

Financial Statements of

**DEGROOTE MBA  
ASSOCIATION**

Year ended August 31, 2016  
(Unaudited)



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222

## REVIEW ENGAGEMENT REPORT

To the Members of the DeGrootte MBA Association

We have reviewed the statement of financial position of the DeGrootte MBA Association as at August 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 DeGrootte MBA Association.

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. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

January 17, 2017  
Hamilton, Canada

# DEGROOTE MBA ASSOCIATION

## Statement of Financial Position

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

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 108,731	\$ 126,813
Accounts receivable	-	19,424
Prepaid expenses	5,000	6,808
	<u>\$ 113,731</u>	<u>\$ 153,045</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,500	\$ 35,439
Unrestricted net assets	110,231	117,606
	<u>\$ 113,731</u>	<u>\$ 153,045</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ President

\_\_\_\_\_ Director of Finance

# DEGROOTE MBA ASSOCIATION

## Statement of Operations and Changes in Net Assets

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

	2016	2015
Revenues:		
Program fees	\$ 141,641	\$ 134,554
Sponsorship	2,800	11,404
Ticket and merchandise sales	32,060	55,272
	176,501	201,230
Expenses:		
Administrative	11,582	559
Bank charges and interest	576	370
Books and subscriptions	4,773	228
Clothing	-	4,706
Donations	6,942	10,817
Grad rings	33,243	28,172
Meals and entertainment	8,086	28,654
Other business and program costs	300	12,960
Outside contract services	-	1,250
Prizes and gifts	16,417	16,445
Professional fees	5,037	4,702
Registration fees	16,200	17,192
Rental expense	18,784	31,815
Service fees	32,927	7,811
Travel	29,009	31,617
	183,876	197,298
(Deficiency) excess of revenues over expenses	(7,375)	3,932
Net assets, beginning of year	117,606	113,674
Net assets, end of year	\$ 110,231	\$ 117,606

See accompanying notes to financial statements.

# DEGROOTE MBA ASSOCIATION

## Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenues over expenses	\$ (7,375)	\$ 3,932
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	19,424	(19,424)
Decrease (increase) in prepaid expenses	1,808	(6,808)
(Decrease) increase in accounts payable and accrued liabilities	(31,939)	34,223
	(10,707)	7,991
(Decrease) increase in cash	(18,082)	11,923
Cash, beginning of year	126,813	114,890
Cash, end of year	\$ 108,731	\$ 126,813

See accompanying notes to financial statements.

# DEGROOTE MBA ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2016  
(Unaudited)

---

The DeGroote MBA Association (the "Association") is a student organization comprised of full-time MBA students in the DeGroote School of Business at McMaster University.

The Association'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:

Program fees are recognized as revenue when earned through the provision of service. Unrestricted contributions including sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Ticket Sales are recognized as revenue when earned as events are completed, 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) Capital assets:

The Association expenses purchased capital assets acquired in the year of purchase. During the year \$nil (2015 - \$nil) were expensed that would otherwise be capitalized had the Association adopted the full requirements in section 4431 Tangible capital assets held by not-for-profit organizations.

### (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 Association 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.

# DEGROOTE MBA ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2016  
(Unaudited)

---

## 1. Significant accounting policies (continued):

### (d) Financial instruments (continued):

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 Association 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 Association 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. Financial instruments:

### (a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association 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 Association is exposed to credit risk with respect to the accounts receivable. The Association 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 Association believes that it is not exposed to significant interest rate or currency risk arising from its financial instruments.

# DEGROOTE MBA ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2016  
(Unaudited)

---

### **3. Comparative information:**

Certain 2015 comparative information has been reclassified to conform to the presentation adopted in the current year. There was no impact to excess of revenues over expenses for the year.