Financial Statements of

DEGROOTE MBA ASSOCIATION

Year ended August 31, 2018
(Unaudited)

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of the DeGroote MBA Association

We have reviewed the accompanying financial statements of the DeGroote MBA Association, which comprise the statement of financial position as at August 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.

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.

Conclusion

Based on our review, 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 MBA Association as at August 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

December 28, 2018

DEGROOTE MBA ASSOCIATION

Statement of Financial Position

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

	2018	2017
Assets		
Current assets:		
Cash	$ 59,311	$ 93,912
Accounts receivable	3,554	1,120
Prepaid expenses	4,435	5,500
	$ 67,300	$ 100,532
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,805	$ 3,500
Unrestricted net assets	63,495	97,032
	$ 67,300	$ 100,532

See accompanying notes to financial statements.

On behalf of the Board:

_______________ President

Deanna Betts _______________ Director of Finance

DEGROOTE MBA ASSOCIATION

Statement of Operations and Changes in Net Assets

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

		2018		2017
Revenues:				
Program fees	$	107,962	$	111,724
Sponsorship		15,450		11,200
Ticket and merchandise sales		27,915		24,955
		151,327		147,879
Expenses:				
Administrative		4,977		13,250
Bank charges and interest		203		76
Clothing		18,592		1,633
Donations		3,260		17,853
Grad rings		33,945		33,404
Meals and entertainment		3,225		6,286
Prizes and gifts		3,039		1,200
Professional fees		4,294		4,930
Registration fees		18,700		8,820
Event rental expense		22,921		26,016
Events		68,141		25,754
Travel		3,567		21,856
		184,864		161,078
Deficiency of revenues over expenses		(33,537)		(13,199)
Net assets, beginning of year		97,032		110,231
Net assets, end of year	$	63,495	$	97,032

See accompanying notes to financial statements.

DEGROOTE MBA ASSOCIATION

Statement of Cash Flows

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

		2018		2017
Cash provided by (used in):				
Operations:				
Deficiency of revenues over expenses	$	(33,537)	$	(13,199)
Changes in non-cash working capital:				
Accounts receivable		(2,434)		(1,120)
Prepaid expenses		1,065		(500)
Accounts payable and accrued liabilities		305		-
		(1,064)		(1,620)
Decrease in cash		(34,601)		(14,819)
Cash, beginning of year		93,912		108,731
Cash, end of year	$	59,311	$	93,912

See accompanying notes to financial statements.

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) Capital assets:

The Association expenses purchased capital assets acquired in the year of purchase. During the year $nil (2017 - $nil) were expensed that would otherwise be capitalized had the Association adopted the full requirements in section 4431 in Part III of the CPA Canada Handbook - Tangible capital assets held by not-for-profit organizations.

(c) 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.

1. Significant accounting policies (continued):

(c) 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.

(d) 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 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. There has been no significant change to the risk exposure from 2017.

(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. There has been no significant change to the risk exposure from 2017.