



MONTREAL  
MUSEUM OF  
FINE ARTS

**FINANCIAL  
STATEMENTS OF  
THE MONTREAL  
MUSEUM OF  
FINE ARTS  
FOUNDATION**

# FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

MARCH 31, 2021

## 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, 2021, 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, 2021, 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.

### 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*

June 23, 2021

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

# STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2021

	Restricted Funds								Total	
	General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total Restricted Funds	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Contributions										
Major campaigns	1,439,507	—	—	—	—	326,238	914,344	1,240,582	2,680,089	3,735,487
Annual campaigns	1,589,318	—	—	660,000	—	—	—	660,000	2,249,318	3,138,170
Benefit events	1,420,422	—	—	—	—	—	—	—	1,420,422	2,123,541
	4,449,247	—	—	660,000	—	326,238	914,344	1,900,582	6,349,829	8,997,198
Investment income (note 4)	515,541	245,246	4,377,395	4,073,350	951,677	1,722,727	254,658	11,625,053	12,140,594	(2,895,480)
Grants (notes 6 and 7)	511,105	605,214	—	—	—	—	—	605,214	1,116,319	187,500
	5,475,893	850,460	4,377,395	4,733,350	951,677	2,048,965	1,169,002	14,130,849	19,606,742	6,289,218
<b>Expenses</b>										
Fundraising events	1,075,639	—	—	—	—	—	—	—	1,075,639	1,286,015
Benefit events	112,157	—	—	—	—	—	—	—	112,157	533,440
Investment management and safekeeping	12,777	6,326	110,250	102,711	29,769	43,435	6,422	298,913	311,690	286,767
Administrative expenses	453,463	—	—	—	—	—	—	—	453,463	626,780
	1,654,036	6,326	110,250	102,711	29,769	43,435	6,422	298,913	1,952,949	2,733,002
Excess of revenue over expenses before donations to the Museum	3,821,857	844,134	4,267,145	4,630,639	921,908	2,005,530	1,162,580	13,831,936	17,653,793	3,556,216
Donations to the Museum	403,091	—	—	1,669,000	—	578,008	—	2,247,008	2,650,099	6,922,840
Excess (deficiency) of revenue over expenses	3,418,766	844,134	4,267,145	2,961,639	921,908	1,427,522	1,162,580	11,584,928	15,003,694	(3,366,624)

# STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

	Restricted Funds										Total		
	General Fund	MCC Matching Fund	Pavilions Fund with clause	Desmarais and Other Exhibitions Fund		Jarislowsky Chair with clause	Acquisitions Fund		Educational Activities Fund		Total Restricted Funds	2021	2020
	\$	\$	\$	with clause	without clause	\$	with clause	without clause	with clause	without clause	\$	\$	\$
Net assets, beginning of year	(1,498,973)	500,000	15,315,108	13,969,116	1,009,000	3,691,317	3,341,145	2,595,730	870,437	4,289,403	45,581,256	44,082,283	47,448,907
Excess (deficiency) of revenue over expenses	3,418,766	844,134	4,267,145	3,970,639	(1,009,000)	921,908	618,695	808,827	247,383	915,197	11,584,928	15,003,694	(3,366,624)
Interfund transfers	(250,000)	250,000	—	—	—	—	—	—	—	—	250,000	—	—
Net assets, end of year	1,669,793	1,594,134	19,582,253	17,939,755	—	4,613,225	3,959,840	3,404,557	1,117,820	5,204,600	57,416,184	59,085,977	44,082,283
Consisting of													
Endowments	—	605,214	—	—	—	2,000,000	—	—	—	—	2,605,214	2,605,214	2,000,000
Restricted, with clause	—	—	19,582,253	17,939,755	—	2,613,225	3,959,840	—	1,117,820	—	45,212,893	45,212,893	35,187,123
Restricted, without clause	—	238,920	—	—	—	—	3,404,557	—	5,204,600	8,848,077	8,848,077	8,848,077	7,894,133
Internally restricted	—	750,000	—	—	—	—	—	—	—	—	750,000	750,000	500,000
Unrestricted	1,669,793	—	—	—	—	—	—	—	—	—	—	1,669,793	(1,498,973)
	1,669,793	1,594,134	19,582,253	17,939,755	—	4,613,225	3,959,840	3,404,557	1,117,820	5,204,600	57,416,184	59,085,977	44,082,283

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

# STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	Restricted Funds							Total		
	General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislawsky Chair	Acquisitions Fund	Educational Activities Fund	Total Restricted Funds	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>										
<b>Current assets</b>										
Cash	7,951,706	—	—	—	—	—	—	—	7,951,706	781,611
Accounts receivable	17,504	440	7,128	7,154	2,075	3,025	447	20,269	37,773	41,657
Advance to the Museum	—	—	—	—	—	—	—	—	—	808,461
Interfund advances	—	24,987*	715,849*	704,474*	168,642*	—	5,248,484*	6,862,436*	—	—
	7,969,210	25,427	722,977	711,628	170,717	3,025	5,248,931	6,882,705	7,989,479	1,631,729
Investments (note 3)	2,798,297	1,568,707	18,859,276	17,228,127	4,442,508	7,381,395	1,073,489	50,553,502	53,351,799	43,428,236
	10,767,507	1,594,134	19,582,253	17,939,755	4,613,225	7,384,420	6,322,420	57,436,207	61,341,278	45,059,965
<b>Liabilities</b>										
<b>Current liabilities</b>										
Accounts payable and accrued liabilities	56,612	—	—	—	—	—	—	—	56,612	12,536
Deferred revenue	370,146	—	—	—	—	—	—	—	370,146	215,146
Due to the Museum	1,078,543	—	—	—	—	—	—	—	1,078,543	—
Interfund advances	6,842,413*	—	—	—	—	20,023*	—	20,023*	—	—
	8,347,714	—	—	—	—	20,023	—	20,023	1,505,301	227,682
Deferred contributions – restricted 10 years – Mécénat Placements Culture program (note 6)	750,000	—	—	—	—	—	—	—	750,000	750,000
	9,097,714	—	—	—	—	20,023	—	20,023	2,255,301	977,682
<b>Net assets</b>										
Endowments	—	605,214	—	—	2,000,000	—	—	2,605,214	2,605,214	2,000,000
Restricted, with clause	—	—	19,582,253	17,939,755	2,613,225	3,959,840	1,117,820	45,212,893	45,212,893	35,187,123
Restricted, without clause	—	238,920	—	—	—	3,404,557	5,204,600	8,848,077	8,848,077	7,894,133
Internally restricted (note 7)	—	750,000	—	—	—	—	—	750,000	750,000	500,000
Unrestricted	1,669,793	—	—	—	—	—	—	—	1,669,793	(1,498,973)
	1,669,793	1,594,134	19,582,253	17,939,755	4,613,225	7,364,397	6,322,420	57,416,184	59,085,977	44,082,283
	10,767,507	1,594,134	19,582,253	17,939,755	4,613,225	7,384,420	6,322,420	57,436,207	61,341,278	45,059,965

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

Approved by the Board,



**Sylvie Demers**  
President  
Trustee



**Henry Mizrahi**  
Chair of the Budget, Audit  
and Allocation Committee  
Trustee

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

# STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	2021	2020
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	15,003,694	(3,366,624)
Adjustments for:		
Change in realized fair value of investments	(2,451,748)	(1,014,824)
Change in unrealized fair value of investments	(8,207,386)	5,439,312
Grant and contributions recognized as revenue – Mécénat Placements Culture program	—	(437,500)
	4,344,560	620,364
<b>Net change in non-cash operating working capital items</b>		
Accounts receivable	3,884	(23,991)
Advance to the Museum	808,461	(808,461)
Accounts payable and accrued liabilities	44,076	(2,815)
Deferred revenue	155,000	130,296
Due to the Museum	1,078,543	(4,697,483)
	6,434,524	(4,782,090)
<b>Investing activities</b>		
Net change in investments	735,571	1,075,115
Net increase (decrease) in cash	7,170,095	(3,706,975)
Cash, beginning of year	781,611	4,488,586
Cash, end of year	7,951,706	781,611

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

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

### 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. 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.

#### GENERAL

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.

## 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, with the exception of the Advance to the Museum. 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 amortization 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 amortization 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

### REVENUE

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

### INVESTMENTS

Investment income is recognized as revenue when earned.

### 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.

## EXPENSE SHARING

The Foundation classifies expenses on the statement of operations by function. Expenses related to each function include staff costs and other expenses directly related thereto as well as a portion of the administrative salary expenses of the Foundation. 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

	2021	2020
	\$	\$
Cash	889,109	1,199,294
Canadian bonds	8,266,133	9,659,770
Canadian equity securities	21,221,775	14,278,570
U.S. and international equity securities	8,833,898	6,317,644
Canadian Equity Pooled Fund	7,590,168	6,616,733
International Equity Pooled Fund	2,094,788	1,713,999
Foundation of Greater Montreal Fund	4,455,928	3,642,226
	53,351,799	43,428,236

## 4. INVESTMENT INCOME

The investment income is as follows:

	2021	2020
	\$	\$
Interest and dividends	1,481,460	1,529,008
Change in realized fair value of investments	2,451,748	1,014,824
Change in unrealized fair value of investments	8,207,386	(5,439,312)
	12,140,594	(2,895,480)

## 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 Trustees 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 current year, the Museum did not charge administrative fees (\$150,000 charged in 2020) to the Foundation. These administrative fees are presented in the Administrative expenses item 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 and the MCC, 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 <sup>1</sup>	375,000 <sup>3</sup>	125,000 <sup>5</sup>
After October 1, 2013	1,500,000 <sup>2</sup>	750,000 <sup>4</sup>	—
<b>Total</b>	<b>2,000,000</b>	<b>1,125,000</b>	<b>125,000</b>

- From donations without external restriction. The 10-year restriction period having elapsed, this amount was previously recognized as contribution revenue and is included in the net assets of the General Fund.
- From donations with external restriction, recognized in revenue and added to permanent capital of the Pavilions Fund.
- The 10-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.
- Presented under Deferred contributions – restricted 10 years – Mécénat Placements Culture program in the General Fund.
- 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	Contributions	Investment income	Withdrawals	2021	2020
	\$	\$	\$	\$	\$
Restricted funds 2 years	125,000	66,138	(62,500)	128,638	105,148
Restricted funds 10 years	3,125,000	1,663,319	(461,029)	4,327,290	3,537,078

## 7. MCC MATCHING PROGRAM

The Foundation participates to the MCC donations matching program to receive endowments in the form of matching grants (MCC Matching Fund). In order to meet the program criteria, the Foundation allocated an amount of \$750,000 in connection with this program. This amount must be maintained at all times.

The following table presents the history of the Foundation's participations and the matching grants received from the MCC.

Period	Foundation Contribution	MCC Grant
	\$	\$
Fiscal year 2018-2019	250,000	—
Fiscal year 2019-2020	250,000	—
Fiscal year 2020-2021	250,000 <sup>1</sup>	605,214 <sup>2</sup>
	<b>750,000</b>	<b>605,214</b>

- The Foundation will submit a matching grant request during the 2021-2022 fiscal year.
- In May 2020, the Foundation received \$285,714 for its grant matching request of 2018-2019, and in March 2021, the Foundation received \$319,500 for its grant matching request of 2019-2020.

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

	Contributions	Investment income	Payment to the Museum	2021	2020
	\$	\$	\$	\$	\$
	1,355,214	238,480	24,987	1,568,707	500,000

## 8. 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.

## 9. COMPARATIVE FIGURES

Certain comparative figures from the previous year have been reclassified to conform to the presentation adopted in the current year.