



MONTREAL
MUSEUM OF
FINE ARTS

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

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS

MARCH 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of The Montreal Museum of Fine Arts

OPINION

We have audited the financial statements of The Montreal Museum of Fine Arts (the "Museum"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and 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 Museum 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 Museum 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 Museum'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 Museum or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Museum'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 Museum'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 Museum'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 Museum 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

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	General Fund	Capital Assets Fund	Acquisitions Fund	Employee Benefit Fund	Total	
					2021	2020
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and term deposits	2,499,028	7,723	241,670	—	2,748,421	2,692,386
Accounts receivable	904,518	32,487	16,971	—	953,976	1,144,916
Interfund balances	6,595,928	(7,686,067)	1,090,139	—	—	—
Amount receivable from the Foundation, non-interest-bearing and without specific terms of repayment	1,078,543	—	—	—	1,078,543	—
Grants receivable	2,804,714	4,656,913	—	—	7,461,627	5,317,289
Inventories of the Boutique and Bookstore	817,625	—	—	—	817,625	1,059,347
Prepaid expenses	128,034	—	—	—	128,034	1,764,078
	14,828,390	(2,988,944)	1,348,780	—	13,188,226	11,978,016
Grants receivable	833,948	18,827,738	—	—	19,661,686	22,138,763
Investments (note 12)	9,051,658	—	15,606,710	—	24,658,368	21,825,281
Capital assets (note 4)	—	116,006,005	—	—	116,006,005	118,378,730
Collection (note 2)	—	—	1,000	—	1,000	1,000
	24,713,996	131,844,799	16,956,490	—	173,515,285	174,321,790
Liabilities						
Current liabilities						
Bank loans (note 5)	6,800,000	2,255,868	—	—	9,055,868	7,137,868
Accrued interest	6,410	39,149	—	—	45,559	70,797
Accounts payable and accrued liabilities	4,317,748	—	—	—	4,317,748	4,523,403
Deferred revenue	2,750,596	—	—	—	2,750,596	3,440,999
Deferred contributions	6,134,950	—	—	—	6,134,950	6,890,219
Advance from the Foundation, non-interest-bearing and without specific terms of repayment	—	—	—	—	—	808,461
Current portion of debt (note 6)	416,467	4,617,458	—	—	5,033,925	4,987,668
	20,426,171	6,912,475	—	—	27,338,646	27,859,415
Debt (note 6)	833,948	10,525,638	—	—	11,359,586	15,893,411
Deferred contributions (note 7)	—	86,999,867	8,616,286	—	95,616,153	95,208,938
Accrued benefit obligations – pension plan (note 8)	—	—	—	—	—	106,800
Accrued benefit obligations – post-employment benefits (note 8)	—	—	—	653,800	653,800	675,600
	21,260,119	104,437,980	8,616,286	653,800	134,968,185	139,744,164
Commitments and contingency (notes 10 and 14)						
Net assets						
Endowments	1,365,806	—	8,340,204	—	9,706,010	9,681,443
Invested in capital assets	—	25,397,717	—	—	25,397,717	25,397,717
Internally restricted	3,463,443	2,009,102	—	—	5,472,545	2,643,600
Revaluation and other items recognized related to the defined benefit plans	—	—	—	1,522,400	1,522,400	1,941,000
Unrestricted	(1,375,372)	—	—	(2,176,200)	(3,551,572)	(5,086,134)
	3,453,877	27,406,819	8,340,204	(653,800)	38,547,100	34,577,626
	24,713,996	131,844,799	16,956,490	—	173,515,285	174,321,790

Approved by the Board,

Pierre Bourgie

Pierre Bourgie
Chair of the Board
Trustee

Roger Fournelle

Roger Fournelle
Vice-President
Trustee

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

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

	General Fund		Capital Assets Fund	Acquisitions Fund	Employee Benefit Fund	Total	
	Operations	Restrictions				2021	2020
Revenue	\$	\$	\$	\$	\$	\$	\$
General							
Admissions and special events	774,422	—	—	—	—	774,422	5,902,298
Boutique and Bookstore	776,238	—	—	—	—	776,238	2,267,162
Donations of works of art	—	—	—	10,487,488	—	10,487,488	7,922,322
Donations and sponsorships	320,288	—	—	—	—	320,288	689,277
Donations from the Foundation (note 11)	1,667,309	—	—	—	—	1,667,309	5,315,213
Exhibition catalogues	100,358	—	—	—	—	100,358	384,005
Annual memberships	1,283,857	—	—	—	—	1,283,857	3,685,786
Exhibition participation	884,294	—	—	—	—	884,294	2,584,995
Investments (note 9)	74,897	2,238,109	—	—	—	2,313,006	(610,290)
Rental income	216,009	—	—	—	—	216,009	311,737
Miscellaneous	353,194	—	—	—	—	353,194	641,415
	6,450,866	2,238,109	—	10,487,488	—	19,176,463	29,093,920
Operating and specific projects grants (note 3)	23,722,545	—	—	—	—	23,722,545	17,588,677
Grants for expansion projects (note 3)	40,657	—	383,843	—	—	424,500	506,487
Amortization of deferred contributions related to capital assets (note 7)	—	—	5,535,494	—	—	5,535,494	5,267,569
Amortization of deferred contributions related to acquisitions of works of art (note 7)	—	—	—	1,221,582	—	1,221,582	2,017,173
	30,214,068	2,238,109	5,919,337	11,709,070	—	50,080,584	54,473,826
Expenses							
Temporary exhibitions	3,536,835	—	—	—	—	3,536,835	6,912,189
Permanent collection	1,241,710	—	—	—	—	1,241,710	3,644,324
Security and maintenance	5,236,895	—	—	—	—	5,236,895	5,788,830
Administrative expenses	6,441,133	—	22,296	—	303,100	6,766,529	5,315,920
Educational programs	1,412,975	—	—	—	—	1,412,975	3,021,414
Boutique and Bookstore	1,131,920	—	—	—	—	1,131,920	2,234,734
Curatorial services	4,554,066	—	—	316,374	—	4,870,440	6,052,844
Communications	3,185,588	—	—	—	—	3,185,588	5,880,870
Amortization of capital assets	—	—	5,583,001	—	—	5,583,001	5,550,354
Loss on write-off of capital assets	—	—	622,781	—	—	622,781	41,533
Acquisitions of works of art	—	—	—	812,385	—	812,385	1,714,166
Amortization of works of art	—	—	—	10,487,488	—	10,487,488	7,922,322
Rental building	254,646	—	—	—	—	254,646	362,454
Investment management fees	—	56,560	—	92,823	—	149,383	150,099
Interest – projects	40,658	—	383,843	—	—	424,501	506,487
	27,036,426	56,560	6,611,921	11,709,070	303,100	45,717,077	55,098,540
Excess (deficiency) of revenue over expenses before interfund transfers	3,177,642	2,181,549	(692,584)	—	(303,100)	4,363,507	(624,714)
Interfund transfers							
Contributions from General Fund							
to Employee Benefit Fund	(900,300)	—	—	—	900,300	—	—
to Capital Assets Fund	(1,339,980)	—	1,339,980	—	—	—	—
Excess (deficiency) of revenue over expenses after interfund transfers	937,362	2,181,549	647,396	—	597,200	4,363,507	(624,714)
Endowment contributions	—	24,567	—	—	—	24,567	28,531
Change in revaluations and other recognized elements	—	—	—	—	(418,600)	(418,600)	(110,100)
Net assets, beginning of year	(2,312,734)	2,623,133	26,759,423	8,340,204	(832,400)	34,577,626	35,283,909
Net assets, end of year	(1,375,372)	4,829,249	27,406,819	8,340,204	(653,800)	38,547,100	34,577,626

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	4,363,507	(624,714)
Adjustments for:		
Change in fair value of investments	(2,111,090)	928,923
Amortization of capital assets	5,583,001	5,550,354
Loss on write-off of capital assets	622,781	41,533
Amortization of deferred contributions related to capital assets	(5,535,494)	(5,267,569)
Amortization of deferred contributions related to acquisitions of works of art	(1,221,582)	(2,017,173)
Accrued benefit obligation	(547,200)	(141,600)
	1,153,923	(1,530,246)
Net change in non-cash operating working capital items	(1,494,864)	1,950,555
	(340,941)	420,309
Investing activities		
Net change in grants receivable	2,389,487	(1,524,565)
Net change in investments	2,647,614	2,167,438
Purchase of capital assets	(3,833,057)	(5,061,476)
	1,204,044	(4,418,603)
Financing activities		
Net change in bank loans	1,918,000	(1,908,000)
Increase in debt	500,100	2,953,369
Repayment of debt	(4,987,668)	(4,987,668)
Increase in deferred contributions related to capital assets	814,375	7,539,336
Increase in deferred contributions related to acquisitions of works of art	923,558	1,735,559
Endowments received	24,567	28,531
	(807,068)	5,361,127
Net increase in cash and cash equivalents	56,035	1,362,833
Cash and cash equivalents, beginning of year	2,692,386	1,329,553
Cash and cash equivalents, end of year	2,748,421	2,692,386
Cash and cash equivalents comprise:		
Cash	2,203,190	1,244,555
Bank deposits	545,231	1,447,831
Non-cash transactions		
Grants receivable in connection with deferred contributions related to capital assets uncashed	—	582,577
Capital assets acquisitions unpaid at year-end	—	260,161
Uncashed deferred contributions	—	582,577

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

1. STATUS AND NATURE OF ACTIVITIES

The Montreal Museum of Fine Arts (the "Museum"), a not-for-profit organization, encourages the plastic arts, spreads artistic knowledge, and acquires, conserves, collects, promotes and exhibits works of art on behalf of the citizens of Montreal, the province of Quebec, Canada and elsewhere. The Museum is incorporated as a private corporation under the *Act respecting the Montreal Museum of Fine Arts* and is recognized as a registered charity within the meaning of the *Income Tax Act*.

Towards the end of the previous financial year, the World Health Organization declared an outbreak of a strain of the novel coronavirus ("COVID-19") a pandemic, which resulted in a series of public health and emergency measures being put in place to control the spread of the virus. These measures included the closing of non-essential service businesses and required the closing of the Museum between April 1 and June 6, 2020, and subsequently from October 1, 2020, to February 10, 2021.

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:

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.

GENERAL FUND

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

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.

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.

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 is 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 is transferred to the person acquiring or when service is 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 this 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 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.

INVENTORIES OF THE BOUTIQUE AND BOOKSTORE

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

Work in progress is recorded at cost. All costs incurred during the work period, both direct and indirect, are capitalized.

When circumstances indicate that a capital asset is impaired, its net book value should be written down to the fair value or replacement cost of the asset. Write-downs of capital assets should be recorded as an expense in the statement of operations and changes in net assets. A write-down shall not be reversed.

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 benefits 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 immediate recognition approach, whereby it recognizes:

- the defined benefit obligations net of the fair value of any plan assets, and adjusted for any valuation allowance (either the asset or the accrued benefit obligation) in the statement of financial position;
- the cost of the plan for the year in the statement of operations;
- 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 obligations in the statement of changes in net assets.

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.

COLLECTION

The Museum's permanent collection comprises paintings, sculptures, drawings and prints, furniture and decorative art objects. This permanent collection is recorded at a nominal value of \$1,000 in the statement of financial position. 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 in effect 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 as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. GRANTS

	2021	2020
	\$	\$
Operating grants		
Conseil des arts de Montréal	370,000	370,000
Canada Council for the Arts	450,000	450,000
Ministère de la Culture et des Communications	16,190,100	15,248,000
	17,010,100	16,068,000
Grants for specific projects		
Canada Council for the Arts	5,000	70,445
Ministère de la Culture et des Communications		
Plan culturel numérique	170,334	421,864
Support to Crown corporations and national organizations	—	190,333
Other provincial programs	46,118	351,126
Terra Foundation for American Art	—	66,500
Canada Emergency Wage Subsidy	6,107,803	283,002
Library and Archives Canada	183,477	—
Other grants	199,713	137,807
	6,712,445	1,520,677
	23,722,545	17,588,677
Grants for expansion projects		
Ministère de la Culture et des Communications	424,500	506,487

4. CAPITAL ASSETS

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	25,397,717	—	25,397,717	25,397,717
Buildings	155,935,557	78,978,422	76,957,135	80,689,078
Building improvements	8,634,901	1,397,333	7,237,568	6,603,788
Furniture and equipment	6,579,039	4,848,651	1,730,388	2,705,946
Digital infrastructure	3,831,336	2,654,612	1,176,724	676,077
Work in progress	3,506,473	—	3,506,473	2,306,124
	203,885,023	87,879,018	116,006,005	118,378,730

5. BANK LOANS

For its current transactions, the Museum can enter into a bank loan based on its needs, up to a maximum of \$5,000,000; the drawn balance of this bank loan is nil at year-end (\$500,000 drawn as at March 31, 2020). This loan is repayable on demand, bears interest at prime rate (2.45% as at March 31, 2021; 3.45% as at March 31, 2020), 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, 2021: the repairs and maintenance of capital assets project, the collection reorganization project and the digital cultural strategy project. These projects represent loans of \$10,392,900 (\$7,940,000 as at March 31, 2020) with a drawn balance of \$6,800,000 at year-end (\$4,232,000 as at March 31, 2020). These loans are subject to a short-term financing from a banking institution and bear interest at prime rate (effective rate of 2.45% as at March 31, 2021; 3.45% as at March 31, 2020).

For the construction of the Michal and Renata Hornstein Pavilion for Peace, the Museum has a line of credit of \$5,000,000 (\$5,000,000 as at March 31, 2020) from a banking institution, at a prime rate (effective rate of 2.45% as at March 31, 2021; 3.45% as at March 31, 2020), with a drawn balance of \$2,255,868 at year-end (\$2,405,868 drawn as at March 31, 2020).

6. DEBT

	2021	2020
	\$	\$
Loans from the Ministère des Finances and Financement-Québec		
Bearing interest at 4.501%, repaid during the year ^{a) n)}	—	53,763
Bearing interest at 4.700%, maturing in December 2021 ^{b) n)}	53,764	107,527
Bearing interest at 2.873%, maturing in July 2022 ^{c) n)}	464,620	696,931
Bearing interest at 2.186%, maturing in November 2025 ^{d) n)}	251,636	301,963
Bearing interest at 1.965%, maturing in March 2026 ^{e) n)}	9,562,154	11,474,585
Bearing interest at 2.572%, maturing in March 2027 ^{f) n)}	480,395	560,461
Bearing interest at 1.376%, maturing in August 2021 ^{g) n)}	100,432	200,864
Bearing interest at 2.454%, maturing in February 2027 ^{h) n)}	528,435	616,507
Bearing interest at 2.425%, maturing in January 2023 ^{i) n)}	200,864	301,296
Bearing interest at 2.566%, maturing in December 2021 ^{j) n)}	1,976,628	3,953,256
Bearing interest at 1.968%, maturing in March 2024 ^{k) n)}	264,635	352,847
Bearing interest at 2.083%, maturing in March 2029 ^{l) n)}	2,009,848	2,261,079
Bearing interest at 1.173%, maturing in March 2026 ^{m) n)}	500,100	—
	16,393,511	20,881,079
Current portion	5,033,925	4,987,668
	11,359,586	15,893,411

- a) On October 7, 2005, the Museum contracted an \$806,451 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the maintenance of the capital assets program, Phase I.
- b) On February 22, 2007, the Museum contracted an \$806,452 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the maintenance of the capital assets program, Phase II.
- c) On March 27, 2013, the Museum contracted two loans of \$3,325,597 from Financement-Québec as administrator of the Financing Fund. These loans were used to fund the costs of the repairs and maintenance of the capital assets program as well as the re-installation of the permanent collections of the Museum.
- d) On June 8, 2016, the Museum contracted a \$503,271 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the maintenance of the capital assets program.
- e) On September 8, 2016, the Museum contracted a \$19,124,308 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the cost of the construction of Michal and Renata Hornstein Pavilion for Peace and the repairs and maintenance of the capital assets program.
- f) On January 30, 2017, the Museum contracted an \$880,725 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the digital cultural strategy project of the Museum, Phase I.
- g) On May 31, 2017, the Museum contracted a \$502,159 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the maintenance of the capital assets program.
- h) On November 30, 2017, the Museum contracted an \$880,725 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the digital cultural strategy project of the Museum, Phase II.
- i) On March 29, 2018, the Museum contracted a \$502,159 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the collections support program.
- j) On December 3, 2018, the Museum contracted a \$5,929,885 loan from Financement-Québec as administrator of the Financing Fund. This loan constitutes the refinancing of a previous loan used to fund the cost of the construction of the Claire and Marc Bourgie Pavilion and to re-install the permanent collections of the Museum.
- k) On May 31, 2019, the Museum contracted a \$441,059 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the digital cultural strategy project of the Museum, Phase III.
- l) On November 29, 2019, the Museum contracted a \$2,512,310 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the maintenance of the capital assets program.
- m) On March 18, 2021, the Museum contracted a \$500,100 loan from Financement-Québec as administrator of the Financing Fund. This loan was used to fund the digital cultural strategy project of the Museum, Phases IV and V.

- n) In exchange for the loan, the Ministère de la Culture et des Communications has pledged a grant that will enable the Museum to repay principal and interest according to schedule. The capital grant was recorded as a grant receivable.

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

	Repayment of debt	Grants from the Government of Quebec
	\$	\$
2022	5,033,925	5,033,925
2023	2,903,102	2,903,102
2024	2,570,360	2,570,360
2025	2,482,147	2,482,147
2026	2,482,147	2,482,147
2027 and thereafter	921,830	921,830
	16,393,511	16,393,511

7. DEFERRED CONTRIBUTIONS

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

	2021	2020
	\$	\$
Balance, beginning of year	89,664,238	90,162,728
Contributions received during the year	2,871,123	4,769,079
Amortization for the year	(5,535,494)	(5,267,569)
Balance, end of year	86,999,867	89,664,238

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

	2021	2020
	\$	\$
Balance, beginning of year	5,544,700	7,239,575
Amounts received during the year		
Donations and sponsorships	20,000	19,930
Donations from the Foundation	581,270	1,230,791
Investment revenue	3,691,898	(928,423)
Amortization for the year	(1,221,582)	(2,017,173)
Balance, end of year	8,616,286	5,544,700

8. EMPLOYEE FUTURE BENEFITS

PENSION PLAN

The Museum has a defined benefit pension plan offered to its non-unionized employees. The benefits of this plan are based on years of service and final earnings. Management decided that there would be no new beneficiaries of this plan as of 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 \$231,780 (\$203,266 in 2020).

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, 2018, and the data has been extrapolated to March 31, 2021. The next required valuation will be performed as at December 31, 2021, and completed before September 30, 2022.

Information about the plan is as follows:

	2021	2020
	\$	\$
Accrued benefit obligations	14,725,400	16,220,400
Fair value of plan assets	15,417,100	16,113,600
Plan surplus (deficiency)	691,700	(106,800)
Valuation allowance	(691,700)	—
Accrued benefit obligations recorded	—	(106,800)

Plan assets consist of:

	2021	2020
	%	%
Bonds	42.2	45.0
Insured annuity contracts	14.5	15.2
Canadian shares	12.6	10.6
U.S. and international shares	16.8	16.0
Infrastructures	4.2	4.0
Real estate	9.7	9.2
	100.0	100.0

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

	2021	2020
	\$	\$
Benefit costs	270,900	326,100
Cash payments recognized	814,000	471,600
Benefits paid by the plan	2,977,900	619,700

POST-EMPLOYMENT BENEFIT PLAN

The Museum has a post-employment benefit plan offered to all its current retirees. The benefits of this plan are based on years of service and final earnings. Management decided that there would be no new beneficiaries of this plan as of 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, and the data has been extrapolated to March 31, 2021.

Information about the plan is as follows:

	2021	2020
	\$	\$
Accrued benefit obligations	671,500	817,800
Actuarial gains on the obligation under the defined benefits	17,700	142,200
Accrued benefit obligations recorded	653,800	675,600

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

	2021	2020
	\$	\$
Benefit costs	32,200	39,000
Cash payments recognized	36,300	35,100

ASSUMPTIONS

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

	2021		2020	
	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	4.90	4.90
Rate of compensation increase	3.50	—	3.50	—
Benefit costs for the year ended March 31				
Discount rate	4.90	4.90	4.90	4.90
Expected long-term rate of return on plan assets	4.90	—	4.90	—
Rate of compensation increase	3.50	—	3.50	—

9. INVESTMENT INCOME RELATED TO ENDOWMENTS

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

	2021	2020
	\$	\$
Interest and dividends	524,202	803,471
Change in realized fair value of investments	1,364,570	319,191
Change in unrealized fair value of investments	4,116,132	(2,661,375)
	6,004,904	(1,538,713)

This income is presented as follows in the financial statements:

	2021		
	General Fund	Acquisitions Fund	Total
	\$	\$	\$
Investment income in the statement of operations and changes in net assets	2,313,006	—	2,313,006
Deferred contributions in the statement of financial position	—	3,691,898	3,691,898
	2,313,006	3,691,898	6,004,904

	2020		
	General Fund	Acquisitions Fund	Total
	\$	\$	\$
Investment income in the statement of operations and changes in net assets	(610,290)	—	(610,290)
Deferred contributions in the statement of financial position	—	(928,423)	(928,423)
	(610,290)	(928,423)	(1,538,713)

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 properties, as well as by other contracts for renovation projects for a total amount of \$3,807,377.

Minimum payments required under these contracts over the next five years are as follows:

	\$
2022	2,247,311
2023	512,445
2024	349,207
2025	349,207
2026	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 the 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 in administering its funds. In addition, the Museum has entrusted the Foundation with the management of certain investments.

The Foundation organizes and manages fundraising campaigns and events. From these campaigns and events, the Museum recorded donations totalling \$2,650,099 (\$6,922,840 in 2020), of which \$1,667,309 (\$5,315,213 in 2020) is presented in "Donations from the Foundation", \$982,790 (\$1,607,627 in 2020) is presented in "Deferred contributions" and nil (\$584,500 in 2019) is presented in "Deferred revenue." From all these donations, \$581,270 (\$230,791 in 2020) were for the acquisition of works of art, \$19,634 (\$1,121,880 in 2020) for educational activities, \$1,733,820 (\$1,133,611 in 2020) for exhibitions, nil (\$3,059,722 in 2020) for the Museum's day-to-day operations and specific projects and \$315,375 (\$376,836 in 2020) for the realization of the Claire and Marc Bourgie Pavilion and the Michal and Renata Hornstein Pavilion for Peace.

The Foundation's condensed financial information as at March 31, 2021, and 2020 is as follows:

	2021	2020
	\$	\$
Financial position		
Assets	61,341,278	45,059,965
Liabilities	2,255,301	977,682
Net assets	59,085,977	44,082,283
	61,341,278	45,059,965
Operations		
Revenue		
Contributions	6,349,829	8,997,198
Investment revenue	12,140,594	(2,895,480)
Grant	1,116,319	187,500
	19,606,742	6,289,218
Expenses	1,952,949	2,733,002
Donation to the Museum	2,650,099	6,922,840
Excess (deficiency) of revenue over expenses	15,003,694	(3,366,624)
Cash flows		
Cash flows from (used by) operating activities	6,434,524	(4,782,090)
Cash flows from investing activities	735,571	1,075,115

12. FINANCIAL INSTRUMENTS

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

The investments consist of:

	2021	2020
	\$	\$
Cash	444,480	601,327
Canadian bonds	3,974,767	5,226,973
Canadian shares	11,755,774	8,662,962
U.S. and international equity securities	4,906,260	3,832,983
Canadian Equity Pooled Fund	3,577,087	3,501,036
	24,658,368	21,825,281

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 bearing interest at fixed rates. Consequently, a change in market interest rates will affect the fair value of the bonds.

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. Consequently, a currency fluctuation will have an impact on the fair value of these investments. Also, accounts payable and accrued liabilities in the statement of financial position include an amount of \$19,327 in Canadian dollars (\$10,618 as at March 31, 2020) denominated in U.S. dollars and an amount of \$97,153 in Canadian dollars (\$84,355 as at March 31, 2020) denominated in euros, and cash in the statement of financial position includes an amount of \$614,837 in Canadian dollars (\$386,461 as at March 31, 2020) denominated in U.S. dollars.

13. COLLECTION OF THE MUSEUM

In its mission to attract the most diversified range of visitors, the Museum has, over the last 160 years of its existence, assembled one of the most significant and wide-ranging 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).

14. CONTINGENCY

On September 18, 2020, a claim for damages was initiated against the Museum directors who were in their positions in July and August 2020. As of June 23, 2021, the Museum believes that this claim will not have a significant impact on its financial position, results of operations or future cash flows.

15. COMPARATIVE FIGURES

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