

MONTREAL HOLOCAUST MEMORIAL CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2016



**MONTREAL HOLOCAUST MEMORIAL CENTRE
FINANCIAL STATEMENTS
MARCH 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Montreal Holocaust Memorial Centre

We have audited the accompanying financial statements of Montreal Holocaust Memorial Centre, which comprise the statement of financial position as at March 31, 2016, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Montreal Holocaust Memorial Centre derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the Montreal Holocaust Memorial Centre. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses and cash flows for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015 and net assets as at March 31, 2016 and 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Montreal Holocaust Memorial Centre as at March 31, 2016, 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.

FL Fuller Landau LLP

Montreal, August 15, 2016

¹ CPA auditor, CA, public accountancy permit No. A125366



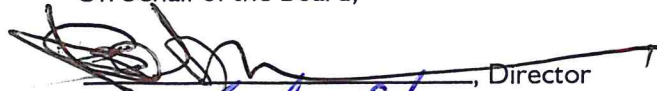
MONTREAL HOLOCAUST MEMORIAL CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

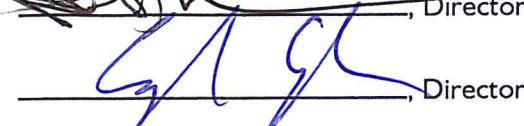
	2016	2015
	\$	\$
ASSETS		
Current		
Cash and cash equivalent	316,691	241,888
Marketable securities (Note 3)	885,269	868,830
Grants receivable (Note 4)	142,868	86,867
Sundry receivables	15,054	19,804
	1,359,882	1,217,389
Grants receivable (Note 4)	316,309	362,360
Investment - Fondation du Grand Montréal ("FGM") (Note 5)	16,215	16,682
Capital assets (Note 6)	1,423,038	1,273,658
	3,115,444	2,870,089

**MONTREAL HOLOCAUST MEMORIAL CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

	2016 \$	2015 \$
LIABILITIES		
Current		
Accounts payable and accrued liabilities	91,766	40,714
Deferred contributions (Note 7)	77,732	39,752
Current portion of loans payable (Note 8)	59,153	59,508
	228,651	139,974
Loans payable (Note 8)	316,961	376,114
Deferred contributions - Museum, Audio Visual and Oral History (Note 9)	1,354,968	1,160,914
Deferred contributions - Mécénat Placements Culture (Note 5)	16,709	16,144
	1,917,289	1,693,146
NET ASSETS		
Internally restricted (Note 14)	665,374	688,819
Restricted for endowment purposes	146,765	146,765
Unrestricted	386,016	341,359
	1,198,155	1,176,943
	3,115,444	2,870,089

On behalf of the Board,


_____, Director


_____, Director

**MONTREAL HOLOCAUST MEMORIAL CENTRE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016**

	2016 \$	2015 \$
Revenues		
Contributions - fundraising	425,313	363,479
Contributions - special gifts (Note 11)	40,000	25,000
Contributions from Federation CJA	332,499	302,499
Grants (Appendix A)	232,389	90,861
Museum admissions and book sales	70,822	76,970
Investment income (loss) (Note 12)	(22,302)	76,043
	1,078,721	934,852
Expenses		
Administrative and general (Appendix B)	391,086	404,213
Commemoration and video testimony (net of grants of \$Nil; 2015, \$2,913)	95,231	101,197
Educational outreach (net of grants of \$6,904; 2015, \$2,913)	238,340	191,836
Genocide exhibit project	48,349	35,456
Museum activities (net of grants of \$26,545; 2015, \$7,737)	147,704	154,110
Virtual museum of Canada	76,729	-
WWCCF traveling exhibit	60,070	-
	1,057,509	886,812
Excess of revenues over expenses	21,212	48,040

**MONTREAL HOLOCAUST MEMORIAL CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016**

	Internally restricted \$	Restricted for endowment purposes \$	Unrestricted \$	2016 Total \$
Balance, beginning of year	688,819	146,765	341,359	1,176,943
Excess of revenues over expenses	(23,445)	-	44,657	21,212
Balance, end of year	665,374	146,765	386,016	1,198,155

	Internally restricted \$	Restricted for endowment purposes \$	Unrestricted \$	2015 Total \$
Balance, beginning of year	688,819	146,765	293,319	1,128,903
Excess of revenues over expenses	73,476	-	(25,436)	48,040
Interfund transfer	(73,476)	-	73,476	-
Balance, end of year	688,819	146,765	341,359	1,176,943

**MONTREAL HOLOCAUST MEMORIAL CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016**

	2016 \$	2015 \$
Operating activities		
Excess of revenues over expenses	21,212	48,040
Items not requiring cash		
Amortization of museum capital assets	15,079	8,300
Amortization of other capital assets	3,912	5,312
Change in market value of investments	(42,359)	(54,460)
Non-cash investment (income) loss	66,951	(19,553)
	64,795	(12,361)
Net change in non-cash working capital items	83,833	(60,425)
	148,628	(72,786)
Investing activities		
Acquisition of capital assets	(361,996)	(267,078)
Purchase of marketable securities	(40,000)	-
	(401,996)	(267,078)
Financing activities		
Repayment of loans payable	(59,508)	(16,000)
Deferred contributions - Museum, Audio Visual and Oral History	387,679	217,900
	328,171	201,900
Increase (decrease) in cash and cash equivalents	74,803	(137,964)
Cash and cash equivalents, beginning of year	241,888	379,852
Cash and cash equivalents, end of year	316,691	241,888

Cash and cash equivalents consist of cash.

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

1. Nature of operations

Montreal Holocaust Memorial Centre ("Centre") is a non-profit organization incorporated under Part II of the Canada Corporations Act. It is a registered charity under the Income Tax Act and as such is exempt from income taxes. The Centre's mission is to educate people of all ages and backgrounds about the Holocaust while sensitizing the public to the universal perils of antisemitism, racism, hate and indifference. Through its museum, commemorative programs and educational initiatives, the Centre is committed to promoting respect for diversity and the sanctity of all human life.

The Centre's funding includes a contribution from Federation CJA, other contributions and grants. The Centre is dependent upon these sources of funding to continue operations. Montreal Holocaust Memorial Centre, a constituent agency of Federation CJA, is an independent organization with its own board of directors.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following significant accounting policies:

Cash and cash equivalents

The Centre's policy is to disclose bank balances under cash and cash equivalents.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the straight-line method over the following periods:

	<u>Periods</u>
Leasehold improvements	20 years
Exhibits	10 years
Audiovisual equipment	3 - 5 years
Computer equipment	3 years

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. Significant accounting policies (continued)

Revenue recognition

The Centre follows the deferral method of accounting for contributions, government and other grants.

Restricted contributions, government and other grants are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, government and other grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Investment income is recognized as revenue on an accrual basis. Income earned is reflected in internally restricted net assets.

Museum admission fees and book sales are recognized as revenue when received.

Government assistance

Government assistance in the form of government grants are accrued when earned and when there is also reasonable assurance that they will be realized.

Government grants relating to qualifying assets are accounted as a reduction of the cost of the related expenses.

Documentaries and Promotional Literature

Costs to produce documentaries and all promotional literature are expensed as incurred.

Collection of Museum Artifacts

Contributions of collection items are recorded as revenue at their fair value and then expensed in the same period. Where fair value cannot be determined, the contribution is recognized at a nominal value.

Financial instruments

Measurement of financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value and investments for which the Centre chose to designate to be measured at fair value. Changes in fair value are recognized in net earnings.

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at amortized cost include cash, interest receivable and grants receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loans payable.

The Centre's financial assets measured at fair value include marketable securities and investment - Fondation du Grand Montréal.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Centre determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Contributed services

The Centre benefits from substantial services in the form of volunteer time. Due to the difficulty in determining their fair value, volunteer services are not recorded in the financial statements.

Federation CJA provides administrative services and office space and manages a pension plan for the Centre. These services provided by Federation CJA are not recognized as contributed services by the Centre.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

3. Marketable securities

Marketable securities consist of funds invested through the Jewish Community Foundation of Greater Montreal's ("JCF") investment funds. One of the JCF funds invests in government and corporate bonds which are fixed-rate instruments and have various terms of maturity. The other JCF fund invests in equity instruments that are quoted in an active market and are subject to fluctuations in fair value.

4. Grants receivable

Included in grants receivable are amounts receivable from the Government of Quebec as well as other grants for current projects such as CIC InterAction, Canadian Museum of History and Alexander and Ruth Dworkin Foundation.

The grants from the Government of Quebec are to fund the costs incurred with respect to the museum renovations and exhibits. The government has made arrangements for the Centre to receive the full amount of the grants as loans from the Caisse Desjardins (see Note 8). As the government repays the loans directly to Caisse Desjardins, subject to grant conditions, the Centre records the receipt of the funds as a decrease of the grant receivable from the Government of Quebec.

5. Investment - Fondation du Grand Montréal ("FGM")

In a prior year, the Centre received a grant from the Mécénat Placements Culture program amounting to \$51,693. This grant was received in relation to contributions raised of \$34,462 in prior years, in conjunction with the Centre's admittance to the Conseil des arts et des lettres du Québec's program, Mécénat Placements Culture. The program matches contributions received in the form of donations from the Centre's capital campaign to the extent of \$250,000 or 150% of contributions collected. These funds raised were entrusted to the Fondation du Grand Montréal ("FGM") and have been invested by the Foundation for a period of 10 years.

The program also requires that \$36,185 of the grant be invested by FGM for a 10 year period. This amount can only be recognized in the Centre's accounts at the end of the 10 year period in 2025. The investment income related to this portion has been recognized in the statement of operations. The fair value of this investment along with the initial contributions of \$34,462 as at March 31, 2016 was \$71,474 (2015, \$75,885).

The program also requires that the balance of the grant amounting to \$15,508 be invested for a 2 year period with FGM. The long-term investment on the statement of financial position also includes the change in the market value of the funds invested. Investment income amounting to \$566 (2015, \$636) has been recognized in the statement of financial position as an increase to the investment and a related increase in deferred contributions.

The Centre is required to comply with ongoing eligibility criteria, which were all met as at March 31, 2016.

MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

6. Capital assets

	Cost \$	Accumulated amortization \$	Net book value 2016 \$
Museum:			
Leasehold improvements	2,199,400	1,402,121	797,279
Exhibits	3,494,940	2,969,140	525,800
Audiovisual equipment	250,550	155,159	95,391
	5,944,890	4,526,420	1,418,470
Other:			
Computer equipment	169,795	168,020	1,775
Leasehold improvements	8,063	5,270	2,793
	177,858	173,290	4,568
	6,122,748	4,699,710	1,423,038
	Cost \$	Accumulated amortization \$	Net book value 2015 \$
Museum:			
Leasehold improvements	2,199,400	1,292,150	907,250
Exhibits	3,133,437	2,906,879	226,558
Audiovisual equipment	250,057	118,687	131,370
	5,582,894	4,317,716	1,265,178
Other:			
Computer equipment	169,795	164,914	4,881
Leasehold improvements	8,063	4,464	3,599
	177,858	169,378	8,480
	5,760,752	4,487,094	1,273,658

MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

7. Deferred contributions

The deferred contributions are for current museum projects which are to be completed within the next year when the related expense will be incurred.

	2016	2015
	\$	\$
Balance beginning of year	39,752	50,971
Amount received and deferred during the year	77,732	39,752
Amount recognized as revenue during the year	(39,752)	(50,971)
	77,732	39,752

The funds were received from the following:

	2016	2015
	\$	\$
Alexander and Ruth Dworkin Foundation	-	1,784
Donations dedicated to Yad Vashem Scholarship	4,297	9,697
Federation CJA	45,000	-
President's Circle	-	6,000
Other	28,435	22,271
	77,732	39,752

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

8. Loans payable

	2016	2015
	\$	\$
Loan bearing interest at 4.3% per annum, repayable in bi-annual blended instalments of \$30,248, renewable in February 2018 and secured by the museum leasehold improvements with a carrying value of \$797,279. The loan is repaid by the Government of Quebec in accordance with the grant agreement described in note 4 and includes interest received in the amount of \$16,990 (2015, \$18,802).	362,360	405,868
Construction loan payable to Federation CJA, non-interest bearing, unsecured and repayable in 2017.	13,754	29,754
	376,114	435,622
Current portion of loans payable	59,153	59,508
	316,961	376,114

Loans repayments over the next three years, which aggregate to \$376,114, are the following:

	\$
2017	59,153
2018	47,374
2019	269,587

MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

9. Deferred Contributions - Museum, Audio Visual and Oral History

	Museum \$	Audio Visual \$	Oral History \$	2016 \$
Balance, beginning of year	643,522	160,512	356,880	1,160,914
Contributions received	-	-	387,679	387,679
Less: amortization	(117,771)	(14,531)	(61,323)	(193,625)
Balance, end of year	525,751	145,981	683,236	1,354,968

	Museum \$	Audio Visual \$	Oral History \$	2015 \$
Balance, beginning of year	761,293	157,143	196,533	1,114,969
Contributions received	-	17,900	200,000	217,900
Less: amortization	(117,771)	(14,531)	(39,653)	(171,955)
Balance, end of year	643,522	160,512	356,880	1,160,914

Deferred contributions - museum represent amounts received from fundraising and scheduled grants receivable in respect of the museum development project. Amortization of the deferred contribution balance is calculated on the same basis as the related amortization on museum leasehold improvements and exhibits.

Deferred contributions - audio visual represent grants received from Ministère de la Culture, des Communications et de la Condition Féminine - Soutien aux expositions permanentes for the development and implementation of interactive multimedia guides used to enhance the visitors' experience at the Centre. Costs related to this project have been capitalized and are included in audio visual equipment. Amortization of the deferred contribution balance is calculated on the same basis as the related amortization on the audio visual equipment.

Deferred Contributions Oral History represents grants and donations received from CIC Canada, InterAction and from The Azrieli Foundation to assure the digitisation, perpetual preservation, cataloguing and access and educational use of video testimonies or survivor oral history from collections across Canada. In partnership with the Toronto Neuberger Holocaust Education Centre, an agreement has been signed with the USC Shoah Foundation to undertake digitisation, preservation and cataloguing to enable access to these collections in the future for use in the Museum, educational initiatives and research. Costs related to this project have been capitalized. Amortization of the deferred contribution balance is calculated on the same basis as the related amortization on the exhibits.

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

10. Amortization of museum capital assets

Amortization of the museum capital assets comprises the following:

	2016 \$	2015 \$
Amortization of museum capital assets	208,704	180,255
Less: amortization of deferred contributions (Note 9)	(193,625)	(171,955)
Net amortization for the year	15,079	8,300

11. Contributions - special gifts

Contributions - special gifts is composed of one-time gifts, generally donated in tribute or memory of an individual or family, as testamentary gifts, or as designated gifts.

12. Investment income

Investment income includes the following:

	2016 \$	2015 \$
Investment income (loss) - marketable securities	(66,951)	19,553
Investment income - FGM (Note 5)	2,290	2,030
Change in market value - marketable securities	43,506	53,923
Change in market value - investment FGM	(1,147)	537
	(22,302)	76,043

13. Contributed services

The Centre receives free rental of office space from Federation CJA, the value of which has been determined by Federation CJA to be \$75,497 (2015, \$73,859) based on the cost per square foot of the total occupied space by the Centre.

In addition, Federation CJA provides administration services for its family of agencies which includes the Centre. The share of these services incurred by Federation on the Organization's behalf was \$58,096 (2015, \$62,282).

Federation CJA administers a defined benefit pension plan on behalf of its agencies and the Centre's share of the plan's liability is \$89 (2015, \$84).

**MONTREAL HOLOCAUST MEMORIAL CENTRE
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

14. Internally restricted net assets

The Board of Directors of the Centre established a reserve to provide for the replacement and updating of Museum equipment and the exhibits and other elements of the Centre's Action Plan. The Centre cannot use these amounts for other purposes without the approval of the Board of Directors.

15. Financial instruments

Risks and concentration

The Centre is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Centre's risk exposure at the balance sheet date of March 31, 2016.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and loans payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Center is exposed to interest rate risk on its marketable securities and investment - FGM invested in fixed-rate instruments and loans payable that bears interest at fixed rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre is exposed to other price risk through its marketable securities and investment - Fondation du Grand Montréal.

16. Comparative figures

Certain figures for 2015 have been reclassified to make their presentation identical to that adopted in 2016.

**MONTREAL HOLOCAUST MEMORIAL CENTRE
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2016**

	2016 \$	2015 \$
Appendix A		
Grants		
Genocide Exhibit grant - Alexander and Ruth Dworkin Foundation	48,349	35,456
Conference on Jewish Material Claims Against Germany	9,069	6,500
Alexander and Ruth Dworkin Foundation	50,000	48,905
Virtual Museum of Canada	76,729	-
World War Commemorations Community Fund	48,242	-
	232,389	90,861
Appendix B		
Administrative and general		
Amortization of museum capital assets (Note 10)	15,079	8,300
Amortization of other capital assets	3,912	5,312
Fundraising events	8,683	55,557
Membership dues, conferences and meetings	11,088	10,142
Office and administrative expenses	55,589	37,482
Professional development	6,677	5,490
Professional fees	51,787	52,514
Salaries and fringe benefits	238,271	229,416
	391,086	404,213