Financial Statements of

DEGROOTE COMMERCE SOCIETY

Year ended March 31, 2015

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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, 2015 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 25, 2015

Hamilton, Canada

DEGROOTE COMMERCE SOCIETY

Statement of Financial Position

As at March 31, 2015

Assets

Current assets:		
Cash	$	64,876
Accounts receivable		13,380
Merchandise inventory		2,255
		80,511
Capital assets (note 2)		7,476
	$	87,987

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	$	14,318
Unrestricted net assets		73,669
	$	87,987

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, 2015

Revenues:		
Membership fees	$	94,948
JDC Central		26,576
Welcome Week		19,404
Conferences		12,619
Formals:		
Grad		10,300
Commerce		9,360
Events		2,790
Other		2,151
Sponsorships		2,000
Merchandise sales		1,040
		181,188
Expenses:		
Committee funding:		
JDC Central		33,008
Welcome Week		30,168
Grad Formal		14,791
Commerce Formal		13,376
Yearbook		8,748
DeGroote Business Challenge		6,364
Academic Awareness Conference		3,116
DeGroote Impact		3,086
QP Magazine		419
Club funding:		
DeGroote Accounting Association		3,700
DeGroote Marketing Association		2,800
DeGroote Finance Association		2,800
DeGroote Human Resources Association		700
McMaster Investment Club		500
DeGroote Women in Business		500
Association for Information Systems		250
DeGroote Operations Association		250
Conferences		27,323
Programming		13,600
Events		4,951
Professional fees		3,000
Other		2,881
Cost of merchandise sales and giveaways		2,836
Scholarships		2,000
Amortization		1,903
Office supplies		1,222
Bank charges and interest		742
		185,034
Deficiency of revenues over expenses		(3,846)
Net assets, beginning of year		77,515
Net assets, end of year	$	73,669

See accompanying notes to financial statements.

DEGROOTE COMMERCE SOCIETY

Statement of Cash Flows

Year ended March 31, 2015

Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	$	(3,846)
Items not involving cash:		
Amortization of capital assets		1,903
Changes in non-cash working capital:		
Decrease in accounts receivable		1,782
Increase in merchandise inventory		(2,255)
Increase in accounts payable and accrued liabilities		10,708
		8,292
Increase in cash		8,292
Cash, beginning of year		56,584
Cash, end of year	$	64,876

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) Cash:

Cash includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(c) 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.

(d) 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

1. Significant accounting policies (continued):

(e) 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.

(f) 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, 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
	$ 17,145	$ 9,669	$ 7,476

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.