



October 16, 2012

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

Dear Residents of McKenzie Towne:

**RE: Annual General Meeting – 7:00 PM, Tuesday, November 13<sup>th</sup>, 2012**

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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 2011/2012 fiscal year; the Report of the Board of Directors; the Minutes of the AGM held on November 15<sup>th</sup>, 2011; and a Proxy Form. A large print version is available on our website at [www.mckenzietowne-connect.com](http://www.mckenzietowne-connect.com). Look for 2012 AGM – 2011–2012 AGM Report.

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 13<sup>th</sup>, 2012** 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.**

This year the Council will be requesting your consent of revised Articles of Association which require approval by the membership through special resolution. The proposed Articles are available for your review on our website at [www.mckenzietowne-connect.com](http://www.mckenzietowne-connect.com). Look for 2012 AGM - 2012 Articles of Association. As well, members' insight into the planning of an outdoor Multi-use Recreational Facility to be located within McKenzie Towne's boundaries will be sought during an open-house discussion which will be held immediately following the AGM portion of the evening.

If you are interested in being nominated for the Board of Directors, or have any questions about the enclosed, please contact Craig Gorham, President – McKenzie Towne Council, via e-mail at [president@mtcouncil.com](mailto:president@mtcouncil.com).

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

Yours truly,

**MCKENZIE TOWNE COUNCIL:**

President - **CRAIG GORHAM**  
Vice-President - **JAYDEL GLUCKIE**  
Secretary - **JONATHAN MOSER**  
Treasurer - **MALIK AMERY**

Board of Directors - **DAVID LILLY**  
**DALE HULL**  
**JUDITH MCGUIRE**  
**CATHY ROGALSKY**  
**FERAS NASSER**  
**KEVIN VAN VLIET**



MCKENZIE TOWNE COUNCIL

**Notice of Meeting  
&  
Information Circular**

**2012**

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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 13<sup>TH</sup>, 2012 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 15<sup>th</sup>, 2011;
- 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>, 2012;
- 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 approve by **Special Resolution: The amendment of McKenzie Towne Council's Articles of Association**, as described in this circular;
  - i) The proposed (amended) Articles are available on our website at [www.mckenziestowne-connect.com](http://www.mckenziestowne-connect.com). Look for 2012 AGM – 2012 Articles of Association.
  - ii) The current (pre-amendment) Articles are available on our website at [www.mckenziestowne-connect.com](http://www.mckenziestowne-connect.com). Look for 2012 AGM – MTC Brochure 2006.
- 7) 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 16<sup>th</sup> day of October, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

JONATHAN MOSER, 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 15, 2011  
Time: 7:03 p.m.

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1. Rob Van Gastel acted as Chairperson of the meeting.
2. The Chairman asked Jaydel Gluckie 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 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: John Davies; Seconded By: Ian Neilson. The Chairman declared the motion **CARRIED**.

7. The Chairman asked the Secretary if there was proof of mailing the Notice of the Meeting to the Members. Secretary Jaydel Gluckie confirmed that he does have proof of proper mailing of the Notice to all Members entitled to vote at this meeting. 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 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, Craig Gorham verified that there are **208** Members in Good Standing represented in person, or by duly appointed proxy holder or representative thereof.

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.

9. The Chairman noted that the Minutes of the Annual General Meeting held on November 16, 2010, were appended to the Notice of Meeting and Information Circular, 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 16, 2010.

**Motion:** "I move that we accept the minutes of the Annual General Meeting held on November 16, 2010.  
Moved By: Ute Davies; Seconded By: Judith McGuire. The Chairman declared the motion **CARRIED**.

10. 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 17, 2011.

**Motion:** "I move that the reading of the Director's Report be dispensed with".  
Moved By: Janna Pantella; Seconded By: Marvin Maronda. The Chairman declared the motion **CARRIED**.

11. The Chairman then proposed to receive, as information, the Financial Statements and the Auditor's Report for the year ended May 31, 2011. Malik Amery 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.

12. 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 no less than five (5) Resident Directors and no more than twenty-four (24) Resident Directors. It has been proposed by the Board that the Council establish fifteen (15) as the number of Directors to serve until the next Annual General Meeting to be elected at this meeting. The Chairman then requested a motion to this effect.

**Motion:** "I move that the Board consist of fifteen (15) Resident Directors, to serve until the next Annual General Meeting of the Council".

Moved By: Ian Neilson; Seconded By: Roger Doucet. The Chairman declared the motion **CARRIED**.

13. The Chairman stated that the following resident 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, Craig Gorham, Jonathan Moser, David Lilly, Jaydel Gluckie, Janise Flinkman, Malik Amery, Cathy Rogalsky, Judith McGuire, Dale Hull, Janna Pantella, Ian Neilson and Feras Nasser.

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.

**Motion:** "I move that we nominate the previously noted resident members 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 Doucet; Seconded By: Sheryl Arnold.

The Chairman asked if there were any questions or comments. The Chairman declared the motion **CARRIED**.

14. The Chairman asked if there were any further nominations. 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: Gwen Nowosad; Seconded By: Sheryl Arnold. The Chairman declared the motion **CARRIED**.

The Chairman asked for a motion to elect the Directors as nominated.

**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: Tina Mercier; Seconded By: Roger Doucet. The Chairman declared the motion **CARRIED**.

15. The Chairman then stated that the next item on the Agenda was the Appointment of the Auditor. It has been proposed that PricewaterhouseCoopers LLP be appointed as the Company Auditor, may I have a motion for the appointment of Auditor.

**Motion:** "I move that PricewaterhouseCoopers LLP be appointed Auditor of the Company for the 2011-2012 fiscal year and that the Directors be authorized to fix the remuneration".

Moved By: Jaydel Gluckie; Seconded By: Darlene George.

The Chairman asked if there were any questions or comments. The Chairman declared the motion **CARRIED**.

16. 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.

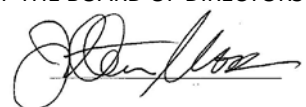
**Motion:** "I move that this meeting be terminated".

Moved By: Judith McGuire; Seconded By: Gwen Nowosad.

The Chairman declared the motion **CARRIED** and the meeting terminated.

17. The Annual General Meeting was adjourned at 7:32 pm.

BY ORDER OF THE BOARD OF DIRECTORS



JONATHAN MOSER, Secretary

## **MCKENZIE TOWNE COUNCIL DIRECTORS REPORT - for the June 1<sup>st</sup>, 2011 to May 31<sup>st</sup>, 2012 Fiscal Year**

The Board of Directors administers McKenzie Towne Council (“MTC” or “the Council”) and currently consists of ten (10) volunteer members of the community (the “Board”). 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 to visit and enjoy them with family and friends, we are very proud of them. Unlike the amenities of many other Residents’ Associations, our amenities are shared and enjoyed by not only our members but also the public at large.

While the resident members who constitute the MTC’s Board are responsible for the overall vision and stewardship of the Council’s assets we are fortunate to be able to rely on a team of skilled and dedicated staff that supervise and/or carry-out our daily operations.

MTC has continued to make progress on multiple fronts over the most recent fiscal year. Our revamped collections process, which was described in last years report, continues to provide benefit to residents as our delinquency rate continues to decline. As of September 30, 2012, fully 95% of residences were in good standing for the 2012-2013 fiscal year, only 337 accounts were sent to collections, which represents an improvement over the 424 sent to collections for the 2011/2012 fiscal year. As the vast majority of MTC’s annual funding is received from resident’s dues, ensuring the soundness of this process is one of the Boards most important responsibilities.

Another major project that many residents may have noticed was Council’s investment in the construction of a new garage/maintenance facility on the west side of the McKenzie Towne Hall site. This was an important addition as the responsibilities of MTC’s maintenance team have grown materially over the decade since McKenzie Towne Hall was originally envisioned. Due to the build-out of the community and the enhanced maintenance which is above the City mandated standards supplemented by Council’s efforts, the facilities located within the Hall had been stretched to a critical point. By leveraging the skills already located ‘in-house,’ the facility was constructed to a higher standard of craftsmanship and at a lower cost than other options that were investigated by the Board.

Council’s staff continues to interface with the City of Calgary to seek residents’ benefit. Over the past year the City, at MTC’s insistence, installed safety fencing on the SW slopes of the Elgin hill to discourage sledders from participating in a manner which would put them at jeopardy of the automobile traffic on McKenzie Towne Drive. Additionally, solutions to the drainage issues on the pathway surrounding Inverness pond have begun to be implemented which should result in improved enjoyment of these popular routes throughout coming winters.

A key item that will need to be addressed is with the equipment and facilities located by McKenzie Towne Link. What was once constructed as a multi-acre, multi-use site comprising both green-spaces and more developed amenities has been prematurely curtailed to its present restricted space due to the construction of the SE BRT terminal. Council is currently facing challenges with maintaining skatable ice in the winter due to its sun exposure and the progressive deterioration of the site’s grades as well as early failure of the skateboarding/bmx structures due to the need to have them transported semi-annually. Cognizant of these issues, and mindful of the imminent demographic transition McKenzie Towne faces as its plethora of young children transition into their teenage years, the Board has recently struck a committee to generate ideas and solicit stakeholder feedback regarding the most effective manner to solve these challenges. Now, while it’s in its earliest stages, we are most eager to encourage your efforts and opinions in helping us determine the needs and nature of a future outdoor multi-use recreational facility. The Board hopes, that with your insight, the committee will be able to present to the members an actionable proposal within the next twelve (12) months.

Enclosed, are the annual Audited Financial Statements for McKenzie Towne Council as at May 31<sup>st</sup>, 2012. The Council would like to thank all Members who have already paid their dues for the 2012/2013 year and **asks those who have not, to please remit, including finance charges and any 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 for their dedication, service and contributions to the Board and community Rob Van Gastel, Janise Flinkman, Jenna Pantella and Ian Neilson who will not be standing for re-election as Resident Directors. MTC staff and volunteers are also thanked for yet another great year!

**Dated this 16<sup>th</sup> day of October, 2012**

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

**CRAIG GORHAM** – President; **JAYDEL GLUCKIE** - Vice-President; **JONATHAN MOSER** – Secretary; **MALIK AMERY** – Treasurer.  
Directors at Large: **DAVID LILLY, DALE HULL, JUDITH MCGUIRE, CATHY ROGALSKY, FERRAS NASSER and KEVIN VAN VLIET.**

# **McKenzie Towne Council**

Financial Statements

**May 31, 2012**

*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 16, 2012



September 18, 2012

## **Independent Auditor's Report**

**To the Members of  
McKenzie Towne Council**

We have audited the accompanying financial statements of McKenzie Towne Council, which comprise the balance sheet as at May 31, 2012 and the statements of operations, changes in net assets and cash flows for the year ended May 31, 2012 and 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.

*PricewaterhouseCoopers LLP, Chartered Accountants  
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825*

\*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.





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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of McKenzie Towne Council as at May 31, 2012 and the results of its operations and its cash flows for the year ended May 31, 2012 in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**  
Calgary, Alberta

# McKenzie Towne Council

## Balance Sheet

As at May 31, 2012

	2012 \$	2011 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	45,465	122,132
Short-term investments	159,513	-
Accounts receivable (note 3)	78,341	30,947
Prepays	16,782	14,303
	<u>300,101</u>	<u>167,382</u>
Capital assets (note 4)	4,315,409	4,346,626
Investments (note 5)	-	159,513
	<u>4,615,510</u>	<u>4,673,521</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Demand revolving loan (note 6)	683,428	-
Accounts payable and accrued liabilities	111,450	79,880
Deferred revenue	34,629	42,232
Current portion of long-term debt (note 8)	-	22,707
Demand loan (note 7)	-	825,445
	<u>829,507</u>	<u>970,264</u>
Long-term debt (note 8)	-	22,825
Deferred contributions related to capital assets (note 9)	1,017,261	1,058,847
	<u>1,846,768</u>	<u>2,051,936</u>
<b>Net assets</b>		
Internally restricted net assets invested in capital assets	2,614,720	2,416,802
Internally restricted (note 10)	162,712	159,513
Unrestricted	(8,690)	45,270
	<u>2,768,742</u>	<u>2,621,585</u>
	<u>4,615,510</u>	<u>4,673,521</u>

Approved by the Board of Directors



Director



Director

## McKenzie Towne Council

### Statement of Operations

For the year ended May 31, 2012

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	2012 \$	2011 \$
<b>Revenue</b>		
Membership fees	1,260,821	1,198,449
Programming	123,476	135,644
Maintenance contracts	128,477	129,719
Facility	65,011	46,612
Amortization of deferred contributions	41,586	42,604
Interest and other	8,725	11,414
Finance charges	8,083	5,271
	<hr/> 1,636,179	<hr/> 1,569,713
<b>Expenses</b>		
Facility operations	491,167	428,206
Amenity maintenance	394,484	414,567
Administration	334,933	334,006
Programming	89,750	98,517
Amortization of capital assets		
Purchased capital assets	106,651	111,698
Contributed capital assets	41,586	42,605
Interest and other	26,827	32,574
Loss on disposal of capital assets	3,624	5,568
	<hr/> 1,489,022	<hr/> 1,465,741
<b>Net operating income</b>	<hr/> 147,157	<hr/> 103,972

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**McKenzie Towne Council**  
**Statement of Changes in Net Assets**  
**For the year ended May 31, 2012**

	2012			2011	
	Internally restricted net assets invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$	Total \$
<b>Net assets – Beginning of year</b>	2,416,802	159,513	45,270	2,621,585	2,517,613
Net operating income	(110,275)	-	257,432	147,157	103,972
Payment of debt on capital assets	187,549	-	(187,549)	-	-
Net investment in capital assets	120,644	-	(120,644)	-	-
Interfund transfer (note 10)	-	3,199	(3,199)	-	-
<b>Net assets – End of year</b>	<b>2,614,720</b>	<b>162,712</b>	<b>(8,690)</b>	<b>2,768,742</b>	<b>2,621,585</b>

## McKenzie Towne Council

### Statement of Cash Flows

For the year ended May 31, 2012

	2012 \$	2011 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net operating income	147,157	103,972
Items not affecting cash		
Amortization	148,237	154,303
Amortization of deferred contributions	(41,586)	(42,604)
Loss on disposal of capital assets	3,624	5,568
Change in non-cash working capital*	(25,906)	(137,422)
	<u>231,526</u>	<u>83,817</u>
<b>Investing activities</b>		
Purchase of capital assets	(120,644)	(14,589)
Purchase of investments	-	(3,139)
Proceeds on disposal of capital assets	-	2,500
	<u>(120,644)</u>	<u>(15,228)</u>
<b>Financing activities</b>		
Repayment of long-term debt	(45,532)	(24,969)
Repayment of demand loan	(825,445)	(146,166)
Increase in demand revolving loan	683,428	-
	<u>(187,549)</u>	<u>(171,135)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(76,667)</u>	<u>(102,546)</u>
<b>Cash and cash equivalents – Beginning of year</b>	<u>122,132</u>	<u>224,678</u>
<b>Cash and cash equivalents – End of year</b>	<u>45,465</u>	<u>122,132</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, 2012

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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 from paying taxes 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 Councils financial instruments consist of cash and cash equivalents, accounts receivable, investments, demand revolving loan, 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 and cash equivalents, investments
Loans or receivables	Accounts receivable
Financial liabilities	Demand revolving loan, accounts payable and accrued liabilities, demand loan, long-term debt.

## McKenzie Towne Council

### Notes to Financial Statements

May 31, 2012

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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.

The fair value of the financial instruments approximate their carrying values due to their short-term nature.

The Association has a working capital deficit mainly due to the demand revolving loan which is payable upon demand. Should the demand revolving loan be called, the Association would be forced to liquidate its investments and sell certain capital assets in order to meet the demand revolving 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
Garage	40 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, 2012

#### f) Cash and cash equivalents

Cash and cash equivalents include investments that are highly liquid and readily convertible to known amounts of cash and are subject to insignificant risk in change in values.

#### g) Short-term investments

Short-term investments consist of highly liquid guaranteed investment certificates with terms of maturity greater than ninety days but no more than one year.

### 3 Accounts receivable

Accounts receivable consists of the following:

	2012 \$	2011 \$
Membership fees collected by Activenet	34,273	26,423
Membership fees receivable	2,609	635
City of Calgary (maintenance contract)	29,380	-
Other	12,079	3,889
	78,341	30,947

### 4 Capital assets

	2012		2011	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,080,000	-	1,080,000	1,080,000
McKenzie Towne Hall	3,267,894	519,266	2,748,628	2,796,937
Furniture and equipment	104,271	64,090	40,181	70,486
Private park amenities	98,523	55,173	43,350	47,291
Automotive	107,907	38,871	69,036	79,826
Interim playfield	74,304	24,339	49,965	53,680
Electronic sign	207,012	87,139	119,873	126,567
Traffic circle amenities	143,526	80,375	63,151	68,893
Clock	60,917	40,408	20,509	22,946
Garage	81,224	508	80,716	-
	5,225,578	910,169	4,315,409	4,346,626

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.



## **McKenzie Towne Council**

### Notes to Financial Statements

May 31, 2012

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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.

#### **5 Investments**

Investments consist of guaranteed investments certificates (GICs) maturing beyond the current fiscal year. 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 Demand revolving loan**

The Council has access to the demand revolving loan to a maximum of \$1,000,000, to be reduced on its renewal date annually by \$100,000 until it reaches \$500,000. The demand revolving loan bears interest at bank prime rate plus 0.75% per annum and is payable on demand. The demand revolving loan is secured by a demand collateral land mortgage and assignment of rents over all lands and premises, assignment of all risk insurance and assignment of the community association dues from homeowners.

#### **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. During the year, this loan was repaid in full, by use of the new demand revolving loan facility.

## McKenzie Towne Council

### Notes to Financial Statements

May 31, 2012

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#### 8 Long-term debt

	2012 \$	2011 \$
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
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
	-	45,532
Less: current portion	-	22,707
	-	22,825

During the year the long-term debt was paid in full.

#### 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 \$1,403,010 (2011 – \$1,403,010) less amortization of \$385,749 (2011 – \$344,163) has been recorded to date.

#### 10 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 \$3,199 (2011 – \$3,139) for this reserve fund.

#### 11 Commitments

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

#### 12 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 13th, 2012 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 15th day of October, 2012, 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 15, 2012 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 15, 2012, the Company had 5959 Members in Good Standing. In addition there are 17 Brookfield Residential 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 15th, 2012, 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:

None

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

Craig Gorham  
Malik Amery  
Feras Nasser

Jonathan Moser  
Dale Hull  
Kevin Van Vliet

David Lilly  
Judith McGuire

Jaydel Gluckie  
Cathy Rogalsky

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 Craig Gorham, President - McKenzie Towne Council, in advance of the meeting via e-mail at [president@mtcouncil.com](mailto:president@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.

<b>NAME AND ADDRESS</b>	<b>PERIOD SERVED AS DIRECTOR OF THE COMPANY</b>	<b>PRINCIPAL OCCUPATION</b>
<b>Craig Gorham McKenzie Towne</b>	<b>4 Years</b>	<b>Business Development Analyst</b>
<b>Jonathan Moser McKenzie Towne</b>	<b>3 Years</b>	<b>Government Relations</b>
<b>David Lilly McKenzie Towne</b>	<b>3 Years</b>	<b>Photographer/Retired</b>
<b>Jaydel Gluckie McKenzie Towne</b>	<b>3 Years</b>	<b>Software Developer</b>
<b>Malik Amery McKenzie Towne</b>	<b>2 Year</b>	<b>Associate Director of Corporate Finance</b>
<b>Dale Hull McKenzie Towne</b>	<b>1 Year</b>	<b>Project Manager</b>
<b>Judith McGuire McKenzie Towne</b>	<b>1 Year</b>	<b>Home Maker</b>
<b>Cathy Rogalsky McKenzie Towne</b>	<b>1 Year</b>	<b>Home Maker</b>
<b>Feras Nasser McKenzie Towne</b>	<b>1 Year</b>	<b>Director of Marketing Strategy</b>
<b>Kevin Van Vliet McKenzie Towne</b>	<b>Under 1 Year</b>	<b>Business Manager</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



JONATHAN MOSER  
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



JONATHAN MOSER  
Secretary

**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 12<sup>th</sup>, 2012.**

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 13<sup>th</sup> day of November 2012 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 **Jonathan Moser** 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>
Craig Gorham	_____	_____	Malik Amery	_____	_____
Jaydel Gluckie	_____	_____	Jonathan Moser	_____	_____
David Lilly	_____	_____	Dale Hull	_____	_____
Judith McGuire	_____	_____	Cathy Rogalsky	_____	_____
Feras Nasser	_____	_____	Kevin Van Vliet	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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

That Price WaterhouseCoopers LLP be appointed as Auditor of the Company for the 2012–2013 fiscal year.

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

To approve by Special Resolution: The amendment of McKenzie Towne Council's Articles of Association as per the version published at [www.mckenzielowne-connect.com](http://www.mckenzielowne-connect.com). Look for 2012 AGM - 2012 Articles of Association.

- 5) 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 \_\_\_\_\_, 2012.

\_\_\_\_\_  
**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 12<sup>TH</sup>, 2012**  
**Attention: CHRISTINE HEMMINGER**  
**40 McKenzie Towne Blvd. SE, Calgary, Alberta T2Z 4X5**  
**OR by facsimile to 403-930-1551 OR by email: [gm@mtcouncil.com](mailto:gm@mtcouncil.com)**