



October 03, 2012

Darlington Arms Owners
317 – 14 Avenue S.W.
Calgary, Alberta T2R 0M4

Dear Owners:

RE: Darlington Arms' Annual General Meeting

As the management company for Darlington Arms Condominiums, we are pleased to announce that the next Annual General Meeting of the unit owners, for Condominium Corporation No. 9811439 has been called for at **7:00 p.m. Thursday, October 25, 2012 at 317 – 14 Avenue S.W., Calgary, Alberta (in the Lobby & please bring your own chair)**. Enclosed is the Agenda, a copy of the Audited Financial Statement and the Minutes of 2011 AGM.

We are also enclosing a Proxy Form. Should you be unable to attend this meeting, you may choose to complete this form and have another unit holder act as your representative for any voting that will be required at the meeting.

Please remember, in order to vote at this meeting, **all condominium fees must be paid in full 30 days prior to the meeting**. Should you wish to confirm the status of your account prior to the meeting, please call (403) 537-7230 and ask for your property manager.

If you are unable to attend the meeting please complete the enclosed proxy form. In order to ensure a quorum for the meeting, it is important that a person or proxy be present. You may appoint a member of the Board, or a person of your choice who is able to attend the meeting, on your behalf. Proxies may be faxed to the attention of Anna Olsinska at (403) 283-7181.

Yours truly,
Gateway Property Management

A handwritten signature in black ink, appearing to read 'Anna Olsinska', is written over the printed name.

Anna Olsinska
Property Manager
On Behalf of the Board of Directors for Condominium Corporation No. 9811439

**NOTICE OF ANNUAL GENERAL MEETING
TAKE NOTICE THAT THE ANNUAL GENERAL MEETING OF
CONDOMINIUM CORPORATION NO. 9811439 (DARLINGTON ARMS)
WILL BE HELD AT:**

PLACE: **DARLINGTON ARMS** **(LOBBY)**
 317 – 14th AVENUE SW
 CALGARY, AB, T2R 0M4

DATE: **THURSDAY, OCTOBER 25, 2012**

TIME: **7:00 PM**

PLEASE BRING YOUR OWN CHAIR

AGENDA

Call to Order
Appointment of Chairperson
Calling of Roll and Certifying of Proxies
Proof of Notice of Meeting
Approval of Minutes of Meeting of October 27, 2011
President's Report
Financial Report
Election of Board of Directors
New Business
Adjournment

CONDOMINIUM CORPORATION NO. 9811439
By its managing Agent Gateway Property Management.

**PROXY
GENERAL MEETING OF:
CONDOMINIUM CORPORATION NO. 9811439 - DARLINGTON ARMS**

I hereby make, constitute and appoint _____
and/or failing him/her _____ as my attorney to represent me with the full
authority to cast my vote by proxy and with several powers of substitution and revocation for me
and in my place and stead, at a general meeting of Condominium Corporation No. 9811439 to
be held Thursday, October 25, 2012 and at any and all adjournments thereof, and I hereby ratify
and confirm all that my said attorney may do by virtue hereof.

DATED AT CALGARY THIS _____ DAY OF _____, 2012.

OWNER(S) SIGNATURE

UNIT NO.

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Audited Financial Statements

June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

**To Condominium Corporation No. 9811439
(operating as Darlington Arms)**

I have audited the accompanying financial statements of Condominium Corporation No. 9811439 (operating as Darlington Arms) which comprise the statement of financial position as at June 30, 2012 and the statement of operating fund operations and change in operating fund balance and the statement of capital replacement reserve fund operations and change in capital replacement reserve fund balance for the year then ended, and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, 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 condominium corporation'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 condominium corporation's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Condominium Corporation No. 9811439 (operating as Darlington Arms) as at June 30, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

September 21, 2012
Calgary, Alberta



**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Statement of Financial Position

	June 30 2012			2011
	Operating Fund	Reserve Fund	Total	Total
Assets				
Current Assets				
Cash (note 3)	\$ 51,994	\$239,741	\$291,735	\$254,561
Accounts receivable	624	-	624	4
Prepaid expenses	<u>7,762</u>	<u>-</u>	<u>7,762</u>	<u>-</u>
	60,380	239,741	300,121	254,565
Liabilities				
Accounts payable	8,572	-	8,572	8,651
Deposits payable and unearned revenue	<u>5,677</u>	<u>-</u>	<u>5,677</u>	<u>6,464</u>
	<u>14,249</u>	<u>-</u>	<u>14,249</u>	<u>15,115</u>
Net Assets	<u>\$ 46,131</u>	<u>\$239,741</u>	<u>\$285,872</u>	<u>\$239,450</u>

See notes to financial statements

Approved by the Board:

_____ Director

_____ Director

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Statement of Operating Fund Operations and Change in Operating Fund Balance

	Budget 2012 (unaudited)	Year ended June 30 2012 2011	
Revenue			
Condominium fees	\$ 172,020	\$ 172,020	\$ 172,008
Allocation to replacement reserve (note 4)	(41,736)	(41,736)	(41,736)
Other income	<u>-</u>	<u>704</u>	<u>371</u>
	<u>130,284</u>	130,988	131,009
Expenses			
Utilities	53,010	42,457	45,317
Repairs and maintenance	36,240	37,741	22,952
Insurance	10,350	9,598	7,201
Janitorial	9,600	9,000	8,214
Management fees	8,820	8,820	8,820
Professional fees	3,024	3,465	3,673
Office	4,800	2,848	3,406
Landscaping and snow removal	<u>4,440</u>	<u>-</u>	<u>2,503</u>
	<u>130,284</u>	<u>113,929</u>	<u>102,086</u>
Excess of revenues over expenses		17,059	28,923
Operating fund at beginning of year		<u>29,072</u>	<u>149</u>
Operating fund at end of year		<u>\$ 46,131</u>	<u>\$ 29,072</u>

See notes to financial statements

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

**Statement of Capital Replacement Reserve Fund Operations and
Change in Capital Replacement Reserve Fund Balance**

	Year ended June 30	
	<u>2012</u>	<u>2011</u>
Revenue		
Allocation from operating fund	\$ 41,736	\$ 41,736
Other income	<u>2,422</u>	<u>1,078</u>
	44,158	42,814
Expenses		
Roof repairs	11,706	-
Parking lot repairs	2,625	-
Other repairs and maintenance	464	-
Carpet replacement	-	3,300
Replace recirculation line	<u>-</u>	<u>1,181</u>
	<u>14,795</u>	<u>4,511</u>
Excess of revenues over expenses	29,363	38,303
Capital replacement reserve fund at beginning of year	<u>210,378</u>	<u>172,075</u>
Capital replacement reserve fund at end of year	<u><u>\$ 239,741</u></u>	<u><u>\$ 210,378</u></u>

See notes to financial statements

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Notes to Financial Statements

June 30, 2012

Note 1 - Incorporation

The corporation is constituted under the provisions of the Condominium Property Act of Alberta.

The purpose of the corporation is to manage and maintain the common property (as defined in the corporation's by-laws) and to provide common services for the benefit of the owners of the residential units comprising the condominium complex known as Darlington Arms located in Calgary, Alberta.

The corporation acts as the legal nominee of the unit owners with respect to ownership and usage of the common property that is shared by the unit owners as tenants-in-common.

Note 2 - Summary of Significant Accounting Policies

(a) Common Property

These financial statements include only those assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 9811439. The common property comprised in the condominium plan is owned proportionately by individual unit owners and consequently it is not reflected as an asset in these financial statements.

(b) Fund Accounting

The condominium follows the restricted fund method of accounting for contributions. The operating fund accounts for the condominium's operating and administrative activities. The capital replacement reserve fund reports the fee assessments from unit owners that are to be set aside and used for estimated future costs of major repairs and replacements.

(c) Revenue and Expense Recognition

Revenues primarily comprise of assessments for the cost of common services provided to owners and are charged in monthly installments on the basis of an approved annual budget. Revenue and expenses are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(d) Reserve for Major Repairs and Replacements

The corporation, in compliance with the Condominium Property Act of Alberta, has established a reserve for financing future major repairs and replacements of common property. The contributions to finance major repairs and replacements are determined annually by the Board. Only major repairs and replacements are charged to the reserve. Minor repairs and equipment purchases are charged to operations in the year they are incurred.

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Notes to Financial Statements - continued

June 30, 2012

Note 2 - Summary of Significant Accounting Policies - continued

(e) Contributed Services

Volunteers contribute many hours each year to assist the corporation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Use of Estimates

The preparation of financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Financial Instruments

The condominium corporation has adopted the Canadian accounting standard section 3855, Financial Instruments - Recognition and Measurement. Prior periods have not been restated.

The standard on financial instruments prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost based measures under different circumstances. Financial instruments must be classified into one of these five categories: held-for-trading; held-to-maturity, loans and receivables; available-for-sale financial assets; or other financial liabilities. All financial instruments are reported on the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading assets are measured at fair value with changes in fair value recorded in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded directly to net assets (equity).

Under adoption of these standards, the condominium corporation designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and deposits payable are classified as other financial liabilities, which are measured at amortized cost.

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Notes to Financial Statements - continued

June 30, 2012

Note 2 - Summary of Significant Accounting Policies - continued

The condominium corporation's financial instruments consist of cash, accounts receivable, accounts payable and deposits payable. Unless otherwise indicated, it is management's opinion the condominium corporation is not exposed to significant interest or credit risks arising from these financial instruments.

Note 3 - Cash

Cash is held in trust accounts registered in the name of the managing agent. Restrictions have been placed on the use of funds available to the corporation by the Board of Directors. Restricted assets consist of cash in the amount of \$239,741 (2011 - \$210,378) which has been designated by the Board as a reserve for future repairs and replacement of common property.

Note 4 - Reserve for Major Repairs and Replacements

During the year, cash in the amount of \$41,736 (2011 - \$41,736) was designated by the Board as a reserve for future repairs and replacement of common property. There were costs incurred totalling \$14,795 (2011 - \$4,511) which have been designated by the Board as expenditures for major repairs or replacement of common property.

Note 5 - Commitments and Contingencies

(a) Contractual Commitments

The corporation has engaged the services of a managing agent to provide property management and accounting services for an annual fee of \$8,400, plus applicable taxes.

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Notes to Financial Statements - continued

June 30, 2012

Note 5 - Commitments and Contingencies - continued

(b) Adequacy of Reserve for Major Repairs and Replacements

The Board has utilized such information as was available to it in evaluating the adequacy of the reserve and has levied such annual assessment as it considers to be fair and prudent. The corporation has commissioned the preparation of an updated engineered reserve fund study (currently in draft) respecting estimation of the replacement cost and remaining life expectancy of specific components which comprise the common property. Readers are advised to obtain a copy of the reserve fund study when it is approved by the Board and the Board's reserve fund plan for further details.

Note 6 - Income Taxes

The condominium corporation is considered to be a nonprofit organization under paragraph 149(1) (l) of the Income Tax Act. Accordingly, no provision for income taxes has been made in these financial statements.

Note 7 - Statement of Cash Flow

A statement of changes in cash flow has not been presented in these financial statements as the information enclosed thereon is evident from these financial statements.

Note 8 - Budget Figures

The budget figures have been included for comparison purposes only and are unaudited.

**Minutes of the Annual General Meeting
Darlington Arms Condominium Corporation
27 October 2011**

Held in the lobby, Darlington Arms Condos, 317 – 14 Ave SW Calgary

Call to order and naming a chair:

The meeting was called to order at 7:05 p.m. Moved by Merlin Keillor, seconded by Ross Conner that Gerald Rotering chair the annual meeting; carried.

Confirmation of proxies, quorum and that notice was properly issued:

Owners of 10 suites attended in person and seven suite owners were represented by proxy. Total attendance was thus 17 of 40 suites, or 42.5%, well over the 25% required for quorum. Moved by Joyce Rawthorne, seconded by Merlin Keillor that notice of the annual general meeting was properly delivered to owners, that proxies received are valid, and that we are properly constituted; carried.

Approval of last year's AGM minutes:

Moved by Merlin Keillor and seconded by Joyce Rawthorne that the minutes of the Annual General Meeting held on 15 October 2010 be adopted as presented; carried.

President's report:

Past-year President Gerald Rotering gave a written report (attached).

Moved by Veronika Erceg and seconded by Ross Conner that the report be received and included as part of the minutes of this annual meeting; carried.

Auditor's Report and Financial Report:

The audited statements for the year ending June 30, 2011 were in hand, as they were distributed in advance of this annual meeting. Moved by Joyce Rawthorne and seconded by David Kelly that we receive the auditor's financial report for the year ending June 30/11; carried.

Election of the Board of Directors for 2011/12:

The following owners were nominated:

Tony Grimes of #406
Russ Kuksin of #404
David Kelly of #405
Gerald Rotering of #703
Ross Conner of #602
Veronika Erceg of #604
Merlin Keillor of #103
Erik Ross of #701

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Darlington Arms Condominiums
AGM minutes, 27 October, 2011

Gerald closed nominations and noted that we have eight nominees for a Board maximum of seven. In reverse order of nomination he asked those nominated to confirm their willingness to be elected to the Board; Veronika declined, leaving seven nominees for seven positions, so those were declared elected.

Questions from the floor, combined with new business:

*Russ raised a concern that an SUV has been parking on our garage-access ramp, creating an obstacle. Gerald assured that our building owns our property and that we have the right to ticket and tow improperly parked vehicles. He said 'next time he sees the vehicle he'll put a warning "ticket" under the wiper blade.

*David Kelly raised the elevator and whether or when we might replace its mechanical systems, which at this point are working well. It was agreed that the Board has authority to raise the issue and act on it at any time.

*The east-side pavement's deterioration was raised as an expense and some agreement that it will need to be replaced.

At 7:45 p.m. it was moved by Russ Kuksin, seconded by Joyce Rawthorne that the annual meeting adjourn: carried. The new Directors were told that the next regular meeting of the Board will be held on Thursday, November 17 at 7 p.m. at suite #703, and that the first order of business will be to choose table officers for the coming year.

See page three for President's Report

Darlington Arms Condos—Chair's report to AGM of October 2011

We've enjoyed a good year in our building, with no major issues, maintenance performed and growing cash on hand and savings in our Reserve Account. Our monthly condo contributions did not need to rise with our new budget year July 1 of 2011, and at this point I don't see the need for them to rise on January 1, 2012. The low cost of natural gas--half of what it was seven years ago--is helping a great deal.

* At the end of September our Operating Fund had a net balance of more than \$35,000 (taking into account rental deposits and accounts payable), while our Reserve Account has exceeded \$200,000, taking into account some pending bills. That last number, divided by our 40 suites, means that each suite has \$5,000 in the bank for future capital expenses.

* Our owners are paying their condo contributions on time; we have absolutely no overdue accounts.

* A lot of maintenance has been accomplished since last October: 1/ Our car swing gate's computer was replaced and the heavy gate received new hinges with bearings that can be lubricated, plus the rattling steel pickets were welded. 2/ The back parking lot was scrubbed clean and then seal-coated to keep water out of the concrete deck beneath the asphalt. 3/ Three-quarters of our building's roof has been re-covered with tar and fresh gravel in a thorough process that involved solvent to bond together the old and new tar surfaces, then covering with far more gravel to keep the new material shaded and cool in summer. Walkways of concrete paver stones have been added so workers can reach vent fans without walking on the roof gravel. 4/ The Board has approved a new and more stylish canopy wrap for our front entrance.

* Down in our mechanical rooms we've replaced a large backflow-prevention assembly and ensured that our sprinkler system into the parking garage works. Quarterly maintenance has been done in the boiler room, so both of our heating boilers, both of our hot-water heaters, and our hallways warm-air furnace are all ready for winter.

* Some owners have replaced their "stacking" laundry sets with all-in-one washer/dryer machines that do not exhaust hot air into their suites, and they report satisfaction with the new equipment. Our building will pick up a reasonable electrical cost for those making the change and needing to convert from 220 to 110-volt service in the laundry closet. Dryers venting into suites no longer meet the building code, and hoses serving those machines are past their life expectancy, so please consider this upgrade in your suite.

* Some owners report the failure of their swing gate remote controller, but it appears that replacing the battery is usually all that's needed.

* Thanks to Joyce of #205 for another summer of garden care beyond what we would contract for, and to our janitorial contractors for staying on top of cleanliness.

Gerald Rotering, Chair through October 2011