
Financial statements of The McCord Stewart Museum

March 31, 2022

Independent Auditor’s Report	1-2
Statement of operations and changes in fund balances	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6-16

Independent Auditor's Report

To the Board of Trustees of
The McCord Stewart Museum

Opinion

We have audited the financial statements of The McCord Stewart Museum (the "Museum"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

*Deloitte LLP*¹

June 20, 2022

¹ CPA auditor, public accountancy permit No. A125888

The McCord Stewart Museum
Statement of operations and changes in fund balances
Year ended March 31, 2022

		2022				2021		
Notes	Operating Fund	Special Project Fund	Capital Assets Fund	Endowment Fund	Total	Total		
	\$	\$	\$	\$	\$	\$		
Revenue								
	Government of Québec	3	4,458,714	22,197	101,365	—	4,582,276	4,311,689
	Government of Canada	4	1,301,986	—	10,486	—	1,312,472	2,468,098
	Other grants	5	47,776	—	—	—	47,776	81,881
	Conseil des arts de Montréal		155,464	—	—	—	155,464	138,437
	Ville de Montréal		70,866	—	—	—	70,866	55,866
	Macdonald Stewart Foundation grants	16	692,004	—	—	—	692,004	943,001
	The McCord Museum Foundation grants	16	2,535,486	—	3,428	—	2,538,914	1,324,275
	Investment income		211,039	—	—	—	211,039	105,400
	Visitor services		513,353	—	—	—	513,353	217,229
	Admissions		586,303	—	—	—	586,303	213,945
	Sponsorship		237,406	—	—	—	237,406	29,985
	Rental income	6	10,742	—	—	—	10,742	15,448
	Other		28,218	—	—	—	28,218	26,562
			10,849,357	22,197	115,279	—	10,986,833	9,931,816
Expenses								
	Administration		1,902,270	26	—	—	1,902,296	1,717,558
	Building and security		1,528,918	—	—	—	1,528,918	1,681,856
	Collections	2	2,014,178	—	—	—	2,014,178	1,563,351
	Education, community engagement and cultural programs		731,370	—	—	—	731,370	696,314
	Exhibitions		1,650,756	—	—	—	1,650,756	1,261,121
	Marketing and communications		1,170,212	—	—	—	1,170,212	1,182,009
	Visitor services		775,871	—	—	—	775,871	381,690
	Interest on long-term debt		—	13,656	20,793	—	34,449	45,542
	Amortization of capital assets		—	—	394,687	—	394,687	271,328
			9,773,575	13,682	415,480	—	10,202,737	8,800,769
	Excess (deficiency) of revenue over expenses before the following		1,075,782	8,515	(300,201)	—	784,096	1,131,047
	Change in fair value of investments		(49,929)	—	—	—	(49,929)	229,509
	Excess (deficiency) of revenue over expenses		1,025,853	8,515	(300,201)	—	734,167	1,360,556
	Fund balances, beginning of year		260,927	(304,508)	4,172,947	1,909,402	6,038,768	4,678,212
	Internally designated reserve	7	(300,000)	—	300,000	—	—	—
	Interfund transfers	7	(543,881)	—	543,881	—	—	—
	Interfund transfers	7	(43,150)	—	—	43,150	—	—
	Fund balances, end of year		399,749	(295,993)	4,716,627	1,952,552	6,772,935	6,038,768

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

The McCord Stewart Museum
Statement of financial position
As at March 31, 2022

		2022				2021	
Notes	Operating Fund	Special Project Fund	Capital Assets Fund	Endowment Fund	Total	Total	
	\$	\$	\$	\$		\$	
Assets							
Current assets							
	Cash	1,262,723	—	—	—	1,262,723	2,945,126
	Accounts receivable	252,325	—	—	—	252,325	109,229
12	Grants receivable	99,560	19,195	61,981	—	180,736	184,857
	Due from The McCord Museum Foundation	107,254	—	—	—	107,254	20,718
	Due from The McCord Museum Foundation	2,200,000	—	—	—	2,200,000	2,200,000
2	Due from other funds	—	—	591,289*	—	—	—
	Inventory	139,462	—	—	—	139,462	248,757
	Prepaid expenses	159,151	—	—	—	159,151	78,701
		4,220,475	19,195	653,270	—	4,301,651	5,787,388
	Grants receivable	—	241,540	570,098	—	811,638	911,593
8	Investments	—	—	—	2,067,196	2,067,196	2,020,523
	Due from The McCord Museum Foundation	—	—	—	—	—	2,200,000
9	Capital assets	—	—	4,386,229	—	4,386,229	3,841,035
	Collections	—	—	1	—	1	1
		4,220,475	260,735	5,609,598	2,067,196	11,566,715	14,760,540
Liabilities							
Current liabilities							
	Accounts payable and accrued liabilities	1,018,017	28	—	—	1,018,045	1,043,471
	Government remittances	21,581	—	—	—	21,581	23,108
2	Due to other funds	296,396*	270,967*	—	23,926*	—	—
10	Deferred revenue	2,484,732	6,219	—	—	2,490,951	3,998,948
	Current portion of long-term debt	—	37,974	61,981	—	99,955	98,556
		3,820,726	315,188	61,981	23,926	3,630,532	5,164,083
	Deferred revenue	—	—	—	—	—	2,200,000
12	Long-term debt	—	241,540	570,098	—	811,638	911,593
13	Deferred contributions	—	—	260,892	90,718	351,610	446,096
		3,820,726	556,728	892,971	114,664	4,793,780	8,721,772
Fund balances							
	Invested in capital assets	—	—	4,162,627	—	4,162,627	3,522,947
14	Internally restricted	—	(295,993)	554,000	1,952,552	2,210,559	2,254,894
	Unrestricted	399,749	—	—	—	399,749	260,927
		399,749	(295,993)	4,716,627	1,952,552	6,772,935	6,038,768
		4,220,475	260,735	5,609,598	2,067,196	11,566,715	14,760,540

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

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

On behalf of the Board of Trustees

_____, Trustee

The McCord Stewart Museum
Statement of cash flows
Year ended March 31, 2022

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses	734,167	1,360,556
Adjustments for		
Amortization of capital assets	394,687	271,328
Amortization of deferred contributions	(94,486)	(98,672)
Change in fair value of investments	49,929	(229,509)
	1,084,297	1,303,703
Changes in non-cash operating working capital items	(1,735,737)	1,531,104
	(651,440)	2,834,807
Investing activities		
Purchase of capital assets	(939,881)	(523,483)
Capital funding contributions received	–	52,432
Purchase of investments	(414,830)	(137,341)
Disposal of investments	318,228	57,822
	(1,036,483)	(550,570)
Financing activities		
Proceeds from grants receivable	104,076	47,594
Repayment of long-term debt	(98,556)	(90,095)
	5,520	(42,501)
Net (decrease) increase in cash	(1,682,403)	2,241,736
Cash, beginning of year	2,945,126	703,390
Cash, end of year	1,262,723	2,945,126

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

1. Description of the business

The Museum was incorporated under the name McCord Museum on May 12, 1980, under Part III of the *Companies Act* (Québec) as a not-for-profit organization and is a registered charity under the *Income Tax Act*. On March 28, 1988, its name was changed to The McCord Museum of Canadian History (the "McCord Museum"). On December 31, 2017, the McCord Museum merged with The David M. Stewart Museum ("Stewart Museum") and with the Fashion Museum to become The McCord Stewart Museum (the "Museum"). On February 10, 2021, the Museum announced its intention to accelerate the physical integration of the two museums at the Sherbrooke St. location. The Stewart Museum site was closed permanently in the 2021-22 fiscal year and its collection will continue to be preserved and disseminated through the Museum's other venues. As a registered charity, the Museum is exempt from income tax and may issue receipts for charitable donations.

The Museum is the museum of all Montrealers. It is a social history museum that celebrates life in Montréal, both past and present, its history, its people, and its communities. Open to the city and the world, the Museum presents exciting exhibitions, educational programming and cultural activities that offer a contemporary perspective on history, engaging visitors from Montréal, Canada and beyond. It is home to over 1.5 million artifacts, that make up one of the largest historical collections in North America, comprising dress, fashion, textiles, photography, indigenous cultures, paintings, prints and drawings, decorative arts and textual archives.

2. Accounting policies

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

Adoption of the amendments to Section 3856, Financial Instruments, for financial instruments originated or exchanged in a related party transaction

Effective April 1, 2021, the Museum has adopted the amendments to Handbook Section 3856, Financial Instruments ("Section 3856") related to the recognition of financial instruments originated or exchanged in a related party transaction, referred to herein as the "related party financial instruments amendments".

These amendments to Section 3856 establish new guidance for determining the measurement of a related party financial instrument. The related party financial instruments amendments require that such a financial instrument be initially measured at cost, which is determined based on whether the instrument has repayment terms. If the instrument has repayment terms, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any reduction for impairment. Otherwise, the cost is determined using the consideration transferred or received by the Museum in the transaction. Subsequent measurement is based on how the instrument was initially measured.

The Museum has applied the related party financial instruments amendments in accordance with the transition provisions of Section 3856. The amendments should be applied retrospectively. When related party financial instruments exist at the date these amendments are applied for the first time, the cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment as at the beginning of the earliest comparative period i.e., April 1, 2020. The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in the Museum's financial statements, less any impairment, as at the same date. The fair value of an instrument that is an investment in shares quoted in an active market is determined as at the same date.

When related party financial instruments do not exist at the date these amendments are applied for the first time, transition relief was provided such that the related party financial instruments do not need to be restated as at the beginning of the earliest comparative period.

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

2. Accounting policies (continued)

Fund accounting

The Museum follows the deferral method of accounting for contributions.

The Operating Fund accounts for the Museum's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Special Project Fund includes expenses related to a future expansion of the Museum.

The Capital Assets Fund accounts for the Museum's capital assets, either purchased or donated, and which are used for all of its operations.

The Endowment Fund records gifts received for endowment purposes and amounts designated by the Board of Trustees to be treated as endowments.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred or the related capital assets are amortized. Unexpended funds are recorded in the statement of financial position as deferred revenue or deferred contributions.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as direct increases in the Endowment Fund balance and withdrawals are recorded as direct decreases.

Investment income is recognized as revenue when earned. Investment income earned on the Museum's endowments is available for use in operations or other activities subject to approval by the Board of Trustees and is reported as income of the Operating Fund. Each year, the excess of actual endowment income over amounts approved for use in operations is reinvested, or transferred back to the Endowment Fund. Such amounts are classified as internally restricted in the Endowment Fund balance. In years where there is a deficiency, this amount may be transferred to the Operating Fund.

Deferred contributions – Mécénat Placements Culture program

The recognition of the donations related to the Mécénat Placements Culture (MPC) program differs according to the management agreement signed between the Museum and The Foundation of Greater Montréal (FGM).

When the managing agreement does not include the transfer of the ownership of the related donations to the FGM, the donations are recorded as deferred contributions by the Museum. These grants will be recognized in revenue in the year the restriction on the funds expires, which in this case will be in 2029, on the 10th anniversary of the acceptance by the Conseil des arts et des lettres du Québec (CALQ). Investment income generated on the 10-year MPC funds is recognized when earned by the Museum as per the accounting policy for investment income stated above.

When the managing agreement includes the transfer of the ownership of the related donations to the FGM, the assets are not recorded in the Museum's financial statements and investment income is recorded when distributions are made by the FGM to the Museum.

Government grants

The Museum receives government grants, which are recorded as revenue in the period to which they relate.

2. Accounting policies (continued)

Contributed services

The Museum rents the building at 690 Sherbrooke Street West from McGill University for a period of 99 years ending in the year 2086. The rent is \$1 per annum.

Until December 3, 2021, the Museum also rented premises at the Fort on St. Helen's Island in Montréal from Société du Parc Jean-Drapeau at a cost of \$1 per annum.

Volunteers contribute numerous hours per year to the Museum to help it carry out its service delivery activities. Due to the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

Other contributed services are also not recognized in the financial statements.

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 assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Museum is in the capacity of management, are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Museum in the transaction.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for investments, which are measured at fair value at the closing date. The fair value of investments is based on fair value confirmations received from the fund manager with whom those instruments are negotiated. 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

Transaction costs related to investments are expensed as incurred. Transaction costs related to 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 effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized 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, when there are indicators of impairment and 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 is reversed in the period the reversal occurs.

2. Accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is reported in the Capital Assets Fund and is calculated on a straight-line basis over the useful life of the assets as follows:

Building	25 years
Leasehold improvements	10 years
Furniture and fixtures	8 years
Computer equipment	5 years

Collections

Part of the collections consists of items and artifacts relating to Canadian history. The majority of these items are held as part of a custodial agreement between McGill University and the Museum, whereby McGill University conferred upon the Museum the custody and care of its collection.

The collections also consist of artifacts and objects relating to Canadian history from the 17th century to the 19th century. The majority of these objects are held as part of a loan agreement between The Lake St. Louis Historical Society (the "Society") and the Museum, whereby the Society conferred upon the Museum the custody and care of its collection.

The assets of the collections are recognized in the Museum's statement of financial position at a nominal value of \$1 due to the difficulty in determining fair value.

Additions to the collections received from gifts in kind are not reflected in the financial statements. The estimated fair value of such items received during the year is \$500 (\$978,029 in 2021).

Cash contributions received for the purchase of items for the Museum's collections are deferred and recognized in revenue when the purchase is made. Actual purchases of collection items amount to nil (\$6,377 in 2021).

Direct costs incurred for the preservation, restoration and management of the collections are included in the collections expenses line in the statement of operations and changes in fund balances.

Inventory

Inventory of goods held for resale is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Due from (to) other funds

Due from (to) other funds comprises interfund advances, which are non-interest bearing and without specific terms of repayment.

2. Accounting policies (continued)

Foreign currency translation

Monetary assets and liabilities of the Museum denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate. Non-monetary assets and liabilities are translated at historical rates. Revenue and expenses denominated in foreign currencies are translated at the exchange rate in effect at the transaction dates. Translation gains and losses are presented in the statement of operations and changes in fund balances.

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. Revenue – Government of Québec

	2022	2021
	\$	\$
Ministère de la Culture et des Communications du Québec		
Soutien aux institutions muséales	3,974,100	4,069,946
Aide aux projets	337,803	56,974
Aide aux immobilisations	224,134	117,795
Bibliothèque et Archives nationales du Québec	41,742	54,258
Secrétariat à la politique linguistique	–	1,210
Secrétariat à la jeunesse	3,571	1,745
Ministère du Travail, de l'Emploi et de la Solidarité sociale	926	9,761
	4,582,276	4,311,689

4. Revenue – Government of Canada

	2022	2021
	\$	\$
Canada Emergency Wage Subsidy	620,192	2,389,252
Tourism and Hospitality Recovery Program	586,078	–
Business and industry	–	17,975
Canadian Heritage Museum Assistance Program	50,359	–
Canada Cultural Spaces Fund	10,486	14,672
Employment and Social Development Canada	9,453	541
Library and Archives Canada	35,904	40,658
Canada Council for the Arts	–	5,000
	1,312,472	2,468,098

5. Revenue – Other grants

	2022	2021
	\$	\$
Destination Centre-Ville	20,000	25,000
Canadian Museum Association	5,117	34,641
Tourism Montreal	20,000	17,000
Nuit Blanche à Montréal	2,500	—
Programme Pause de la Factory	—	5,240
Société des musées du Québec	159	—
	47,776	81,881

6. Rental income

	2022	2021
	\$	\$
Events	10,742	9,848
Travelling exhibitions	—	5,600
	10,742	15,448

7. Interfund transfers

The Operating Fund transferred \$300,000 to the Capital Assets Fund (\$650,000 in 2021), representing a Board designated reserve for capital repairs and information technology upgrades. As of March 31, 2022, \$396,000 of the 2021 reserve has been utilized.

The Operating Fund transferred \$543,881 (\$523,483 in 2021) to the Capital Assets Fund, representing the acquisition of capital assets from operating resources net of a drawdown on internally restricted Capital Assets Fund fund balance of \$396,000 (nil in 2021).

The Operating Fund transferred \$43,150 to the Endowment Fund (\$324,553 in 2021) representing the difference in the current year's actual endowment investment income earned, including the change in fair value of investments and net of investment expenses, relative to the amount approved for spending of \$94,280 (nil in 2021).

8. Investments

	2022		2021	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Canadian – Equity fund	614,098	579,452	601,038	567,049
Foreign – Equity fund	157,454	141,815	156,786	147,961
The Foundation of Greater Montréal – Balanced fund	1,295,644	1,226,244	1,262,699	1,140,715
	2,067,196	1,947,511	2,020,523	1,855,725

8. Investments (continued)

MPC program

As described in the accounting policies, the Museum has participated in the MPC program (which is under the authority of the ministère de la Culture et des Communications du Québec ("MCCQ")). Under the terms of some of the MPC programs, specified donations raised by the Museum are transferred into an endowment fund with The Foundation of Greater Montréal and matching grants under the program are also transferred to this fund. Such amounts are therefore not included in the Museum's statement of financial position however the Museum remains the beneficiary of the investment income generated. As at March 31, 2022, the fair value of the endowment account, including both the Museum's portion and the matching portion, is \$634,401 (\$669,625 as at March 31, 2021).

9. Capital assets

	2022			2021
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	2,620,000	—	2,620,000	2,620,000
Building	629,308	203,586	425,722	291,333
Leasehold improvements	1,658,331	1,044,115	614,216	640,653
Furniture and fixtures	212,661	83,926	128,735	111,532
Computer equipment	794,437	196,881	597,556	177,517
	5,914,737	1,528,508	4,386,229	3,841,035

10. Deferred revenue

Deferred revenue represents revenue given for specific purposes. The deferred revenue is brought into income on the same basis as the related expenses are incurred or in the period to which the grant relates. The activity for the year in the current deferred revenue balance is as follows:

	2022	2021
	\$	\$
Balance, beginning of year	3,998,948	2,747,322
Amount received	262,514	2,673,142
Amount transferred from long-term	2,200,000	2,200,000
Amount recognized as revenue	(3,970,511)	(3,621,516)
Balance, end of year	2,490,951	3,998,948

11. Bank indebtedness

The Museum has an authorized unsecured line of credit of \$800,000 (\$800,000 as at March 31, 2021), bearing interest at the prime rate plus 1.00% (3.70% as at March 31, 2022; 3.45% as at March 31, 2021). As at March 31, 2022, the amount outstanding under this credit facility is nil (nil as at March 31, 2021). The Museum also has a credit facility of \$2,500,000 with CIBC, bearing interest at the prime rate plus 0.50% (3.20% as at March 31, 2022; 2.95% as at March 31, 2021). As at March 31, 2022, the amount outstanding is nil (nil as at March 31, 2021). The CIBC credit facility is secured by The McCord Museum Foundation's investments. The Museum also has a line of credit of up to \$1,500,000 guaranteed or provided by The McCord Museum Foundation, none of which is drawn at year-end (nil as at March 31, 2021). In the event that the bank should withdraw the line of credit, The McCord Museum Foundation has agreed to guarantee or provide a line of credit of \$600,000 to the Museum.

12. Long-term debt

	2022	2021
	\$	\$
Bank loan, bearing interest at 3.07%, amortized over 15 years, maturing on January 31, 2026 ⁽¹⁾	632,079	694,296
Bank loan, bearing interest at 4.45%, amortized over 10 years, maturing on May 30, 2023 ⁽¹⁾	279,514	315,853
	911,593	1,010,149
Current portion	99,955	98,556
	811,638	911,593

⁽¹⁾ These loans are secured by a grant receivable of the same amount from the Government of Québec advanced on the same basis as the repayment of principal and interest, unless a timing difference occurs in the reception of the grant and the repayment of the long-term debt principal.

Principal repayments required on long-term debt and the related grants receivable in the forthcoming years are as follows:

	Long-term debt repayments	Grants receivable
	\$	\$
2023	99,955	99,955
2024	305,439	305,439
2025	65,874	65,874
2026	440,325	440,325
	911,593	911,593

13. Deferred contributions

(a) Deferred contributions – Capital Assets Fund

Deferred contributions in the Capital Assets Fund represent the unamortized portions of restricted contributions for the purchase of capital assets. The deferred contributions are brought into income on the same basis as the capital assets purchased are being amortized.

The activity for the year in the deferred contributions balance is as follows:

	2022	2021
	\$	\$
Opening balance	355,378	401,618
Capital funding contributions received	–	52,432
Amount amortized to revenue	(94,486)	(98,672)
Closing balance	260,892	355,378

(b) Deferred contributions – Endowment Fund

In previous years, \$90,718 was raised by the Fashion Museum in donations for the MPC program.

14. Restrictions on Endowment Fund balances

Major categories of internal restrictions on fund balances of the Endowment Fund are as follows:

	2022	2021
	\$	\$
Internally restricted funds		
Reinvested realized endowment income ⁽¹⁾	1,026,061	937,798
Cumulative unrealized variance on investments	119,685	164,798
Board designated endowments	790,031	790,031
Designated endowment ⁽²⁾	16,775	16,775
	1,952,552	1,909,402

⁽¹⁾ Investment income earned on the Museum's endowments is available for use in operations or other activities subject to approval by the Board of Trustees. Reinvested realized endowment income consists of the accumulated realized income generated from endowments less accumulated approved uses of those funds paid out.

⁽²⁾ The designated endowment consists of a donation, which management has formally established as an endowment for recurring use in the area of costumes and textiles.

15. Financial instruments

Market risk

Market risk represents the potential loss that can be caused by a change in the fair value of an investment. The Museum's investments are exposed to financial risks that arise from the fluctuations of interest rates, foreign exchange rates, equity values and the degree of volatility of these items in trading markets. The concentration of risk is minimized because of the Museum's diversification of its investment portfolio.

Credit risk

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

Liquidity risk

The Museum's objective is to have sufficient liquidity to meet its liabilities when due. The Museum monitors its cash balances and cash flows generated from operations to meet its requirements. The most significant financial liabilities are accounts payable and accrued liabilities and long-term debt.

16. Related party transactions

The McCord Museum Foundation

The McCord Museum Foundation (the "Foundation") is a not-for-profit organization and a registered charity, which was incorporated in 1993. The objectives of the Foundation are to solicit, receive or otherwise collect funds through donations, legacies or other similar contributions for the purpose of funding or distributing funds to support the activities of the Museum.

During the year ended March 31, 2022, the Museum recognized in the normal course of business \$2,538,914 (\$1,324,275 in 2021) in grants from the Foundation.

In 2013, the Museum commenced receiving \$2,200,000 annually from the MCCQ following the merger of the McCord Museum and the Stewart Museum. In April 2018, the Museum received a total of \$11,000,000 from the MCCQ for its fiscal years 2019 to 2023, representing a \$2,200,000 grant per year as continued support of the museum's mission and action plan following the merger with the Fashion Museum.

The Museum and the Foundation, having obtained the approval of the MCCQ, signed an agreement under which the Foundation agreed to manage these funds. In July 2018, the Museum transferred an amount of \$10,450,000 to the Foundation, representing the remaining portion of the \$11,000,000 at the transfer date. Under the terms of the agreement, the Foundation has agreed to repay \$2,200,000 per year as well as to grant an additional amount of \$125,720 per year, for a total of \$2,325,720 per annum until 2023 payable in monthly instalments. As at March 31, 2022, the amount due from the Foundation is presented in the statement of financial position as \$2,200,000 (\$2,200,000 as at March 31, 2021) in current assets and nil (\$2,200,000 as at March 31, 2021) in long-term assets. The additional \$125,720 annual promise is considered a pledge from the Foundation to the Museum.

These transactions have been recorded at the exchange amount agreed to by the parties.

16. Related party transactions (continued)

The McCord Museum Foundation (continued)

Summary financial information of the Foundation as at March 31 is as follows:

	2022	2021
	\$	\$
Statement of financial position		
Assets	34,784,866	35,472,750
Liabilities	2,328,357	4,577,295
Net assets	32,456,509	30,895,455
	34,784,866	35,472,750
Statement of operations		
Total revenue	4,672,828	8,353,450
Expenses – contributions to the Museum	2,599,767	1,311,020
Expenses – other	512,007	553,848
Excess of revenue over expenses	1,561,054	6,488,582

Macdonald Stewart Foundation

The statement of operations and changes in fund balances also includes an amount of \$692,004 (\$943,001 in 2021) from the Macdonald Stewart Foundation, which is not related to the Museum. In March 2021, the Macdonald Stewart Foundation, in agreement with the Museum, amended their financial support agreement whereby the Macdonald Stewart Foundation will provide annual funding of \$692,000 through December 31, 2025, and subsequently \$325,000 through December 31, 2030.

17. Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.