Financial Statements of

DEGROOTE COMMERCE SOCIETY

Year ended March 31, 2018
(Unaudited)

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Executives of the DeGroote Commerce Society

We have reviewed the accompanying financial statements of the DeGroote Commerce Society, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the DeGroote Commerce Society derives revenue from fundraising and event activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the DeGroote Commerce Society. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2018, any adjustments might be necessary to fundraising and event revenues and excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows and current assets and unrestricted net assets reported in the statement of financial position.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the DeGroote Commerce Society as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
February 21, 2019

DEGROOTE COMMERCE SOCIETY

Statement of Financial Position

As at March 31, 2018, with comparative information for March 31, 2017
(Unaudited)

		2018		2017
Assets				
Current assets:				
Cash	$	179,438	$	463
Accounts receivable		–		131,201
Merchandise inventory		400		1,484
		179,838		133,148
Capital assets (note 2)		11,806		22,218
	$	191,644	$	155,366
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	6,000	$	10,510
Unrestricted net assets		185,644		144,856
	$	191,644	$	155,366

See accompanying notes to financial statements.

On behalf of the Executive:

______________________________ President & CEO

______________________________ Chief Financial Officer

DEGROOTE COMMERCE SOCIETY

Statement of Operations and Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017
(Unaudited)

		2018		2017
Revenues:				
Membership fees	$	138,816	$	132,527
JDC Central		24,040		23,582
Welcome Week		34,435		25,169
Formals		8,829		20,492
Conferences		520		1,483
Events		17,686		9,510
Other		7,388		(1,254)
Sponsorships		10,134		59,733
Merchandise sales		1,454		1,840
		243,302		273,082
Expenses:				
Committee funding:				
JDC Central		24,995		40,172
Welcome Week		34,123		36,554
Grad Formal		2,528		5,000
Commerce Formal		14,252		18,203
Yearbook		7,093		8,219
DeGroote Business Challenge		9,430		7,711
DeGroote Impact		4,640		6,266
QP Magazine				222
Club funding (note 3)		17,529		16,900
Conferences		20,632		18,535
Programming		10,792		13,449
Events		22,030		5,276
Professional fees		10,985		4,000
Other		5,541		4,097
Cost of merchandise sales		2,601		2,179
Club fee		1,815		–
Student Union Dues		1,030		–
Scholarships		–		2,000
Amortization		10,412		10,412
Office supplies		1,157		6,913
Bank charges and interest		929		379
		202,514		206,487
Excess of revenues over expenses		40,788		66,595
Net assets, beginning of year		144,856		78,261
Net assets, end of year	$	185,644	$	144,856

See accompanying notes to financial statements.

DEGROOTE COMMERCE SOCIETY
Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017
(Unaudited)

		2018		2017
Cash provided by (used in):				
Operating activities:				
Excess of revenues over expenses	$	40,788	$	66,595
Items not involving cash:				
Amortization of capital assets		10,412		10,412
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable		131,201		(114,984)
Decrease in merchandise inventory		1,084		1,469
Decrease in accounts payable and accrued liabilities		(4,510)		(4,094)
Net change in cash from operating activities		178,975		(40,602)
Investing activities				
Purchase of capital assets		–		(27,057)
Net increase (decrease) in cash		178,975		(67,659)
Cash, beginning of year		463		68,122
Cash, end of year	$	179,438	$	463

See accompanying notes to financial statements.

The DeGroote Commerce Society (the "Society") was established in 1966 as a student organization comprised of full-time undergraduate students in the DeGroote School of Business at McMaster University.

The Society's objectives are to promote the welfare and interest of the members through the provision of facilities and opportunities for social, athletic, and intellectual activities.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Revenue recognition:

Membership fees are recognized as revenue when earned through the provision of service. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. For sales of goods and services, the Society recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

(b) Inventory:

Inventory consists of branded merchandise including clothing and other items. Inventory is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

(c) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Asset	Useful Life
Computer equipment	3 years
Office equipment	3 - 5 years
Furniture	5 years
Leasehold improvements	10 years

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and accrued liabilities. Actual results could differ from those estimates.

2. Capital assets:

March 31, 2018	Cost	Accumulated amortization	Net book value
Leasehold improvements	$ 13,934	$ 11,147	$ 2,787
Office equipment	2,700	2,700	–
Computer equipment	511	511	–
Furniture	27,057	18,038	9,019
	$ 44,202	$ 32,396	$ 11,806

March 31, 2017	Cost	Accumulated amortization	Net book value
Leasehold improvements	$ 13,934	$ 9,754	$ 4,180
Office equipment	2,700	2,700	–
Computer equipment	511	511	–
Furniture	27,057	9,019	18,038
	$ 44,202	$ 21,984	$ 22,218

3. Club funding:

	2018	2017
DeGroote Accounting Association	$ –	$ 4,600
DeGroote Entrepreneur	6,234	–
DeGroote Marketing Association	2,114	3,335
DeGroote Finance Association	4,566	2,875
DeGroote Human Resources Association	–	1,725
McMaster Investment Club	815	1,900
DeGroote Women in Business	1,600	575
Association for Information Systems	–	690
DeGroote Operations Association	2,200	1,200
	$ 17,529	$ 16,900

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4. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.