

**2018|2019
ANNUAL
REPORT
MONTREAL
MUSEUM OF
FINE ARTS**



**MONTREAL
MUSEUM OF
FINE ARTS
FOUNDATION**

- **MANAGEMENT REPORT**
- **FINANCIAL STATEMENTS**

MANAGEMENT REPORT OF THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

FISCAL YEAR 2018-2019 | APRIL 1, 2018 TO MARCH 31, 2019

By themselves, the financial statements cannot provide a complete picture of the Montreal Museum of Fine Arts (MMFA) Foundation's overall performance. As such, this management report, inspired by the guide published by CPA Canada, aims to facilitate a fuller understanding of the results. It reflects the views of the management team, and its objectives are to:

- Report on the Foundation's overall performance, commitments and cash flows.
- Present the Foundation's context, issues and outlook.

Fiscal 2018-2019 was a year of development and innovation for the Foundation, but also one of continuity and consolidation. Following two years of sustained growth, the Foundation's team has maintained its overall results in paid contributions, thanks to the growing success of its annual and major campaigns. The Foundation is taking every measure to expand all its initiatives, especially major donations. **For the year ended March 31, 2019, the Foundation reported an administrative cost ratio of 6.4%.¹**

SUMMARY OF THE 2018-2019 PERFORMANCE

PAID CONTRIBUTIONS, PLEDGES GENERATED AND INVESTMENT INCOME: \$16,176,101

- Total cashed revenues from donations and sponsorships:² \$8,841,804
- Pledged donations and sponsorships generated in 2018-2019 (unpaid): \$4,137,173
- Investment income: \$3,197,124

DONATIONS AND SPONSORSHIPS: \$9,535,447

- **Donations remitted to the Museum: \$8,628,061**
→ An increase of \$1,126,074 over fiscal 2017-2018 due to an increase in paid contributions and investment income.
- **Sponsorships paid directly to the Museum: \$907,386**
→ Sponsorship revenues are solicited by the Foundation team but paid directly to the Museum. As such, they are included in the Museum's financial statements and are not taken into account in calculating the Foundation's administrative cost ratio.

MEMBERSHIP AND CUSTOMER SERVICE

- The activities of the Membership and Customer Service department are also managed by the Foundation.
Revenues: \$3,709,544
→ These revenues are not included in the Foundation's financial statements but in those of the MMFA, and are not taken into account in calculating the administrative cost ratio.

¹ The administrative cost ratio corresponds to the total administrative costs (\$562,067) divided by the total revenues reported in the financial statements, excluding investment and grant income (\$8,841,804).

² Total revenues from donations and sponsorships, including payments from pledges concluded in previous fiscal years.

1. OVERALL PERFORMANCE OF THE MUSEUM FOUNDATION

1.1 ANNUAL CAMPAIGNS

ANNUAL FUNDRAISING CAMPAIGN: \$857,990

- 5,867 single donors (slight increase), including 3,597 new donors
- Average donation reached an all-time high of \$146, up \$11 from the previous year
- The implementation of a digital fundraising strategy, impact demonstration and the increase in requests for micro-donations are the source of this surge in revenues.
- Revenue growth of 16%, a new record

PHILANTHROPIC CIRCLES CAMPAIGN: \$1,074,104 (Revenues net of direct expenses)

- Circle community membership was maintained at over 1,000, including:
 - 480 Young Philanthropists' Circle members
 - 283 Angel Circle members
- Loyalty strategies have increased the renewal rate by 5%.
- The 30th anniversary celebrations of the President's Circle generated revenues of \$59,749.
- The 8% decrease in net revenues is attributable to the success of donation solicitations of \$5,000 and more, related to the additional tax credit for a first major cultural donation in the previous year. The renewal rate for this has been very low.

THE MUSEUM BALL CAMPAIGN AND OTHER FUNDRAISING EVENTS: \$1,367,857

(Revenues net of direct and indirect expenses)

- A new record for the Museum Ball, which generated \$1,511,069 in net proceeds, up \$87,917 over the previous year.
- A decrease in the number of other fundraising events explains the overall 11% drop in revenues for these activities. These results are directly in keeping with our strategic-orientations shift toward the solicitation of major gifts.

1.2 SPONSORSHIPS³

The Foundation's team generated sponsorship revenues for the Museum totalling \$907,386, thereby achieving the target set to meet the Museum's needs. It is difficult to compare sponsorship revenues from one year to the next, as annual objectives are set in relation to programming — mainly the major exhibitions — their projected attendance and the Museum's financial needs. In addition, there is a discrepancy in the Museum's financial statements, because the amounts received through exhibition sponsorships are first recorded on a cash basis and then distributed by the Museum according to the duration of the exhibitions, which often take place over more than one fiscal year.

Finally, it should be noted that to ensure consistency of approach and greater returns, two members of the Foundation team have been made responsible for soliciting sponsorships. Since sponsorship revenues are paid directly to the Museum, they are not included in the Foundation's financial statements.

Total revenues from 2018-2019 annual campaigns and sponsorships: \$4,207,337.

1.3 REVENUES FROM MAJOR CAMPAIGNS

The 2008-2012 major campaign to support the Claire and Marc Bourgie Pavilion of Quebec and Canadian Art and the 2014-2019 campaign for the Michal and Renata Hornstein Pavilion for Peace and the education and art therapy programs are nearing their end. Multi-year commitments are gradually being concluded. Several additional donations were confirmed during the year for the 2014-2019 campaign, allowing the Museum to reach its financial objective of \$49.7 million. Contributions from these two major campaigns paid during fiscal 2018-2019 amounted to \$2,556,028, including two donations totalling \$33,710 made directly to the Museum.

Appeals for major donations are ongoing for various Museum projects, including the upcoming inauguration of The Arts of One World Stephan Crétier and Stephany Maillery Wing. As a result, additional major donations of \$631,939 were made during 2018-2019.

³ Revenues from sponsorships are not included in the Foundation's financial statements but in those of the MMFA.

**Contributions paid from these major campaigns
for the 2018-2019 fiscal year total \$3,187,967, an increase of 24%.**

1.4 MONETARY DONATIONS FOR THE ACQUISITION OF WORKS

Working closely with the curatorial team and Museum management, the Foundation raised \$1,345,031 in monetary donations for the acquisition of works of art in fiscal 2018-2019. Since the MMFA must self-fund nearly 100% of its acquisitions, these donations are vitally important for the enrichment of its encyclopedic collection. Included in this amount in 2018-2019 are net proceeds of \$279,441 from a one-time third party event. Funds raised through the Fête Champêtre, held in Toronto, were donated to the Museum's art acquisition funds, mainly for international art after 1900, according to the wishes of the organizing donor. It should be noted that the total revenues collected by this event are \$436,382, of which \$156,941 was recorded in 2017-2018.

1.5 PLANNED GIFTS

One of the Foundation's employees is partially dedicated to developing planned giving (bequests, insurance policies, securities). This sector continues to grow, and the results are encouraging, with many commitments confirmed again this year.

A significant donation through a life insurance policy concluded during the previous year is reflected in the financial statements under the line Major campaigns by a second payment of \$101,469. The other planned giving amounts paid in 2018-2019 are also included in major campaign revenues.

1.6 OTHER CONTRIBUTIONS

No other contributions, such as deferred contributions, grants or government programs were made during this fiscal year.

**Contribution levels in paid donations and sponsorships were maintained
from the previous year, totalling \$8,841,804.**

1.7 INVESTMENT INCOME

The Foundation's investment income was \$3,197,124, based on an average rate of return of 6% (year ended March 31, 2019), compared with an average rate of 4.5% for fiscal 2017-2018. This considerably influenced the comparative overall results.

1.8 PLEDGES

The Museum Foundation team is redoubling its efforts to conclude agreements for major donations through multi-year commitments commonly referred to as "pledges." This strategy fosters lasting ties with major donors, which lead to tangible, and transformational impacts on the Museum.

Pledges, donations and sponsorships promised to but uncashed by the Foundation in 2018-2019 total \$4,137,173. The pledges generated this year – in addition to those confirmed in previous years – involve the management of over 100 files of major donors (individuals, businesses and foundations) by the Foundation team. Of these pledge files, thirty-one (31) were confirmed in fiscal 2018-2019, namely:

- Two (2) donations of \$1 million
- Four (4) donations of \$250,000 to \$500,000
- Eight (8) donations of \$100,000 to \$200,000
- Seventeen (17) donations of less than \$100,000

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

MARCH 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Montreal Museum of Fine Arts Foundation

OPINION

We have audited the financial statements of The Montreal Museum of Fine Arts Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, 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.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Management Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*¹

July 26, 2019

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

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2019

	Restricted Funds							Total	
	General Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total Restricted Funds	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Contributions									
Major campaigns	1,931,907	—	—	—	1,345,031	1,323,820	2,668,851	4,600,758	4,224,268
Annual campaigns	2,118,773	—	233,143	—	—	—	233,143	2,351,916	2,235,925
Fundraising events	1,889,130	—	—	—	—	—	—	1,889,130	1,917,311
	5,939,810	—	233,143	—	1,345,031	1,323,820	2,901,994	8,841,804	8,377,504
Investments (note 4)	142,811	1,167,217	1,200,505	191,219	428,143	67,229	3,054,313	3,197,124	2,253,829
Grant (note 6)	—	—	—	—	—	—	—	—	187,500
	6,082,621	1,167,217	1,433,648	191,219	1,773,174	1,391,049	5,956,307	12,038,928	10,818,833
Expenses									
Campaigns	1,481,506	—	—	—	—	—	—	1,481,506	1,341,004
Fundraising events	521,273	—	—	—	—	—	—	521,273	523,260
Investment management fees and safekeeping charges	11,374	98,196	98,595	19,547	31,368	5,498	253,204	264,578	185,719
Administration fees	562,067	—	—	—	—	—	—	562,067	552,539
	2,576,220	98,196	98,595	19,547	31,368	5,498	253,204	2,829,424	2,602,522
Excess of revenue over expenses before donations to the Museum	3,506,401	1,069,021	1,335,053	171,672	1,741,806	1,385,551	5,703,103	9,209,504	8,216,311
Donations to the Museum	3,560,290	1,051,780	1,338,386	99,755	1,532,790	1,045,060	5,067,771	8,628,061	7,501,987
Excess (deficiency) of revenue over expenses	(53,889)	17,241	(3,333)	71,917	209,016	340,491	635,332	581,443	714,324

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

	Restricted Funds								Total			
	General Fund	Pavilions Fund with clause	Desmarais and Other Exhibitions Fund		Jarislowsky Chair with clause	Acquisitions Fund		Educational Activities Fund		Total Restricted Funds	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	(1,948,286)	17,548,508	17,617,435	50,000	2,348,261	3,773,985	2,947,137	977,323	3,553,101	48,815,750	46,867,464	46,153,140
Excess (deficiency) of revenue over expenses	(53,889)	17,241	46,667	(50,000)	71,917	188,734	20,282	13,249	327,242	635,332	581,443	714,324
Net assets, end of year	(2,002,175)	17,565,749	17,664,102	—	2,420,178	3,962,719	2,967,419	990,572	3,880,343	49,451,082	47,448,907	46,867,464
Consisting of:												
Endowments	—	—	—	—	2,000,000	—	—	—	—	2,000,000	2,000,000	2,000,000
Restricted, with clause	—	17,565,749	17,664,102	—	420,178	3,962,719	—	990,572	—	40,603,320	40,603,320	40,265,512
Restricted, without clause	—	—	—	—	—	—	2,967,419	—	3,880,343	6,847,762	6,847,762	6,550,238
Unrestricted	(2,002,175)	—	—	—	—	—	—	—	—	—	(2,002,175)	(1,948,286)
	(2,002,175)	17,565,749	17,664,102	—	2,420,178	3,962,719	2,967,419	990,572	3,880,343	49,451,082	47,448,907	46,867,464

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

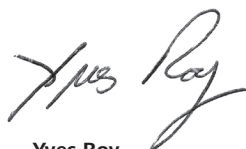
	Restricted Funds							Total	
	General Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total Restricted Funds	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets									
Current assets									
Cash	4,488,586	—	—	—	—	—	—	4,488,586	3,716,194
Accounts receivable	611	6,257	6,868	1,362	2,185	383	17,055	17,666	11,680
Due from the Museum	—	—	—	—	—	—	—	—	1,800,075
Interfund balances	—	—	—	5,493*	—	3,869,536*	3,875,029*	—	—
	4,489,197	6,257	6,868	6,855	2,185	3,869,919	3,892,084	4,506,252	5,527,949
Investments (note 3)	2,597,436	17,944,488	17,783,243	2,413,323	7,188,353	1,000,996	46,330,403	48,927,839	45,620,133
	7,086,633	17,950,745	17,790,111	2,420,178	7,190,538	4,870,915	50,222,487	53,434,091	51,148,082
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	15,351	—	—	—	—	—	—	15,351	—
Deferred revenue	83,650	—	—	—	1,200	—	1,200	84,850	—
Due to the Museum	4,697,483	—	—	—	—	—	—	4,697,483	3,343,118
Interfund balances	3,104,824*	384,996*	126,009*	—	259,200*	—	770,205*	—	—
	7,901,308	384,996	126,009	—	260,400	—	771,405	4,797,684	3,343,118
Deferred contributions – restricted 10 years – Mécénat Placements Culture program (note 6)	1,187,500	—	—	—	—	—	—	1,187,500	937,500
	9,088,808	384,996	126,009	—	260,400	—	771,405	5,985,184	4,280,618
Net assets									
Endowments	—	—	—	2,000,000	—	—	2,000,000	2,000,000	2,000,000
Restricted, with clause	—	17,565,749	17,664,102	420,178	3,962,719	990,572	40,603,320	40,603,320	40,265,512
Restricted, without clause	—	—	—	—	2,967,419	3,880,343	6,847,762	6,847,762	6,550,238
Unrestricted	(2,002,175)	—	—	—	—	—	—	(2,002,175)	(1,948,286)
	(2,002,175)	17,565,749	17,664,102	2,420,178	6,930,138	4,870,915	49,451,082	47,448,907	46,867,464
	7,086,633	17,950,745	17,790,111	2,420,178	7,190,538	4,870,915	50,222,487	53,434,091	51,148,082

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

Approved by the Board



Sylvie Demers
President
Trustee



Yves Roy
Chair of the Budget,
Audit and Allocation Committee
Trustee

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenue over expenses	581,443	714,324
Adjustments for:		
Change in realized fair value of investments	(865,641)	(1,451,112)
Change in unrealized fair value of investments	(896,440)	1,016,023
Grant and contributions recognized as revenue – Mécénat Placements Culture program	—	(437,500)
	(1,180,638)	(158,265)
Net change in non-cash operating working capital items		
Accounts receivable	(5,986)	31,531
Due from the Museum	1,800,075	1,040,126
Accounts payable and accrued liabilities	15,351	—
Deferred revenue	84,850	—
Due to the Museum	1,354,365	477,796
	2,068,017	1,391,188
Investing activities		
Net change in investments	(1,545,625)	(878,100)
Financing activities		
Deferred contributions – restricted 10 years – Mécénat Placements Culture program	250,000	—
Net increase in cash	772,392	513,088
Cash, beginning of year	3,716,194	3,203,106
Cash, end of year	4,488,586	3,716,194

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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, 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 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 the statement of operations in the period the reversal occurs.

REVENUE RECOGNITION

I CONTRIBUTIONS

Donations and bequests are recorded in the year they are received. Revenue from fundraising events are recorded in the year during which the event takes place.

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.

IV EXPENSE SHARING

The Foundation classifies expenses on the statement of operations by function. Expenses related to each function include all direct costs related to this function, including salaries and other direct charges and a portion of shared and indirect costs. Salaries and fringe benefits are allocated proportionally on the basis of hours incurred directly in undertaking a function.

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 as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. INVESTMENTS

	2019	2018
	\$	\$
Cash	736,135	257,860
Canadian bonds	10,725,940	6,278,343
U.S. and international bonds	50,601	50,666
Canadian equity securities	18,122,990	20,056,245
U.S. and international equity securities	8,535,628	8,667,720
Canadian Equity Pooled Fund	6,319,283	6,247,974
International Equity Pooled Fund	346,869	370,352
Foundation of Greater Montreal Fund	4,090,393	3,690,973
	48,927,839	45,620,133

4. INVESTMENT INCOME

The investment income is as follows:

	2019	2018
	\$	\$
Interest and dividends	1,435,043	1,818,740
Change in realized fair value of investments	865,641	1,451,112
Change in unrealized fair value of investments	896,440	(1,016,023)
	3,197,124	2,253,829

5. RELATED PARTY TRANSACTIONS

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.

During the year, the Museum charged administrative fees of \$150,000 (\$150,000 in 2018) to the Foundation. These administrative fees are presented in "Administration fees" of the statement of operations.

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

6. MÉCÉNAT PLACEMENTS CULTURE PROGRAM

The Foundation has participated five times in the Mécénat Placements Culture program of the Conseil des arts et des lettres du Québec (CALQ) and the Ministère de la Culture et des Communications (MCC). For this purpose, fund management agreements were entered into with the Foundation of Greater Montreal (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 10 years	Restricted funds 2 years
	\$	\$	\$
Before October 1, 2013	500,000 ¹	375,000 ³	125,000 ⁵
After October 1, 2013	1,500,000 ²	750,000 ⁴	—
	2,000,000	1,125,000	125,000

1 From donations without external restriction, including \$250,000 presented under *Deferred contributions – restricted 10 years – Mécénat Placements Culture program* and \$250,000 previously recognized as a contribution revenue included in the net assets of the General Fund, the ten-year restriction period having elapsed.

2 From donations with external restriction, previously recognized in revenue and added to permanent capital of the Pavilions Fund.

3 \$187,500 presented under *Deferred contributions – restricted 10 years – Mécénat Placements Culture program* in the General Fund and \$187,500 previously recognized as a grant revenue included in the net assets of the General Fund, the ten-year restriction period having elapsed.

4 Presented under *Deferred contributions – restricted 10 years – Mécénat Placements Culture program* in the General Fund.

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

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.

Account				Investment balance	Investment balance
	Contributions	Investment income	Withdrawals	March 31, 2019	March 31, 2018
	\$	\$	\$	\$	\$
Restricted funds 2 years	125,000	47,634	62,500	110,134	105,985
Restricted funds 10 years	3,125,000	1,041,889	186,630	3,980,259	3,584,988

7. 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 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.

8. COMPARATIVE FIGURES

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

