



October 17, 2011

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

Dear Residents of McKenzie Towne:

**RE: Annual General Meeting – 7:00 PM, Tuesday, November 15<sup>th</sup>, 2011**

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Enclosed please find the Notice of the Annual General Meeting (AGM) for McKenzie Towne Council (MTC); the Information Circular; the Audited Financial Statements for the 2010/2011 fiscal year; the Report of the Board of Directors; the Minutes of the AGM held on November 16<sup>th</sup>, 2010; and a Proxy Form. A large print version is available on our website at [www.mckenziestowne-connect.com/2011agm](http://www.mckenziestowne-connect.com/2011agm).

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 15<sup>th</sup>, 2011** 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, by phone at 403-781-6612 ext. 117 or via e-mail at [gm@mtcouncil.com](mailto:gm@mtcouncil.com).

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

Yours truly,

**MCKENZIE TOWNE COUNCIL:**

President - **ROB VAN GASTEL**  
Vice-President - **CRAIG GORHAM**  
Secretary - **JAYDEL GLUCKIE**  
Treasurer - **MALIK AMERY**

Board of Directors - **GWYN SCHORNO**  
**JONATHAN MOSER**  
**DAVID LILLY**  
**SHELLEY WARK MARTYN**  
**JANISE FLINKMAN**  
**KIMBERLEY BARNES**



## **MCKENZIE TOWNE COUNCIL**

### **Notice of Meeting & Information Circular**

**2011**

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

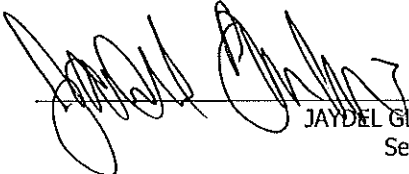
TAKE NOTICE, that the Annual General Meeting of the Members in Good Standing of **MCKENZIE TOWNE COUNCIL** (the "Company") will be held at the McKenzie Towne Hall, located at 40 McKenzie Towne Blvd SE (at the traffic circle), Calgary, Alberta, on **Tuesday, November 15<sup>th</sup>, 2011 at 7:00 PM** (Mountain Standard Time) for the following purposes:

- 1) To receive the minutes of the AGM for McKenzie Towne Council held on November 16<sup>th</sup>, 2010;
- 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>, 2011;
- 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 the 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 17<sup>th</sup> day of October, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

  
\_\_\_\_\_  
JAYDEL GLUCKIE  
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 16, 2010

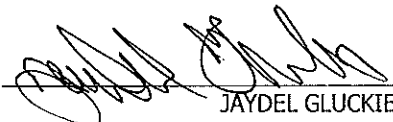
Time: 7:10 p.m.

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1. Rob Van Gastel acted as Chairperson of the meeting. Chairperson introduced the Board Members and thanked the outgoing ones for their service. Chairperson introduced guests and MTC staff members in attendance.
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 that there will be an opportunity for any member to raise questions related to each piece of business raised at this meeting as each item is proposed. He also noted that there will also 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 to dispense 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". Moved By: Jonathan Moser; Seconded By: David Lilly. 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. Secretary Bob Clarke confirmed that he does have proof of mailing. The Chairman directed that the proof of mailing be filed in the Minute Book along with the Minutes of the Meeting.
8. The Chairman then stated that pursuant to the Articles of Association of the Council, the lesser of 50 or ten (10%) percent of the Members in Good Standing either personally present or represented by proxy constitutes a quorum. For this meeting, 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, Craig Gorham verified that there are **432** Members in Good Standing represented in person, or by duly appointed proxy holder or representative thereof.
9. The Chairman declared that there is a quorum present and that the meeting to be duly called and properly constituted for the transaction of business.
10. The Chairman noted that the Minutes of the Annual General Meeting held on November 17, 2009, were appended to the Notice of Meeting and Information Circular dated October 18, 2010, which was mailed out to the Members. The Chairman asked for a motion to accept the Minutes of the Annual General Meeting held on November 17, 2009. **Motion:** "I move that we accept the minutes of the Annual General Meeting held on November 17, 2009. Moved By: Manon Pascal; Seconded By: Olufemi Tolani. The Chairman declared the motion CARRIED.
11. 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 18, 2010. **Motion:** "I move that the reading of the Director's Report be dispensed with". Moved By: Ulrike Thomas; Seconded By: Rob Whitley. The Chairman declared the motion CARRIED.
12. The Chairman then proposed to receive, as information, the Financial Statements and the Auditor's Report for the year ended May 31, 2010. Manon Pascal 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.

13. 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 15 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 15 Directors, to serve until the next Annual General Meeting of the Council". Moved By: Jonathan Moser; Seconded By: Manon Pascal. The Chairman declared the motion CARRIED.
14. The Chairman stated that 10 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 Rob Van Gastel, Manon Pascal, Craig Gorham, Gwyn Schorno, Jonathan Moser, David Lilly, Jaydel Gluckie, Olufemi Tolani, Janise Flinkman, and Shelley Wark-Martyn.  
  
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. Moved By: Bob Clarke; Seconded By: David Lilly. The Chairman asked if there were any questions or comments. The Chairman declared the motion is CARRIED.
15. The Chairman asked if there were any further nominations at which point nominations were made for two (2) 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: Kimberley Barnes and Malik Amery.  
  
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". Moved By: Manon Pascal; Seconded By: Olufemi Tolani. The Chairman declared the motion CARRIED.
16. 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". Moved By: Roger Ducet; Seconded By: Rob Whitley. The Chairman asked if there were any questions or comments. The Chairman declared the motion is CARRIED.
17. 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 LLP be named Auditor of the Association for the fiscal period ending May 31, 2011 and that the Directors be authorized to fix their remuneration". Moved By: Olufemi Tolani; Seconded By: Manon Pascal. The Chairman asked if there were any questions or comments. The Chairman declared the motion CARRIED.
18. The Chairman then asked if there was any further business to transact at the Annual General Meeting of the Council. As there was no further business, the Chairman asked for a motion to terminate the meeting. **Motion:** "I move that this meeting be terminated". Moved By: Bob Clarke; Seconded By: David Lilly. The Chairman declared the motion CARRIED and the meeting terminated.
19. The Annual General Meeting was adjourned at 7:25 pm.

BY ORDER OF THE BOARD OF DIRECTORS

  
JAYDEL GLUCKIE  
Secretary

## **MCKENZIE TOWNE COUNCIL DIRECTORS REPORT - for the June 1<sup>st</sup>, 2010 to May 31<sup>st</sup>, 2011 Fiscal Year**

The Board of Directors administers McKenzie Towne Council (MTC), which currently consists of ten (10) members of the community. As a member of MTC 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 to name just a few. Take time out of your busy schedule to visit and enjoy them with family and friends. Unlike other Residents Associations, our amenities are shared and enjoyed by not only our members but the public with no access control, unlike a lake community.

The resident members who constitute the Council assumed roles as Chairs of various standing committees including Human Resources, Finance, and Operations as well as any adhoc committees that needed to be formed as part of an issue. Carma, now known as Brookfield Properties, has ended their governing agreement with McKenzie Towne Council as of the fall of 2009. McKenzie Towne Council continues to evolve as we independently strive for the continuous delivery of services with a mandate of continuous improvement. The committees meet regularly to discuss issues which are brought forward to the staff at the Towne Hall by fellow Resident Members, neighboring communities, the City of Calgary, and the Province. After discussion at that level, recommendations are put forward to the Council for final decision and implementation.

Last year, the Council considered the option of providing assistance to the McKenzie Towne Community Association and a decision was made to work towards a long term working relationship. At the end of May a Community Association AGM was held and a new President elected accompanied by a new Board. The President, who also happens to be a member of Council (Shelley Wark-Martyn), and her new executive began immediate discussions with Council in relation to their ongoing sustainability and the support that could be provided to further enhance the community for which we live. Into the fall of 2011, more discussions will be held to determine what best suits the needs of you, the member, in relation to the Community Association. If you have comments with this regard, please feel free to provide input.

Last year it was reported that we had a significant change in practice with relation to collections of outstanding and non-paid Council fees. The payment of fees by you and your neighbors is not only mandated but important to the overall operation of Council and the amenities provided. Those, who for reasons of their own choosing fail to pay fees, impact all members and impact the ability of Council to plan, budget and deliver services. As such, staff at the Towne Hall will endeavor to work with those in arrears but after a set period of time the unpaid fees will be sent out to our lawyer for collection. With the new policy in place the percentage of resident households with outstanding fees should drop in relation to the total number of households. In 2010/2011 we had a total of 5777 resident households and of that number over 500 had not paid by September 2010. In contrast, we now have 5924 resident households with only 506 who have not paid. The percentage drop in collections is directly attributable to the efforts of Council staff. Unlike last year, where the number of long term problem accounts was at 26, we are now down to 2 with these being before the Courts for resolution.

Another significant noteworthy item is our Property Tax Exemption. Unlike a Community Association facility, the Towne Hall and Council Park (across from the traffic circle), are subject to City of Calgary Property Taxes and these taxes are levied under regulations made pursuant to the Municipal Government Act. Fortunately, Council has been able to justify our status for exemption based upon the openness of our facility and the delivery of programs to youth. Other communities with Residence Associations are not so fortunate and face taxation that could be well in excess of \$100 thousand dollars. Council has worked in the past with the Property Tax Assessors and will continue to do so to ensure that Council is not subject to property taxation. Meetings in the fall of 2011 are to be held with the Province to work towards a permanent solution respecting Residence Associations' taxation. Council is committed to keeping our exemption to facilitate lower yearly fees.

Over the year maintenance staff has worked with the City of Calgary 311 staff to ensure that incidents requiring attention by the City were dealt with in a timely fashion, as well they have undertaken repairs and painting of Council owned amenities. 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 in our programming. Our new website is operational; take a look at [www.mckenziestowne-connect.com](http://www.mckenziestowne-connect.com) to see what is offered to you, the Resident Member.

Enclosed, are the Audited Financial Statements for McKenzie Towne Council as at May 31<sup>st</sup>, 2011. The Council would like to thank all Members who have already paid their dues for the 2011/2012 year and **asks that for anyone who has not, to please remit including finance charges, fees from prior years, immediately** as you are subject to our collections policy. Members are reminded that if you were not a Member in Good Standing, as of the record date, you are ineligible to participate at the AGM. **To check on the status of your annual fees, please call 403-781-6612 or send your inquiry via email to [admin@mtcouncil.com](mailto:admin@mtcouncil.com).**

Your MTC Board would like to thank Mr. Olufemi Tolani, Mrs. Manon Pascal, who recently resigned as Resident Directors, for their many years of dedication, service and contributions to the Board. MTC staff and volunteers are also thanked for yet another great year.

**Dated this 17<sup>th</sup> day of October, 2011**

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

**ROB VAN GASTEL – President; CRAIG GORHAM - Vice-President; JAYDEL GLUCKIE – Secretary; MALIK AMERY – Treasurer. Board of Directors - GWYN SCHORNO; JONATHAN MOSER; DAVID LILLY; SHELLEY WARK MARTYN; JANISE FLINKMAN; KIMBERLEY BARNES.**

# **McKenzie Towne Council**

Financial Statements

**May 31, 2011**

## Board of Directors' Responsibility

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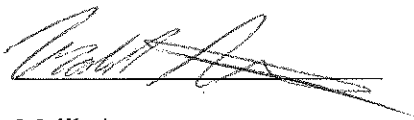
*To the Members of*  
**McKenzie Towne Council**

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 his 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.



Malik Amery  
Treasurer  
McKenzie Towne Council

October 17, 2011

September 20, 2011

**Independent Auditor's Report**

**To the Members of  
McKenzie Towne Council**

We have audited the accompanying financial statements of **McKenzie Towne Council** (the "Council"), which comprise the balance sheet as at May 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, the related notes, which comprise 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 generally accepted accounting principles, 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

Because an agreement with the City of Calgary, outlining the original terms of the lease agreement, could not be produced, we were unable to confirm or verify by alternative means, the appropriate useful life of certain capital assets, the related loss on the disposal of these capital assets and recognition of revenue for amortization of deferred contributions related to these capital assets totaling \$235,157. Accordingly, we were not able to determine whether any adjustments may be necessary to opening net assets, amortization of deferred contributions, amortization of capital assets, loss on disposal of capital assets and net operating income for 2010. Our audit opinion on the financial statements for the year ended May 31, 2010 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and corresponding figures.

**Qualified opinion**

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of McKenzie Towne Council as at May 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants  
Calgary, Alberta

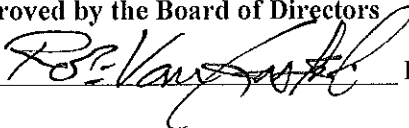
# McKenzie Towne Council


Balance Sheet

As at May 31, 2011

	2011 \$	2010 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	122,132	224,678
Accounts receivable (note 3)	30,947	221,084
Prepays	14,303	16,333
	<u>167,382</u>	<u>462,095</u>
<b>Capital assets (note 4)</b>	4,346,626	4,494,408
<b>Investments (note 5)</b>	159,513	156,374
	<u>4,673,521</u>	<u>5,112,877</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	79,880	85,713
Deferred revenue	42,232	365,988
Current portion of long-term debt (note 8)	22,707	24,969
Demand loan (note 7)	825,445	971,611
	<u>970,264</u>	<u>1,448,281</u>
<b>Long-term debt (note 8)</b>	22,825	45,532
<b>Deferred contributions related to capital assets (note 9)</b>	1,058,847	1,101,451
	<u>2,051,936</u>	<u>2,595,264</u>
<b>Net assets</b>		
Internally restricted net assets invested in capital assets	2,416,802	2,350,845
Internally restricted (note 6)	159,513	156,374
Unrestricted	45,270	10,394
	<u>2,621,585</u>	<u>2,517,613</u>
	<u>4,673,521</u>	<u>5,112,877</u>

Approved by the Board of Directors

  
Director

  
Director

# McKenzie Towne Council

## Statement of Operations

For the year ended May 31, 2011

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	2011	2010
	\$	\$
<b>Revenue</b>		
Membership fees	1,198,449	1,119,930
Programming	135,644	144,420
Maintenance contracts	129,719	125,632
Facility	46,612	74,917
Amortization of deferred contributions	42,604	294,712
Interest and other	11,414	4,721
Finance charges	5,271	3,825
	<hr/>	<hr/>
	1,569,713	1,768,157
<b>Expenses</b>		
Facility operations	426,206	395,120
Amenity maintenance	414,567	377,424
Administration	334,006	326,005
Programming	98,517	94,763
Amortization of capital assets		
Purchased capital assets	111,698	125,632
Contributed capital assets	42,605	59,555
Interest and other	32,574	31,477
Loss on disposal of capital assets (note 4)	5,568	235,157
	<hr/>	<hr/>
	1,465,741	1,645,133
<b>Net operating income</b>	<hr/>	<hr/>
	103,972	123,024

# McKenzie Towne Council

## Statement of Changes in Net Assets For the year ended May 31, 2011

				2011	2010
	Internally restricted net assets invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$	Total \$
Net assets – Beginning of year	2,350,845	156,374	10,394	2,517,613	2,394,589
Net operating income	(117,267)	-	221,239	103,972	123,024
Payment of debt on capital assets	171,135	-	(171,135)	-	-
Net investment in capital assets	12,089	-	(12,089)	-	-
Interfund transfer (note 6)	-	3,139	(3,139)	-	-
Net assets – End of year	2,416,802	159,513	45,270	2,621,585	2,517,613

# McKenzie Towne Council

## Statement of Cash Flows

For the year ended May 31, 2011

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	2011 \$	2010 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net operating income	103,972	123,024
Items not affecting cash		
Amortization	154,303	185,187
Amortization of deferred contributions	(42,604)	(294,712)
Loss on disposal of capital assets	5,568	235,157
Change in non-cash working capital*	(137,422)	(39,735)
	<u>83,817</u>	<u>208,921</u>
<b>Investing activities</b>		
Purchase of capital assets	(14,589)	(23,268)
Purchase of investments	(3,139)	(61,702)
Proceeds on disposal of capital assets	2,500	-
	<u>(15,228)</u>	<u>(84,970)</u>
<b>Financing activities</b>		
Repayment of long-term debt	(24,969)	(24,054)
Repayment of demand loan	(146,166)	(147,263)
	<u>(171,135)</u>	<u>(171,317)</u>
<b>Net decrease in cash</b>	(102,546)	(47,366)
<b>Cash – Beginning of year</b>	<u>224,678</u>	<u>272,044</u>
<b>Cash – End of year</b>	<u>122,132</u>	<u>224,678</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, 2011

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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 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.

The Council is exempt under the Income Tax Act of Canada. The Council owns and operates amenities for the use of its members.

## 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 Council's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, long-term debt and demand loan.

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.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2011

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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.

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.

## 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, 2011

## 3 Accounts receivable

Accounts receivable consists of the following:

	2011 \$	2010 \$
Membership fees collected by Activenet	26,423	158,315
Membership fees receivable	635	31,310
City of Calgary (maintenance contract)	-	29,380
Other	3,889	2,079
	<u>30,947</u>	<u>221,084</u>

## 4 Capital assets

	2011		2010	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,080,000	-	1,080,000	1,080,000
McKenzie Towne Hall	3,234,644	437,707	2,796,937	2,877,803
Furniture and equipment	190,013	119,527	70,486	110,067
Private park amenities	98,523	51,232	47,291	51,232
Automotive	107,907	28,081	79,826	90,617
Interim playfield	74,304	20,624	53,680	51,412
Electronic sign	207,012	80,445	126,567	133,261
Traffic circle amenities	143,526	74,633	68,893	74,633
Clock	60,917	37,971	22,946	25,383
	<u>5,196,846</u>	<u>850,220</u>	<u>4,346,626</u>	<u>4,494,408</u>

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 had 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 in fiscal 2010. The remaining interim playfield assets consisting of skateboard park related items were relocated to another site.

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

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.

# McKenzie Towne Council

Notes to Financial Statements

May 31, 2011

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## 5 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.

## 6 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 \$3,139 (2010 – \$61,702) for this reserve fund.

## 7 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.

## 8 Long-term debt

	2011 \$	2010 \$
Chrysler Financial has provided financing for the purchase of a truck, non-interest bearing, payable in 48 payments of \$1,131, maturing March 2012	11,307	24,876
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	34,225	45,625
	45,532	70,501
Less: current portion	22,707	24,969
	<u>22,825</u>	<u>45,532</u>

**McKenzie Towne Council**  
Notes to Financial Statements  
May 31, 2011

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

	\$
2013	22,707
2014	11,400
2015	<u>11,425</u>
	<u>45,532</u>

**9 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 (2010 – \$1,736,196) less amortization of \$677,349 (2010 – \$634,745) has been recorded to date.

**10 Commitments**

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

**11 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 15th, 2011 at 7:00 PM** (Mountain Standard 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 Member in Good Standing of record at the close of business on the 17th day of October, 2011, 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 17, 2011, the Company had 5634 Members in Good Standing. In addition there are 146 Brookfield Residential, formerly Carma Developers LP votes in respect of lots registered in their name.

**THE COMPANY'S MEMBERS IN GOOD STANDING, AT THE CLOSE OF BUSINESS (5:00PM) ON OCTOBER 17th, 2011, 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:

Gwyn Schorno                      Kimberley Barnes

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

Rob Van Gastel	Craig Gorham	Jonathan Moser	David Lilly Shelley
Wark-Martyn	Janise Flinkman	Jaydel Gluckie	Malik Amery

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@mtcouncil.com](mailto:gm@mtcouncil.com).

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.

NAME AND ADDRESS	PERIOD SERVED AS DIRECTOR OF THE COMPANY	PRINCIPAL OCCUPATION
Rob Van Gastel McKenzie Towne	7 Years	Government Employee
Craig Gorham McKenzie Towne	3 Years	Corporate Finance VP
Jonathan Moser McKenzie Towne	2 Years	Government Relations
David Lilly McKenzie Towne	2 Years	Photographer
Jaydel Gluckie McKenzie Towne	2 Years	Software Developer
Janise Flinkman McKenzie Towne	2 Years	Director of Marketing
Shelley Wark-Martyn McKenzie Towne	2 Years	VP Business Development
Malik Amery McKenzie Towne	1 Year	Corporate Finance

**DIRECTORS COMPENSATION**

Nil

**PENSION PLAN**

Nil

**EXECUTIVE COMPENSATION AND PLANS**

Nil

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

Nil

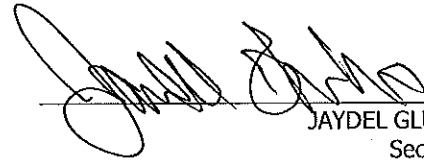
**APPOINTMENT OF AUDITORS**

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

**CERTIFICATE**

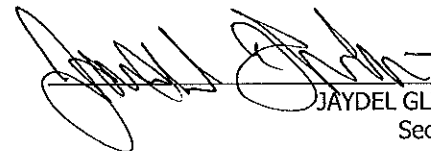
The foregoing contains no misstatement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

BY THE ORDER OF THE BOARD OF DIRECTORS

  
JAYDEL GLUCKIE  
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

  
JAYDEL GLUCKIE  
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 ext. 117 or email at: [gm@mtcouncil.com](mailto:gm@mtcouncil.com)  
Attention: Christine Hemminger**

**All proxies must be in writing, signed by the Member and returned no later than  
5:00 PM Monday, November 14<sup>th</sup>, 2011.**

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 15<sup>th</sup> day of November 2011 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	_____	_____
Jaydel Gluckie	_____	_____	Jonathan Moser	_____	_____
David Lilly	_____	_____	Janise Flinkman	_____	_____
Shelley Wark-Martyn	_____	_____	Malik Amery	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

**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 2011–2012 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 \_\_\_\_\_, 2011.

\_\_\_\_\_  
**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 14<sup>TH</sup>, 2011**  
**Attention: CHRISTINE HEMMINGER**  
**40 McKenzie Towne Blvd. SE, Calgary, Alberta T2Z 4X5**  
**OR by facsimile to 403-781-6612 ext. 117**  
**OR by email: [gm@mtcouncil.com](mailto:gm@mtcouncil.com)**