
Financial statements of The McCord Museum Foundation

March 31, 2024

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Independent Auditor's Report

To the Board of Directors of
The McCord Museum Foundation

Opinion

We have audited the financial statements of The McCord Museum Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

July 18, 2024

The signature is written in a cursive, handwritten style. The word "Deloitte" is written in a larger, more stylized script, and "LLP" is written in a smaller, simpler script to its right.

¹ CPA auditor, public accountancy permit No. A130874

The McCord Museum Foundation
Statement of operations
Year ended March 31, 2024

	Notes	2024	2023
		\$	\$
Revenue			
Fundraising			
Annual Campaign		210,324	176,873
Major gifts		717,239	763,763
Centennial fund campaign		37,500	304,026
Fundraising activities		539,330	—
Conseil des Arts de Montréal		19,733	5,262
Allocation of wage subsidy	8	—	15,739
Investment income (loss)	4	4,090,615	(266,805)
		5,614,741	998,858
Expenses			
Investment management fees		110,026	124,430
Administration		498,585	413,504
Fundraising			
Annual campaign		13,436	36,608
Donor recognition		18,777	18,642
Fundraising activities		393,316	429
Centennial fund campaign		—	214
Contributions to The McCord Stewart Museum	5 and 8	3,004,404	3,007,091
		4,038,544	3,600,918
Excess (deficiency) of revenue over expenses		1,576,197	(2,602,060)

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

The McCord Museum Foundation
Statement of changes in net assets
Year ended March 31, 2024

		2024			2023
	Notes	Internally restricted	Unrestricted	Total	Total
		\$	\$	\$	\$
Balance, beginning of year		1,837,602	29,416,847	31,254,449	32,456,509
Excess (deficiency) of revenue over expenses		—	1,576,197	1,576,197	(2,602,060)
Contribution	8	—	—	—	1,400,000
Balance, end of year		1,837,602	30,993,044	32,830,646	31,254,449

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

The McCord Museum Foundation
Statement of financial position
As at March 31, 2024

	Notes	2024	2023
		\$	\$
Assets			
Current assets			
Cash		1,136,746	2,135,412
Accounts receivable		13,580	8,871
Sales taxes receivable		18,857	28,667
Due from The McCord Stewart Museum – operations		165,207	—
Prepaid expenses		223,017	228,384
		1,557,407	2,401,334
Investments	3	31,869,770	29,159,084
		33,427,177	31,560,418
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		84,517	142,223
Due to The McCord Stewart Museum – operations		—	9,308
Deferred revenue		512,014	154,438
		596,531	305,969
Commitments	5		
Net assets			
Internally restricted		1,837,602	1,837,602
Unrestricted		30,993,044	29,416,847
		32,830,646	31,254,449
		33,427,177	31,560,418

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

Approved by the Board


Michèle Bernier (Aug 9, 2024 11:57 EDT), Director


Jean-Michel Lavoie (Aug 9, 2024 13:26 EDT), Director

The McCord Museum Foundation
Statement of cash flows
Year ended March 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	1,576,197	(2,602,060)
Adjustment for:		
Changes in fair value of investments	(3,410,185)	602,008
	(1,833,988)	(2,000,052)
Changes in non-cash operating working capital items		
Accounts receivable	(4,709)	(8,871)
Sales taxes receivable	9,810	(2,416)
Prepaid expenses	5,367	(228,384)
Accounts payable and accrued liabilities	(57,706)	121,621
Due from/to The McCord Stewart Museum		
– operations	(174,515)	(97,947)
Deferred revenue	357,576	153,938
	(1,698,165)	(2,062,111)
Investing activities		
Net disposal of investments	699,499	4,603,911
Financing activities		
Due to The McCord Stewart Museum – annuity	—	(2,200,000)
Contribution from The McCord Stewart Museum	—	1,400,000
	—	(800,000)
Net (decrease) increase in cash	(998,666)	1,741,800
Cash, beginning of year	2,135,412	393,612
Cash, end of year	1,136,746	2,135,412

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

1. Status and nature of activities

The McCord Museum Foundation (the "Foundation") is a not-for-profit organization. It was incorporated under the *Canada Not-for-profit Corporations Act* in 1993 and is a registered charity under the *Income Tax Act*. The objectives of the Foundation are to solicit, receive or otherwise collect funds through donations, legacies or other similar contributions either consisting of money, securities or other movable or immovable property for the purpose of funding or distributing funds to The McCord Stewart Museum.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the deferral method of accounting for contributions and include the following significant accounting policies:

Revenue recognition

Revenue from unrestricted donations is recorded when received. Restricted donations and contributions are deferred and recorded as revenue when the related expense is incurred. Fundraising events revenue is recognized when the events are held. Amounts received in advance of events comprise the deferred revenue balance.

Investment income is recognized as revenue when earned.

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation 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 Foundation 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 the fair value of the securities held in each investment fund. 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 financial instruments measured at amortized cost 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 on a straight-line basis over the expected life of the item and recognized as interest income or expense.

2. Accounting policies (continued)

Financial instruments (continued)

Impairment

With respect to financial assets measured at cost or amortized cost, the Foundation 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.

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

	2024		2023	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Total investments managed				
Money market fund	1,592,669	1,592,669	2,809,976	2,809,976
Fixed income fund	7,585,807	7,864,748	7,271,970	7,637,074
Canadian equity fund	8,964,652	7,574,397	7,264,991	6,878,535
Global equity fund	13,726,642	10,241,852	11,812,147	10,304,743
	31,869,770	27,273,666	29,159,084	27,630,328

4. Investment income (loss)

	2024	2023
	\$	\$
Income distribution	680,430	335,203
Changes in fair value	3,410,185	(602,008)
	4,090,615	(266,805)

5. Commitments

In connection with the combination agreement signed on June 30, 2013, by The McCord Stewart Museum (the "Museum"), the Foundation has committed to fund the Museum an annual amount of at least 4.25% of its investments as well as transferring net proceeds of fundraising activities to the Museum.

In the year 2017, the Museum and the Foundation signed a funding agreement whereby the Foundation guarantees or provides a line of credit of up to \$1,500,000 for the Museum as well as guarantees or provides a further \$600,000 related to a separate line of credit of the Museum, none of which is drawn as at March 31, 2024 (not used as at March 31, 2023).

The Foundation has an authorized unsecured line of credit of \$500,000 bearing interest at the prime rate plus 1% (8.20% as at March 31, 2024). As at March 31, 2024, the amount outstanding under this credit facility is nil.

6. Net assets – transfers

The Foundation has a practice of internally restricting planned giving donations.

During the year, the Foundation has not received planned giving donations (planned giving donations of \$348,494 in 2023), which has been transferred from the unrestricted net assets to the internally restricted net assets by the decision of the Board.

7. 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 investments of the Foundation in pooled funds are exposed to financial risks that arise from the fluctuations of interest rates, foreign exchange rates and equity values, as well as from the level of volatility of these rates and indices in the stock markets. The concentration of risk is mitigated because of the Foundation's diversification of its investment portfolio.

Liquidity risk

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances and cash flows generated from operations to meet its requirements. The most significant financial liabilities of the Foundation are accounts payable and accrued liabilities.

8. Related party transactions

During the year, the Foundation made the following contributions to the Museum:

	2024	2023
	\$	\$
Restricted		
Collections	13,579	500
Exhibitions	174,113	65,000
Education, community engagement and cultural programs	176,298	—
New museum project	175,000	24,571
	538,990	90,071
Non-restricted		
Net proceeds of fundraising activities	520,200	1,074,120
Income distribution from investments	1,945,214	1,842,900
	2,465,414	2,917,020
	3,004,404	3,007,091

In the regular course of operations, certain expenses are incurred by the Museum on behalf of the Foundation and charged to the Foundation at cost. These expenses include salaries and, to the extent that such salaries generated a wage subsidy, the subsidy income was also allocated to the Foundation.

In April 2018, the Museum received a total of \$11,000,000 from the ministère de la Culture et des Communications du Québec (MCCQ) for its fiscal years from 2019 to 2023, representing a \$2,200,000 grant per year to support its mission.

The Museum and the Foundation, having obtained the MCCQ approval, 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 by monthly instalments. As at March 31, 2023 and 2024, the amount due to the Museum presented in the statement of financial position is nil (nil as at March 31, 2023).

In 2023, an amount of \$1,400,000 was also transferred from the Museum to the Foundation. As a related party transaction, this transaction was recorded as a direct increase in net assets.

9. Comparative figures

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

The McCord Museum Foundation 2024-03-31 FS - Final_s

Final Audit Report

2024-08-09

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