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Financial statements of  
The Montreal Museum of Fine Arts

March 31, 2023

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## 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, 2023 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

*Deloitte LLP*

June 27, 2023

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

**The Montreal Museum of Fine Arts**  
**Statement of financial position**  
As at March 31, 2023

		2023				2022	
Notes	General Fund	Capital Assets Fund	Acquisitions Fund	Employee Benefits Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	
<b>Assets</b>							
Current assets							
	Cash and term deposits	7,140,315	23,241	247,975	—	7,411,531	9,319,040
	Accounts receivable	785,259	—	30,725	—	815,984	943,852
	Interfund balances	2,879,492	(6,435,722)	3,556,230	—	—	—
	Amount receivable from the Foundation, non-interest-bearing and without repayment terms	1,902,564	—	—	—	1,902,564	290,163
	Grants receivable	153,642	3,080,375	—	—	3,234,017	3,122,836
	Inventories of the Boutique and Bookstore	733,015	—	—	—	733,015	839,069
	Prepaid expenses	1,284,257	—	—	—	1,284,257	1,401,232
		<b>14,878,544</b>	<b>(3,332,106)</b>	<b>3,834,930</b>	<b>—</b>	<b>15,381,368</b>	15,916,192
	Grants receivable	340,852	18,139,672	—	—	18,480,524	19,405,358
	Investments	4,877,495	—	15,708,740	—	20,586,235	23,905,407
	Capital assets	—	111,333,625	—	—	111,333,625	114,204,174
	Collection	—	—	1,000	—	1,000	1,000
		<b>20,096,891</b>	<b>126,141,191</b>	<b>19,544,670</b>	<b>—</b>	<b>165,782,752</b>	173,432,131
<b>Liabilities</b>							
Current assets							
	Bank loans	6,273,499	1,751,285	—	—	8,024,784	11,486,963
	Accrued interest	1,812	71,289	—	—	73,101	21,673
	Accounts payable and accrued liabilities	4,449,628	—	—	—	4,449,628	5,676,535
	Deferred revenue	2,113,107	—	—	—	2,113,107	2,251,727
	Deferred contributions	3,302,575	—	—	—	3,302,575	5,189,468
	Current portion of debt	130,393	3,009,086	—	—	3,139,479	2,965,976
		<b>16,271,014</b>	<b>4,831,660</b>	<b>—</b>	<b>—</b>	<b>21,102,674</b>	27,592,342
	Debt	340,852	10,202,914	—	—	10,543,766	8,707,984
	Deferred contributions	—	82,090,155	11,203,466	—	93,293,621	95,577,821
	Defined benefit obligation – Benefit plan	—	—	—	684,400	684,400	—
	Defined benefit obligation – Post-employment benefit plan	—	—	—	539,500	539,500	592,300
		<b>16,611,866</b>	<b>97,124,729</b>	<b>11,203,466</b>	<b>1,223,900</b>	<b>126,163,961</b>	132,470,447
	Commitments	—	—	—	—	—	—
	<b>Net assets</b>						
	Endowments	1,406,812	—	8,340,204	—	9,747,016	9,742,016
	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	3,491,181	3,618,745	—	—	7,109,926	7,833,201
	Remeasurements and other recognized items related to the defined benefit plans	—	—	—	890,900	890,900	1,515,200
	Unrestricted	(1,412,968)	—	—	(2,114,800)	(3,527,768)	(3,527,450)
		<b>3,485,025</b>	<b>29,016,462</b>	<b>8,341,204</b>	<b>(1,223,900)</b>	<b>39,618,791</b>	40,961,684
		<b>20,096,891</b>	<b>126,141,191</b>	<b>19,544,670</b>	<b>—</b>	<b>165,782,752</b>	173,432,131

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

Approved by the Board

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André Dufour, Chairman of the Board      *André Dufour*      Director  
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Jessica Pathy, Chair of the Audit Committee      *Jessica Pathy*      Director

**The Montreal Museum of Fine Arts**  
**Statement of operations and changes in net assets**  
Year ended March 31, 2023

		2023					2022
		General Fund					
Notes	Operations	Restrictions	Capital Assets Fund	Acquisitions Fund	Employee Benefits Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
General							
	Admissions and special events	5,036,284	—	—	—	5,036,284	2,428,048
	Boutique and Bookstore	2,942,347	—	—	—	2,942,347	1,703,800
	Donations of works of art	—	—	—	3,288,325	3,288,325	13,034,432
	Donations and sponsorships	909,483	—	—	—	909,483	342,312
	Donations from the Foundation	5,589,066	—	—	—	5,589,066	1,536,005
11	Exhibition catalogues	284,261	—	—	—	284,261	138,069
	Annual memberships	2,592,646	—	—	—	2,592,646	3,072,657
	Exhibition participation	399,331	—	—	—	399,331	653,067
9	Investments	230,280	(113,614)	—	—	116,666	737,575
	Rental income	346,536	—	—	—	346,536	241,043
	Miscellaneous	366,017	—	—	—	366,017	42,716
		<b>18,696,251</b>	<b>(113,614)</b>	<b>—</b>	<b>3,288,325</b>	<b>21,870,962</b>	<b>23,929,724</b>
	Operating and specific projects grants	17,633,300	—	—	—	17,633,300	20,868,541
3	Grants for expansion projects	294,144	—	269,003	—	563,147	316,345
7	Amortization of deferred contributions related to capital assets	—	—	5,339,969	—	5,339,969	5,194,538
7	Amortization of deferred contributions related to acquisitions of works of art	—	—	—	748,777	748,777	991,390
		<b>36,623,695</b>	<b>(113,614)</b>	<b>5,608,972</b>	<b>4,037,102</b>	<b>46,156,155</b>	<b>51,300,538</b>
<b>Expenses</b>							
	Temporary exhibitions	6,137,652	—	—	—	6,137,652	2,962,159
	Permanent collection	2,626,339	—	—	—	2,626,339	1,734,445
	Security and maintenance	6,071,662	—	—	—	6,071,662	5,884,444
	Administrative expenses	5,336,500	—	67,630	—	5,704,230	4,478,799
	Educational programs	2,398,693	—	—	—	2,398,693	2,032,701
	Boutique and Bookstore	2,663,043	—	—	—	2,663,043	1,761,374
	Curatorial services	5,889,796	—	—	157,647	6,047,443	5,835,395
	Communications	5,163,737	—	—	—	5,163,737	4,206,515
	Amortization of capital assets	—	—	5,522,587	—	5,522,587	5,476,192
	Loss on write-off of capital assets	—	—	42,297	—	42,297	—
	Acquisitions of works of art	—	—	—	503,259	503,259	735,900
	Amortization of works of art	—	—	—	3,288,325	3,288,325	13,034,432
	Rental buildings	303,964	—	—	—	303,964	314,371
	Investment management fees	—	33,489	—	87,871	121,360	141,688
	Interest – projects	16,154	—	269,003	—	285,157	316,345
		<b>36,607,540</b>	<b>33,489</b>	<b>5,901,517</b>	<b>4,037,102</b>	<b>46,879,748</b>	<b>48,914,760</b>
	(Deficiency) excess of revenues over expenses before interfund transfers	16,155	(147,103)	(292,545)	—	(300,100)	(723,593)
<b>Interfund transfers</b>							
	Contributions from General Fund to Operations	507,052	(507,052)	—	—	—	—
	Contributions from General Fund to Employee Benefits Fund	(292,800)	—	—	292,800	—	—
	to Capital Assets Fund	(223,425)	—	223,425	—	—	—
	<b>(Deficiency) excess of revenues over expenses after interfund transfers</b>	<b>6,982</b>	<b>(654,155)</b>	<b>(69,120)</b>	<b>—</b>	<b>(7,300)</b>	<b>(723,593)</b>
	Endowment contributions	—	5,000	—	—	5,000	36,006
	Change in remeasurements and other recognized items	—	—	—	—	(624,300)	(7,200)
	Net assets, beginning of year	(1,419,950)	5,547,148	29,085,582	8,341,204	(592,300)	40,961,684
	<b>Net assets, end of year</b>	<b>(1,412,968)</b>	<b>4,897,993</b>	<b>29,016,462</b>	<b>8,341,204</b>	<b>(1,223,900)</b>	<b>40,961,684</b>

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

## The Montreal Museum of Fine Arts

### Statement of cash flows

Year ended March 31, 2023

	2023	2022
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenses	<b>(723,593)</b>	2,385,778
Adjustments for:		
Change in fair value of investments	<b>52,051</b>	(539,077)
Amortization of capital assets	<b>5,522,587</b>	5,476,192
Loss on write-off of capital assets	<b>42,297</b>	—
Amortization of deferred contributions related to capital assets	<b>(5,339,969)</b>	(5,194,538)
Amortization of deferred contributions related to acquisitions of works of art	<b>(748,777)</b>	(991,390)
Defined benefit obligation	<b>7,300</b>	(68,700)
	<b>(1,188,104)</b>	1,068,265
Net change in non-cash operating working capital items	<b>(4,075,981)</b>	68,073
	<b>(5,264,085)</b>	1,136,338
<b>Investing activities</b>		
Net change in grants receivable	<b>2,936,377</b>	6,990,394
Net change in investments	<b>3,051,411</b>	2,320,851
Acquisition of capital assets	<b>(3,080,850)</b>	(4,348,022)
	<b>2,906,938</b>	4,963,223
<b>Financing activities</b>		
Net change in bank loans	<b>(3,462,179)</b>	2,431,095
Increase in debt	<b>4,975,261</b>	314,374
Repayment of debt	<b>(2,965,976)</b>	(5,033,925)
Change in deferred contributions related to the General Fund	<b>(209,712)</b>	209,712
Increase in deferred contributions related to capital assets	<b>469,168</b>	637,628
Increase in deferred contributions related to acquisitions of works of art	<b>1,638,076</b>	1,876,168
Endowments received	<b>5,000</b>	36,006
	<b>449,638</b>	471,058
Net (decrease) increase in cash and cash equivalents	<b>(1,907,509)</b>	6,570,619
Cash and cash equivalents, beginning of year	<b>9,319,040</b>	2,748,421
<b>Cash and cash equivalents, end of year</b>	<b>7,411,531</b>	9,319,040
Cash and cash equivalents comprise:		
Cash	<b>7,018,257</b>	8,769,558
Term deposits	<b>393,274</b>	549,482
	<b>7,411,531</b>	9,319,040
<i>Non-cash transactions</i>		
Grants receivable in connection with deferred contributions related to capital assets not received	<b>2,122,724</b>	2,395,275
Capital asset acquisitions unpaid at year-end	<b>287,146</b>	673,661
Deferred contributions not received	<b>2,122,724</b>	2,395,275

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

# The Montreal Museum of Fine Arts

## Notes to the financial statements

March 31, 2023

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### 1. Status and nature of activities

The Montreal Museum of Fine Arts (the "Museum") is a not-for-profit organization that encourages the plastic arts, spreads artistic knowledge, and acquires, conserves, collects, promotes and exhibits works of art for the citizens of Montreal, 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:

#### *Changes in accounting policies*

The Museum has applied the amendments of Section 3462, *Employee Future Benefits*, of the CPA Canada Handbook, which changed the measurement of the obligation under certain defined benefit pension plans. For plans for which there is no legislative, regulatory or contractual requirement to prepare an actuarial valuation for funding purposes, the changes remove the accommodation for defined benefit plans without a funding valuation requirement possibility of using a valuation for funding purposes and instead require measurement for accounting purposes.

The application of these changes has had no impact on the disclosures or amounts recognized in these financial statements.

#### *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 benefit obligations as well as the expenses related to employee future benefit plans.

## **2. Accounting policies (continued)**

### *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.

## **2. Accounting policies (continued)**

### *Financial instruments (continued)*

#### *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 is determined periodically by independent actuaries. Legislative, regulatory or contractual requirements are applied to defined benefit pension plans and require an actuarial valuation for funding purposes. The Museum has elected to use the most recent actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind-up or similar valuation basis) to assess the obligation under its defined benefit plans, in accordance with the requirement that such a plan be subject to a valuation for funding purposes established according to the laws and regulations applicable to pension plans. The valuation for funding purposes is established in accordance with applicable laws and regulations relating to pension plans, generally to determine the contributions to be made to the plan.

The cost of the post-employment benefit plan is also established periodically by independent actuaries. There are no legislative, regulatory or contractual requirements for an actuarial valuation for funding purposes. Accordingly, the Museum uses an actuarial valuation for accounting purposes to determine the defined benefit plan obligation. The valuation is based on the projected benefit method pro-rated on service in the event that future changes in salary levels or future cost growth affect the amount of employee future benefits.

## **2. Accounting policies (continued)**

### *Employee future benefits (continued)*

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 plan's cost for the year;
- in the statement of operations and changes in net assets, remeasurements 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.

**The Montreal Museum of Fine Arts**  
**Notes to the financial statements**  
March 31, 2023

**3. Grants**

	<b>2023</b>	2022
	\$	\$
Operating grants		
Conseil des arts de Montréal	<b>370,000</b>	370,000
Canada Council for the Arts	<b>540,000</b>	450,000
Ministère de la Culture et des Communications	<b>14,800,800</b>	16,565,600
	<b>15,710,800</b>	17,385,600
Grants for specific projects		
Canada Council for the Arts	<b>36,125</b>	25,000
Ministère de la Culture et des Communications		
Digital cultural project	<b>205,232</b>	179,579
Support to Crown Corporations and national organizations	<b>551,271</b>	1,935
Support for permanent and traveling exhibitions	<b>96,845</b>	—
Other provincial programs	<b>255,917</b>	218,126
Art Mentor Foundation	<b>103,807</b>	—
Canadian Heritage	<b>461,118</b>	41,386
Canada Emergency Wage Subsidy	—	2,797,453
Other grants	<b>212,185</b>	219,462
	<b>1,922,500</b>	3,482,941
	<b>17,633,300</b>	20,868,541
Grants for expansion projects		
Ministère de la Culture et des Communications	<b>563,147</b>	316,345

**4. Capital assets**

	<b>2023</b>			2022
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	<b>25,397,717</b>	—	<b>25,397,717</b>	25,397,717
Buildings	<b>155,701,496</b>	<b>86,082,854</b>	<b>69,618,642</b>	73,297,816
Building improvements	<b>12,263,663</b>	<b>2,490,263</b>	<b>9,773,400</b>	9,339,566
Furniture and equipment	<b>7,734,062</b>	<b>6,258,071</b>	<b>1,475,991</b>	1,202,632
Digital infrastructure	<b>5,167,761</b>	<b>3,673,892</b>	<b>1,493,869</b>	1,058,289
Work in progress	<b>3,574,006</b>	—	<b>3,574,006</b>	3,908,154
	<b>209,838,705</b>	<b>98,505,080</b>	<b>111,333,625</b>	114,204,174

**The Montreal Museum of Fine Arts**  
**Notes to the financial statements**  
March 31, 2023

**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, 2022). This loan is repayable on demand, bears interest at 6.700% (1.168% as at March 31, 2022) and is renewable annually.

As at March 31, 2023, several projects subsidized by the Ministère de la Culture et des Communications are under way, i.e., the asset maintenance project, the collection reorganization project, and the digital cultural strategy project. These projects represent loans of \$7,358,840 (\$14,798,800 as at March 31, 2022) with a drawn balance of \$6,273,499 (\$9,186,531 as at March 31, 2022). These loans are subject to short-term financing with Financement-Québec and bear interest at the three-month Québec Treasury bills rate plus 0.020% (4.498% as at March 31, 2023; 0.860% as at March 31, 2022).

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, 2022) from a banking institution at a rate of 6.700% (1.168% as at March 31, 2022), with a drawn balance of \$1,751,285 at year-end (\$2,300,432 as at March 31, 2022).

**6. Debt**

	<b>2023</b>	2022
	\$	\$
Loans from the Ministère des Finances and from Financement-Québec		
Bearing interest at 2.873%, repaid during the year <sup>a) m)</sup>	—	232,310
Bearing interest at 2.186%, maturing in November 2025 <sup>b) m)</sup>	<b>150,981</b>	201,309
Bearing interest at 1.965%, maturing in March 2026 <sup>c) m)</sup>	<b>5,737,292</b>	7,649,723
Bearing interest at 2.572%, maturing in March 2027 <sup>d) m)</sup>	<b>320,264</b>	400,329
Bearing interest at 2.454%, maturing in February 2027 <sup>e) m)</sup>	<b>352,290</b>	440,362
Bearing interest at 2.425%, repaid during the year <sup>f) m)</sup>	—	100,432
Bearing interest at 1.968%, maturing in March 2024 <sup>g) m)</sup>	<b>88,212</b>	176,424
Bearing interest at 2.083%, maturing in March 2029 <sup>h) m)</sup>	<b>1,507,386</b>	1,758,617
Bearing interest at 1.173%, maturing in March 2026 <sup>i) m)</sup>	<b>300,060</b>	400,080
Bearing interest at 2.432%, maturing in December 2026 <sup>j) m)</sup>	<b>251,499</b>	314,374
Bearing interest at 3.627%, maturing in December 2032 <sup>k) m)</sup>	<b>4,888,069</b>	—
Bearing interest at 3.437%, maturing in December 2027 <sup>l) m)</sup>	<b>87,192</b>	—
	<b>13,683,245</b>	11,673,960
Current portion	<b>3,139,479</b>	2,965,976
	<b>10,543,766</b>	8,707,984

## **6. Debt (continued)**

- a) 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 capital asset maintenance program and to reorganize the Museum's permanent collections.
- b) 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.
- c) 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.
- d) 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 digital cultural strategy project, Phase I.
- e) 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 digital cultural strategy project, Phase II.
- f) 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.
- g) 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 digital cultural strategy project, Phase III.
- h) 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.
- i) On March 18, 2022, 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 digital cultural strategy project, Phases IV and V.
- j) On March 24, 2023, the Museum contracted a \$314,374 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan helped to finance the redevelopment of the premises and expand the areas intended for museum reserves.
- k) On December 9, 2022, the Museum contracted a \$4,888,069 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 December 9, 2022, the Museum contracted a \$87,192 loan from Financement-Québec in its capacity as administrator of the Financing Fund. This loan was used to fund the Museum's digital cultural strategy project, Phase VI.
- m) 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.

## 6. Debt (continued)

Principal payments required and the related grants are as follows for the coming years:

	Repayment of debt	Grants from the Government of Quebec
	\$	\$
2024	3,139,479	3,139,479
2025	3,051,266	3,051,266
2026	3,051,266	3,051,266
2027	988,489	988,489
2028	757,479	757,479
2029 and thereafter	2,695,266	2,695,266
	<u>13,683,245</u>	<u>13,683,245</u>

## 7. Deferred contributions

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

	2023	2022
	\$	\$
Balance, beginning of year	<b>84,838,232</b>	86,999,867
Contributions received during the year	<b>2,591,892</b>	3,032,903
Amortization for the year	<b>(5,339,969)</b>	(5,194,538)
Balance, end of year	<b>82,090,155</b>	84,838,232

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

	2023	2022
	\$	\$
Balance, beginning of year	<b>10,529,877</b>	8,616,286
Amounts received during the year		
Donations and sponsorships	<b>20,000</b>	20,000
Donations from the Foundation	<b>918,875</b>	1,477,339
Investment income	<b>483,491</b>	1,407,642
Amortization for the year	<b>(748,777)</b>	(991,390)
Balance, end of year	<b>11,203,466</b>	10,529,877

## 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 has decided that there would not be any 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 \$343,466 (\$295,232 in 2022).

**8. Employee future benefits (continued)**

*Pension plan (continued)*

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, 2021, and the data has been extrapolated to March 31, 2023. The next valuation must be performed as at December 31, 2024 and completed before September 30, 2025.

Information about the plan is as follows:

	<b>2023</b>	2022
	\$	\$
Defined benefit obligations	<b>15,598,600</b>	14,807,600
Fair value of plan assets	<b>14,914,200</b>	15,746,600
(Deficiency) excess in the plan	<b>(684,400)</b>	939,000
Valuation allowance	—	(939,000)
Defined benefit obligations recorded	<b>(684,400)</b>	—

Plan assets consist of:

	<b>2023</b>	2022
	%	%
Bonds	<b>14.2</b>	42.1
Insured annuity contracts	<b>79.8</b>	13.2
Canadian shares	<b>2.0</b>	12.4
U.S. and international shares	<b>3.4</b>	16.7
Infrastructures	<b>0.6</b>	4.2
Real estate	—	11.4
	<b>100.0</b>	100.0

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

	<b>2023</b>	2022
	\$	\$
Cost for the year	<b>271,900</b>	225,500
Cash payments recognized	<b>256,800</b>	285,100
Benefits paid by the plan	<b>915,600</b>	796,000

*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 has decided that there would not be any 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, 2023.

**8. Employee future benefits (continued)**

*Post-employment benefit plan (continued)*

Information about the plan is as follows:

	<b>2023</b>	2022
	\$	\$
Defined benefit obligations	<b>584,500</b>	644,700
Actuarial gains on the defined benefit obligations	<b>45,000</b>	52,400
Defined benefit obligations recorded	<b>539,500</b>	592,300

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

	<b>2023</b>	2022
	\$	\$
Cost for the year	<b>28,200</b>	31,100
Cash payments recognized	<b>36,000</b>	40,200

*Assumptions*

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

	<b>2023</b>		2022	
	<b>Pension plan</b>	<b>Post-employment benefit plan</b>	Pension plan	Post-employment benefit plan
	%	%	%	%
Defined benefit obligation as at March 31				
Discount rate	<b>4.90</b>	<b>4.40</b>	4.90	4.90
Rate of compensation increase	<b>3.50</b>	—	3.50	—
Benefit costs for the year ended March 31				
Discount rate	<b>4.90</b>	<b>4.90</b>	4.90	4.90
Expected long-term rate of return on plan assets	<b>4.90</b>	—	4.90	—
Rate of compensation increase	<b>3.50</b>	—	3.50	—

**9. Investment income related to endowments**

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

	<b>2023</b>	2022
	\$	\$
Interest and dividends	<b>867,918</b>	577,327
Change in realized fair value	<b>(44,248)</b>	1,870,479
Change in unrealized fair value	<b>(223,513)</b>	(302,589)
	<b>600,157</b>	2,145,217

**9. Investment income related to endowments (continued)**

This income is presented as follows in the financial statements:

	<b>2023</b>		
	<b>General Fund</b>	<b>Acquisitions Fund</b>	<b>Total</b>
	\$	\$	\$
Investment income in the statement of operations and changes in net assets	<b>116,666</b>	—	<b>116,666</b>
Deferred contributions in the statement of financial position	—	<b>483,491</b>	<b>483,491</b>
	<b>116,666</b>	<b>483,491</b>	<b>600,157</b>
	<b>2022</b>		
	<b>General Fund</b>	<b>Acquisitions Fund</b>	<b>Total</b>
	\$	\$	\$
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

**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 \$3,148,870.

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

	\$
2024	1,313,236
2025	705,328
2026	603,991
2027	526,315

**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 Directors.

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.

**11. Related organizations and transactions (continued)**

*The Montreal Museum of Fine Arts Foundation (continued)*

The Foundation organizes and manages fundraising campaigns and benefit events. From these campaigns and events, the Museum recorded donations totalling \$6,798,612 (\$3,636,858 in 2022), of which \$5,589,066 (\$1,536,005 in 2022) is presented in "Donations from the Foundation" and \$1,209,546 (\$2,100,853 in 2022) is presented in "Deferred contributions." From all of these donations, \$918,875 (\$1,477,339 in 2022) was for the acquisition of works of art, \$929,716 (\$9,966 in 2022) was to support educational activities, \$1,392,683 (\$817,266 in 2022) was for exhibitions, \$3,407,338 (\$1,032,340 in 2022) was to support the Museum's day-to-day operations and specific projects, and \$150,000 (\$299,947 in 2022) was for the completion of the Claire and Marc Bourgie Pavilion and for the Michal and Renata Hornstein Pavilion for Peace.

The Foundation's condensed financial information as at March 31, 2023 and 2022 is as follows:

	<b>2023</b>	2022
	\$	\$
Financial position		
Assets	<b>69,196,398</b>	68,002,569
Liabilities	<b>2,751,992</b>	1,741,148
Net assets	<b>66,444,406</b>	66,261,421
	<b>69,196,398</b>	68,002,569
Operations		
Revenues		
Contributions	<b>8,219,218</b>	8,462,526
Investment income	<b>1,948,642</b>	4,272,745
Grants	<b>350,704</b>	516,070
	<b>10,518,564</b>	13,251,341
Expenses	<b>3,536,967</b>	2,439,039
Donation to the Museum	<b>6,798,612</b>	3,636,858
Excess of revenues over expenses	<b>182,985</b>	7,175,444
Cash flows		
Cash flows from operating activities	<b>1,463,129</b>	4,255,453
Cash flows from investing activities	<b>(691,711)</b>	(684,008)

## 12. Financial instruments

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

The investments consist of:

	<b>2023</b>	2022
	\$	\$
Cash	<b>292,987</b>	306,721
Canadian bonds	<b>1,885,165</b>	2,961,096
Canadian shares	<b>11,070,066</b>	12,568,232
U.S. and international equity securities	<b>4,539,327</b>	4,806,494
Canadian Equity Pooled Fund	<b>2,798,690</b>	3,262,864
	<b>20,586,235</b>	23,905,407

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. The same is true for revenue from these investments. In addition, the statement of financial position includes amounts of \$140,708 (\$362,761 as at March 31, 2022) in Canadian dollars denominated in U.S. dollars and \$141,744 (\$126,917 as at March 31, 2022) in Canadian dollars denominated in euros in accounts payable and accrued liabilities, and it includes an amount of \$392,421 (\$919,319 as at March 31, 2022) 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, and it has investments in mutual funds, the value of which fluctuates according to market price.

## **12. Financial instruments (continued)**

### *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. Museum collection**

In its mission to attract the most diversified range of visitors, the Museum has assembled, over its 162 years of its existence, one of the most significant and encyclopedic 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.

This collection is recorded at a nominal value of \$1,000 in the statement of financial position. 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).