

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS

MARCH 31, 2022

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, 2022, 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, 2022, 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*¹

June 20, 2022

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	General Fund	Capital Assets Fund	Acquisitions Fund	Employee Benefits Fund	2022	2021
					Total	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and term deposits	9,036,369	40,018	242,653	—	9,319,040	2,748,421
Accounts receivable	886,758	32,487	24,607	—	943,852	953,976
Interfund balances	6,257,291	(8,728,991)	2,471,700	—	—	—
Amount receivable from the Foundation, non-interest-bearing and without repayment terms	290,163	—	—	—	290,163	1,078,543
Grants receivable	501,276	2,621,560	—	—	3,122,836	7,461,627
Inventories of the Boutique and Bookstore	839,069	—	—	—	839,069	817,625
Prepaid expenses	1,401,232	—	—	—	1,401,232	128,034
	19,212,158	(6,034,926)	2,738,960	—	15,916,192	13,188,226
Grants receivable	471,245	18,934,113	—	—	19,405,358	19,661,686
Investments (note 12)	7,774,286	—	16,131,121	—	23,905,407	24,658,368
Capital assets (note 4)	21,122	114,183,052	—	—	114,204,174	116,006,005
Collection (note 2)	—	—	1,000	—	1,000	1,000
	27,478,811	127,082,239	18,871,081	—	173,432,131	173,515,285
Liabilities						
Current liabilities						
Bank loans (note 5)	9,186,531	2,300,432	—	—	11,486,963	9,055,868
Accrued interest	3,692	17,981	—	—	21,673	45,559
Accounts payable and accrued liabilities	5,676,535	—	—	—	5,676,535	4,317,748
Deferred revenue	2,251,727	—	—	—	2,251,727	2,750,596
Deferred contributions	5,189,468	—	—	—	5,189,468	6,134,950
Current portion of debt (note 6)	362,703	2,603,273	—	—	2,965,976	5,033,925
	22,670,656	4,921,686	—	—	27,592,342	27,338,646
Debt (note 6)	471,245	8,236,739	—	—	8,707,984	11,359,586
Deferred contributions (note 7)	209,712	84,838,232	10,529,877	—	95,577,821	95,616,153
Defined benefit obligation – post-employment benefits plan (note 8)	—	—	—	592,300	592,300	653,800
	23,351,613	97,996,657	10,529,877	592,300	132,470,447	134,968,185
Commitments (note 10)						
Net assets						
Endowments	1,401,812	—	8,340,204	—	9,742,016	9,706,010
Invested in capital assets	—	25,397,717	—	—	25,397,717	25,397,717
Invested in the collection	—	—	1,000	—	1,000	1,000
Internally restricted	4,145,336	3,687,865	—	—	7,833,201	5,472,545
Revaluations and other recognized items related to the defined benefit plans	—	—	—	1,515,200	1,515,200	1,522,400
Unrestricted	(1,419,950)	—	—	(2,107,500)	(3,527,450)	(3,552,572)
	4,127,198	29,085,582	8,341,204	(592,300)	40,961,684	38,547,100
	27,478,811	127,082,239	18,871,081	—	173,432,131	173,515,285

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

Approved by the Board,

Pierre Bourgie

Pierre Bourgie
Chair of the Board
Trustee

Roger Fournelle

Roger Fournelle
Vice-Chair
Trustee

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	General Fund		Capital Assets Fund	Acquisitions Fund	Employee Benefits Fund	2022	2021
	Operations	Restrictions				Total	Total
Revenue	\$	\$	\$	\$	\$	\$	\$
General							
Admissions and special events	2,428,048	—	—	—	—	2,428,048	774,422
Boutique and Bookstore	1,703,800	—	—	—	—	1,703,800	776,238
Donations of works of art	—	—	—	13,034,432	—	13,034,432	10,487,488
Donations and sponsorships	342,312	—	—	—	—	342,312	320,288
Donations from the Foundation (note 11)	1,536,005	—	—	—	—	1,536,005	1,667,309
Exhibition catalogues	138,069	—	—	—	—	138,069	100,358
Annual memberships	3,072,657	—	—	—	—	3,072,657	1,283,857
Exhibition participation	653,067	—	—	—	—	653,067	884,294
Investments (note 9)	9,246	728,329	—	—	—	737,575	2,313,006
Rental income	241,043	—	—	—	—	241,043	216,009
Miscellaneous	42,716	—	—	—	—	42,716	353,194
	10,166,963	728,329	—	13,034,432	—	23,929,724	19,176,463
Operating and specific projects grants (note 3)	20,868,541	—	—	—	—	20,868,541	23,722,545
Grants for expansion projects (note 3)	27,676	—	288,669	—	—	316,345	424,500
Amortization of deferred contributions related to capital assets (note 7)	—	—	5,194,538	—	—	5,194,538	5,535,494
Amortization of deferred contributions related to acquisitions of works of art (note 7)	—	—	—	991,390	—	991,390	1,221,582
	31,063,180	728,329	5,483,207	14,025,822	—	51,300,538	50,080,584
Expenses							
Temporary exhibitions	2,962,159	—	—	—	—	2,962,159	3,536,835
Permanent collection	1,734,445	—	—	—	—	1,734,445	1,241,710
Security and maintenance	5,884,444	—	—	—	—	5,884,444	5,236,895
Administrative expenses	4,209,930	—	12,269	—	256,600	4,478,799	6,766,529
Educational programs	2,032,701	—	—	—	—	2,032,701	1,412,975
Boutique and Bookstore	1,761,374	—	—	—	—	1,761,374	1,131,920
Curatorial services	5,675,157	—	—	160,238	—	5,835,395	4,870,440
Communications	4,206,515	—	—	—	—	4,206,515	3,185,588
Amortization of capital assets	—	—	5,476,192	—	—	5,476,192	5,583,001
Loss on write-off of capital assets	—	—	—	—	—	—	622,781
Acquisitions of works of art	—	—	—	735,900	—	735,900	812,385
Amortization of works of art	—	—	—	13,034,432	—	13,034,432	10,487,488
Rental buildings	314,371	—	—	—	—	314,371	254,646
Investment management fees	—	46,436	—	95,252	—	141,688	149,383
Interest – projects	27,676	—	288,669	—	—	316,345	424,501
	28,808,772	46,436	5,777,130	14,025,822	256,600	48,914,760	45,717,077
Excess (deficiency) of revenues over expenses before interfund transfers	2,254,408	681,893	(293,923)	—	(256,600)	2,385,778	4,363,507
Interfund transfers							
Contributions from General Fund							
to Employee Benefits Fund	(325,300)	—	—	—	325,300	—	—
to Capital Assets Fund	(1,972,686)	—	1,972,686	—	—	—	—
Excess (deficiency) of revenues over expenses after interfund transfers	(43,578)	681,893	1,678,763	—	68,700	2,385,778	4,363,507
Endowment contributions	—	36,006	—	—	—	36,006	24,567
Change in revaluations and other recognized elements	—	—	—	—	(7,200)	(7,200)	(418,600)
Net assets, beginning of year	(1,376,372)	4,829,249	27,406,819	8,341,204	(653,800)	38,547,100	34,577,626
Net assets, end of year	(1,419,950)	5,547,148	29,085,582	8,341,204	(592,300)	40,961,684	38,547,100

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
	\$	\$
Operating activities		
Excess of revenues over expenses	2,385,778	4,363,507
Adjustments for:		
Change in fair value of investments	(539,077)	(2,111,090)
Amortization of capital assets	5,476,192	5,583,001
Loss on write-off of capital assets	—	622,781
Amortization of deferred contributions related to capital assets	(5,194,538)	(5,535,494)
Amortization of deferred contributions related to acquisitions of works of art	(991,390)	(1,221,582)
Defined benefit obligation	(68,700)	(547,200)
	1,068,265	1,153,923
Net change in non-cash operating working capital items	68,073	(1,494,864)
	1,136,338	(340,941)
Investing activities		
Net change in grants receivable	6,990,394	2,389,487
Net change in investments	2,320,851	2,647,614
Acquisition of capital assets	(4,348,022)	(3,833,057)
	4,963,223	1,204,044
Financing activities		
Net change in bank loans	2,431,095	1,918,000
Increase in debt	314,374	500,100
Repayment of debt	(5,033,925)	(4,987,668)
Increase in deferred contributions related to the General Fund	209,712	—
Increase in deferred contributions related to capital assets	637,628	814,375
Increase in deferred contributions related to acquisitions of works of art	1,876,168	923,558
Endowments received	36,006	24,567
	471,058	(807,068)
Net increase in cash and cash equivalents	6,570,619	56,035
Cash and cash equivalents, beginning of year	2,748,421	2,692,386
Cash and cash equivalents, end of year	9,319,040	2,748,421
Cash and cash equivalents comprise:		
Cash	8,769,558	2,203,190
Term deposits	549,482	545,231
	9,319,040	2,748,421
Non-cash transactions		
Grants receivable in connection with deferred contributions related to capital assets not received	2,395,275	—
Capital assets acquisitions unpaid at year-end	673,661	—
Deferred contributions not received	2,395,275	—

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

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*.

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:

ADOPTION OF AMENDMENTS MADE TO SECTION 3856, "FINANCIAL INSTRUMENTS," FOR FINANCIAL INSTRUMENTS ORIGINATED OR EXCHANGED IN A RELATED PARTY TRANSACTION

On April 1, 2021, the Museum adopted amendments to Section 3856, "Financial Instruments," of the CPA Canada Handbook ("Section 3856") with respect to financial instruments originated or exchanged in a related party transaction.

The amendments made to Section 3856 provide guidance on measuring a financial instrument in a related party transaction. They require that such a financial instrument be initially measured at cost. Cost depends on whether or not the instrument has repayment terms.

The adoption of these amendments had no material impact on the disclosures or the amounts recognized in the Museum's financial statements in the current period.

FUND ACCOUNTING

The Museum uses the fund accounting method to present financial information. Under this method, resources are classified into the various funds according to their specified activities or objectives. The Museum applies the deferral method to account for contributions.

GENERAL FUND

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

CAPITAL ASSETS FUND

The Capital Assets Fund presents the assets, liabilities, revenues, 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 to the financing of the capital assets.

ACQUISITIONS FUND

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

EMPLOYEE BENEFITS FUND

The Employee Benefits Fund presents the defined benefits obligations as well as the expenses related to employee future benefits plans.

REVENUE RECOGNITION

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

Endowment contributions are recognized as increases to net assets.

Restricted investment income is deferred and then recognized as revenue when the expense related to the restriction is realized. Unrestricted investment income is recognized as revenue of the General Fund.

Revenue from the sale of goods or services is recognized when the property has been transferred to the acquirer or when the service has been rendered.

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 Museum 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 Museum as part of the transaction.

SUBSEQUENT MEASUREMENT

All financial instruments are measured at amortized cost except for investments, which are measured at fair value at the reporting date. The fair value of mutual 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 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.

IMPAIRMENT

With respect to financial assets measured at cost or amortized cost, the Museum recognizes an impairment loss, if any, in the statement of operations and changes in net assets 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 is 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 and have no repayment terms.

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 is written down to the fair value or replacement cost of the capital asset. Write-downs of capital assets are recorded as an expense in the statement of operations and changes in net assets. Write-downs are not reversed.

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 third-party appraisal reports. They are fully amortized as of the year of acquisition.

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 measure defined benefit obligations using the actuarial valuation prepared for funding purposes. This periodic actuarial valuation is therefore based on the projected defined benefits method prorated on 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 measured at fair value.

The Museum uses the immediate recognition approach, whereby it recognizes:

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

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

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

FOREIGN CURRENCY TRANSLATION

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

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

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. GRANTS

	2022	2021
	\$	\$
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	16,565,600	16,190,100
	17,385,600	17,010,100
Grants for specific projects		
Canada Council for the Arts	25,000	5,000
Ministère de la Culture et des Communications		
Plan culturel numérique	179,579	170,334
Support to Crown Corporations and national organizations	1,935	—
Other provincial programs	218,126	46,118
Canada Emergency Wage Subsidy	2,797,453	6,107,803
Canadian Heritage	41,386	183,477
Other grants	219,462	199,713
	3,482,941	6,712,445
	20,868,541	23,722,545
Grants for specific projects		
Ministère de la Culture et des Communications	316,345	424,500

4. CAPITAL ASSETS

	2022			2021
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	25,397,717	—	25,397,717	25,397,717
Buildings	155,878,176	82,580,360	73,297,816	76,957,135
Building improvements	11,242,120	1,902,554	9,339,566	7,237,568
Furniture and equipment	6,839,459	5,636,827	1,202,632	1,730,388
Digital infrastructure	4,236,377	3,178,088	1,058,289	1,176,724
Work in progress	3,908,154	—	3,908,154	3,506,473
	207,502,003	93,297,829	114,204,174	116,006,005

5. BANK LOANS

For its current transactions, the Museum contracted a bank loan based on its needs up to a maximum of \$5,000,000; the amount drawn on this loan was nil at year-end (nil as at March 31, 2021). This loan is repayable on demand, bears interest at the one-month Canadian bankers' acceptance rate plus 0.300% (1.168% as at March 31, 2022; 0.720% as at March 31, 2021) and is renewable annually.

As at March 31, 2022, several projects subsidized by the Ministère de la Culture et des Communications are under way: the asset maintenance project, the collection reinstallation project, and the Plan culturel numérique. These projects represent loans of \$14,798,800 (\$10,392,900 as at March 31, 2021) with a drawn balance of \$9,186,531 at year-end (\$6,800,000 as at March 31, 2021). These loans are subject to short-term financing with Financement-Québec and bear interest at the one-month Canadian bankers' acceptance rate less 0.100% (0.860% as at March 31, 2022; 0.720% as at March 31, 2021).

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, 2021) from a banking institution at a bankers' acceptance rate plus 0.300% (1.168% as at March 31, 2022; 0.720% as at March 31, 2021), with a drawn balance of \$2,300,432 at year-end (\$2,255,868 drawn as at March 31, 2021).

6. DEBT

	2022	2021
	\$	\$
Loans from the Ministère des Finances and Financement-Québec		
Bearing interest at 4.700%, maturing in December 2021 ^{(a) (n)}	—	53,764
Bearing interest at 2.873%, maturing in July 2022 ⁽ⁿ⁾	232,310	464,620
Bearing interest at 2.186%, maturing in November 2025 ^{(c) (n)}	201,309	251,636
Bearing interest at 1.965%, maturing in March 2026 ^{(d) (n)}	7,649,723	9,562,154
Bearing interest at 2.572%, maturing in March 2027 ⁽ⁿ⁾	400,329	480,395
Bearing interest at 1.376%, maturing in August 2021 ^{(f) (n)}	—	100,432
Bearing interest at 2.454%, maturing in February 2027 ^{(g) (n)}	440,362	528,435
Bearing interest at 2.425%, maturing in January 2023 ^{(h) (n)}	100,432	200,864
Bearing interest at 2.566%, maturing in December 2021 ^{(i) (n)}	—	1,976,628
Bearing interest at 1.968%, maturing in March 2024 ^{(j) (n)}	176,424	264,635
Bearing interest at 2.083%, maturing in March 2029 ^{(k) (n)}	1,758,617	2,009,848
Bearing interest at 1.173%, maturing in March 2026 ^{(l) (n)}	400,080	500,100
Bearing interest at 2.432%, maturing in December 2026 ^{(m) (n)}	314,374	—
	11,673,960	16,393,511
Current portion	2,965,976	5,033,925
	8,707,984	11,359,586

- a) On February 22, 2007, the Museum contracted a loan of \$806,452 from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the capital asset maintenance program, Phase II.
- b) On March 27, 2013, the Museum contracted two loans totalling \$3,325,597 from Financement-Québec in its capacity as administrator of the Financing Fund. These loans were used to fund the asset maintenance program and the reinstallation of the Museum's permanent collections.
- c) On June 8, 2016, the Museum contracted a \$503,271 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the capital asset maintenance program.
- d) On September 8, 2016, the Museum contracted a \$19,124,308 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the construction of the Michal and Renata Hornstein Pavilion for Peace and the capital asset maintenance program.
- e) On January 30, 2017, the Museum contracted a loan of \$880,725 from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the Museum's Plan culturel numérique project, Phase I.
- f) On May 31, 2017, the Museum contracted a \$502,159 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the capital asset maintenance program.
- g) On November 30, 2017, the Museum contracted a loan of \$880,725 from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the Museum's Plan culturel numérique project, Phase II.

- h) On March 29, 2018, the Museum contracted a \$502,159 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the collections support program.
- i) On December 3, 2018, the Museum contracted a \$5,929,885 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan constitutes the refinancing of a loan used for the construction of the Claire and Marc Bourgie Pavilion and for the reinstallation of the Museum's permanent collections.
- j) On May 31, 2019, the Museum contracted a \$441,059 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the Museum's Plan culturel numérique project, Phase III.
- k) On November 29, 2019, the Museum contracted a \$2,512,310 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the capital asset maintenance program.
- l) On March 18, 2021, the Museum contracted a \$500,100 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the Museum's Plan culturel numérique project, Phases IV and V.
- m) On March 24, 2022, the Museum contracted a \$314,374 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to finance the redevelopment of the premises and expand the areas intended for the Museum's reserves.
- n) In consideration of the loan, the Ministère de la Culture et des Communications agreed to pay a grant enabling 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 for the related grants are as follows:

	Repayment of debt	Grants from the Government of Quebec
	\$	\$
2023	3,028,851	3,028,851
2024	2,633,234	2,633,234
2025	2,545,022	2,545,022
2026	2,545,022	2,545,022
2027	419,369	419,369
2028 and thereafter	502,462	502,462
	11,673,960	11,673,960

7. DEFERRED CONTRIBUTIONS

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

	2022	2021
	\$	\$
Balance, beginning of year	86,999,867	89,664,238
Contributions received during the year	3,032,903	2,871,123
Amortization for the year	(5,194,538)	(5,535,494)
Balance, end of year	84,838,232	86,999,867

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

	2022	2021
	\$	\$
Balance, beginning of year	8,616,286	5,544,700
Amounts received during the year		
Donations and sponsorships	20,000	20,000
Donations from the Foundation	1,477,339	581,270
Investment revenue	1,407,642	3,691,898
Amortization for the year	(991,390)	(1,221,582)
Balance, end of year	10,529,877	8,616,286

8. EMPLOYEE FUTURE BENEFITS

PENSION PLAN

The Museum has a defined benefit pension plan for its non-unionized employees. The benefits of this plan are based on length of service and final years' 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 \$295,232 (\$231,780 in 2021).

The Museum measures its defined 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, 2022. The next valuation must be performed as at December 31, 2021, and completed before September 30, 2022.

Information about the plan is as follows:

	2022	2021
	\$	\$
Defined benefit obligation	14,807,600	14,725,400
Fair value of plan assets	15,746,600	15,417,100
Plan surplus	939,000	691,700
Valuation allowance	(939,000)	(691,700)
Defined benefit obligations recorded	—	—

Plan assets consist of:

	2022	2021
	%	%
Bonds	42.1	42.2
Insured annuity contracts	13.2	14.5
Canadian shares	12.4	12.6
U.S. and international shares	16.7	16.8
Infrastructures	4.2	4.2
Real estate	11.4	9.7
	100.0	100.0

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

	2022	2021
	\$	\$
Cost for the year	225,500	270,900
Cash payments recognized	285,100	814,000
Benefits paid by the plan	796,000	2,977,900

POST-EMPLOYMENT BENEFIT PLAN

The Museum has a post-employment benefit plan for all its current retirees. The benefits of this plan are based on length of service and final years' earnings. Management decided that there would be no new beneficiaries of this plan as of January 1, 2010.

The Museum measures its defined benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation was performed as at March 31, 2017, and the data has been extrapolated to March 31, 2022.

Information about the plan is as follows:

	2022	2021
	\$	\$
Defined benefit obligations	644,700	671,500
Actuarial gains on the defined benefit obligation	52,400	17,700
Defined benefit obligation recorded	592,300	653,800

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

	2022	2021
	\$	\$
Cost for the year	31,100	32,200
Cash payments recognized	40,200	36,300

ASSUMPTIONS

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

	2022		2021	
	Pension plan	Post-employment benefit plan	Pension plan	Post-employment benefit plan
	%	%	%	%
Defined benefit obligation 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:

	2022	2021
	\$	\$
Interest and dividends	577,327	524,202
Change in realized fair value	1,870,479	1,364,570
Change in unrealized fair value	(302,589)	4,116,132
	2,145,217	6,004,904

This income is presented as follows in the financial statements:

	2022		
	General Fund	Acquisitions Fund	Total
	\$	\$	\$
Investment income in the statement of operations and changes in net assets	737,575	—	737,575
Deferred contributions in the statement of financial position	—	1,407,642	1,407,642
	737,575	1,407,642	2,145,217

	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

10. COMMITMENTS

The Museum has a lease commitment under which it rents space for the storage and conservation of works of art, collector items, archives and other similar properties, and it has commitments under other contracts for renovation projects, for a total amount of \$4,961,700.

Minimum payments required for all of the Museum's commitments over the next five years are as follows:

	\$
2023	2,674,419
2024	586,057
2025	594,157
2026	590,712
2027	516,355

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 an organization related 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 benefit events. From these campaigns and events, the Museum recorded donations totalling \$3,636,858 (\$2,650,099 in 2021), of which \$1,536,005 (\$1,667,309 in 2021) is presented in "Donations from the Foundation" and \$2,100,853 (\$982,790 in 2021) is presented in "Deferred contributions." From all these donations, \$1,477,339 (\$581,270 in 2021) was for the acquisition of works of art, \$9,966 (\$19,634 in 2021) was to support educational activities, \$817,266 (\$1,733,820 in 2021) was for exhibitions, \$1,032,340 (nil in 2021) was to support the Museum's day-to-day operations and specific projects, and \$299,947 (\$315,375 in 2021) was for the completion 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, 2022, and March 31, 2021, is as follows:

	2022	2021
	\$	\$
Financial position		
Assets	68,002,569	61,341,278
Liabilities	1,741,148	2,255,301
Net assets	66,261,421	59,085,977
	68,002,569	61,341,278
Operations		
Revenues		
Contributions	8,462,526	6,349,829
Investment revenue	4,272,745	12,140,594
Grants	516,070	1,116,319
	13,251,341	19,606,742
Expenses	2,439,039	1,952,949
Donation to the Museum	3,636,858	2,650,099
Excess of revenue over expenses	7,175,444	15,003,694
Cash flows		
Cash flows from operating activities	4,255,453	6,434,524
Cash flows from investing activities	(684,008)	735,571

12. FINANCIAL INSTRUMENTS

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

The investments consist of:

	2022	2021
	\$	\$
Cash	306,721	444,480
Canadian bonds	2,961,096	3,974,767
Canadian shares	12,568,232	11,755,774
U.S. and international equity securities	4,806,494	4,906,260
Canadian Equity Pooled Fund	3,262,864	3,577,087
	23,905,407	24,658,368

The Museum, through its exposure to financial assets and liabilities, has exposure to the following risks from its use of financial instruments:

MARKET RISK

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

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

A) CURRENCY RISK

The Museum holds investments in U.S. and international securities. Consequently, a currency fluctuation will have an impact on the fair value of these investments. In addition, the statement of financial position includes amounts of \$362,761 (\$19,327 as at March 31, 2021) in Canadian dollars denominated in U.S. dollars and \$126,917 (\$97,153 as at March 31, 2021) in Canadian dollars denominated in euros in accounts payable and accrued liabilities, and an amount of \$919,319 (\$614,837 as at March 31, 2021) in Canadian dollars, in cash, denominated in U.S. dollars.

B) INTEREST RATE RISK

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

The interest rate risk related to the debt is considered low given that the debt (including interest payments) is subsidized by the Government of Quebec.

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 Museum is directly exposed to this risk given that certain investments are listed shares, the value of which fluctuates according to market price.

CREDIT RISK

Credit risk arises from the fact that the Museum holds investments in bonds. There is therefore a risk that the issuer will be unable to pay its obligations towards the Museum, and this will have an impact on the Museum's assets.

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.

13. COLLECTION OF THE MUSEUM

In its mission to attract the most diversified range of visitors, the Museum has assembled, over its 161 years of its existence, one of the most significant and encyclopaedic collections in North America.

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

The collection covers all historical eras, from antiquity to the present day, and every continent is represented.

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 third-party appraisal reports. They are fully amortized in the year of acquisition (see Note 2).

14. COMPARATIVE FIGURES

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

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

MARCH 31, 2022

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, 2022, 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, 2022, 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 S.E.N.C.R.L./s.r.l.¹

June 15, 2022

¹ CPA auditor, public accountancy permit No. A120628

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022

	Restricted Funds							2022	2021	
	General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislowsky Chair	Acquisitions Fund	Educational Activities Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Fundraising activities										
Contributions										
Major campaigns	1,244,209	—	—	—	—	395,960	1,186,594	1,582,554	2,826,763	2,680,089
Annual campaigns	1,760,141	—	—	474,994	—	—	—	474,994	2,235,135	2,249,318
Succession campaigns	1,347,191	—	—	—	—	720,000	62,526	782,526	2,129,717	—
Benefit events	1,270,911	—	—	—	—	—	—	—	1,270,911	1,420,422
	5,622,452	—	—	474,994	—	1,115,960	1,249,120	2,840,074	8,462,526	6,349,829
Expenses										
Financing campaigns	1,221,711	—	—	—	—	—	—	—	1,221,711	1,075,639
Benefit events	220,932	—	—	—	—	—	—	—	220,932	112,157
	1,442,643	—	—	—	—	—	—	—	1,442,643	1,187,796
Excess of revenues over expenses from fundraising activities	4,179,809	—	—	474,994	—	1,115,960	1,249,120	2,840,074	7,019,883	5,162,033
Investments and other activities										
Revenues										
Investment income (note 4)	54,185	140,774	1,582,678	1,555,572	179,237	662,586	97,713	4,218,560	4,272,745	12,140,594
Grants (notes 6 and 7)	199,291	316,779	—	—	—	—	—	316,779	516,070	1,116,319
	253,476	457,553	1,582,678	1,555,572	179,237	662,586	97,713	4,535,339	4,788,815	13,256,913
Expenses										
Investment management and safekeeping	14,425	10,733	114,226	105,814	32,824	44,837	6,709	315,143	329,568	311,690
Administrative expenses	666,828	—	—	—	—	—	—	—	666,828	453,463
	681,253	10,733	114,226	105,814	32,824	44,837	6,709	315,143	996,396	765,153
Excess (deficiency) of revenues over expenses from investments and other activities	(427,777)	446,820	1,468,452	1,449,758	146,413	617,749	91,004	4,220,196	3,792,419	12,491,760
Excess of revenues over expenses before donations to the Museum	3,752,032	446,820	1,468,452	1,924,752	146,413	1,733,709	1,340,124	7,060,270	10,812,302	17,653,793
Donations to the Museum	319,578	103,467	539,960	1,017,266	184,913	1,471,674	—	3,317,280	3,636,858	2,650,099
Excess (deficiency) of revenues over expenses	3,432,454	343,353	928,492	907,486	(38,500)	262,035	1,340,124	3,742,990	7,175,444	15,003,694

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

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	Restricted Funds										2022	2021
	General Fund	MCC Matching Fund	Pavilions Fund with clause	Desmarais and Other Exhibitions Fund with clause	Jarislowsky Chair with clause	Acquisitions Fund		Educational Activities Fund		Total Restricted Funds	Total	Total
						with clause	without clause	with clause	without clause			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning 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
Excess (deficiency) of revenues over expenses	3,432,454	343,353	928,492	907,486	(38,500)	143,153	118,882	91,004	1,249,120	3,742,990	7,175,444	15,003,694
Interfund transfers	(250,000)	250,000	—	—	—	—	—	—	—	250,000	—	—
Net assets, end of year	4,852,247	2,187,487	20,510,745	18,847,241	4,574,725	4,102,993	3,523,439	1,208,824	6,453,720	61,409,174	66,261,421	59,085,977
Consisting of												
Endowments	—	921,993	—	—	2,000,000	—	—	—	—	2,921,993	2,921,993	2,605,214
Restricted, with clause	—	—	20,510,745	18,847,241	2,574,725	4,102,993	—	1,208,824	—	47,244,528	47,244,528	45,212,893
Endowments, without clause	—	265,494	—	—	—	—	3,523,439	—	6,453,720	10,242,653	10,242,653	8,848,077
Internally restricted	—	1,000,000	—	—	—	—	—	—	—	1,000,000	1,000,000	750,000
Unrestricted	4,852,247	—	—	—	—	—	—	—	—	—	4,852,247	1,669,793
	4,852,247	2,187,487	20,510,745	18,847,241	4,574,725	4,102,993	3,523,439	1,208,824	6,453,720	61,409,174	66,261,421	59,085,977

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	Restricted Funds							2022	2021
	General Fund	MCC Matching Fund	Pavilions Fund	Desmarais and Other Exhibitions Fund	Jarislawsky Chair	Acquisitions Funds	Educational Activities Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets									
Current assets									
Cash	11,523,151	—	—	—	—	—	—	11,523,151	7,951,706
Accounts receivable	42,510	748	7,339	7,371	2,287	3,123	466	21,334	63,844
Interfund advances	—	440*	727,864*	711,628*	—	—	6,498,053*	7,937,985*	—
	11,565,661	1,188	735,203	718,999	7,287	3,123	6,498,519	7,959,319	11,586,995
Investments (note 3)	2,934,525	2,186,299	19,775,542	18,128,242	4,588,635	7,640,306	1,164,025	53,481,049	56,415,574
	14,500,186	2,187,487	20,510,745	18,847,241	4,588,922	7,643,429	7,662,544	61,440,368	68,002,569
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	41,066	—	—	—	—	—	—	—	41,066
Deferred revenue	659,919	—	—	—	—	—	—	—	659,919
Due to the Museum	290,163	—	—	—	—	—	—	—	290,163
Interfund advances	7,906,791*	—	—	—	14,197*	16,997*	—	31,194*	—
	8,897,939	—	—	—	14,197	16,997	—	31,194	991,148
Deferred contributions – restricted 10 years – Mécénat Placements Culture Program (note 6)	750,000	—	—	—	—	—	—	—	750,000
	9,647,939	—	—	—	14,197	16,997	—	31,194	1,741,148
Net assets									
Endowments	—	921,993	—	—	2,000,000	—	—	2,921,993	2,921,993
Restricted, with clause	—	—	20,510,745	18,847,241	2,574,725	4,102,993	1,208,824	47,244,528	47,244,528
Restricted, without clause	—	265,494	—	—	—	3,523,439	6,453,720	10,242,653	10,242,653
Internally restricted (note 7)	—	1,000,000	—	—	—	—	—	1,000,000	1,000,000
Unrestricted	4,852,247	—	—	—	—	—	—	—	4,852,247
	4,852,247	2,187,487	20,510,745	18,847,241	4,574,725	7,626,432	7,662,544	61,409,174	66,261,421
	14,500,186	2,187,487	20,510,745	18,847,241	4,588,922	7,643,429	7,662,544	61,440,368	68,002,569

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

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

Approved by the Board,



Sylvie Demers
President
Trustee



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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses	7,175,444	15,003,694
Adjustments for:		
Change in realized fair value of investments	(3,577,586)	(2,451,748)
Change in unrealized fair value of investments	1,197,819	(8,207,386)
	4,795,677	4,344,560
Net change in non-cash operating working capital items		
Accounts receivable	(26,071)	3,884
Advance to the Museum	—	808,461
Accounts payable and accrued liabilities	(15,546)	44,076
Deferred revenue	289,773	155,000
Due to the Museum	(788,380)	1,078,543
	4,255,453	6,434,524
Investing activities		
Net change in investments	(684,008)	735,571
Net increase in cash	3,571,445	7,170,095
Cash, beginning of year	7,951,706	781,611
Cash, end of year	11,523,151	7,951,706

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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:

ADOPTION OF AMENDMENTS MADE TO SECTION 3856, "FINANCIAL INSTRUMENTS," FOR FINANCIAL INSTRUMENTS ORIGINATED OR EXCHANGED IN A RELATED PARTY TRANSACTION

On April 1, 2021, the Foundation adopted amendments to Section 3856, "Financial Instruments," of the CPA Canada Handbook ("Section 3856") with respect to financial instruments originated or exchanged in a related party transaction.

The amendments made to Section 3856 provide guidance on measuring a financial instrument in a related party transaction. The amendments require that such a financial instrument be initially measured at cost. Cost depends on whether or not the instrument has repayment terms.

The adoption of these amendments had no material impact on the disclosures or the amounts recognized in the Foundation's financial statements in the current period.

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.

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.

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

	2022	2021
	\$	\$
Cash	683,431	889,109
Canadian bonds	6,981,523	8,266,133
Canadian equity securities	24,910,918	21,221,775
U.S. and international equity securities	9,495,403	8,833,898
Canadian Equity Pooled Fund	7,627,252	7,590,168
International Equity Pooled Fund	2,196,022	2,094,788
Units of the Foundation of Greater Montreal Investment Fund	4,521,025	4,455,928
	56,415,574	53,351,799

4. INVESTMENT INCOME

The investment income is as follows:

	2022	2021
	\$	\$
Interest and dividends	1,892,978	1,481,460
Change in realized fair value	3,577,586	2,451,748
Change in unrealized fair value	(1,197,819)	8,207,386
	4,272,745	12,140,594

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 Trustees 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 (nil in 2021) 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 Montreal (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.

Period	Foundation contribution	CALQ/MCC grant	
		Restricted funds 10 years	Restricted funds 2 years
		\$	\$
Before October 1, 2013	500,000 ¹	375,000 ³	125,000 ⁵
After October 1, 2013	1,500,000 ²	750,000 ⁴	—
Total	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.

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	Withdrawals	2022	2021
	\$	\$	\$	\$	\$
Account					
Restricted funds 2 years	125,000	68,017	62,500	130,517	128,638
Restricted funds 10 years	3,125,000	1,726,537	461,029	4,390,508	4,327,290

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 \$1,000,000 (\$750,000 in 2021) related to this program. This amount must be maintained at all times.

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

Period	Foundation contribution	MCC grant
	\$	\$
Fiscal year 2018-2019	250,000	—
Fiscal year 2019-2020	250,000	—
Fiscal year 2020-2021	250,000	605,214 ²
Fiscal year 2021-2022	250,000 ¹	316,779 ³
	1,000,000	921,993

1 The Foundation will submit a matching grant request during the 2022-2023 fiscal year.

2 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.

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

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The investment income is as follows:

	2022	2021
	\$	\$
Interest and dividends	1,892,978	1,481,460
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Change in unrealized fair value	(1,197,819)	8,207,386
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