

MONTREAL
MUSEUM OF FINE ARTS
FOUNDATION



MANAGEMENT
REPORT

FINANCIAL
STATEMENTS 2023-2024

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THE YEAR IN SUMMARY

The Foundation of the Montreal Museum of Fine Arts (MMFA) aspires to transform lives through art. In supporting the Museum's major priorities, it enables the institution to preserve and promote its outstanding collection, present world-class exhibition programming, and be an innovator in education and community engagement, so that, ultimately, it may better the lives of its diverse publics.

All this is made possible through the dedication and generosity of the Foundation team, its close-knit philanthropic community, and all the many people who firmly believe that to give to the MMFA is to give back to the community. Every donation, big or small, makes a difference in the lives of the over 600,000 people who visit the Museum annually. Thank you from the bottom of our hearts!

Fiscal year 2023-2024 was a resounding success. Below is a look at some of the highlights.

\$9,218,451

paid to the MMFA
in support of
its major priorities

\$26.1M

in paid contributions,
pledges generated,
and investment income

Launch of the
2023-2028 Major
Fundraising Campaign,
**The Museum Transforms
Lives**, whose target is

\$100M

**THE MMFA
FOUNDATION**

→ **23** employees

→ Administrative
cost ratio of

10.17%

DONORS

9,367

donors to
the Annual
Campaign and
Philanthropic
Circles

\$1,913,446

raised through their generosity

2023-2024
Annual
Fundraising
Campaign

→ \$973,650
raised

7 Philanthropic Circles,
totalling 532 annual donors

→ \$939,796 raised through
the Philanthropic Circles
campaign

2023-2028 MAJOR FUNDRAISING CAMPAIGN, THE MUSEUM TRANSFORMS LIVES

30 campaign
cabinet
members

25 pledges
of major
donations

\$1,361,753

raised since the campaign
launched in October 2023,
in addition to a variety of
major donations totalling
\$552,868

\$6.9M

in pledged
donations

SPONSORSHIPS AND PARTNERSHIPS

\$826,180

received in sponsorships and partnerships

MUSEUM BALL

\$1,969,595

raised at the 2023 edition

ARTWORK ACQUISITIONS

\$1,140,407

in donations dedicated to acquiring
artworks that enrich the Museum's
permanent collection

Every year, donors whose lives
have been transformed by
the Museum make a planned
donation to foster the MMFA's
continued success, so as to
preserve our artistic heritage
for future generations.

SUMMARY OF THE 2023-2024 PERFORMANCE

PAID CONTRIBUTIONS, PLEDGES GENERATED AND INVESTMENT INCOME \$26,185,011

Total cashed revenues from donations and sponsorships: \$8,427,646

Pledged donations and sponsorships generated in 2023-2024 (unpaid): \$6,961,000

Investment income: \$10,447,895

Grants: \$348,470

ADMINISTRATIVE COST RATIO¹ 10.17%

DONATIONS AND SPONSORSHIPS \$9,218,451

Donations remitted to the Museum: \$8,441,731

Sponsorship revenues paid directly to the Museum: \$776,720

Sponsorship revenues are solicited by the Foundation team but paid directly to the MMFA. As such, they appear in the Museum's financial statements and are not taken into account in calculating the Foundation's administrative cost ratio. In 2023-2024, the efforts of the sponsorships and partnerships team resulted in revenues totalling \$826,180, spread over various campaigns.

¹ The administrative cost ratio corresponds to the total administrative costs (\$778,168) divided by the total revenues reported in the financial statements, excluding the investment and grant income (\$7,650,926).

OVERALL PERFORMANCE OF THE MUSEUM FOUNDATION

ANNUAL CAMPAIGNS: 9,367 DONORS, AND \$1,913,446 RAISED THANKS TO THEIR GENEROSITY

The **2023-2024 annual campaign** unfolded on the wave of the highly successful launch of the major fundraising campaign **The Museum Transforms Lives**. The target goal was exceeded, with a total of **\$973,650** raised for the annual campaign. The matching campaign once again added tangible leverage for the solicitation strategies put in place. We would like to express our sincerest gratitude to Yves Fontaine, Carlos Idarraga and Dixi Lambert for their considerable support of this campaign, and for challenging other donors to match their contributions. We would also like to thank Michael St.B. Harrison for his extremely generous donation of \$100,000.

The **Philanthropic Circles** campaign closed the year with a total yield of **\$939,796**, which was lower than the previous fiscal year. We would like to underscore that the transition to a more philanthropic rather than event-driven culture continues. Presenter-sponsors offer invaluable support to the Circles community, increasing its reach. The Foundation would like to extend its warmest thanks to them. Last but not least, at each opportunity, the team relays information on the tax measure to encourage major cultural donations. For Silver contributions between \$5,000 and \$25,000, an additional tax credit can be claimed once in the donor's lifetime. We invite all those interested by this initiative to contact the Foundation to find out more.

THE MUSEUM BALL

On its own, the **Museum Ball** helped us raise **\$1,969,595**. We extend our most sincere thanks to the event's co-chairs, Charles Emond, of the Caisse de dépôt et placement du Québec, and France Margaret Bélanger, of Groupe CH, who did an incredible job. The total confirmed proceeds were actually just north of \$2 million, but some of the funds were only received after the close of the 2023-2024 fiscal year. The Ball is the MMFA's biggest fundraising event. The 2023 edition, presented by Scotiabank, proved itself to be one of the most prestigious in the country. We would like to thank all of the people and partners who contributed to this major public and financial success.

SPONSORSHIPS

The Foundation's Sponsorships and Partnerships Committee helped to raise \$826,180 to support the Museum's programming and various activities, just shy of the target \$850,000. Of this sum, \$776,720 was directly accounted for in the Museum's financial statements and will be itemized as revenue when the sponsored activities are carried out. Moreover, an additional \$49,460, recorded under "Annual Campaigns" in the Foundation's financial statements, were received as donations intended for exhibitions and special projects. These branding collaborations are of primary importance for the MMFA's financial health. The Foundation would like to extend its warmest thanks to all its partners and sponsors, and to acknowledge in particular the many commitments of Hydro-Québec, Hatch and Tourisme Montréal.

MAJOR FUNDRAISING CAMPAIGNS AND MAJOR GIFTS

Through the new, 2023-2028 Major Fundraising Campaign, we have raised \$1,361,753 since its launch in October 2023, in addition to the various major donations totalling \$552,868. Indeed, it is under this campaign that transformative donations between \$500,000 and \$2.5 million have been secured. The Foundation would like to extend its deepest gratitude to Power Corporation of Canada, Michel de la Chenelière, Stephan D. Crétier and Stéphanie Maillery, Jonathan Deitcher and Dianne Vick, Jean C. Monty and family, Maurice and Marie-Josée Pinsonnault, François Schubert and Marie Pineau, Bell Canada, Scotiabank, Janet Brooke, Giovanni and Ginette Di Schiavi, and TD Bank Group.

The 2014-2019 Major Campaign, in support of the Michal and Renata Hornstein Pavilion for Peace and the Museum's education and art therapy programs, which is near its end, brought in donations adding up to \$231,429 this year.

PLEDGES

Since the launch of the campaign **The Museum Transforms Lives**, the Foundation's team has doubled its efforts to secure agreements for major donations that entail a multi-year commitment, or "pledges." The gifts and sponsorships pledged to the Foundation but not collected during fiscal 2023-2024 add up to \$6,961,000.

DONATIONS OF ARTWORKS AND TO THE ACQUISITION FUNDS

In close collaboration with the Curatorial department and the Museum's administration, the Foundation amassed \$1,140,407 in donations intended for the acquisition of artworks in 2023-2024. Since the Museum has to self-finance 100% of its acquisitions budget, these donations are crucially important for the enrichment of its collection. They are accounted for in the line item "Major Fundraising Campaigns" in the financial statements. The Foundation would like to express its sincere thanks to J. Sebastian van Berkum, the Xu & Huang Family Charitable Foundation and an anonymous donor.

PLANNED GIVING AND BEQUESTS: LEAVING A LEGACY

The team in charge of philanthropic development continued to seek out planned donations to the Foundation (bequests, life insurance, stocks and securities, etc.). This year, the Foundation received donations by will totalling \$271,819.

A major donation made through a life-insurance policy, completed during a previous fiscal year, was also reflected in the financial statements in the line item "Major Fundraising Campaign" by the sum of \$262,938.

INVESTMENT INCOME AND GRANTS

The investment income for the year ended March 31, 2024, was \$10,447,895, with a remarkable yield of 17.5%. This considerably strong performance is thanks to the efforts of our exceptional Investment Committee, supported by an external Quebec-based consulting firm and fund managers who are specialists in their sectors. These are anything but trivial results for a major fundraising campaign focused on the long term.

A contribution made under the matching program of the Minister of Culture and Communications and a grant from the Conseil des arts de Montréal to hire an intern in cultural philanthropy is accounted for in the “Grants” line item of the financial statements by an amount of \$348,470.

AN EXCEPTIONAL, DYNAMIC YEAR FILLED WITH HOPE FOR THE FUTURE

The 2023-2024 fiscal year was full of emotion, punctuated by enriching, extremely fruitful, connections, with revenues totalling \$26.1 million in contributions received, generated pledges and investment income.

Of this total, \$8,441,731 was remitted to the Museum, in addition to \$776,720 in sponsorship revenue received directly by the institution. **The total financial contribution paid to the MMFA, in support of its main priorities, was therefore \$9,218,451.** The Museum continues to transform, in step with the times and always mindful of your needs.

We would like to extend our wholehearted thanks to those who already frequent the MMFA and support it so faithfully. To those who look on from a little further away: we welcome you. Please join us in spreading the power of art and making the Museum shine!

FINANCIAL STATEMENTS

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, 2024, 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, 2024, 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 19, 2024

¹ CPA auditor, public accountancy permit No. A120628

The Montreal Museum of Fine Arts Foundation

Statement of operations

Year ended March 31, 2024

	2024										2023
	Restricted Funds										
	General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fundraising activities											
Contributions											
Major campaigns	1,643,343	—	—	—	—	1,140,407	662,856	1,803,263	3,446,606	2,341,287	
Annual campaigns	1,913,446	—	—	49,460	—	—	—	49,460	1,962,906	2,315,894	
Succession campaigns	271,819	—	—	—	—	—	—	—	271,819	1,015,981	
Benefit events	1,969,595	—	—	—	—	—	—	—	1,969,595	2,546,056	
	5,798,203	—	—	49,460	—	1,140,407	662,856	1,852,723	7,650,926	8,219,218	
Expenses											
Financing campaigns	1,583,451	—	—	—	—	—	—	—	1,583,451	1,551,479	
Benefit events	864,879	—	—	—	—	—	—	—	864,879	967,741	
	2,448,330	—	—	—	—	—	—	—	2,448,330	2,519,220	
Excess of revenues over expenses from fundraising activities	3,349,873	—	—	49,460	—	1,140,407	662,856	1,852,723	5,202,596	5,699,998	

The Montreal Museum of Fine Arts Foundation
Statement of operations (continued)

Year ended March 31, 2024

		2024						2023					
		Restricted Funds											
		General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total	Total	Total	Total	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments and other activities	Revenues												
	Investment income	1,180,391	477,806	3,292,278	3,100,686	878,078	1,319,559	199,097	9,267,504	10,447,895		1,948,642	
	Grants	12,160	336,310	—	—	—	—	—	336,310	348,470		350,704	
		1,192,551	814,116	3,292,278	3,100,686	878,078	1,319,559	199,097	9,603,814	10,796,365		2,299,346	
Expenses	Investment management and safekeeping	21,179	13,338	94,969	86,554	34,788	36,807	5,558	272,014	293,193		314,471	
	Administrative expenses	778,168	—	—	—	—	—	—	—	778,168		703,276	
		799,347	13,338	94,969	86,554	34,788	36,807	5,558	272,014	1,071,361		1,017,747	
Excess of revenues over expenses from investments and other activities		393,204	800,778	3,197,309	3,014,132	843,290	1,282,752	193,539	9,331,800	9,725,004		1,281,599	
	Excess of revenues over expenses before donations to the Museum	3,743,077	800,778	3,197,309	3,063,592	843,290	2,423,159	856,395	11,184,523	14,927,600		6,981,597	
	Donations to the Museum	4,115,998	136,020	964,230	932,130	65,932	1,507,885	719,536	4,325,733	8,441,731		6,798,612	
	Excess (deficiency) of revenues over expenses	(372,921)	664,758	2,233,079	2,131,462	777,358	915,274	136,859	6,858,790	6,485,869		182,985	

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

The Montreal Museum of Fine Arts Foundation

Statement of changes in net assets

Year ended March 31, 2024

	Restricted Funds														2024	2023
	MCC		Pavilions	Desmarais and Other Exhibitions Fund		Jarislowsky Chair		Acquisitions Fund		Educational Activities Fund				Total	Total	
	General Fund	Matching Fund	Fund with clause	with clause	without clause	with clause	without clause	with clause	without clause	with clause	without clause	with clause	without clause			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Net assets, beginning of year	5,669,305	2,722,380	19,940,810	18,379,451	4,619,348	4,014,829	3,465,775	1,178,788	6,453,720	60,775,101	66,444,406				66,261,421	
Excess (deficiency) of revenues over expenses	(372,921)	664,758	2,233,079	2,131,462	777,358	504,595	410,679	136,859	—	6,858,790	6,485,869				182,985	
Net assets, end of year	5,296,384	3,387,138	22,173,889	20,510,913	5,396,706	4,519,424	3,876,454	1,315,647	6,453,720	67,633,891	72,930,275				66,444,406	
Consisting of																
Endowments	—	1,599,607	—	—	2,000,000	—	—	—	—	3,599,607	3,599,607				3,263,297	
Restricted, with clause	—	—	22,173,889	20,510,913	3,396,706	4,519,424	—	1,315,647	—	51,916,579	51,916,579				46,133,226	
Restricted, without clause	—	537,531	—	—	—	—	3,876,454	—	6,453,720	10,867,705	10,867,705				10,128,578	
Internally restricted	—	1,250,000	—	—	—	—	—	—	—	1,250,000	1,250,000				1,250,000	
Unrestricted	5,296,384	—	—	—	—	—	—	—	—	—	5,296,384				5,669,305	
	5,296,384	3,387,138	22,173,889	20,510,913	5,396,706	4,519,424	3,876,454	1,315,647	6,453,720	67,633,891	72,930,275				66,444,406	

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

The Montreal Museum of Fine Arts Foundation

Statement of financial position

As at March 31, 2024

		Restricted Funds							2024	2023
		General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total	Total
	Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current assets										
Cash		11,476,919	—	—	—	—	—	—	11,476,919	12,294,569
Accounts receivable		51,805	929	6,002	6,030	2,423	2,564	387	70,140	63,507
Interfund advances		—	2,018 *	569,947 *	725,875 *	—	—	6,498,961 *	7,796,801 *	—
		11,528,724	2,947	575,949	731,905	2,423	2,564	6,499,348	7,815,136	11,547,059
Investments	3	5,822,960	3,384,191	21,597,940	19,779,008	5,469,907	8,404,280	1,270,019	59,905,345	65,728,305
Advance to the Museum **		1,671,617	—	—	—	—	—	—	1,671,617	—
		19,023,301	3,387,138	22,173,889	20,510,913	5,472,330	8,406,844	7,769,367	67,720,481	78,946,981
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities		20,264	—	—	—	—	—	—	20,264	9,428
Deferred revenue		122,000	—	—	—	—	—	—	122,000	90,000
Due to the Museum		5,124,442	—	—	—	—	—	—	5,124,442	1,902,564
Interfund advances		7,710,211 *	—	—	—	75,624 *	10,966 *	—	86,590 *	—
		12,976,917	—	—	—	75,624	10,966	—	86,590	2,001,992
Deferred contributions - restricted - 10 years		750,000	—	—	—	—	—	—	750,000	750,000
Mécénat Placements Culture Program	6	13,726,917	—	—	—	75,624	10,966	—	86,590	2,751,992
		—	—	—	—	—	—	—	—	—
Net assets										
Endowments		—	1,599,607	—	—	2,000,000	—	—	3,599,607	3,263,297
Restricted, with clause		—	—	22,173,889	20,510,913	3,396,706	4,519,424	1,315,647	51,916,579	46,133,226
Restricted, without clause		—	537,531	—	—	—	3,876,454	6,453,720	10,867,705	10,128,578
Internally restricted	7	—	1,250,000	—	—	—	—	—	1,250,000	1,250,000
Unrestricted		5,296,384	—	—	—	—	—	—	5,296,384	5,669,305
		5,296,384	3,387,138	22,173,889	20,510,913	5,396,706	8,395,878	7,769,367	67,633,891	72,930,275
		19,023,301	3,387,138	22,173,889	20,510,913	5,472,330	8,406,844	7,769,367	67,720,481	78,946,981

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

** Non-interest-bearing, without terms of repayment

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

Applied by the Board

 Trustee

 Trustee

The Montreal Museum of Fine Arts Foundation

Statement of cash flows

Year ended March 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenues over expenses	6,485,869	182,985
Adjustments for:		
Change in realized fair value of investments	(2,885,099)	43,528
Change in unrealized fair value of investments	(5,071,009)	225,435
	(1,470,239)	451,948
Net change in non-cash operating working capital items		
Accounts receivable	(6,633)	337
Accounts payable and accrued liabilities	10,836	(31,638)
Deferred revenue	32,000	(569,919)
Due to the Museum	3,221,878	1,612,401
	1,787,842	1,463,129
Investing activities		
Net change in investments	(933,875)	(691,711)
Advance to the Museum	(1,671,617)	—
	(2,605,492)	(691,711)
Net (decrease) increase in cash	(817,650)	771,418
Cash, beginning of year	12,294,569	11,523,151
Cash, end of year	11,476,919	12,294,569

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

The Montreal Museum of Fine Arts Foundation

Notes to the financial statements

March 31, 2024

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 for 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 of accounting whereby resources are classified into the various funds according to their respective activities or objectives.

General Fund

The General Fund presents the assets, liabilities, revenues, 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 presents the assets, liabilities, revenues, and expenses related to its own transactions in accordance with its activities and objectives.

The funds separately present the allocation of donations with a minimum ten-year conservation clause as well as those without a similar clause but containing a designation. These donations are recorded in the statement of operations of the fund corresponding to their designation.

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

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial instruments originated or exchanged in related party transactions are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether or not the instrument has repayment terms. If it does have repayment terms, cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, cost is determined using the consideration transferred or received by the Foundation as part of the transaction.

The Montreal Museum of Fine Arts Foundation

Notes to the financial statements

March 31, 2024

2. Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

All financial instruments are recorded at amortized cost except for investments, which are recorded at the reporting date fair value. The fair value of pooled funds is determined using the fair value of the units established by the fund manager. Fair value fluctuations, which include interest earned, accrued interest, disposal gains and losses, and unrealized gains and losses, are included in investment income.

Transaction costs

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 discount or premium 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.

Impairment

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes an impairment, if any, in the statement of operations when it determines that a significant adverse change has occurred during the period in the expected timing or amount of the 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 is reversed in the statement of operations in the period the reversal occurs.

Revenue recognition

Contributions

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

Investment income

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 in determining the fair value of contributed services, such services are not recognized in the financial statements.

Breakdown of expenses

The Foundation presents expenses in the statement of operations by function. The costs of each function include staff costs and other expenses directly related thereto as well as a portion of the Foundation's administrative salary expenses. The administrative salary expenses charged to the various functions are allocated proportionally based on the estimated time devoted to each function.

The Montreal Museum of Fine Arts Foundation

Notes to the financial statements

March 31, 2024

2. Accounting policies (continued)

Use of estimates

When preparing financial statements in accordance with Canadian accounting standards for not-for-profit organizations, management must 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Investments

	2024	2023
	\$	\$
Cash	683,564	723,969
Canadian bonds	12,052,326	5,468,724
Canadian equity securities	25,141,265	25,682,751
U.S. and international equity securities	18,613,864	10,482,188
Canadian Equity Pooled Fund	1,412,472	7,721,176
International Equity Pooled Fund	2,835,555	2,284,967
Units of the Foundation of Greater Montréal Investment Fund	4,989,259	4,474,547
	65,728,305	56,838,322

4. Investment income

The investment income is as follows:

	2024	2023
	\$	\$
Interest and dividends	2,491,787	2,217,605
Change in realized fair value	2,885,099	(43,528)
Change in unrealized fair value	5,071,009	(225,435)
	10,447,895	1,948,642

The Montreal Museum of Fine Arts Foundation

Notes to the financial statements

March 31, 2024

5. Related party transactions

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

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

During the year, the Museum charged administrative fees of \$100,000 (\$100,000 in 2023) to the Foundation. These administrative fees are presented in the "Administrative expenses" item of the statement of operations.

These transactions are carried out in the normal course of the Foundation's 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 of the Ministère de la Culture et des Communications (MCC). For this purpose, fund management agreements were reached with the Foundation of Greater Montréal (FGM).

The following table shows the historical participation of the Foundation and the grants received from the CALQ and the MCC as well as the accounting headings under which the various amounts are recorded in the financial statements.

	CALQ/MCC grant		
	Foundation contributions	Restricted funds - 10 years	Restricted funds - 2 years
Period	\$	\$	\$
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. With the 10-year restriction period having elapsed, this amount was recognized as contribution revenue and is included in the net assets of the General Fund.

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

³ With the 10-year restriction period having elapsed, this amount was recognized as grant revenue and is included in the net assets of the General Fund.

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

⁵ With the 2-year restriction period having elapsed, this amount was recognized as grant revenue and is included in the net assets of the General Fund.

6. Mécénat Placements Culture Program (continued)

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

	Contributions	Investment income	With-drawals	2024	2023
	\$	\$	\$	\$	\$
Account					
Restricted – 2 years	125,000	81,535	62,500	144,035	129,175
Restricted – 10 years	3,125,000	2,181,253	461,029	4,845,224	4,345,372

7. MCC matching program

The Foundation participates in the MCC donations matching program to receive endowments in the form of matching grants (MCC Matching Fund). To satisfy the program criteria, the Foundation allocated an amount of \$1,250,000 (\$1,250,000 in 2023) related to this program. This amount must be kept at all times.

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

	Foundation contribution	MCC grant
	\$	\$
Financial year 2018-2019	250,000	—
Financial year 2019-2020	250,000	—
Financial year 2020-2021	250,000	605,214 ¹
Financial year 2021-2022	250,000	316,779 ²
Financial year 2022-2023	250,000	341,304 ³
Financial year 2023-2024	—	336,310 ⁴

¹ In May 2020, the Foundation received \$285,714 for its grant matching request of 2018-2019, and in March 2021 it received \$319,500 for its grant matching request of 2019-2020.

² In March 2022, the Foundation received \$316,779 for its grant matching request of 2020-2021.

³ In March 2023, the Foundation received \$341,304 for its grant matching request of 2021-2022.

⁴ In March 2024, the Foundation received \$336,310 for its grant matching request of 2022-2023.

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

Contributions	Investment income	Payments to the Museum	2024	2023
\$	\$	\$	\$	\$
2,849,607	883,381	348,797	3,384,191	2,720,362

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 that the fair value or the future cash flows of the Foundation's investments will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk, and other price risk.

The Foundation is exposed to these risks, as described in the following paragraphs.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

Certain investments and pooled funds in which the Foundation holds interests include foreign securities. The Foundation is therefore directly and indirectly subject to changes in exchange rates. The Foundation does not actively manage this risk.

b) Interest rate risk

The Foundation has fixed-income securities. The fair value of these bonds is therefore directly subject to changes in interest rates.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Foundation is directly and indirectly exposed to this risk given that certain investments are listed shares and that certain pooled funds in which it holds interests include listed shares, the value of which fluctuates according to market price.

Credit risk

Credit risk arises from the fact that the Foundation holds investments in bonds.

There is therefore a risk that the issuer will be unable to pay its obligations towards the Foundation, and this would have an impact on the Foundation's assets.

