2014|2015
ANNUAL
REPORT
MONTREAL
MUSEUM OF
FINE ARTS

FINANCIAL STATEMENTS OF THE MUSEUM AND THE MUSEUM FOUNDATION

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS

MARCH 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of The Montreal Museum of Fine Arts

We have audited the financial statements of The Montreal Museum of Fine Arts, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Montreal Museum of Fine Arts as at March 31, 2015, 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.

Deloitte LLP[1]

June 29, 2015

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	General Fund	Capital Assets Fund	Acquisitions Fund	Employee Benefit Fund	Total 2015	Total 2014
	$	$	$	$	$	$
Assets						(Restated) (note 2)
Current assets						
Cash and term deposits	2,245,516	63,713	—	—	**2,309,229**	1,933,670
Accounts receivable	1,600,638	—	—	—	**1,600,638**	2,076,644
Interfund balances	2,697,437	(3,250,510)	728,073	(175,000)	**—**	—
Amount receivable from the Foundation, non-interest bearing and without specific terms of repayment	1,967,728	—	—	—	**1,967,728**	2,041,543
Grants receivable	1,391,394	4,060,929	—	—	**5,452,323**	5,323,135
Inventories of the Boutique and Bookstore	855,983	—	—	—	**855,983**	728,446
Prepaid expenses	800,852	32,487	—	—	**833,339**	628,823
	11,559,548	906,619	728,073	(175,000)	**13,019,240**	12,732,261
Grants receivable	3,115,513	12,909,182	—	—	**16,024,695**	20,280,921
Investments (note 12)	3,745,447	—	13,688,733	—	**17,434,180**	16,032,525
Accumulated interest	—	800,000	—	—	**800,000**	1,200,000
Capital assets (note 4)	—	99,375,925	—	—	**99,375,925**	102,682,908
Construction in progress	—	12,066,068	—	—	**12,066,068**	2,372,763
	18,420,508	126,057,794	14,416,806	(175,000)	**158,720,108**	155,301,378
Liabilities						
Current liabilities						
Bank overdraft	—	—	—	—	**—**	351,018
Bank loans (note 5)	2,050,000	7,500,000	—	—	**9,550,000**	2,750,000
Accrued interest	113,693	216,012	—	—	**329,705**	403,659
Accounts payable and accrued liabilities	3,733,028	2,745,257	—	—	**6,478,285**	3,404,221
Deferred revenue	2,933,385	—	—	—	**2,933,385**	2,526,689
Deferred contributions	1,496,169	—	—	—	**1,496,169**	1,514,670
Advance from the Foundation, non-interest bearing and without specific terms of repayment	2,840,201	—	—	—	**2,840,201**	2,840,201
Current portion of long-term debt (note 6)	811,309	3,844,917	—	—	**4,656,226**	4,673,108
	13,977,785	14,306,186	—	—	**28,283,971**	18,463,566
Long-term debt (note 6)	3,115,513	18,709,182	—	—	**21,824,695**	26,480,921
Deferred contributions (note 7)	—	67,406,402	—	—	**67,406,402**	69,492,497
Accrued benefit obligations – pension plan (note 8)	—	—	—	773,800	**773,800**	1,719,900
Accrued benefit obligations – post-employment benefits (note 8)	—	—	—	716,400	**716,400**	753,500
	17,093,298	100,421,770	—	1,490,200	**119,005,268**	116,910,384
Commitments (note 10)						
Net assets						
Invested in capital assets	—	25,397,717	—	—	**25,397,717**	25,397,717
Restricted (note 9)	3,758,736	—	14,416,806	—	**18,175,542**	17,568,006
Revaluation and other items recognized relating to the defined benefit plans	—	—	—	2,284,300	**2,284,300**	1,509,300
Unrestricted	(2,431,526)	238,307	—	(3,949,500)	**(6,142,719)**	(6,084,029)
	1,327,210	25,636,024	14,416,806	(1,665,200)	**39,714,840**	38,390,994
	18,420,508	126,057,794	14,416,806	(175,000)	**158,720,108**	155,301,378

Approved by the Board

Brian M. Levitt
Chairman of the Board
Trustee

Michal Hornstein
Vice-president
Trustee

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

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2015

	General Fund		Capital Assets Fund	Acquisitions Fund	Employee Benefit Fund	Total	
	Operations	Restrictions				**2015**	2014
	$	$	$	$	$	$	$
Revenue							(Restated) (note 2)
General							
Admissions and special events	4,632,548	—	—	—	—	**4,632,548**	4,714,329
Boutique and Bookstore	3,102,798	—	—	—	—	**3,102,798**	3,116,487
Donations of works of art	—	—	—	5,825,215	—	**5,825,215**	29,174,194
Donations and sponsorships (note 11)	2,128,157	—	—	144,205	—	**2,272,362**	3,021,139
Donations from the Foundation (note 11)	2,861,486	—	—	409,441	—	**3,270,927**	2,055,884
Exhibition catalogues	554,482	—	—	—	—	**554,482**	480,733
Annual memberships	3,086,863	—	—	—	—	**3,086,863**	2,474,567
Exhibition participation	1,108,665	—	—	—	—	**1,108,665**	2,160,174
Investments (note 9)	10,141	493,228	—	1,824,379	—	**2,327,748**	2,593,092
Rental income	468,507	—	—	—	—	**468,507**	499,697
Miscellaneous (note 11)	950,631	—	—	—	—	**950,631**	847,915
	18,904,278	493,228	—	8,203,240	—	**27,600,746**	51,138,211
Operating and specific projects and acquisitions grants (note 3)	15,390,812	—	—	29,000	—	**15,419,812**	15,977,686
Grants – expansion projects (note 3)	134,681	—	667,254	—	—	**801,935**	994,956
Amortization of deferred contributions related to capital assets (note 7)	—	—	3,333,991	—	—	**3,333,991**	3,657,243
	34,429,771	493,228	4,001,245	8,232,240	—	**47,156,484**	71,768,096
Expenses							
Temporary exhibitions	6,813,518	—	—	—	—	**6,813,518**	7,190,850
Permanent collection	2,040,907	—	—	—	—	**2,040,907**	1,858,664
Security and maintenance	5,799,041	—	—	—	—	**5,799,041**	5,646,181
Administrative expenses (including interest expense of $16,754; $8,089 in 2014)	5,740,689	—	—	—	588,200	**6,328,889**	6,122,424
Educational programmes	2,180,312	—	—	—	—	**2,180,312**	1,932,546
Boutique and Bookstore	2,687,808	—	—	—	—	**2,687,808**	2,706,001
Curatorial services	4,586,680	—	—	189,491	—	**4,776,171**	4,753,553
Communications	3,217,553	—	—	—	—	**3,217,553**	3,305,181
Amortization of capital assets	—	—	3,449,087	—	—	**3,449,087**	3,461,910
Acquisitions of works of art	—	—	—	1,824,901	—	**1,824,901**	2,090,681
Amortization of works of art	—	—	—	5,825,215	—	**5,825,215**	29,174,194
Loss on write-off of capital assets	—	—	—	—	—	—	609,212
Rental expenses	790,760	—	—	—	—	**790,760**	614,115
Investment management fees	—	20,602	—	75,401	—	**96,003**	105,746
Interest – projects	134,681	—	667,254	—	—	**801,935**	994,956
	33,991,949	20,602	4,116,341	7,915,008	588,200	**46,632,100**	70,566,214
Excess (deficiency) of revenue over expenses before interfund transfers	437,822	472,626	(115,096)	317,232	(588,200)	**524,384**	1,201,882
Interfund transfers							
Contributions from Restricted Funds to Operations	206,784	(206,784)	—	—	—	**—**	—
Contributions from General Fund							
to Employee Benefit Fun	(821,400)	—	—	—	821,400	**—**	—
to Capital Assets Fund	(149,718)	—	149,718	—	—	**—**	—
Excess (deficiency) of revenue over expenses after interfund transfers	(326,512)	265,842	34,622	317,232	233,200	**524,384**	1,201,882
Endowment contributions	—	24,462	—	—	—	**24,462**	5,000
Change in revaluations and other recognized elements	—	—	—	—	775,000	**775,000**	1,509,300
Net assets, beginning of year	(2,105,014)	3,468,432	25,601,402	14,099,574	(2,673,400)	**38,390,994**	39,869,712
Net assets, end of year	(2,431,526)	3,758,736	25,636,024	14,416,806	(1,665,200)	**39,714,840**	38,390,994

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	2015	2014
	$	$
		(Restated) (note 2)
Operating activities		
Excess of revenue over expenses	**524,384**	1,201,882
Adjustments for:		
Change in fair value of investments	**(1,868,026)**	(2,161,634)
Amortization of capital assets	**3,449,087**	3,461,910
Amortization of deferred contributions related to capital assets	**(3,333,991)**	(3,657,243)
Loss on write-off of capital assets	—	609,212
Accrued benefit obligations	**(208,200)**	(1,872,500)
	(1,436,746)	(2,418,373)
Net change in non-cash operating working capital items	**2,677,803**	2,335,839
	1,241,057	(82,534)
Investing activities		
Change in grants receivable	**4,127,038**	4,542,212
Net change in investments	**466,371**	424,398
Capital assets and construction in progress acquisition	**(8,507,139)**	(2,362,754)
	(3,913,730)	2,603,856
Financing activities		
Change in bank loans	**6,800,000**	(2,106,880)
Increase of long-term debt	—	5,000,000
Repayments of long-term debt	**(4,673,108)**	(10,167,286)
Increase in deferred contributions related to capital assets	**1,247,896**	1,387,261
Endowment contributions	**24,462**	5,000
	3,399,250	(5,881,905)
Net increase (decrease) in cash and cash equivalents	**726,577**	(3,360,583)
Cash and cash equivalents, beginning of year	**1,582,652**	4,943,235
Cash and cash equivalents, end of year	**2,309,229**	1,582,652
Comprise:		
Cash and term deposits	**2,309,229**	1,933,670
Bank overdraft	—	(351,018)
	2,309,229	1,582,652
Non-cash transactions		
Capital assets and construction in progress acquisitions unpaid at year-end	**1,632,202**	303,932

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

1. STATUS AND NATURE OF ACTIVITIES

The Montreal Museum of Fine Arts (the "Museum"), a not-for-profit organization, encourages the plastic arts and an appreciation thereof and acquires, conserves, collects, promotes and exhibits works of art on behalf of the citizens of Montreal, Quebec, Canada and elsewhere. The Museum is incorporated as a private corporation under the *Loi sur le Musée des beaux-arts de Montréal* and is a registered charity within the meaning of the *Income Tax Act*.

2. ACCOUNTING POLICIES

CHANGE IN ACCOUNTING POLICY

The Museum adopted during the year, retrospectively, Section 3463 of the *CPA Canada Handbook – Accounting* titled "Reporting employee future benefits by not-for-profit organizations" ("Section 3463"). Previously, the Museum accounted operations related to its defined benefit plan using the deferred recognition approach. The corresponding figures and notes of the comparative year have been restated.

Section 3463 eliminates the deferral and amortization as a choice of accounting method for accounting for defined benefit plans as well as the niche of three months for the valuation of assets and obligations under the plan. It also requires that changes in the fair value of plan assets and changes in the valuation of the obligation for defined benefits, including the cost of past services, actuarial gains and losses and gains and losses of a regulation or a compression, are recognized immediately in the statement of changes in net assets. Therefore, the asset or liability for defined benefit recognized in the statement of financial position reflects the obligation in respect of defined benefit net of the fair value of plan assets and adjusted for any valuation impairment at the reporting date. In addition, Section 3463 requires the separate identification of revaluations and other elements of the other costs associated with the pension plan, which increases the visibility of the impact of periodic reassessments. These items are presented separately in the statement of changes in net assets.

In addition, the expected return on plan assets is no longer applied to the fair value of the assets to calculate the cost of benefits. Under Section 3463, the same discount rate must be applied to the accrued benefit obligation and the plan assets to establish the financial cost. The discount rate will continue to be determined based on the market interest rate for higher quality debt instruments with cash flows that match the timing and amount of payments provided for services or rates interest inherent to the amount for which the obligation under defined benefit could be settled.

The retrospective application of Section 3463 has resulted in the following adjustments in the financial statements:

	Initially recorded balance	Adjustments	Adjusted balance
	$	$	$
Accrued benefit asset (obligations) – Pension plan as at March 31, 2014	**1,073,500**	**(2,793,400)**	**(1,719,900)**
Accrued benefit obligations – Post-employment benefits as at March 31, 2014	**982,500**	**(229,000)**	**753,500**
Net assets as at April 1, 2013	**39,869,712**	**(4,194,900)**	**35,674,812**
Net assets – Unrestricted as at March 31, 2014	**(2,010,329)**	**(4,073,700)**	**(6,084,029)**
Net assets – Revaluation and other items recognized as at March 31, 2014	**—**	**(1,509,300)**	**(1,509,300)**
Expense for the year ended March 31, 2014	**70,687,414**	**(121,200)**	**70,566,214**
Excess of revenue over expenses for the year ended March 31, 2014	**1,080,682**	**121,200**	**1,201,882**

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

FUND ACCOUNTING

The Museum uses the deferral method to account for contributions and follows the fund accounting method for the presentation of financial information, whereby resources are classified into funds in accordance with specified activities or objectives.

I GENERAL FUND

The General Fund reports the assets, liabilities, revenue and operating expenses related to the Museum's day-to-day operating activities. Endowments, the income from which is to be used to increase the original endowment and for day-to-day operations, are presented as restricted net assets of the General Fund.

II CAPITAL ASSETS FUND

The Capital Assets Fund reports the assets, liabilities, revenue and expenses related to capital assets and the restricted contributions specifically related thereto.

Deferred contributions of the Capital Assets Fund combine grants and the donations specifically restricted for the financing of the capital assets.

III ACQUISITIONS FUND

The Acquisitions Fund reports the assets, liabilities, revenue and expenses related to acquisitions of works of art and endowments, the income from which is to be used to increase the original endowment and to purchase works of art.

IV EMPLOYEE BENEFIT FUND

The Employee Benefit Fund presents the accrued benefit obligations as well as costs related to employee future benefit plans.

REVENUE RECOGNITION

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

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue of the appropriate fund. Unrestricted investment income is recognized as revenue of the General Fund.

Revenue from the sale of goods or services is recognized when the property was transferred to the person acquiring or when service rendered.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value when the Museum becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments, which are measured at fair value at the statement of financial position date. Fair value fluctuations, including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses, are included in investment income.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operation as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Museum recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in statement of operations in the period the reversal occurs.

INTERFUND BALANCES

Interfund balances comprise non-interest-bearing interfund advances, without specific terms of repayment.

BOUTIQUE AND BOOKSTORE INVENTORIES

Inventories are valued at the lower of cost and net realizable value, cost is determined using the first-in, first-out method.

ACCUMULATED INTEREST

The interest accumulated during the realization of the expansion project of the Jean-Noël Desmarais Pavilion was accumulated separately from the cost of construction and is being recovered through an annual grant from the Ministère de la Culture et des Communications.

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
Furniture and equipment	5 years

CONSTRUCTION IN PROGRESS

Construction in progress is recorded at cost. All costs incurred during the construction, both direct and indirect, are capitalized.

EMPLOYEE FUTURE BENEFITS

The cost of the Museum's defined benefit pension plan and post-employment benefit plan are determined periodically by independent actuaries. The Museum has chosen to evaluate the accrued benefit obligations by using the actuarial valuation for funding purposes. This periodic actuarial valuation is based on the method of allocating defined benefit on prorated services (which incorporates management's best estimate of future salary levels, other cost growth, retirement age of employees and other actuarial factors). For the purpose of calculating the real rate of return on plan assets, those assets are valued at fair value.

The Museum uses the method of immediate recognition by which the Museum recognizes:

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

DEFERRED CONTRIBUTIONS

Contributions restricted to future period expenses are deferred and recognized as revenue in the year in which the related expenses are incurred.

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

WORKS OF ART

The Museum's permanent collection comprises paintings, sculptures, drawings and prints, and decorative arts. The permanent collection is not reflected in the financial statements. Donated works of art are accounted for at fair value based on external appraisal reports. They are fully amortized in the year of acquisition.

FOREIGN CURRENCY TRANSLATION

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

Revenue and expenses are translated at the average rate of exchange prevailing during the year. Gains and losses on these translations are recorded in the statement of operations.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. GRANTS

	2015	2014
	$	$
Operating grants		
Ministère de la Culture et des Communications	**14,132,400**	15,049,900
Conseil des arts de Montréal	**370,000**	370,000
	14,502,400	15,419,900
Grants for specific projects and acquisitions		
Ministère de la Culture et des Communications		
Repair and maintenance of capital assets	**175,000**	325,000
Digital Cultural Plan for Quebec	**25,000**	—
Canada Council for the Arts	**174,000**	174,126
Department of Canada Heritage	**500,000**	—
BNP Paribas	**43,412**	—
Bank of America Merrill Lynch	**—**	58,660
	917,412	557,786
	15,419,812	15,977,686
Grants for expansion projects		
Government of Quebec		
Ministère de la Culture et des Communications	**801,935**	994,956

4. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	**25,397,717**	**—**	**25,397,717**	25,397,717
Buildings	**133,094,324**	**59,426,926**	**73,667,398**	76,972,313
Furniture and equipment	**1,771,141**	**1,460,331**	**310,810**	312,878
	160,263,182	**60,887,257**	**99,375,925**	102,682,908

5. BANK LOANS

For its current transactions, the Museum could enter into a bank loan based on its needs, up to a maximum of $5,000,000, of which $3,450,000 was not used at year-end ($3,000,000 as at March 31, 2014). This loan is repayable on demand, bears interest at prime rate of 2.85% as at March 31, 2015 (3.00% as at March 31, 2014), and is renewable on an annual basis.

A project subsidized by the Ministère de la Culture et des Communications is currently under way as at March 31, 2015, i.e., the repairs and maintenance of capital assets obtained in 2014-2015 for an amount of $500,000, with an unused balance of nil at year-end ($500,000 as at March 31, 2014). This loan is subject to a short-term financing from a banking institution and bears interest at prime rate (effective rate of 2.85% as at March 31, 2015, and 3.00% as at March 31, 2014).

For the construction of the new Michal and Renata Horstein Pavilion for Peace, the Museum has a line of credit of $18,500,000 (18,500,000 as at March 31, 2014), from a banking institution, at a prime rate (effective rate of 2.85% as at March 31, 2015, and 3.00% as at March 31, 2014), of which $11,000,000 was not used at year-end ($17,750,000 as at March 31, 2014).

6. LONG-TERM DEBT

	2015	2014
	$	$
Debts funded by the Government of Quebec		
Loans from the Ministère des Finances and Financement-Québec		
Bearing interest at 6.334%, maturing October 2016 [a) h)]	**3,440,000**	5,160,000
Bearing interest at 4.501%, maturing July 2020 [b) h)]	**322,580**	376,344
Bearing interest at 4.700%, maturing December 2021 [c) h)]	**376,344**	430,108
Bearing interest at 4.864%, maturing December 2017 [d) h)]	**241,692**	322,256
Bearing interest at 2.486%, maturing December 2018 [e) h)]	**9,312,428**	10,642,776
Bearing interest at 2.486%, maturing December 2018 [e) h)]	**4,489,380**	5,130,720
Bearing interest at 2.238%, maturing December 2017 [e) h)]	**251,256**	335,008
Bearing interest at 2.238%, maturing December 2017 [e) h)]	**251,256**	335,008
Bearing interest at 1.868%, maturing November 2017 [f) h)]	**602,712**	803,616
Bearing interest at 2.873%, maturing July 2022 [f) h)]	**1,858,482**	2,090,792
	21,146,130	25,626,628
Bank loans		
Bearing interest at 3.770%, maturing December 2016 [h)]	**312,291**	459,901
Bearing interest at 5.410%, maturing August 2015 [h)]	**22,500**	67,500
	334,791	527,401
	21,480,921	26,154,029
Debts not funded		
Bearing interest at 5.000%, maturing on December 1, 2016 [g)]	**5,000,000**	5,000,000
	26,480,921	31,154,029
Current portion	4,656,226	4,673,108
	21,824,695	26,480,921

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

	Debt repayment	Grants
	$	$
2016	4,656,225	4,656,225
2017	9,639,557	4,639,557
2018	2,760,496	2,760,496
2019	8,226,584	8,226,584
2020	339,837	339,837
2021 and thereafter	858,222	858,222
	26,480,921	21,480,921

a) This debt is in relation to the Jean-Noël Desmarais Pavilion. On June 19, 1991, the Museum contracted a loan for $43,000,000 from the Ministère des Finances du Québec as administrator of the Fonds de financement, and this loan was used to reimburse the bankers' acceptances and accumulated interest under the special borrowing by-law enacted on August 23, 1989.

b) On October 7, 2005, the Museum contracted a $806,451 loan from Financement-Québec as administrator of the Fonds de financement, and this loan was used to fund the costs of the repairs and maintenance of capital assets, Phase I.

c) On February 22, 2007, the Museum contracted a $806,452 loan from Financement-Québec as administrator of the Fonds de financement, and this loan was used to fund the costs of the repairs and maintenance of capital assets, Phase II.

d) On October 31, 2007, the Museum contracted a $805,639 loan from Financement-Québec as administrator of the fonds de financement, and this loan was used to fund the costs of the repairs and maintenance of capital assets, Phase III.

e) On March 30, 2012, the Museum contracted four loans from Financement-Québec totalling $20,723,917 as administrator of the fonds de financement and these loans were used to fund the cost of the construction of the Claire and Marc Bourgie Pavilion and to re-install the Museum's permanent collections.

f) On March 27, 2013, the Museum contracted two loans of $3,325,597 from Financement-Québec as administrator of the Fonds de financement. These loans were used to fund the costs of the repairs and maintenance of capital assets as well as to re-install the Museum's permanent collections.

g) On December 3, 2013, The Museum contracted a $5,000,000 loan from 97834 Canada Inc. This loan permitted the Museum to reimburse the debts not funded. A letter of guarantee in the amount of $5,000,000 maturing in November 2015 was contracted with the National Bank of Canada relative to this loan.

h) In consideration of the loan, the Ministère de la Culture et des Communications has pledged a grant enabling the Museum to repay principal and interest according to schedule. The capital grant was recorded as a grant receivable.

7. DEFERRED CONTRIBUTIONS

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

	2015	2014
	$	$
Balance, beginning of the year	69,492,497	71,762,479
Contributions received during the year	1,247,896	1,387,261
Amortization for the year	(3,333,991)	(3,657,243)
Balance, end of year	67,406,402	69,492,497

8. EMPLOYEE FUTURE BENEFITS

PENSION PLAN

The Museum has a defined benefit pension plan offered to non-unionized employees of the Museum. The benefits of this plan are based on years of service and final earnings. Management has decided that there would not be any new beneficiaries of this plan as at 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 $60,117 ($44,876 in 2014).

The Museum measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. The most recent actuarial valuation for funding purposes was performed as at December 31, 2013, and the next required valuation will be performed as at December 31, 2014, and completed before September 30, 2015.

Information about the plan is as follows:

	2015	2014
	$	$
		(Restated) (note 2)
Accrued benefit obligations	(13,523,500)	(12,568,300)
Fair value of plan assets	12,749,700	10,749,800
Plan deficiency	(773,800)	(1,818,500)
Adjustment related to the elimination of early measure	—	98,600
Accrued benefit obligations recorded	(773,800)	(1,719,900)

Plan assets consist of:

	2015	2014
	%	%
Bonds	43.2	38.3
Annuity contract insured	22.3	29.3
Canadian shares	14.8	16.2
U.S. and international shares	16.8	16.2
Real estate	2.9	—
	100.0	100.0

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

	2015	2014
	$	$
		(Restated) (note 2)
Benefit costs	551,900	641,500
Cash payments recognized	723,000	825,700
Benefits paid by the plan	248,000	276,600

POST-EMPLOYMENT BENEFIT PLAN

The Museum has a post-employment benefit plan offered to all current retirees of the Museum. The benefits of this plan are based on years of service and final earnings. Management has decided that there would not be any new beneficiaries of this plan as at January 1, 2010.

The Museum measures its accrued benefit obligations for accounting purposes as at December 31 of each year.

Information about the plan is as follows:

	2015	2014
	$	$
		(Restated) (note 2)
Accrued benefit obligations	(716,400)	(768,400)
Adjustment related to the elimination of early measure	—	14,900
Accrued benefit obligations recorded	(716,400)	(753,500)

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

	2015	2014
	$	$
Benefit costs	**36,300**	39,400
Cash payment recognized	**86,500**	97,200
Impact of the elimination of early measure	**1,800**	—

ASSUMPTIONS

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

	2015		2014	
	Pension Plan	**Post-employ-ment benefit plan**	Pension plan	Post-employment benefit plan
	%	%	%	%
Accrued benefit obligations as at March 31:				
Discount rate	**5.00**	**5.00**	4.75	3.75
Rate of compensation increase	**3.50**	—	3.50	—
Benefit costs for the year ended March 31:				
Discount rate	**4.75**	**3.75**	4.75	4.00
Expected long-term rate of return on plan assets	**5.00**	—	4.75	—
Rate of compensation increase	**3.50**	—	3.50	—

9. RESTRICTIONS ON NET ASSETS OF THE GENERAL AND ACQUISITIONS FUNDS

	2015	2014
	$	$
Amounts restricted to the General Fund, including endowments ($1,242,549; $1,218,087 in 2014), the income of which is used to fund the Museum's day-to-day operations	**3,758,736**	3,468,432
Amounts restricted to the Acquisitions Fund, including endowments ($8,020,370; $8,020,370 in 2014), the income of which is used to fund the acquisitions of works of art	**14,416,806**	14,099,574
	18,175,542	17,568,006

The endowments were invested. Total income from these endowment investments are as follows:

	2015	2014
	$	$
Income on resources held for endowment:		
Credited to the General Fund	**503,369**	565,425
Credited to the Acquisitions Fund	**1,824,379**	2,027,667
	2,327,748	2,593,092

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

	2015	2014
	$	$
Interest and dividends	**459,722**	431,458
Change in realized fair value of investments	**1,032,933**	999,073
Change in unrealized fair value at instalments	**835,093**	1,162,561
	2,327,748	2,593,092

10. COMMITMENTS

The Museum began the construction of the new Michal and Renata Hornstein Pavilion for Peace of which the cost is estimated at an amount of $21,200,000. As at March 31, 2015, the commitments related to the construction of this pavilion total $7,281,479, payable during the following year.

11. RELATED ORGANIZATIONS AND TRANSACTIONS

THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

The Montreal Museum of Fine Arts Foundation (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 administering its funds. In addition, the Museum has entrusted the Foundation with the management of certain investments.

The Foundation organizes and manages fund-raising campaigns. From these campaigns, the Museum recorded donations totalling $5,128,420 ($4,218,864 in 2014), of which a portion of $3,270,927 ($2,055,884 in 2014) is presented in "Donations from the Foundation," $604,598 ($770,719 in 2014) is presented in "Donations and sponsorships," nil ($50,000 in 2014) is presented in "Miscellaneous revenues," $1,247,895 ($1,337,261 in 2014) is presented in "Deferred contributions," and $5,000 ($5,000 in 2014) as endowment contribution. From all these donations, $409,441 ($427,434 in 2014) were for the acquisition of works of art, $998,447 ($343,520 in 2014) to support educational activities, $1,707,840 ($1,399,340 in 2014) for exhibitions, $764,797 ($711,310 in 2014) to support the Museum's day-to-day operations and for specific projects and $1,247,895 ($1,337,260 in 2014) for the realization of the Claire and Marc Bourgie Pavilion and the Michal and Renata Hornstein Pavilion for Peace.

Also, the Foundation has to repay the expenses assumed by the Museum for the Foundation. An amount of $947,611 ($422,742 in 2014) is included in "Miscellaneous revenues."

VOLUNTEER ASSOCIATION OF THE MONTREAL MUSEUM OF FINE ARTS

The Volunteer Association of the Montreal Museum of Fine Arts (the "Association") is a registered charity incorporated under Part III of the *Companies Act* (Quebec). The purpose of the Association is to organize public fundraising events for the benefit of the Museum.

The Association made a $825,000 donation ($950,000 in 2014) to the Museum and is presented in "Donations and sponsorships". As at March 31, 2015, an amount of $825,000 ($950,000 in 2014) is included in "Accounts receivable".

12. **FINANCIAL INSTRUMENTS**

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

The investments consist of:

	2015	2014
	$	$
Cash	**376,941**	124,024
Money Market	**—**	191,752
Canadian bonds	**5,122,473**	4,097,648
International bonds	**73,108**	17,692
Canadian Equity Securities	**7,873,312**	7,482,932
U.S. and International Equity Securities	**3,226,897**	3,365,842
Canadian Bond Mutual Fund	**302,347**	343,675
Canadian Equity Mutual Fund	**354,321**	312,230
U.S. and International Equity Mutual Fund	**104,781**	96,730
	17,434,180	16,032,525

MARKET RISK

Market risk is the risk investments in mutual funds are exposed to that is caused by changes in interest rates, stock exchange indicators and the level of volatility of these rates.

CREDIT RISK

The Museum has determined that credit risk is minimal given that the counterparties with which it conducts business are mainly government agencies.

INTEREST RATE RISK

In its investment portfolio, the Museum holds bonds and interests in bond mutual funds bearing interest at fixed rates. Consequently, a change in market interest rates will affect the fair value of the bonds and bond mutual funds.

Interest rate risk related to long-term debt is judged to be low, as most of the debt (including interest payments) is subsidized by the Government of Quebec and the non-subsidized debt bears interest at a fixed rate.

CURRENCY RISK

In its investment portfolio, the Museum holds interests in U.S. and international securities and in mutual funds invested in U.S. and international securities. Consequently, a currency fluctuation will have an impact on the market value of these investments. Also, accounts payable and accrued liabilities on the statement of financial position include an amount of $256,126 ($145,986 as at March 31, 2014), denominated in euros and an amount of $208,928 ($12,916 as at March 31, 2014), denominated in U.S. dollars, and cash include an amount of $74,228 ($909,072 as at March 31, 2014), denominated in U.S. dollars.

13. **COLLECTION OF THE MUSEUM**

In its mission to attract the widest possible range of visitors, the Museum has, over the last 154 years or so of its existence, assembled one of the most significant encyclopedic collections in North America.

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

The collection has a global reach and covers all historical eras, from Antiquity to the present day.

The value of the collection is not reflected in the financial statements. Acquisitions are accounted for as expenses in the Acquisitions Fund. Donated works of art are accounted for at fair value based on external appraisal reports. They are fully amortized in the year of acquisition (see Note 2).

Restoration costs during the year amounted to approximately $626,963 ($733,241 in 2014).

14. **AMOUNTS OF THE PREVIOUS YEAR**

Certain amounts for the prior year have been reclassified to conform with the presentation adopted in the current year.

FINANCIAL STATEMENTS OF THE MONTREAL MUSEUM OF FINE ARTS FOUNDATION

MARCH 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Montreal Museum of Fine Arts Foundation

We have audited the financial statements of The Montreal Museum of Fine Arts Foundation, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2015, 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.

Deloitte LLP[1]

July 14, 2015

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

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2015

	General Fund	Restricted Funds: Pavilions' Fund	Desmarais and other Exhibition Fund	Jarislowsky Chair	Acquisition Fund	Educational Activities Fund	Total Restricted Funds	Total: 2015	2014
	$	$	$	$	$	$		$	$
Revenue									
Contributions	**2,191,353**	**1,126,153**	**15,000**	**—**	**2,533,456**	**1,133,323**	**4,807,932**	**6,999,285**	8,216,006
Interest and dividends	**68,598**	**329,366**	**434,929**	**60,178**	**20,309**	**18,366**	**863,148**	**931,746**	766,616
Change in realized fair value of investments	**—**	**695,525**	**1,046,268**	**28,281**	**52,801**	**56,114**	**1,878,989**	**1,878,989**	1,797,041
Change in unrealized fair value of investments	**70,637**	**614,908**	**844,559**	**240,733**	**42,621**	**45,296**	**1,788,117**	**1,858,754**	2,156,509
	2,330,588	**2,765,952**	**2,340,756**	**329,192**	**2,649,187**	**1,253,099**	**9,338,186**	**11,668,774**	12,936,172
Expenses									
Donations to the Museum	**2,900,103**	**708,200**	**978,241**	**81,600**	**409,441**	**998,446**	**3,175,928**	**6,076,031**	4,641,606
Investment management fees and safekeeping charges	**—**	**64,624**	**97,209**	**21,815**	**4,906**	**5,213**	**193,767**	**193,767**	148,734
Financial expenses	**940**	**—**	**—**	**—**	**—**	**—**	**—**	**940**	4,345
	2,901,043	**772,824**	**1,075,450**	**103,415**	**414,347**	**1,003,659**	**3,369,695**	**6,270,738**	4,794,685
Excess (deficiency) of revenue over expenses	**(570,455)**	**1,993,128**	**1,265,306**	**225,777**	**2,234,840**	**249,440**	**5,968,491**	**5,398,036**	8,141,487

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2015

	General Fund	Restricted Funds: Pavilions' Fund with clause	Desmarais and other Exhibition Fund with clause	Jarislowsky Chair with clause	Acquisition Fund: With clause	Acquisition Fund: Without clause	Educational Activities Fund: With clause	Educational Activities Fund: Without clause	Total Restricted Funds	Total: 2015	2014
	$	$	$	$	$	$	$	$	$	$	$
Net assets, beginning of year	(1,133,495)	11,931,309	16,319,449	2,041,013	2,882,384	781,859	880,946	877,776	35,714,736	**34,581,241**	26,439,754
Excess (deficiency) of revenue over expenses	**(570,455)**	**1,993,128**	**1,265,306**	**225,777**	**109,301**	**2,125,539**	**72,216**	**177,224**	**5,968,491**	**5,398,036**	8,141,487
Net assets, end of year	**(1,703,950)**	**13,924,437**	**17,584,755**	**2,266,790**	**2,991,685**	**2,907,398**	**953,162**	**1,055,000**	**41,683,227**	**39,979,277**	34,581,241
* Consisting of:											
Endowments	—	—	—	**2,000,000**	—	—	—	—	**2,000,000**	**2,000,000**	2,000,000
Restricted, with clause	—	**13,924,437**	**17,584,755**	**266,790**	**2,991,685**	—	**953,162**	—	**35,720,829**	**35,720,829**	32,055,101
Restricted, without clause	—	—	—	—	—	**2,907,398**	—	**1,055,000**	**3,962,398**	**3,962,398**	1,659,635
Unrestricted	**(1,703,950)**	—	—	—	—	—	—	—	—	**(1,703,950)**	(1,133,495)
	(1,703,950)	**13,924,437**	**17,584,755**	**2,266,790**	**2,991,685**	**2,907,398**	**953,162**	**1,055,000**	**41,683,227**	**39,979,277**	34,581,241

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

		Restricted Funds						Total	
	General Fund	Pavilions' Fund	Desmarais and other Exhibition Fund	Jarislowsky Chair	Acquisition Fund	Educational Activities Fund	Total Restricted Funds	**2015**	2014
	$	$	$	$	$	$	$	$	$
Assets									
Current assets									
Cash	**1,159,653**	—	—	—	—	—	—	**1,159,653**	1,659,511
Accounts receivable	**72,325**	—	—	—	—	—	—	**72,325**	—
Due from the Museum	—	—	—	—	**2,840,201**	—	**2,840,201**	**2,840,201**	2,840,201
Interfund balances	—	**282,638***	**20,996***	**1,519***	**301***	**1,055,322***	**1,360,776***	—	—
	1,231,978	**282,638**	**20,996**	**1,519**	**2,840,502**	**1,055,322**	**4,200,977**	**4,072,179**	4,499,712
Investments (note 3)	**1,517,576**	**13,641,799**	**17,563,759**	**2,265,271**	**3,058,581**	**952,840**	**37,482,250**	**38,999,826**	32,998,072
	2,749,554	**13,924,437**	**17,584,755**	**2,266,790**	**5,899,083**	**2,008,162**	**41,683,227**	**43,072,005**	37,497,784
Liabilities									
Current liabilities									
Due to the Museum	**1,967,728**	—	—	—	—	—	—	**1,967,728**	2,041,543
Interfund balances	**1,360,776***	—	—	—	—	—	—	—	—
	3,328,504	—	—	—	—	—	—	**1,967,728**	2,041,543
Deferred contributions – restricted 10 years – Mécénat Placements Culture Program (note 5)	**1,125,000**	—	—	—	—	—	—	**1,125,000**	875,000
	4,453,504	—	—	—	—	—	—	**3,092,728**	2,916,543
Net assets									
Endowments	—	—	—	**2,000,000**	—	—	**2,000,000**	**2,000,000**	2,000,000
Restricted, with clause	—	**13,924,437**	**17,584,755**	**266,790**	**2,991,685**	**953,162**	**35,720,829**	**35,720,829**	32,055,101
Restricted, without clause	—	—	—	—	**2,907,398**	**1,055,000**	**3,962,398**	**3,962,398**	1,659,635
Unrestricted	**(1,703,950)**	—	—	—	—	—	—	**(1,703,950)**	(1,133,495)
	(1,703,950)	**13,924,437**	**17,584,755**	**2,266,790**	**5,899,083**	**2,008,162**	**41,683,227**	**39,979,277**	34,581,241
	2,749,554	**13,924,437**	**17,584,755**	**2,266,790**	**5,899,083**	**2,008,162**	**41,683,227**	**43,072,005**	37,497,784

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

Approved by the Board

Martin Thibodeau
President
Trustee

Brian M. Levitt
Trustee

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	2015	2014
	$	$
Operating activities		
Excess of revenue over expenses	**5,398,036**	8,141,487
Adjustments for:		
Change in realized fair value of investments	**(1,878,989)**	(1,797,041)
Change in unrealized fair value of investments	**(1,858,754)**	(2,156,509)
	1,660,293	4,187,937
Net change in non-cash operating working capital items		
Accounts receivable	**(72,327)**	—
Due to the Museum	**(73,815)**	(196,194)
	1,514,151	3,991,743
Investing activities		
Net change in investments	**(2,264,009)**	(3,525,428)
Financing activities		
Deferred contributions – restricted 10 years – Mécénat Placements Culture program	**250,000**	—
(Decrease) increase in cash	**(499,858)**	466,315
Cash, beginning of year	**1,659,511**	1,193,196
Cash, end of year	**1,159,653**	1,659,511

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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 a registered charity and a public foundation within the meaning of the *Income Tax A*ct. The Foundation is involved mainly in soliciting and collecting donations, bequests and other contributions on behalf of the Montreal Museum of Fine Arts (the "Museum") and, in administering its funds. In addition, under Article 4 of the agreement between the Foundation and the Museum, the Museum has entrusted the Foundation with the administration of certain investments. These investments are excluded from the Foundation's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

RESTRICTED FUND ACCOUNTING

The Foundation follows the restricted fund method, whereby resources are classified into funds in accordance with specified activities or objectives.

I GENERAL FUND

The General Fund reports the assets and liabilities, revenue and expenses related to the Foundation's day-to-day operating activities as well as any other unrestricted fund item or restricted fund item, the materiality of which does not justify separate reporting.

II RESTRICTED FUNDS

Each restricted fund reports its assets and liabilities, revenue and expenses in accordance with its respective activities and purpose.

The funds report the allocation of restricted donations with a minimum ten-year conservation clause and those with no similar clause separately. These donations are recorded in the statement of operations in the fund corresponding to their restriction.

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

FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument, with the exception of advances made to the Musem. Subsequently, all financial instruments are measured at amortized cost except for investments, which are measured at fair value at the statement of financial position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are disclosed in the statement of operations.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line 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 as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decrease and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in statement of operations in the period the reversal occurs.

CONTRIBUTED SERVICES

Volunteers contribute a significant amount of time each year to the Foundation, and the Museum's resources and premises are made available to the Foundation. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

INVESTMENT INCOME

Investment income is recognized as revenue when earned.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. INVESTMENTS

	2015	2014
	$	$
Cash	**787,994**	238,356
Money Market	**—**	369,019
Canadian bonds	**10,708,527**	7,885,740
U.S and International bonds	**152,832**	34,043
Canadian Bond Pooled Fund	**632,055**	661,389
Canadian Equity Securities	**16,459,154**	14,400,561
U.S. and International Equity Securities	**6,745,827**	6,477,412
Canadian Equity Pooled Fund	**740,708**	600,872
International Equity Pooled Fund	**219,047**	186,154
Foundation of Greater Montreal Fund	**2,553,682**	2,144,526
	38,999,826	32,998,072

4. RELATED PARTY TRANSACTIONS

Donations made by the Foundation to the Museum are presented separately in the statement of operations.

The Museum pays certain expenses of the Foundation. These expenses are reimbursed to the Museum and are presented as an increase in donations to the Museum and amount to $947,611 ($422,742 in 2014).

These transactions are made in the normal course of operations and are recorded at the exchange amount.

5. MÉCÉNAT PLACEMENTS CULTURE PROGRAMME – CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

The Foundation has participated four times in the Mécénat Placements Culture Programme of the Conseil des arts et des lettres du Québec (the "CALQ"). For this purpose, fund management agreements were entered into with the Foundation of Greater Montreal (the "FGM").

The following table shows the historical participation of the Foundation and the matching grants from the CALQ, as well as the accounting headings under which the amounts are presented in the financial statements.

	Foundation contribution	CALQ grant	
	Restricted funds 10 years		Restricted funds 2 years
	$	$	$
Period			
Before October 1, 2013	**500,000**[1]	375,000[3]	125,000[4]
After October 1, 2013	**1,000,000**[2]	250,000[3]	—
Total	**1,500,000**	625,000	125,000

1 From donations without external restriction presented under Deferred contributions – restricted 10 years – Mécénat Placements Culture Programme.

2 From donations with external restriction, recognized in revenue of Pavilions' Fund.

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

4 The two-year restriction period having elapsed, this amount was recognized as revenue.

Under component 1 of CALQ Mécénat Placements Culture Programme, the Foundation has deposited in fiscal 2013-2014 an amount of $500,000 from donations collected during fiscal 2013-2014 and an application for a matching grant has been made to the CALQ in fiscal 2014-2015.

Investment income is recognized annually under the headings related to investment income in the statement of operations.

	Contri-butions	Investment income	With-drawals	Investment balance March 31, 2015	Investment balance March 31, 2014
	$	$	$	$	$
Restricted funds 10 years	**2,125,000**	**472,835**	**136,229**	**2,461,606**	2,060,313
Restricted funds 2 years	**125,000**	**29,576**	**62,500**	**92,076**	84,213

6. FINANCIAL INSTRUMENTS

Due to its financial assets and liabilities, the Foundation is exposed to the following risks related to its use of financial instruments:

MARKET RISK

Market risk is the risk to which investments are exposed to that is caused by changes in interest rates, stock exchange indicators and the level of volatility of these rates.

CREDIT RISK

The credit risk is due to the fact that the Foundation owns bonds. Therefore, there is a risk that the bond issuer will be unable to pay its obligations towards the Foundation, and this would have an impact on the assets of the Foundation.

INTEREST RATE RISK

In its investment portfolio, the Foundation holds bonds and interests in bond mutual funds, which bear interest at fixed rates. Consequently, a change in market interest rates will affect the fair value of the bonds and bond mutual fonds.

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MUSEUM OF
FINE ARTS