



October 18, 2010

Members of the McKenzie Towne Council  
McKenzie Towne, Calgary, Alberta

Dear Residents of McKenzie Towne:

**RE: Annual General Meeting – 7:00 PM, Tuesday, November 16<sup>th</sup>, 2010**

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Enclosed please find the Notice of the Annual General Meeting (AGM) for McKenzie Towne Council (MTC) Association; the Information Circular; the Audited Financial Statements for the 2009/2010 fiscal year; the Report of the Board of Directors; the Minutes of the AGM held on November 17<sup>th</sup>, 2009; and a Proxy Form.

Please review the enclosed information and plan to attend the AGM or send your proxy form in as indicated. The AGM is being held at **7:00 PM on Tuesday, November 16<sup>th</sup>, 2010** at the McKenzie Towne Hall, located at 40 McKenzie Towne Blvd SE (at the traffic circle), McKenzie Towne. **Please assist your volunteer Board of Directors by attending the AGM or by sending in your proxy form.**

If you are interested in being nominated for the Board of Directors, or have any questions about the enclosed, please contact Christine Hemminger, General Manager at McKenzie Towne Hall, by phone at 403-781-6612 or via e-mail at [gm.mctowne@shaw.ca](mailto:gm.mctowne@shaw.ca).

A full sized version of this document is available online on our website: [www.mckenziatowne-connect.com](http://www.mckenziatowne-connect.com).

On behalf of your Board of Directors, we look forward to your participation.

Yours truly,

**MCKENZIE TOWNE COUNCIL:**

**ROB VAN GASTEL** – President  
**CRAIG GORHAM** - Vice-President  
**BOB CLARKE** – Secretary  
**MANON PASCAL** - Treasurer

Directors at Large - **STEVEN WILLIAMS; ALICE KILLAM; HUNTER MAU; DOUG HAYDEN; RON DODD; JOHN DAVIES; GWYN SCHORNO; JONATHAN MOSER; DAVID LILLY; JAYDEL GLUCKIE; OLUFEMI TOLANI; SHELLEY WARK MARTYN; JANISE FLINKMAN.**



## MCKENZIE TOWNE COUNCIL

### Notice of Meeting & Information Circular

2010

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#### **MCKENZIE TOWNE COUNCIL NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS IN GOOD STANDING**

TAKE NOTICE, that the Annual General Meeting of the Members in Good Standing of **MCKENZIE TOWNE COUNCIL** (the "Company") will be held at the McKenzie Towne Hall, located at 40 McKenzie Towne Blvd SE (at the traffic circle), Calgary, Alberta, on **Tuesday, November 16<sup>TH</sup>, 2010 at 7:00 PM** (Calgary time) for the following purposes:

- 1) To receive the minutes of the AGM for McKenzie Towne Council held on November 17<sup>th</sup>, 2009;
- 2) To receive the Report of the Board of Directors of the Company;
- 3) To receive Audited Financial Statements for the fiscal year ended May 31<sup>st</sup>, 2010;
- 4) To establish the number of Directors to hold office until the next Annual General Meeting and elect such Directors;
- 5) To appoint Price WaterhouseCoopers LLP, as Auditor of the Company and to authorize the Directors to fix his remuneration;
- 6) To transact such other business as may properly come before the Meeting or any adjournment thereof.

**THIS NOTICE SHOULD BE READ IN CONJUNCTION WITH THE INFORMATION CIRCULAR ACCOMPANYING THIS NOTICE.**

Dated at Calgary, Alberta, this 18<sup>th</sup> day of October, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

BOB CLARKE  
Secretary

**TO ALL MEMBERS IN GOOD STANDING:**

**IF YOU ARE UNABLE TO ATTEND THIS MEETING, PLEASE COMPLETE THE ACCOMPANYING PROXY FORM AND RETURN AS INDICATED IN THE INSTRUCTIONS FOR PROXY FORMS INCLUDED IN THIS PACKAGE.**

**MINUTES OF ANNUAL GENERAL MEETING OF**  
**MCKENZIE TOWNE COUNCIL**

Place: McKenzie Towne Hall, 40 McKenzie Towne Blvd S.E., Calgary, Alberta  
Date: November 17, 2009  
Time: 7:00 p.m.

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1. Rob Van Gastel acted as Chairperson of the meeting.
2. The Chairman asked Bob Clarke to act as Secretary of the meeting.
3. The Chairman requested Craig Gorham to act as Scrutineer for the meeting, with the consent of the Members in Good Standing. There was no objection, so the Chairman appointed Craig Gorham as Scrutineer.
4. The Chairman stated that unless otherwise specified, all items to be approved by the Members in Good Standing are by way of ordinary resolution, requiring at least 50% of the Members in Good Standing present in person or by proxy to vote in favor. The Chairman stated that votes are to be by show of voting cards, or by poll if demanded by 10% of the Members in Good Standing.
5. The Chairman pointed out the opportunity for any member to raise questions related to each piece of business raised at this meeting as each item is proposed and noted there will be a general question and answer session following the formal portion of this meeting at which time there will be an opportunity for Members to ask any other questions of interest to them.
6. The Chairman asked for a motion dispensing with reading of the Notice calling the meeting. Motion: "I move that the reading of the Notice calling this Annual Meeting of Members be dispensed with". Ute Davies so moved. Seconded by Tyler McDonald. The Chairman declared the motion carried.
7. The Chairman confirmed with the Secretary that there was proof of mailing the Notice of the Meeting to the Members. The Chairman directed that the proof of mailing be filed in the Minute Book along with the Minutes of the Meeting.
8. For the record, the Chair requests that it be minuted that there was a number error in the AGM Package – on the page titled Information Circular General Information Proxy Statement – paragraph 7 stated that the company had 5448 members in good standing as of close of business on October 19, 2009 – there are actually 5228 members in good standing.
9. The Chairman then stated that pursuant to the Articles of Association of the Council, the lesser of 50 or 10% of the Members in Good Standing either personally present or represented by proxy constitutes a quorum, and that at least 50 Members in Good Standing either present or represented by proxy would constitute a quorum. The Chairman asked the Scrutineer for his report. The Scrutineer reported that **486** Members in Good Standing were either present or represented by proxy.
10. The Chairman declared the meeting to be duly called and properly constituted for the transaction of business.
11. Motion: "To allow persons who are not a "member in good standing", due to having just moved into the community after the record date, but who have paid fees in full for the current fiscal year join us as guests without voting privileges". Steve Williams so moved. Seconded by Olufemi Tolani. The Chairman declared the motion carried.
12. The Chairman proposed to receive as information the Minutes of the Annual General Meeting held on October 21, 2008, appended to the Notice of Meeting and Information Circular.
13. The Chairman asked for a motion to dispense with reading of the Directors' Report appended to the Notice of Meeting and Information Circular dated October 19, 2009. Motion: "I move that the reading of the Director's Report be dispensed with". Jonathan Moser so moved. Seconded by Roger Doucet. The Chairman declared the motion carried.

14. The Chairman then proposed to receive, as information, the Financial Statements and the Auditor's Report for the year ended May 31, 2009. Steve Williams then read and reviewed the Financial Statements for the McKenzie Towne Council. The Chairman declared the meeting open for questions on the Auditor's Report and the Financial Statements.
15. The Chairman indicated that the next item of business was the election of Directors. The Chairman stated that in the Articles of Association the Council is authorized to have a minimum of 5 Resident Directors and a maximum of 24 Resident Directors. It has been proposed by the Board that the Council establish 21 as the number of Directors to serve until the next Annual General meeting to be elected at this meeting. Motion: "I move that the Board consist of 21 Directors, to serve until the next Annual General Meeting of the Council". Bob Clarke so moved. Seconded by Hunter Mau. The Chairman declared the motion carried.
16. The Chairman stated that 12 current Board members had indicated an interest to be nominated as Directors of the Council and to hold office until their successors have been elected or appointed, namely Alice Killam, Attila Varga, Bob Clarke, Rob Van Gastel, Steven Williams, Doug Hayden, Hunter Mau, Lucille Waite, Manon Robinson, Ron Dodd, John Davies and Craig Gorham.

The Chairman asked for a nomination of those individuals to hold office until the next Annual General Meeting or until their successors are elected or appointed. Attila Varga so moved. Bob Clarke seconded the motion. To be noted that Carma abstained from voting. The Chairman asked if there were any questions or comments. The Chairman declared the motion is carried.
17. The Chairman asked if there were any further nominations at which point nominations were made for eight (8) people who had indicated an interest to be nominated as Directors of the Council, and to hold office until their successors have been elected or appointed, namely Olufemi Tolani, Tyler McDonald, Gwyn Shorno, Jaydel Gluckie, Jonathan Moser, Shelley Wark-Martyn, Janise Flinkman, and David Lily.
18. The Chairman confirmed there were no further nominations, and asked for a motion that the nominations be closed. Motion: "I move that nominations for Directors be closed". Steve Williams so moved. Alice Killam seconded the motion. To be noted that Carma abstained from voting. The Chairman asked if there were any questions or comments. The Chairman declared the motion is carried.
19. The Chairman asked for a motion to elect the persons nominated as Directors of the Council, to hold office until the next Annual General Meeting or until a successor is elected or appointed. Motion: "I move that the residents nominated, be elected as Directors of the Council, to hold office until the next Annual General Meeting or until their successors are elected or appointed". The motion was so moved by Arlene Anderson. Sheila Brake seconded the motion. The Chairman asked if there were any questions or comments. The Chairman declared the motion is carried.
20. The Chairman then stated that the next item on the Agenda was the Appointment of the Auditor. It has been proposed that PricewaterhouseCoopers LP be appointed as the Association's Auditor. Motion: "I move that PricewaterhouseCoopers LP be named Auditor of the Association for the fiscal period ending May 31, 2010 and that the Directors be authorized to fix his remuneration". Steve Williams so moved. Bob Clarke seconded the motion. The Chairman asked if there were any questions or comments. The Chairman declared the motion carried.
21. The Chairman then asked if there was any further business to transact at the Annual General Meeting of the Council.
22. As there was no further business, the Chairman asked for a motion to terminate the meeting. Motion: "I move that this meeting be terminated". Alice Killam moved that the meeting be terminated. Ron Dodd seconded the motion. The Chairman declared the motion carried and the meeting terminated.
23. The Annual General Meeting was adjourned at 7:50 pm.

## **MCKENZIE TOWNE COUNCIL DIRECTORS REPORT - for the June 1<sup>st</sup>, 2009 to May 31<sup>st</sup>, 2010 Fiscal Year**

### **Administration**

The Board of Directors administers the McKenzie Towne Council - Residents Association (MTC), which currently consists of seventeen (17) members of the community.

This year was an exciting one for the MTC as we operated for the first time as a standalone entity without operational support from CARMA Corporation. The transition away from the management agreement with CARMA to the residents assuming control of Council was a significant step forward in the evolution of the Council and its delivery of services to you the members.

The resident members who constitute the Council assumed roles as Chairs of various standing and ad-hoc committees; Human Resources, Finance, Policy, Operations, and Community Liaison to name a few. These committees meet regularly to discuss pertinent issues, including many which are brought forward by the staff at the Towne Hall. After discussion at committee level, recommendations are put forward to the entire Council for final decision and implementation.

This year the Council considered the option of providing assistance to the fledgling Community Association. Discussions will undoubtedly continue into the next year to determine a course of action which will maximize benefits for the resident members in relation to the Community Association.

Another significant development is the change in practice with relation to collections of outstanding and unpaid Association fees. The payment of fees by you and your neighbors is important to the overall operation of Council and the amenities provided. Residents who fail to pay fees impact all members by limiting the ability of Council to effectively plan and budget. As such, staff at the Towne Hall will endeavor to work with those in arrears but after a set period of time any unpaid fees will be sent out to our lawyer for collection.

Of 5580 resident households, over 500 had outstanding fees still due at the end of September 2009. By May Of 2010, our revamped collection process had reduced the number of unpaid households to just 26, and some of these have not paid fees for several years.

### **The Amenities**

As a member of the Association you are involved with an organization that has more than \$5 million in assets in the form of amenities such as Inverness Square and Clock Tower, Elgin Hill, Prestwick Common, and the Towne Hall. Take time out of your busy schedule to visit and enjoy these wonderful areas with family and friends as, unlike other Residents Associations, our amenities are shared and enjoyable by not only by our members but to the general public.

With changes to City policy and to be more environmentally friendly, Prestwick Common had to have a new chlorination system installed. The fire pit, too, was refurbished to allow for greater enjoyment while out skating. In response to vandalism at Elgin Hill, the lighting was revamped. Our maintenance staff worked with 311 to ensure that incidents requiring attention by the City were dealt with in a timely fashion. Programming at the Towne Hall is diverse and caters to a wide variety of interests; the Board encourages you and your family to take part. By the fall of 2010, our new website will be operational, take a look at [www.mckenziestowne-connect.com](http://www.mckenziestowne-connect.com).

### **Financial**

Enclosed are the McKenzie Towne Council's Audited Financial Statements as at May 31<sup>st</sup>, 2010. The Council would like to thank all Members who have already paid their dues for the 2010/1011 year and **encourages anyone who has unresolved fees outstanding to please remit immediately (including any finance charges and/or fees from prior years)**. Members are reminded that if they were not a 'Member in Good Standing', as of the record date (October 18, 2010), they are ineligible to participate at the AGM. To check on the **status of your annual fees, please call 403-781-6612 or email [admin.mctowne@shaw.ca](mailto:admin.mctowne@shaw.ca)**.

### **Other**

Your MTC Board would like to thank for their many years of dedication, service and contributions to the Board resident members Mr. Attila Varga, Mrs. Barb Layman, Ms. Lucille Waite, who have recently resigned as Resident directors. Thanks also go out first year Director Tyler McDonald.

In closing, thanks goes out to all of the resident members and the MTC staff for all of their assistance throughout this transition year.

**Dated this 18<sup>th</sup> day of October, 2010**

**McKenzie Towne Council Residents Association Board of Directors (Resident Directors)**

**ROB VAN GASTEL** – President; **CRAIG GORHAM** - Vice-President; **BOB CLARKE** – Secretary; **MANON PASCAL** – Treasurer. Directors At Large - **STEVEN WILLIAMS; ALICE KILLAM; HUNTER MAU; DOUG HAYDEN; RON DODD; JOHN DAVIES; GWYN SCHORNO; JONATHAN MOSER; DAVID LILLY; JAYDEL GLUCKIE; OLUFEMI TOLANI; SHELLEY WARK MARTYN; JANISE FLINKMAN.**

# **McKenzie Towne Council**

Financial Statements

**May 31, 2010**

## **Board of Directors' Responsibility**

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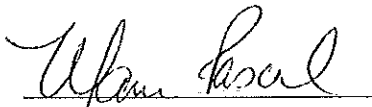
*To the Members of*  
**McKenzie Towne Council**

The Treasurer has the responsibility for preparing the accompanying financial statements and ensuring that information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging her responsibility for the integrity and fairness of the financial statements, The Treasurer designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors is composed entirely of directors who are not employees of the Residents Association. The Treasurer is appointed by the Board to review the financial statements in detail and to report to the Board prior to their approval of the financial statements for publication.

External auditors are appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with the Treasurer to discuss their audit findings.



Manon Pascal  
Treasurer  
McKenzie Towne Council

October 4, 2010

September 21, 2010

## Auditors' Report

### To the Members of McKenzie Towne Council

We have audited the balance sheet of **McKenzie Towne Council** (the "Council") as at May 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Because an agreement with the City of Calgary could not be produced, we were unable to confirm or verify by alternative means, the appropriate useful life of some capital assets and related loss on disposal of capital assets and recognition of revenue for amortization of deferred contributions included in the financial statements for \$235,157. The Council is in the process of obtaining a copy of the agreement, but does not expect to do so by the date of this audit report, nor are they assured that they will be able to support the timing of the loss on disposal of capital assets and revenue recognition referred to above. Accordingly, we were not able to determine whether any adjustments might be necessary to opening net assets, amortization of deferred contributions, amortization of capital assets, loss on disposal of capital assets and net operating income.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the balances described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the council as at May 31, 2010 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at May 31, 2009 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated September 15, 2009.

*PricewaterhouseCoopers LLP*

Chartered Accountants  
Calgary, Alberta

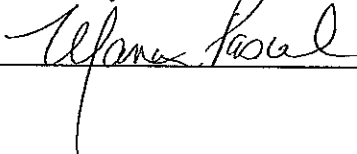
# McKenzie Towne Council

## Balance Sheet

As at May 31, 2010

	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	224,678	272,044
Accounts receivable (note 5)	221,084	220,809
Prepays	16,333	7,452
	<u>462,095</u>	<u>500,305</u>
<b>Capital assets (note 6)</b>	4,494,408	4,891,484
<b>Investments (note 7)</b>	156,374	94,672
	<u>5,112,877</u>	<u>5,486,461</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	85,713	67,808
Deferred revenue	365,988	414,472
Current portion of long-term debt (note 10)	24,969	24,586
Demand loan (note 9)	971,611	1,118,874
	<u>1,448,281</u>	<u>1,625,740</u>
<b>Long-term debt (note 10)</b>	45,532	69,969
<b>Deferred contributions related to capital assets (note 11)</b>	1,101,451	1,396,163
	<u>2,595,264</u>	<u>3,091,872</u>
<b>Net assets</b>		
Internally restricted net assets invested in capital assets	2,350,845	2,281,892
Internally restricted (note 8)	156,374	94,672
Unrestricted	10,394	18,025
	<u>2,517,613</u>	<u>2,394,589</u>
	<u>5,112,877</u>	<u>5,486,461</u>
<b>Liquidity (note 1)</b>		

Approved by the Board of Directors



Director



Director

**McKenzie Towne Council**  
Statement of Operations  
For the year ended May 31, 2010

	2010 \$	2009 \$
<b>Revenue</b>		
Membership fees	1,119,930	1,033,471
Amortization of deferred contributions	294,712	59,555
Programming	144,420	125,093
Maintenance contracts	125,632	144,653
Facility	74,917	74,429
Interest and other	4,721	14,091
Finance charges	3,825	5,379
	<u>1,768,157</u>	<u>1,456,671</u>
<b>Expenses</b>		
Facility operations	395,120	341,924
Amenity maintenance	377,424	366,233
Administration	326,005	214,346
Loss on disposal of capital assets (note 6)	235,157	3,108
Programming	94,763	91,668
Amortization of capital assets		
Purchased capital assets	125,632	112,525
Contributed capital assets	59,555	59,555
Interest and other	31,477	56,135
	<u>1,645,133</u>	<u>1,245,494</u>
<b>Net operating income</b>	<u>123,024</u>	<u>211,177</u>

**McKenzie Towne Council**  
Statement of Changes in Net Assets  
For the year ended May 31, 2010

	2010			2009	
	Internally restricted net assets invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$	Total \$
<b>Net assets – Beginning of year</b>	2,281,892	94,672	18,025	2,394,589	2,183,412
Net operating income	(125,632)	-	248,656	123,024	211,177
Payment of debt on capital assets	171,317	-	(171,317)	-	-
Investment in capital assets	23,268	-	(23,268)	-	-
Interfund transfer (note 8)	-	61,702	(61,702)	-	-
<b>Net assets – End of year</b>	<u>2,350,845</u>	<u>156,374</u>	<u>10,394</u>	<u>2,517,613</u>	<u>2,394,589</u>

# McKenzie Towne Council

## Statement of Cash Flows

For the year ended May 31, 2010

	2010	2009
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net operating income	123,024	211,177
Items not affecting cash		
Amortization	185,187	172,080
Amortization of deferred contributions	(294,712)	(59,555)
Loss on disposal of capital assets	235,157	3,108
Change in non-cash working capital*	(39,735)	(149,333)
	<u>208,921</u>	<u>177,477</u>
<b>Investing activities</b>		
Purchase of capital assets	(23,268)	(112,011)
Purchase of investments	(61,702)	(792)
	<u>(84,970)</u>	<u>(112,803)</u>
<b>Financing activities</b>		
Advance of long-term debt	-	56,214
Repayment of long-term debt	(24,054)	(13,673)
Repayment of demand loan	(147,263)	(423,020)
	<u>(171,317)</u>	<u>(380,479)</u>
<b>Net decrease in cash</b>	(47,366)	(315,805)
<b>Cash – Beginning of year</b>	<u>272,044</u>	<u>587,849</u>
<b>Cash – End of year</b>	<u>224,678</u>	<u>272,044</u>

\*Non-cash working capital consists of accounts receivable, prepaids, accounts payable and accrued liabilities and deferred revenue.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2010

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## 1 Purpose of the organization

McKenzie Towne Council (the "Council" or "Association") was incorporated as a not-for-profit corporation on October 11, 1995 under Section 9 of the Companies Act of the Province of Alberta, R.S.A. 1980. The Council is exempt under the Income Tax Act of Canada. The Council owns and operates amenities for the use of its members.

The operations of the Council were governed by the Restated and Consolidated McKenzie Towne Management Agreement, the ("Management Agreement") dated June 1, 2006 between the Council and Carma Developers LP ("Carma") until a Termination Agreement was exercised on November 17, 2009, thereby transferring the Amenities, operations, maintenance and management to the Council (note 4).

The Association has a working capital deficit mainly due to a demand loan. Should the demand loan be called, the Association would be forced to liquidate its investments and sell certain capital assets in order to meet the demand loan requirements.

## 2 Significant accounting policies

### a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### b) Revenue recognition

The Council uses the deferral method of accounting for contributions. Restricted contributions for capital assets are deferred and recognized as revenue in the year as the related capital assets are amortized. Membership and other fees are recognized as revenue in the year to which they relate.

### c) Financial instruments

The Council has elected to follow the presentation and disclosure requirements of CICA Handbook section 3861 instead of the expanded rules set out in Sections 3862 and 3863 in keeping with the options provided by Handbook sections 3862.43 (c) and 3863.40(c).

The Councils financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, long-term debt and demand loan.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2010

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The Council has classified each instrument into the following categories:

Category	Financial Instrument
Held for trading	Cash, investments
Loans or receivables	Accounts receivable
Financial liabilities	Accounts payables and accrued liabilities, demand loan, long-term debt.

All financial instruments must initially be recognized at fair value on the balance sheet. Subsequent measurement of the financial instrument is based on their classification. Held for trading financial instruments are measured at fair value with unrealized gains or losses recognized in the statement of operations. Loans or receivables and financial liabilities are recognized at cost or amortized cost.

Unless otherwise noted, it is management's opinion that the Council is not subject to significant interest, currency or credit risk arising from these financial instruments.

Other than long-term debt, the fair value of the financial instruments approximate their carrying values due to their short-term nature. The fair value of long-term debt is not materially different than its carrying value.

## d) Capital assets

Capital assets purchased are recorded at cost. Capital assets contributed are recorded at fair value on the date of contribution.

Amortization is based on estimated useful life of the capital assets calculated on a straight-line basis as follows:

McKenzie Towne Hall	40 years
Furniture and equipment	5 years
Private park amenities	25 years
Automotive	10 years
Interim playfield	20 years
Electric sign	15 years
Traffic circle amenities	25 years
Clock	25 years

## e) Donated goods and services

Donated goods and services are recorded as both revenue and expense when the fair market value is reasonably determinable and they would normally be purchased and paid for by the Council, if not donated.

Contributed volunteer services are not quantified and recognized in these statements.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2010

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## f) Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.

## 3 Changes in accounting policies

### *Financial Statement Presentation by Not-for-Profit Organizations (Section 4400)*

Effective June 1, 2009 the Council adopted retrospectively the changes to the recommendations in the CICA Handbook Section 4400 "Financial Statement Presentation by Not-for-Profit Organizations" that modified the requirements with respect to various elements of financial statement presentation including:

- The preparation of the statement of cash flow in accordance with Handbook Section 1540.
- The elimination of the requirement to disclose the amount of net assets invested in capital assets as a separate component of net assets. The Council has chosen to disclose amounts invested in capital assets as a separate component of internally restricted net assets as permitted by these standards

The standards impact the Council's disclosures but did not affect the Council's financial results.

## 4 Related party transactions

The Management Agreement granted Carma control of the management of the Council and McKenzie Towne Amenities until the effective date, the later of:

- i) the date upon which Carma has sold its last lands within the McKenzie Towne development, or
- ii) the date upon which all amounts owing to Carma have been repaid, or
- iii) Carma may, at an earlier date, and at Carma's discretion, transfer portions of the Amenities or certain aspects of the management of the Association.

In accordance with the Management Agreement, Carma had determined to transfer the McKenzie Towne Amenities and the operation, maintenance and management thereof to the Council's independent Board of Directors effective November 17, 2009 as outlined in a Termination Agreement.

During the year, Council billed Carma \$8,247 (2009 – \$8,446) for general maintenance agreements, and costs of \$nil (2009 – \$5,800) were billed by Carma to the Council for services provided.

The above amounts relate to transactions in the normal course of business, are recorded at the exchange amounts and are subject to normal payment terms.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2010

## 5 Accounts receivable

Accounts receivable consists of the following:

	2010 \$	2009 \$
Membership fees collected by Activenet	158,315	165,985
Membership fees receivable	31,310	23,485
City of Calgary (maintenance contract)	29,380	29,376
Other	2,050	1,163
Accrued interest	29	800
	221,084	220,809

## 6 Capital assets

			2010	2009
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,080,000	-	1,080,000	1,080,000
McKenzie Towne Hall	3,234,644	356,841	2,877,803	2,955,326
Furniture and equipment	237,261	127,194	110,067	145,210
Private park amenities	98,523	47,291	51,232	55,173
Automotive	107,907	17,290	90,617	101,408
Interim playfield	68,550	17,138	51,412	306,220
Electronic sign	207,012	73,751	133,261	139,954
Traffic circle amenities	143,526	68,893	74,633	80,374
Clock	60,917	35,534	25,383	27,819
	5,238,340	743,932	4,494,408	4,891,484

Land includes two sites occupied by the McKenzie Towne Hall and private 1.4 acre park.

The interim playfield was completed in 2005 on land owned by the City of Calgary. The land is designated as a future LRT site. During fiscal 2010, the land on which the interim playfield resided was taken back by the City of Calgary. All non-movable interim playfield assets were demolished or no longer have a future economic value. These assets were removed from the records of the Association and a loss on disposal of capital assets of \$235,157 was recorded. The remaining interim playfield assets consist of skateboard park related items that have been relocated to another site.

The Council has private park amenities on land that is owned by the City of Calgary.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2010

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The traffic circle consists of landscaping and other improvements on land owned by the City of Calgary.

The clock is located in a building owned by another party.

## 7 Investments

Investments consist of guaranteed investments certificates (GICs) maturing on May 28, 2013. The GICs are cashable prior to their maturity date, subject to an interest penalty. Investments are carried at market value with unrealized gains or losses recognized directly in the statement of operations as interest income. Given the nature of the investments, market values approximate book values.

## 8 Internally restricted

The Board of Directors have internally restricted amounts to establish a reserve fund to offset the future costs of significant capital asset additions, replacements or repairs. During the year, the Board of Directors internally restricted an additional \$61,702 (2009 – \$792) for this reserve fund.

## 9 Demand loan

The demand loan with HSBC Bank Canada relates to the construction of the McKenzie Towne Hall. The loan bears interest at bank prime plus 0.75% with blended monthly payments of \$14,895, maturing October 1, 2027 unless demanded by the bank at an earlier date. The loan is secured by a general security agreement covering the building and assignment of insurance and rents.

## 10 Long-term debt

	2010	2009
	\$	\$
Chrysler Financial has provided financing for the purchase of a truck, non-interest bearing, payable in 48 payments of \$1,131, maturing March 2012	24,876	38,445
HSBC Canada has provided financing for the purchase of two trucks, bearing interest at bank prime plus 0.75%, payable in 60 monthly blended interest and principal payments of \$950, maturing May 2014.	45,625	56,110
	<hr/> 70,501	<hr/> 94,555
Less: current portion	24,969	24,586
	<hr/> 45,532	<hr/> 69,969

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2010

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Under the agreement the minimum annual principal repayments for each of the next four years are as follows:

	\$
2011	24,969
2012	22,707
2013	11,400
2014	11,425
	<hr/>
	70,501
	<hr/>

## 11 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized balance of assets contributed to the Council by Carma. Contributions by Carma of \$1,736,196 (2009 – \$1,736,196) less amortization of \$634,745 (2009 – \$340,033) has been recorded to date.

## 12 Commitments

The Council has an obligation under an operating lease for office equipment requiring minimum annual payments of \$3,515 ending May 31, 2014.

## 13 Capital disclosures

The Council defines its capital as the amounts included in its net assets balances.

The Council's objective when managing its capital is to safeguard the Council's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its members.

The Council sets the amount of net asset balances in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic and the risk characteristics of the underlying assets.

**MCKENZIE TOWNE COUNCIL**  
**INFORMATION CIRCULAR GENERAL INFORMATION PROXY STATEMENT**

**SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by management of the MCKENZIE TOWNE COUNCIL (the "Company") for use at the Annual General Meeting (the "Meeting") of Members in Good Standing of the Company to be held at the McKenzie Towne Hall, located at 40 McKenzie Towne Blvd SE, Calgary, Alberta, on **Tuesday, November 16th, 2010 at 7:00 PM** (Calgary time). All expenses incurred in connection with the solicitation of proxies will be borne by the Company. Solicitation will be made primarily by mail, but proxies may also be solicited by Directors, officers and employees of the Company.

**APPOINTMENT AND REVOCATION OF PROXIES**

Each Member in Good Standing entitled to vote at the Meeting may, by means of a form of proxy in writing executed by the Member in Good Standing or his attorney, authorized in writing, appoint a proxy to attend and vote on his/her behalf at the Meeting.

In order to be acted upon at the Meeting, a form of proxy must be returned as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package. A Member in Good Standing may revoke a form of proxy previously given by returning another proper form of proxy bearing a later date than the previously given form of proxy as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package.

**EXERCISE OF DISCRETION BY PROXY**

Proxies will be voted or withheld from voting in accordance with the Member in Good Standing's instructions contained therein. The form of Proxy also confers authority on the persons named therein to vote with respect to any other matters which may properly be brought before the Meeting. At the date hereof, management knows of no other such matters.

**VOTING BY MEMBERS IN GOOD STANDING**

***Only Members in Good Standing of record at the close of business on the 18th day of October, 2010, are entitled to vote at the Meeting, each Member in Good Standing being entitled to one (1) vote. Members in Good Standing are defined in the Articles of Association (the "Articles") of the Company as restricted to Commercial Members, Homeowner Members, Rental Members and Other Members. No Member is entitled to vote at the Meeting if at the close of business on October 19, 2009 any sum due or payable to the Company by such Member remains unpaid for at least thirty days (30) days following the original demand for payment of same.***

Where there is more than one owner of a property, there shall be only one Member who shall be the person designated as the Member by all the owners of the property. In the absence of such designation, the first person named as owner in the Certificate of Title or as Purchaser in an Agreement for Sale, shall be the Member. Where a residential property is occupied by a tenant, such tenant may be designated as the Member by and instead of the owner of such property. Where a rental project is involved, the registered owner shall be the Member and notwithstanding how many tenants are residing in the rental project, it shall have only one (1) vote.

As at the close of business on October 18, 2010, the Company had 5,419 Members in Good Standing. In addition there are 378 Carma votes in respect of lots registered in Carma's name.

**THE COMPANY'S MEMBERS IN GOOD STANDING, AT THE CLOSE OF BUSINESS (5:00PM) ON OCTOBER 18th, 2010, ARE THE ONLY RESIDENTS ENTITLED TO VOTE AT THE MEETING.**

**ELECTION OF DIRECTORS**

At the Meeting, it is proposed that the total number of Directors for the Company be established as no more than fifteen (15) until the next Annual General Meeting. The following persons are Directors who will be resigning:

Bob Clarke	Steven Williams	Ron Dodd	John Davies
Doug Hayden	Hunter Mau	Alice Killam	

The following current Directors and "Members in Good Standing" have expressed an interest in letting their name stand for nomination:

Rob Van Gastel	Manon Pascal	Craig Gorham	Jaydel Gluckie
Janise Flinkman	Gwyn Schorno	Jonathan Moser	David Lilly
Olufemi Tolani	Shelley Wark-Martyn		

Nominations will also be sought at the meeting for Directors from the Members in Good Standing. Individuals should be aware of the fiduciary responsibilities of Director's. Any other Members in Good Standing interested in standing for election at the meeting are invited to contact Christine Hemminger, General Manager, McKenzie Towne Hall, in advance of the meeting by phone at 403-781-6612 or via email at [gm.mctowne@shaw.ca](mailto:gm.mctowne@shaw.ca).

The term of office for each person shall be from the date of the Meeting until the next Annual General Meeting of Member in Good Standing or until his/her successor is elected or appointed. Information is given below with respect to each nominee as a Director, including the length of time each has been a Director of the Company.

<b>NAME AND ADDRESS</b>	<b>PERIOD SERVED AS DIRECTOR OF THE COMPANY</b>	<b>PRINCIPAL OCCUPATION</b>
<b>Rob Van Gastel McKenzie Towne</b>	<b>6 Years</b>	<b>Government Employee</b>
<b>Manon Pascal McKenzie Towne</b>	<b>2 Years</b>	<b>Accountant, CA</b>
<b>Craig Gorham McKenzie Towne</b>	<b>2 Years</b>	<b>Corporate Finance VP</b>
<b>Gwyn Schorno McKenzie Towne</b>	<b>1 Year</b>	<b>Department Manager</b>
<b>Jonathan Moser McKenzie Towne</b>	<b>1 Year</b>	<b>Government Relations</b>
<b>David Lilly McKenzie Towne</b>	<b>1 Year</b>	<b>Photographer</b>
<b>Jaydel Gluckie McKenzie Towne</b>	<b>1 Year</b>	<b>Software Developer</b>
<b>Olufemi Tolani McKenzie Towne</b>	<b>1 Year</b>	<b>Accountant</b>
<b>Shelley Wark-Martyn McKenzie Towne</b>	<b>1 Year</b>	<b>VP Business Development</b>
<b>Janise Flinkman McKenzie Towne</b>	<b>1 Year</b>	<b>Director of Marketing</b>

**DIRECTORS COMPENSATION**

Nil

**PENSION PLAN**

Nil

**EXECUTIVE COMPENSATION AND PLANS**

Nil

**INCENTIVE SHARE OPTION PLAN FOR OFFICERS AND KEY EMPLOYEES**

Nil

**APPOINTMENT OF AUDITORS**

Management proposes that Price WaterhouseCoopers LLP, be appointed as Auditor of the Company and that the Directors be authorized to fix his remuneration.

**CERTIFICATE**


The foregoing contains no misstatement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

BY THE ORDER OF THE BOARD OF DIRECTORS

  
BOB CLARKE  
Secretary

The management of the Company knows of no amendment, variation or other matters to come before the Annual General Meeting of Members in Good Standing other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgement of the person or persons voting such proxy.

BY THE ORDER OF THE BOARD OF DIRECTORS

  
BOB CLARKE  
Secretary

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**INSTRUCTIONS FOR PROXY FORMS**

**Appointment and Revocation of Proxies**

A Member desiring to appoint a person (who must also be a qualified Member) to represent him/her at the Meeting may do so by inserting such person's name in the blank space provided. The completed proxy should be sent in to the address indicated below in time to reach such address not less than twenty-four (24) hours (excluding Saturdays, Sundays and Holidays) before the time of the Meeting:

**McKenzie Towne Council  
40 McKenzie Towne Blvd. SE  
Calgary, Alberta  
T2Z 4X5**

**Attention: Christine Hemminger  
Or by facsimile to 403-781-6612 or email at: [gm.mctowne@shaw.ca](mailto:gm.mctowne@shaw.ca)  
Attention: Christine Hemminger**

**All proxies must be in writing, signed by the Member and returned no later than  
5:00 PM Monday, November 15<sup>th</sup>, 2010.**

A Member who has given a proxy may revoke it at any time before it is exercised. A proxy may be removed by instrument in writing or, if the Member is a corporation, by an officer or attorney thereof duly authorized, and delivered as indicated above, at any time up to and including the last business day preceding the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

**Voting and Exercise of Discretion by Proxies**

The persons named in the form of proxy will vote the Membership in respect of which they are appointed in accordance with the instructions indicated therein.

**MCKENZIE TOWNE COUNCIL ANNUAL GENERAL MEETING OF MEMBERS-IN-GOOD-STANDING**  
**On the 16<sup>th</sup> day of November 2010 at 7:00 PM (Mountain Standard Time)**  
**PROXY SOLICITED BY MANAGEMENT**

The undersigned Member in Good Standing of the MCKENZIE TOWNE COUNCIL (the "Company") hereby appoints **Rob Van Gastel** or failing him \_\_\_\_\_, as proxy to attend and vote on behalf of the undersigned at the Annual General Meeting of Members in Good Standing and at any adjournment thereof, and my proxy is instructed to vote:

- 1) **FOR** \_\_\_\_\_ **OR** **AGAINST** \_\_\_\_\_ (and if no specification is made, FOR)

The setting of the total number of Directors for the Company until the next Annual General Meeting at fifteen (15).

- 2) **FOR OR AGAINST** the election of the following resident member(s) as Director(s):  
**Please mark in favour of a maximum of fifteen (15) selections clearly.**

<i><b>NOMINEE:</b></i>	<i><b>FOR</b></i>	<i><b>AGAINST</b></i>	<i><b>NOMINEE:</b></i>	<i><b>FOR</b></i>	<i><b>AGAINST</b></i>
Rob Van Gastel	_____	_____	Craig Gorham	_____	_____
Shelley Wark-Martyn	_____	_____	Manon Pascal	_____	_____
Janise Flinkman	_____	_____	Olufemi Tolani	_____	_____
Jaydel Gluckie	_____	_____	Gwyn Schorno	_____	_____
Jonathan Moser	_____	_____	David Lilly	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

**If no individual(s) are specified my proxy may vote at his/her discretion.**

- 3) **FOR** \_\_\_\_\_ **OR** **AGAINST** \_\_\_\_\_ (and if no specification is made, FOR)

That Price WaterhouseCoopers LLP be appointed as Auditor of the Company for the 2010–2011 fiscal year.

- 4) And in his/her discretion with respect to any amendments, variations or additions with respect to any of the matters noted above or with respect to any other matter which may properly be brought before the meeting or any adjournment thereof.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
**Member's Name (please print)**

\_\_\_\_\_  
**Signature of Member**

\_\_\_\_\_  
**Address of Member (McKenzie Towne address)**

This form should be signed by the Member in Good Standing or his attorney, authorized in writing, and if the Member is a corporation, this form of proxy should be signed by a duly authorized officer under corporate seal.

**RETURN PROXIES NO LATER THAN 5:00 PM MONDAY, NOVEMBER 15<sup>TH</sup>, 2010**  
**Attention: CHRISTINE HEMMINGER**  
**40 McKenzie Towne Blvd. SE, Calgary, Alberta T2Z 4X5**  
**OR by facsimile to 403-781-6612**  
**OR by email: [gm.mctowne@shaw.ca](mailto:gm.mctowne@shaw.ca)**