

Financial Statements of

**DEGROOTE COMMERCE  
SOCIETY**

Year ended March 31, 2017  
(unaudited)



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## INDEPENDENT PRACTITIONER'S REPORT

To the Executives of the DeGroot Commerce Society

We have reviewed the accompanying financial statements of the DeGroot Commerce Society, which comprise the statement of financial position as at March 31, 2017, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### *Practitioner's 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 DeGroot 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 DeGroot Commerce Society. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2017, 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 DeGroot Commerce Society as at March 31, 2017, 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 1, 2018

# DEGROOTE COMMERCE SOCIETY

## Statement of Financial Position

As at March 31, 2017, with comparative information for March 31, 2016  
(Unaudited)

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 463	\$ 68,122
Accounts receivable	131,201	16,217
Merchandise inventory	1,484	2,953
	<u>133,148</u>	<u>87,292</u>
Capital assets (note 2)	22,218	5,573
	<u>\$ 155,366</u>	<u>\$ 92,865</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,510	\$ 14,604
Unrestricted net assets	144,856	78,261
	<u>\$ 155,366</u>	<u>\$ 92,865</u>

See accompanying notes to financial statements.

On behalf of the Executive:

Jason Ryker President & CEO

Lyle Lyle Chief Financial Officer

# DEGROOTE COMMERCE SOCIETY

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2017, with comparative information for 2016  
(Unaudited)

	2017	2016
<b>Revenues:</b>		
Membership fees	\$ 132,527	\$ 99,430
JDC Central	23,582	32,154
Welcome Week	25,169	28,258
Formals	20,492	20,890
Conferences	1,483	5,550
Events	9,510	3,922
Other	(1,254)	3,870
Sponsorships	59,733	2,710
Merchandise sales	1,840	2,135
	<b>273,082</b>	<b>198,919</b>
<b>Expenses:</b>		
Committee funding:		
JDC Central	40,172	41,667
Welcome Week	36,554	41,052
Grad Formal	5,000	11,074
Commerce Formal	18,203	21,832
Yearbook	8,219	9,393
DeGroote Business Challenge	7,711	5,155
DeGroote Impact	6,266	1,569
QP Magazine	222	232
Club funding:		
DeGroote Accounting Association	4,600	3,800
DeGroote Marketing Association	3,335	2,900
DeGroote Finance Association	2,875	2,800
DeGroote Human Resources Association	1,725	750
McMaster Investment Club	1,900	-
DeGroote Women in Business	575	500
Association for Information Systems	690	250
DeGroote Operations Association	1,200	300
McMaster Consulting Association	-	125
Conferences	18,535	10,196
Programming	13,449	9,796
Events	5,276	8,932
Professional fees	4,000	5,528
Other	4,097	4,985
Cost of merchandise sales	2,179	7,198
Scholarships	2,000	1,500
Amortization	10,412	1,903
Office supplies	6,913	720
Bank charges and interest	379	170
	<b>206,487</b>	<b>194,327</b>
Excess of revenues over expenses	66,595	4,592
Net assets, beginning of year	78,261	73,669
Net assets, end of year	\$ 144,856	\$ 78,261

See accompanying notes to financial statements.



# DEGROOTE COMMERCE SOCIETY

## Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016  
(Unaudited)

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 66,595	\$ 4,592
Items not involving cash:		
Amortization of capital assets	10,412	1,903
Changes in non-cash working capital:		
Increase in accounts receivable	(114,984)	(2,837)
Decrease (increase) in merchandise inventory	1,469	(698)
(Decrease) increase in accounts payable and accrued liabilities	(4,094)	286
Net change in cash from operating activities	(40,602)	3,246
Investing activities		
Purchase of capital assets	(27,057)	-
Net (decrease) increase in cash	(67,659)	3,246
Cash, beginning of year	68,122	64,876
Cash, end of year	\$ 463	\$ 68,122

See accompanying notes to financial statements.

# DEGROOTE COMMERCE SOCIETY

Notes to Financial Statements

Year ended March 31, 2017

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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
Furniture	5 years
Leasehold improvements	10 years

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# DEGROOTE COMMERCE SOCIETY

Notes to Financial Statements

Year ended March 31, 2017

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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, 2017.

## 2. Capital assets:

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
	<u>\$ 44,202</u>	<u>\$ 21,984</u>	<u>\$ 22,218</u>

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>

## 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.