

Financial Statements of

**DEGROOTE COMMERCE  
SOCIETY**

Year ended March 31, 2016  
(unaudited)



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## **REVIEW ENGAGEMENT REPORT**

To the Executives of the DeGroote Commerce Society

We have reviewed the statement of financial position of the DeGroote Commerce Society as at March 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the DeGroote Commerce Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for non-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

September 29, 2017

Hamilton, Canada

# DEGROOTE COMMERCE SOCIETY

## Statement of Financial Position

As at March 31, 2016, with comparative information for March 31, 2015  
(Unaudited)

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 68,122	\$ 64,876
Accounts receivable	16,217	13,380
Merchandise inventory	2,953	2,255
	<u>87,292</u>	<u>80,511</u>
Capital assets (note 2)	5,573	7,476
	<u>\$ 92,865</u>	<u>\$ 87,987</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,604	\$ 14,318
Unrestricted net assets	78,261	73,669
	<u>\$ 92,865</u>	<u>\$ 87,987</u>

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, 2016, with comparative information for 2015  
(Unaudited)

	2016	2015
<b>Revenues:</b>		
Membership fees	\$ 99,430	\$ 94,948
JDC Central	32,154	26,576
Welcome Week	28,258	19,404
Formals	20,890	19,660
Conferences	5,550	12,619
Events	3,922	2,790
Other	3,870	2,151
Sponsorships	2,710	2,000
Merchandise sales	2,135	1,040
	<b>198,919</b>	<b>181,188</b>
<b>Expenses:</b>		
Committee funding:		
JDC Central	41,667	33,008
Welcome Week	41,052	30,168
Grad Formal	11,074	14,791
Commerce Formal	21,832	13,376
Yearbook	9,393	8,748
DeGrootte Business Challenge	5,155	6,364
Academic Awareness Conference	-	3,116
DeGrootte Impact	1,569	3,086
QP Magazine	232	419
Club funding:		
DeGrootte Accounting Association	3,800	3,700
DeGrootte Marketing Association	2,900	2,800
DeGrootte Finance Association	2,800	2,800
DeGrootte Human Resources Association	750	700
McMaster Investment Club	-	500
DeGrootte Women in Business	500	500
Association for Information Systems	250	250
DeGrootte Operations Association	300	250
McMaster Consulting Association	125	-
Conferences	10,196	27,323
Programming	9,796	13,600
Events	8,932	4,951
Professional fees	5,528	3,000
Other	4,985	2,881
Cost of merchandise sales	7,198	2,836
Scholarships	1,500	2,000
Amortization	1,903	1,903
Office supplies	720	1,222
Bank charges and interest	170	742
	<b>194,327</b>	<b>185,034</b>
Excess (deficiency) of revenues over expenses	4,592	(3,846)
Net assets, beginning of year	73,669	77,515
Net assets, end of year	\$ 78,261	\$ 73,669

See accompanying notes to financial statements.

# DEGROOTE COMMERCE SOCIETY

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015  
(Unaudited)

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	4,592	\$ (3,846)
Items not involving cash:		
Amortization of capital assets	1,903	1,903
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(2,837)	1,782
Increase in merchandise inventory	(698)	(2,255)
Increase in accounts payable and accrued liabilities	286	10,708
Increase in cash	3,246	8,292
Cash, beginning of year	64,876	56,584
Cash, end of year	\$ 68,122	\$ 64,876

See accompanying notes to financial statements.

# DEGROOTE COMMERCE SOCIETY

Notes to Financial Statements

Year ended March 31, 2016

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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
Leasehold improvements	10 years

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# DEGROOTE COMMERCE SOCIETY

Notes to Financial Statements

Year ended March 31, 2016

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## 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.

# DEGROOTE COMMERCE SOCIETY

Notes to Financial Statements

Year ended March 31, 2016

## 2. Capital assets:

March 31, 2016	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 13,934	\$ 8,361	\$ 5,573
Office equipment	2,700	2,700	-
Computer equipment	511	511	-
	<u>\$ 17,145</u>	<u>\$ 11,572</u>	<u>\$ 5,573</u>

March 31, 2015	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 13,934	\$ 6,967	\$ 6,967
Office equipment	2,700	2,361	339
Computer equipment	511	341	170
	<u>\$ 17,145</u>	<u>\$ 9,669</u>	<u>\$ 7,476</u>

## 3. 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.

### (c) Interest and currency risk:

The Society believes that it is not exposed to significant interest rate or currency risk arising from its financial instruments.