day-to-day operating activities.

II CAPITAL ASSETS FUND

The Capital Assets Fund reports the assets, liabilities, revenue and expenses related to capital assets and the restricted contributions specifically related thereto.

Deferred contributions of the Capital Assets Fund combine grants and the donations specifically restricted for the financing of the capital assets.

III ACQUISITIONS FUND

The Acquisitions Fund reports the assets, liabilities, revenue and expenses related to acquisitions of works of art. Deferred contributions of the Acquisitions Fund include grants, donations and investment income restricted to the financing of the acquisition of works of art that are not used at the statement of financial position date.

IV EMPLOYEE BENEFIT FUND

The Employee Benefit Fund presents the accrued benefit obligations as well as costs related to employee future benefit plans.

REVENUE RECOGNITION

Restricted contributions are recognized as revenue of the appropriate fund in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income are deferred then recognized as revenue of the appropriate fund when the related expenses are incurred. Unrestricted investment income is recognized as revenue of the General Fund.

Revenue from the sale of goods or services is recognized when the property was transferred to the person acquiring or when service rendered.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value when the Museum becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments, which are measured at fair value at the statement of financial position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations and changes in net assets as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Museum recognizes in the statement of operations and changes in net assets an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in statement of operations and changes in net assets in the period the reversal occurs.

INTERFUND BALANCES

Interfund balances comprise non-interest-bearing interfund advances, without specific terms of repayment.

BOUTIQUE AND BOOKSTORE INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

CAPITAL ASSETS

Capital assets are recorded at cost and are amortized based on their estimated useful life using the straight-line method over the following periods:

Buildings	40 years
Building improvements	20 years
Furniture and equipment	5 years
Digital infrastructure	3 years

CONSTRUCTIONS IN PROGRESS

Constructions in progress are recorded at cost. All costs incurred during the construction, both direct and indirect, are capitalized.

EMPLOYEE FUTURE BENEFITS

The cost of the Museum's defined benefit pension plan and post-employment benefit plan is determined periodically by independent actuaries. The Museum has chosen to evaluate the accrued benefit obligations by using the actuarial valuation for funding purposes. This periodic actuarial valuation is based on the method of allocating defined benefit on prorated services (which incorporates management's best estimate of future salary levels, other cost growth, retirement age of employees and other actuarial factors). For the purpose of calculating the real rate of return on plan assets, those assets are valued at fair value.

The Museum uses the method of immediate recognition by which the Museum recognizes:

- in the statement of financial position, the obligations for defined benefits, reduced by the fair value of plan assets, and adjusted for any valuation allowance (either the asset or the accrued benefit obligation);
- in the statement of operations, the cost of the plan for the year;
- in the statement of changes in net assets, revaluations and other items arising in particular from the difference between the actual return on plan assets and the return calculated using the discount rate determined, actuarial gains and losses, past services, settlement, compression and asset ceiling for defined benefit.

DEFERRED CONTRIBUTIONS

Contributions restricted to future period expenses are deferred and recognized as revenue in the year in which the related expenses are incurred.

Deferred contributions reported in the Capital Assets Fund include the unamortized portion of contributions received specifically to defray the cost of the related capital assets and are amortized on the same basis.

Deferred contributions of the Acquisitions Fund include grants, donations and investment income restricted to the financing of the acquisition of works of art that are not used at the statement of financial position date.

WORKS OF ART

The Museum's permanent collection comprises paintings, sculptures, drawings and prints and furniture and decorative arts. The permanent collection is not reflected in the financial statements. Donated works of art are accounted for at fair value based on external appraisal reports. They are fully amortized in the year of acquisition.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into Canadian dollars. Monetary assets and liabilities of the statement of financial position are translated at the exchange rates in effect at the end of the year. Non-monetary assets and liabilities are translated at historical rates.

Revenue and expenses are translated at the average rate of exchange prevailing during the year. Gains and losses on these translations are recorded in the statement of operations and changes in net assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. GRANTS

	2017	2016
	\$	\$
Operating grants		
Ministère de la Culture et des Communications	14,994,400	13,666,000
Conseil des arts de Montréal	370,000	370,000
	15,364,400	14,036,000
Grants for specific projects		
Ministère de la Culture et des Communications		
Digital projects	351,070	620,000
Repair and maintenance of capital assets	—	262,000
Canada Council for the Arts	145,000	149,000
Department of Canadian Heritage	124,659	249,665
Other grants	67,134	27,900
	687,863	1,308,565
	16,052,263	15,344,565
Grants for expansion projects		
Ministère de la Culture et des Communications	644,413	613,895

4. CAPITAL ASSETS

	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	25,397,717	—	25,397,717	25,397,717
Buildings	158,332,260	65,953,654	92,378,606	69,871,476
Building improvements	2,665,157	285,787	2,379,370	2,089,920
Furniture and equipment	4,092,297	1,324,614	2,767,683	840,535
Digital infrastructure	2,148,742	1,138,646	1,010,096	456,917
	192,636,173	68,702,701	123,933,472	98,656,565

5. BANK LOANS

For its current transactions, the Museum could enter into a bank loan based on its needs, up to a maximum of \$5,000,000; this bank loan was not used at year-end (\$3,500,000 unused as at March 31, 2016). This loan is repayable on demand, bears interest at prime rate (2.7% as at March 31, 2017; 2.7% as at March 31, 2016), and is renewable on an annual basis.

Several projects subsidized by the Ministère de la Culture et des Communications are currently underway as at March 31, 2017: the repairs and maintenance of capital assets project, the upgrading collections project and digital cultural strategy project for a total amount of \$4,815,000 (projects of \$3,750,000 as at March 31, 2016), with an unused balance of \$3,940,000 at year-end (\$750,000 as at March 31, 2016). These loans are subject to a short-term financing from a banking institution and bears interest at prime rate (effective rate of 2.7% as at March 31, 2017; 2.7% as at March 31, 2016).

For the construction of the Michal and Renata Horstein Pavilion for Peace, the Museum has a line of credit of \$5,000,000 (\$18,500,000 as at March 31, 2016), from a banking institution, at a prime rate (effective rate of 2.7% as at March 31, 2017; 2.7% as at March 31, 2016), with an unused balance of \$4,150,000 at year-end (fully used as at March 31, 2016).

6. DEBT

	2017	2016
	\$	\$
Loans from the Ministère des Finances and Financement-Québec		
Bearing interest at 6.334%, repaid during the year ^{a) j)}	—	1,720,000
Bearing interest at 4.501%, maturing July 2020 ^{b) j)}	215,054	268,817
Bearing interest at 4.700%, maturing December 2021 ^{c) j)}	268,817	322,581
Bearing interest at 4.864%, maturing December 2017 ^{d) j)}	80,564	161,128
Bearing interest at 2.486%, maturing December 2018 ^{e) j)}	6,651,734	7,982,081
Bearing interest at 2.486%, maturing December 2018 ^{e) j)}	3,206,700	3,848,040
Bearing interest at 2.238%, maturing December 2017 ^{e) j)}	83,752	167,504
Bearing interest at 2.238%, maturing December 2017 ^{e) j)}	83,752	167,504
Bearing interest at 1.868%, maturing November 2017 ^{f) j)}	200,904	401,808
Bearing interest at 2.873%, maturing July 2022 ^{f) j)}	1,393,861	1,626,171
Bearing interest at 2.186%, maturing November 2025 ^{g) j)}	452,944	—
Bearing interest at 1.965%, maturing March 2026 ^{h) j)}	17,211,877	—
Bearing interest at 2.572%, maturing March 2027 ^{i) j)}	800,659	—
	30,650,618	16,665,634
Bank loans		
Bearing interest at 3.770%, repaid during the year ^{j)}	—	159,061
	30,650,618	16,824,695
Current portion	4,803,320	4,639,557
	25,847,298	12,185,138

Principal payments required in subsequent years and the related grants are as follows:

	Debt repayment	Grants
	\$	\$
2018	4,803,320	4,803,320
2019	10,269,406	10,269,406
2020	2,382,661	2,382,661
2021	2,382,661	2,382,661
2022	2,328,898	2,328,898
2023 and thereafter	8,483,672	8,483,672
	30,650,618	30,650,618

- This debt is in relation to the Jean-Noël Desmarais Pavilion. On June 19, 1991, the Museum contracted a loan for \$43,000,000 from the Ministère des Finances du Québec as administrator of the fonds de financement, and this loan was used to reimburse the bankers' acceptances and accumulated interest under the special borrowing bylaw enacted on August 23, 1989.
- On October 7, 2005, the Museum contracted a \$806,451 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the costs of the repairs and maintenance of capital assets, Phase I.
- On February 22, 2007, the Museum contracted a \$806,452 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the costs of the repairs and maintenance of capital assets, Phase II.
- On October 31, 2007, the Museum contracted a \$805,639 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the costs of the repairs and maintenance of capital assets, Phase III.
- On March 30, 2012, the Museum contracted four loans from Financement-Québec totalling \$20,723,917 as administrator of the fonds de financement and these loans were used to fund the cost of the construction of Bourgie Pavilion and to re-install the permanent collections of the Museum.
- On March 27, 2013, the Museum contracted two loans of \$3,325,597 from Financement-Québec as administrator of the fonds de financement. These loans were used to fund the costs of the repairs and maintenance of capital assets as well as to re-install the permanent collections of the Museum.

- g) On June 8, 2016, the Museum contracted a \$503,271 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the repairs and maintenance of capital assets.
- h) On September 8, 2016, the Museum contracted a \$19,124,308 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the cost of the construction of Michal and Renata Horstein Pavilion for Peace and the repairs and maintenance of capital assets.
- i) On January 30, 2017, the Museum contracted a \$880,725 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the digital cultural strategy project of the Museum, Phase I.
- j) In return of the loan, the Ministère de la Culture et des Communications has pledged a grant enabling the Museum to repay principal and interest according to schedule. The capital grant was recorded as a grant receivable.

7. DEFERRED CONTRIBUTIONS

The changes in the balance of deferred contributions related to capital assets for the years are as follows:

	2017	2016
	\$	\$
Balance, beginning of the year	73,163,347	67,406,402
Contributions received during the year	24,437,534	9,238,861
Amortization for the year	(4,070,681)	(3,481,916)
Balance, end of year	93,530,200	73,163,347

The changes in the balance of deferred contributions related to acquisitions of works of art are as follows:

	2017	2016
	\$	\$
Balance, beginning of the year	5,204,437	6,396,435
Amounts received during the year		
Donations and sponsorships	29,937	23,052
Donations from the Foundation	977,761	459,679
Investment revenue	2,000,565	(256,384)
Grants for acquisitions	—	30,000
Amortization for the year	(976,142)	(1,448,345)
Balance, end of year	7,236,558	5,204,437

8. EMPLOYEE FUTURE BENEFITS

PENSION PLAN

The Museum has a defined benefit pension plan offered to non-unionized employees of the Museum. The benefits of this plan are based on years of service and final earnings. Management has decided that there would not be any new beneficiaries of this plan as at June 1, 2008. As of that date, new non-unionized employees of the Museum benefit from a new defined contribution plan, for which the costs and the amounts paid for the year are \$111,131 (\$93,467 in 2016).

The Museum measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. The most recent actuarial valuation for funding purposes was performed as at December 31, 2015, and data has been extrapolated to March 31, 2017. The next required valuation will be performed as at December 31, 2018, and completed before September 30, 2019.

Information about the plan is as follows:

	2017	2016
	\$	\$
Accrued benefit obligations	15,135,600	14,217,100
Fair value of plan assets	14,790,500	13,558,400
Plan deficiency	345,100	658,700
Accrued benefit obligations recorded	345,100	658,700

Plan assets consist of:

	2017	2016
	%	%
Bonds	42.3	43.8
Annuity contract insured	18.5	20.6
Canadian shares	16.5	14.6
U.S. and international shares	19.5	17.8
Real estate	3.2	3.2
	100.0	100.0

Other information about the Museum's defined benefit pension plan is as follows:

	2017	2016
	\$	\$
Benefit costs	404,900	406,900
Cash payments recognized	580,100	680,500
Benefits paid by the plan	366,800	285,800

POST-EMPLOYMENT BENEFIT PLAN

The Museum has a post-employment benefit plan offered to all current retirees of the Museum. The benefits of this plan are based on years of service and final earnings. Management has decided that there would not be any new beneficiaries of this plan as at January 1, 2010.

The Museum measures its accrued benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation for funding purposes was performed as at March 31, 2017.

Information about the plan is as follows:

	2017	2016
	\$	\$
Accrued benefit obligations	816,000	707,700
Accrued benefit obligations recorded	816,000	707,700

Other information about the Museum post-employment benefit plan is as follows:

	2017	2016
	\$	\$
Benefit costs	34,300	34,700
Cash payment recognized	42,800	43,000

ASSUMPTIONS

The significant actuarial assumptions used by the Museum are as follows (weighted average):

	2017		2016	
	Pension plan	Post-employment benefit plan	Pension plan	Post-employment benefit plan
Accrued benefit obligations as at March 31	%	%	%	%
Discount rate	4.90	4.90	5.00	5.00
Rate of compensation increase	3.50	—	3.50	—
Benefit costs for the year ended March 31				
Discount rate	5.00	5.00	5.00	5.00
Expected long-term rate of return on plan assets	4.90	—	5.00	—
Rate of compensation increase	3.50	—	3.50	—

9. INVESTMENT INCOME RELATED TO ENDOWMENTS

The investment income on resources held for endowments are as follows:

	2017	2016
	\$	\$
Interest and dividends	463,099	459,520
Change in realized fair value of investments	616,034	217,487
Change in unrealized fair value of investments	1,455,150	(999,621)
	2,534,283	(322,614)

These income are presented as follows in the financial statements:

	2017		
	General Fund	Acquisitions Fund	Total
	\$	\$	\$
Investment income in the statement of operations and changes in net assets	533,718	—	533,718
Deferred contributions in the statement of financial position	—	2,000,565	2,000,565
	533,718	2,000,565	2,534,283

	2016		
	General Fund	Acquisitions Fund	Total
	\$	\$	\$
Investment income in the statement of operations and changes in net assets	(66,230)	—	(66,230)
Deferred contributions in the statement of financial position	—	(256,384)	(256,384)
	(66,230)	(256,384)	(322,614)

10. COMMITMENTS

The Museum is bound by a contract for the rental of space for the storage and conservation of works of art, collectors' items, archives and other similar property for a total amount of \$2,880,958.

The minimum payments required under this contract for the next five years are as follows:

	\$
2018	349,207
2019	349,207
2020	349,207
2021	349,207
2022	349,207

11. RELATED ORGANIZATIONS AND TRANSACTIONS

THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

The Montreal Museum of Fine Arts Foundation (the "Foundation") is considered, for accounting purposes, as a related organization to the Museum since some members of the Foundation's Board of Trustees are also part of Museum's Board of Trustees.

The Foundation, incorporated on March 24, 1994, under Part III of the *Companies Act* (Quebec), is a registered charity. The Foundation is mainly involved in soliciting and receiving donations, bequests and other contributions on behalf of the Museum and administering its funds. In addition, the Museum has entrusted the Foundation with the management of certain investments.

The Foundation organizes and manages fund-raising campaigns. From these campaigns, the Museum recorded donations totalling \$7,127,717 (\$8,343,728 in 2016), of which a portion of \$3,374,710 (\$2,748,452 in 2016) is presented in "Donations from the Foundation", \$2,040,318 (\$1,740,620 in 2016) is presented in "Donations and sponsorships" and \$1,712,689 (\$3,854,656 in 2016) is presented in "Deferred contributions". From all these donations, \$977,761 (\$459,679 in 2016) were for the acquisition of works of art, \$844,163 (\$755,626 in 2016) to support educational activities, \$1,811,343 (\$2,065,826 in 2016) for exhibitions, \$1,909,522 (\$1,667,620 in 2016) to support the Museum's day-to-day operations and for specific projects and \$1,584,928 (\$3,394,977 in 2016) for the realization of the Claire and Marc Bourgie Pavilion and the Michal and Renata Hornstein Pavilion for Peace.

12. FINANCIAL INSTRUMENTS

The Museum holds and issues financial instruments such as investments, grants receivable and debt instruments. The investments consist of:

	2017	2016
	\$	\$
Cash	355,585	246,629
Canadian bonds	4,248,166	4,477,089
International bonds	42,596	68,405
Canadian Equity Securities	8,889,823	7,450,302
U.S. and International Equity Securities	3,574,022	3,398,631
Canadian Equity Pooled Fund	911,165	675,345
U.S. and International Equity Pooled Fund	—	95,900
	18,021,357	16,412,301

MARKET RISK

Market risk is the risk investments in mutual funds are exposed to that is caused by changes in interest rates, stock exchange indicators and the level of volatility of these rates.

CREDIT RISK

The Museum has determined that credit risk is minimal given that the counterparties with which it conducts business are mainly government agencies. However, the Museum holds investments in bonds. Therefore, there is a risk that the bond issuer will be unable to pay its obligations towards the Museum and this will have an impact on the Museum's assets.

INTEREST RATE RISK

In its investment portfolio, the Museum holds bonds and interests in bond pooled funds bearing interest at fixed rates. Consequently, a change in market interest rates will affect the fair value of the bonds and bond pooled funds.

Interest rate risk related to the debt is judged to be low, as the debt (including interest payments) is subsidized by the Government of Quebec.

CURRENCY RISK

In its investment portfolio, the Museum holds interests in U.S. and international securities and in pooled funds invested in U.S. and international securities. Consequently, a currency fluctuation will have an impact on the fair value of these investments. Also, accounts payable and accrued liabilities on the statement of financial position include an amount of \$122,322 (\$63,890 as at March 31, 2016), denominated in euros and an amount of \$83,320 (\$8,513 as at March 31, 2016), denominated in U.S. dollars, and cash include an amount of \$161,616 (\$34,184 as at March 31, 2016), denominated in U.S. dollars.

13. COLLECTION OF THE MUSEUM

In its mission to attract the widest possible range of visitors, the Museum has, over the last 156 years or so of its existence, assembled one of the most significant and encyclopedic collections in North America.

The collection includes mainly paintings, drawings and prints, photographs, sculptures, installations, jewellery, woodcraft, ceramics, furniture and precious metal artifacts.

The collection has a global reach and covers all historical eras, from Antiquity to the present day.

The value of the collection is not reflected in the financial statements. Acquisitions are accounted for as expenses in the Acquisitions Fund. Donated works of art are accounted for at fair value based on external appraisal reports. They are fully amortized in the year of acquisition (see Note 2).

Restoration costs during the year amounted to approximately \$780,311 (\$672,692 in 2016).

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

MARCH 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Montreal Museum of Fine Arts Foundation

We have audited the financial statements of The Montreal Museum of Fine Arts Foundation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Montreal Museum of Fine Arts Foundation as at March 31, 2017, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for notforprofit organizations.

Debitte LLP¹

July 6, 2017

¹ CPA auditor, CA, public
accountancy permit No. A120628

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2017

	Restricted Funds							Total	
	General Fund	Pavilions' Fund	Desmarais and other Exhibition Fund	Jarislowsky Chair	Acquisition Fund	Educational Activities Fund	Total Restricted Funds	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Contributions	5,074,481	1,805,157	210,050	—	529,422	1,811,846	4,356,475	9,430,956	10,384,231
Interest and dividends	50,174	387,803	437,654	67,578	85,342	24,018	1,002,395	1,052,569	1,046,525
Change in realized fair value of investments	—	489,384	602,024	45,905	117,394	33,038	1,287,745	1,287,745	475,855
Change in unrealized fair value of investments	142,576	1,244,474	1,418,936	166,841	276,690	77,870	3,184,811	3,327,387	(2,164,425)
	5,267,231	3,926,818	2,668,664	280,324	1,008,848	1,946,772	9,831,426	15,098,657	9,742,186
Expenses									
Donations to the Museum	3,846,358	689,880	1,031,358	90,105	625,853	844,163	3,281,359	7,127,717	8,343,728
Investment management fees and safekeeping charges	7,253	89,229	102,257	19,034	19,941	5,612	236,073	243,326	250,797
Fundraising activities	1,190,502	—	—	—	—	—	—	1,190,502	523,251
Administration fees	548,629	—	—	—	—	—	—	548,629	439,030
	5,592,742	779,109	1,133,615	109,139	645,794	849,775	3,517,432	9,110,174	9,556,806
Excess (deficiency) of revenue over expenses	(325,511)	3,147,709	1,535,049	171,185	363,054	1,096,997	6,313,994	5,988,483	185,380

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2017

	Restricted Funds								Total			
	General Fund	Pavilions' Fund with clause	Desmarais and Other Exhibition Fund		Jarislowsky Chair with clause	Acquisition Fund		Educational Activities Fund		Total Restricted Funds	2017	2016
			With clause	Without clause		With clause	Without clause	With clause	Without clause			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	(1,915,500)	14,326,622	16,092,070	45,068	2,206,600	3,287,786	2,683,319	883,192	2,555,500	42,080,157	40,164,657	39,979,277
Excess (deficiency) of revenue over expenses	(325,511)	3,147,709	1,565,317	(30,268)	171,185	70,385	292,669	90,705	1,006,292	6,313,994	5,988,483	185,380
Net assets, end of year	(2,241,011)	17,474,331	17,657,387	14,800	2,377,785	3,358,171	2,975,988	973,897	3,561,792	48,394,151	46,153,140	40,164,657
* Consisting of:												
Endowments	—	—	—	—	2,000,000	—	—	—	—	2,000,000	2,000,000	2,000,000
Restricted, with clause	—	17,474,331	17,657,387	—	377,785	3,358,171	—	973,897	—	39,841,571	39,841,571	34,796,270
Restricted, without clause	—	—	—	14,800	—	—	2,975,988	—	3,561,792	6,552,580	6,552,580	5,283,887
Unrestricted	(2,241,011)	—	—	—	—	—	—	—	—	—	(2,241,011)	(1,915,500)
	(2,241,011)	17,474,331	17,657,387	14,800	2,377,785	3,358,171	2,975,988	973,897	3,561,792	48,394,151	46,153,140	40,164,657

The accompanying notes are an integral part of these financial statements.

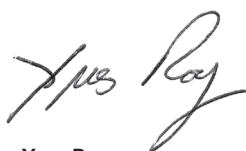
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	Restricted Funds						Total		
	General Fund	Pavilions' Fund	Desmarais and Other Exhibition Fund	Jarislowsky Chair	Acquisition Fund	Educational Activities Fund	Total Restricted Funds	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets									
Current assets									
Cash	3,203,106	—	—	—	—	—	—	3,203,106	3,060,170
Accounts receivable	43,211	—	—	—	—	—	—	43,211	377,191
Due from the Museum	—	—	—	—	2,840,201	—	2,840,201	2,840,201	2,840,201
Interfund balances	—	—	50,032*	4,077*	10,031*	3,562,890*	3,627,030*	—	—
	3,246,317	—	50,032	4,077	2,850,232	3,562,890	6,467,231	6,086,518	6,277,562
Investments (note 3)	2,332,376	17,521,979	17,622,155	2,373,708	3,483,927	972,799	41,974,568	44,306,944	37,758,363
	5,578,693	17,521,979	17,672,187	2,377,785	6,334,159	4,535,689	48,441,799	50,393,462	44,035,925
Liabilities									
Current liabilities									
Due to the Museum	2,865,322	—	—	—	—	—	—	2,865,322	2,746,268
Interfund balances	3,579,382*	47,648*	—	—	—	—	47,648*	—	—
	6,444,704	47,648	—	—	—	—	47,648	2,865,322	2,746,268
Deferred contributions – restricted 10 years – Mécénat Placements Culture Program (note 5)	1,375,000	—	—	—	—	—	—	1,375,000	1,125,000
	7,819,704	47,648	—	—	—	—	47,648	4,240,322	3,871,268
Net assets									
Endowments	—	—	—	2,000,000	—	—	2,000,000	2,000,000	2,000,000
Restricted, with clause	—	17,474,331	17,657,387	377,785	3,358,171	973,897	39,841,571	39,841,571	34,796,270
Restricted, without clause	—	—	14,800	—	2,975,988	3,561,792	6,552,580	6,552,580	5,283,887
Unrestricted	(2,241,011)	—	—	—	—	—	—	(2,241,011)	(1,915,500)
	(2,241,011)	17,474,331	17,672,187	2,377,785	6,334,159	4,535,689	48,394,151	46,153,140	40,164,657
	5,578,693	17,521,979	17,672,187	2,377,785	6,334,159	4,535,689	48,441,799	50,393,462	44,035,925

* These amounts are not included in the total column since they offset each other.

Approved by the Board



Yves Roy
Chairman of the Audit and
Financial Administration Committee
Trustee



Françoise E. Lyon
Trustee

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess of revenue over expenses	5,988,483	185,380
Adjustments for:		
Change in realized fair value of investments	(1,287,745)	(475,855)
Change in unrealized fair value of investments	(3,327,387)	2,164,425
	1,373,351	1,873,950
Net change in non-cash operating working capital items		
Accounts receivable	333,980	(304,866)
Due to the Museum	119,054	778,540
	1,826,385	2,347,624
Investing activities		
Net change in investments	(1,933,449)	(447,107)
Financing activities		
Deferred contributions – restricted 10 years – Mécénat Placements Culture Program	250,000	—
Net increase in cash	142,936	1,900,517
Cash, beginning of year	3,060,170	1,159,653
Cash, end of year	3,203,106	3,060,170

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. STATUS AND NATURE OF ACTIVITIES

The Montreal Museum of Fine Arts Foundation (the "Foundation") is incorporated as a not-for-profit organization under Part III of the *Companies Act* (Quebec). The Foundation is recognized as a registered charity and public foundation within the meaning of the *Income Tax Act*. The Foundation is involved mainly in soliciting and collecting donations, bequests and other contributions on behalf of the Montreal Museum of Fine Arts (the "Museum"), and in administering its funds. In addition, under Article 4 of the agreement between the Foundation and the Museum, the Museum has entrusted the Foundation with the administration of certain investments. These investments are excluded from the Foundation's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

RESTRICTED FUND ACCOUNTING

The Foundation follows the restricted fund method, whereby resources are classified into funds in accordance with specified activities or objectives.

I GENERAL FUND

The General Fund reports the assets and liabilities, revenue and expenses related to the Foundation's day-to-day operating activities as well as any other unrestricted fund item or restricted fund item, the materiality of which does not justify separate reporting.

II RESTRICTED FUNDS

Each restricted fund reports its assets and liabilities, revenue and expenses in accordance with its respective activities and purpose.

The funds report the allocation of restricted donations with a minimum ten-year conservation clause and those with no similar clause separately. These donations are recorded in the statement of operations in the fund corresponding to their restriction.

The Foundation contributes to funding the Museum's operations through the earnings on the investments in accordance with the objective of each fund.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments, which are measured at fair value at the statement of financial position date. Fair value fluctuations, which include interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses, are disclosed in the statement of operations.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment

of a previously written-down asset decrease and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

REVENUE RECOGNITION

I DONATIONS AND BEQUESTS

Donations and bequests are recorded in the year they are received.

II INVESTMENT INCOME

Investment income is recognized as revenue when earned.

III CONTRIBUTED SERVICES

Volunteers contribute a significant amount of time each year to the Foundation and the Museum's resources and premises are made available to the Foundation. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. INVESTMENTS

	2017	2016
	\$	\$
Cash	804,607	530,097
Canadian bonds	9,612,639	9,622,907
U.S. and International bonds	96,386	147,025
Canadian Equity Securities	20,115,657	16,013,429
U.S. and International Equity Securities	8,087,203	7,304,903
Canadian Equity Pooled Fund	2,061,761	1,451,565
International Equity Pooled Fund	—	206,124
Foundation of Greater Montréal Fund	3,528,691	2,482,313
	44,306,944	37,758,363

4. RELATED PARTY TRANSACTIONS

The following transactions are made in the normal course of operations and are recorded at the exchange amount.

THE MONTREAL MUSEUM OF FINE ARTS

The Montreal Museum of Fine Arts is considered, for accounting purposes, as a related organization to the Foundation since some members of the Museum's Board of Directors are also part of the Foundation's Board of Trustees, and that the Museum holds an economic interest, given the nature of the Foundation's activities.

Donations from the Foundation to the Museum are presented separately in the statement of operations. The related transactions are also presented separately in the statement of financial position, if any.

VOLUNTEER ASSOCIATION OF THE MONTREAL MUSEUM OF FINE ARTS

The Volunteers Association of the Montreal Museum of Fine Arts (the "Volunteer Association"), dissolved during fiscal year 2016-2017, was a separate not-for-profit organization incorporated under Part III of the *Companies Act* (Quebec). Its purpose was to organize fundraising activities within the public for the benefit of the Museum.

The prior year balances include an amount of \$958,000 of donations given by the Volunteer Association and included in "Contributions" in the statement of operations.

Accounts receivable as at March 31, 2016, include an amount of \$350,000 receivable from the Volunteer Association.

5. MÉCÉNAT PLACEMENTS CULTURE PROGRAM

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC AND MINISTÈRE DE LA CULTURE ET DES COMMUNICATIONS

The Foundation has participated five times in Mécénat Placements Culture Program of Conseil des arts et des lettres du Québec (CALQ) and of ministère de la Culture et des Communications (MCC). For this purpose, fund management agreements were entered into with The Foundation of Greater Montréal (FGM).

The following table shows the historical participation of the Foundation and the matching grants from the CALQ, as well as the accounting headings under which the amounts are presented in the financial statements.

Period	Foundation contribution	CALQ/MCC grant	
		Restricted funds 10 years	Restricted funds 2 years
	\$	\$	\$
Before October 1, 2013	500,000 ¹	375,000 ³	125,000 ⁴
After October 1, 2013	1,500,000 ²	500,000 ³	—
	2,000,000	875,000	125,000

1 From donations without external restriction presented under Deferred contributions – restricted 10 years – Mécénat Placements Culture Program.

2 From donations with external restriction, recognized in revenue of Pavilions' Fund.

3 Presented under Deferred contributions – restricted 10 years – Mécénat Placements Culture Program in the General Fund.

4 The two-year restriction period having elapsed, this amount was recognized as a grant revenue and is included in the net assets of the General Fund.

Under component 1 of the MCC Mécénat Placements Culture Program, the Foundation has reserved in fiscal 2015-2016 an amount of \$500,000 from donations received in fiscal 2015-2016 and has deposited in fiscal 2016-2017 an amount of \$500,000. An application for a matching grant has been made to the MCC in fiscal 2016-2017.

Investment income is recognized annually under the headings related to investment income in the statement of operations. The following table presents the changes in investments.

				Investment balance	Investment balance
	Contributions	Investment income	Withdrawals	March 31, 2017	March 31, 2016
	\$	\$	\$	\$	\$
Restricted funds 2 years	125,000	37,396	62,500	99,896	89,502
Restricted funds 10 years	2,875,000	690,024	136,229	3,428,795	2,392,810

6. FINANCIAL INSTRUMENTS

Due to its financial assets, the Foundation is exposed to the following risks related to its use of financial instruments:

MARKET RISK

Market risk is the risk to which investments are exposed to that is caused by changes in interest rates, stock exchange indicators and the level of volatility of these rates.

CREDIT RISK

The credit risk is due to the fact that the Foundation owns bonds. Therefore, there is a risk that the bond issuer will be unable to pay its obligations towards the Foundation, and this would have an impact on the assets of the Foundation.

INTEREST RATE RISK

In its investment portfolio, the Foundation holds bonds and interests in bond pooled funds bearing interest at fixed rates. Consequently, a change in market interest rates will affect the fair value of the bonds and bond pooled funds.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

