



October 16, 2013

Owner(s)
Darlington Arms Condominium
Condominium Corporation No.9811439

RE: Annual General Meeting – Condominium Corporation No. 9811439

The Annual General Meeting of the Owner(s) will be held on **Thursday, November 21, 2013** at 317, 14th Avenue SW, Calgary AB (Lobby). Registration will commence at 6:45 PM (MST) with meeting to follow at 7:00 PM (MST). In preparation for the meeting the following is enclosed.

- 1) Notice of Annual General Meeting with proposed Agenda & Proxy
- 2) Minutes of the Annual General Meeting held October 25, 2012
- 3) Audited Financial Statement and Report for year ending June 30, 2013

If you are unable to attend the meeting we request you complete the proxy form. In order to ensure that a quorum is reached for the meeting it is important that either a person or proxy be present. You may appoint a board member, another owner or a person of your choice who is able to attend the meeting on your behalf. Proxies may be dropped off to a board member, emailed to aolsinska@gatewaypm.com prior to the scheduled meeting date or fax # 403-283-7181.

Please note that in order to vote on any issue at the AGM, your account must be current with no outstanding arrears. **If you have not paid all outstanding arrears 30 days prior to the meeting you will not be entitled to vote.**

We look forward to seeing you at the meeting!

Yours truly,

A handwritten signature in black ink, appearing to read 'Anna Olsinska', written over a horizontal line.

Anna Olsinska
Property Manager

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, NOVEMBER 21, 2013

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 25, 2012
President's Report
Financial Report
Election of Board of Directors
New Business
Adjournment

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

Per: 

PROXY

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

I hereby make, constitute and appoint the Chairperson 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 November 21, 2013 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 _____, 2013.

OWNER(S) SIGNATURE _____

OWNER(S) SIGNATURE _____

SUITE NO. _____

Minutes of the Annual General Meeting ("AGM")
Darlington Arms Condominium Corporation
25 October 2012

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 7:07 p.m. Moved by Jen Fuhr, seconded by Russ Küksin, that Gerald Rotering chair the annual meeting; carried.

Confirmation of proper notice of AGM, approval of proxies and confirmation of quorum:

Owners of 10 suites attended in person and 11 suite owners were represented by proxy for a total attendance of 21 of our 40 suites, or 52.5%; double the 25% minimum for quorum. Moved by Ross Conner, seconded by Joyce Rawsthorn, 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 Russ Küksin and seconded by Joyce Rawsthorn, that the minutes of the Annual General Meeting held on 27 October 2011 be adopted as presented; carried.

President's report:

Past-year President Gerald Rotering gave a verbal report summarized as follows:

- * We can afford to transfer \$30,000 from Operating to Reserve to boost the capital needs account.
- * The new five-year Reserve Fund Study should be received in November.
- * We have roughly 50-50 resident owners and rented-out suites. The building has been such a good investment that some owners who move are keeping their suite as a rental property.
- * A few owners are slightly behind on condo contributions, which we've not seen for several years. Letters are going out to those owners and if payments are not received, the Manager will refer them to our lawyer for collection.
- * We've worked with CAON (mechanical) Services to ensure that only the most qualified staff work in our building, which largely means that Master Plumber Normand Chicoine will attend to us.
- * Good maintenance work has been done during the past year in our boiler room, on some copper piping, welding and new hinges for the east-side stairwell fencing/gate, and completion of remaining re-roofing work by contractor Josef Sponiar.

Financial Report:

The audited statements for the year ending June 30, 2012 were in hand, as they were distributed with notice of this annual meeting. Gerald summarized that we have \$60,000 operating cash, allowing the suggested \$30,000 transfer to the Reserve account, which has \$248,400, and after the transfer and the October regular contribution will hold about \$280,000. The price of natural gas is low and continues to save us money.

Election of the Board of Directors for the operating year until 30 June 2013:

The following owners were nominated:

Russ Kuksin of #404

Erik Ross of #701

Ross Conner of #802

Gerald Roterling of #703

Jen Fuhr of #704

David Kelly of #406 (Not present, but provided a note stating his willingness to serve.)

Erik offered to nominate Tony Grimes of #406, who could not attend. Tony did not provide a note stating his willingness to serve and could not be reached at this time. Gerald reviewed that the AGM is required to set the number of Board positions for the year, and if that's seven, the Board quorum is four, which can sometimes be difficult to obtain. Quorum for a Board of six is three Directors.

As there were no further nominations, Gerald asked each nominee to confirm their willingness to serve on the Board, which all did. It was moved by Ross Conner, seconded by Jen Fuhr, that the Board consist of six Directors, and that those named above are acclaimed, carried.

Questions from the floor, combined with new business:

* Joyce Rawsthorne expressed concern about noise from a party two weekends ago, and discussion followed about our corporation's considerable authority to sanction disruptive activities.

* We reviewed the need for drainage and concrete paving for our east-side driveway and perhaps also rebuilding of the ramp to the garage. Gerald has yet to find a construction company willing to undertake these projects.

* Heather Laurson mentioned a kitchen sink drainage issue, so we reviewed that laundry plumbing is a separate system and the issue might be too much or the wrong type of detergent being used in a dishwasher immediately above or below her suite #204. Heather will consult her below and above neighbours and knows that our building will cover costs should she need to call CACN Services and/or there be damage to her suite.

At 8:15 p.m. it was moved by moved by Joyce Rawsthorne, seconded by Ross Conner, that the annual meeting adjourn: carried. The new Board was asked to stay behind to immediately convene a meeting to choose table officers.

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

Audited Financial Statements

June 30, 2013

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LAWRENCE A. LIM
Chartered Accountant

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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, 2013, June 30, 2012 and July 1, 2011 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 and statement of cash flows for the years ended June 30, 2013 and June 30, 2012, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

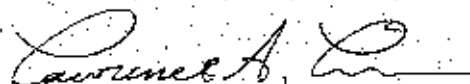
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2013, June 30, 2012 and July 1, 2011 and its financial performance and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

September 20, 2013
Calgary, Alberta



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

Statement of Financial Position

| | June 30 | | July 1 |
|---------------------------------------|------------------|------------------|------------------|
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Assets | | | |
| Current Assets | | | |
| Cash - operating (note 3) | \$ 26,525 | \$ 51,994 | \$ 44,183 |
| Cash - reserve (note 3) | 309,647 | 239,741 | 210,378 |
| Accounts receivable | 475 | 624 | 4 |
| Prepaid expenses | <u>8,098</u> | <u>7,762</u> | <u>-</u> |
| | <u>\$344,745</u> | <u>\$300,121</u> | <u>\$254,565</u> |
| Liabilities | | | |
| Accounts payable | \$ 11,274 | \$ 8,572 | \$ 8,651 |
| Deposits payable and unearned revenue | <u>6,177</u> | <u>5,677</u> | <u>6,464</u> |
| | <u>17,451</u> | <u>14,249</u> | <u>15,115</u> |
| Net Assets | | | |
| Operating fund | 17,647 | 46,131 | 29,072 |
| Reserve fund | <u>309,647</u> | <u>239,741</u> | <u>210,378</u> |
| | <u>327,294</u> | <u>285,872</u> | <u>239,450</u> |
| Net Assets | <u>\$344,745</u> | <u>\$300,121</u> | <u>\$254,565</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 2013 (unaudited) | Year ended June 30 2013 2012 | |
|--|-------------------------------|--------------------------------------|------------------|
| Revenue | | | |
| Condominium fees | \$ 172,020 | \$ 172,020 | \$ 172,020 |
| Allocation to replacement reserve (note 4) | (41,736) | (41,736) | (41,736) |
| Other income | <u> </u> | <u>1,315</u> | <u>704</u> |
| | <u>130,284</u> | 131,599 | 130,988 |
| Expenses | | | |
| Utilities | 53,010 | 45,450 | 42,457 |
| Repairs and maintenance | 35,940 | 40,734 | 37,741 |
| Insurance | 10,350 | 10,611 | 9,598 |
| Janitorial | 9,600 | 9,000 | 9,000 |
| Management fees | 8,820 | 8,820 | 8,820 |
| Landscaping and snow removal | 4,440 | 6,391 | - |
| Office | 5,100 | 4,657 | 2,848 |
| Professional fees | <u>3,024</u> | <u>4,420</u> | <u>3,465</u> |
| | <u>130,284</u> | <u>130,083</u> | <u>113,929</u> |
| Excess of revenues over expenses | | 1,516 | 17,059 |
| Additional allocation to replacement reserve | | (30,000) | - |
| Operating fund at beginning of year | | <u>46,131</u> | <u>29,072</u> |
| Operating fund at end of year | | <u>\$ 17,647</u> | <u>\$ 46,131</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>2013</u> | <u>2012</u> |
| Revenue | | |
| Allocation from operating fund | \$ 41,736 | \$ 41,736 |
| Other income | <u>3,000</u> | <u>2,422</u> |
| | 44,736 | 44,158 |
| Expenses | | |
| Reserve fund study | 4,830 | - |
| Roof repairs | - | 11,706 |
| Parking lot repairs | - | 2,625 |
| Other repairs and maintenance | <u>-</u> | <u>464</u> |
| | <u>4,830</u> | <u>14,795</u> |
| Excess of revenues over expenses | 39,906 | 29,363 |
| Additional allocation from operating | 30,000 | - |
| Capital replacement reserve fund at beginning of year | <u>239,741</u> | <u>210,378</u> |
| Capital replacement reserve fund at end of year | <u>\$ 309,647</u> | <u>\$ 239,741</u> |

See notes to financial statements

Condominium Corporation No. 9811439
 (operating as Darlington Arms)

Statement of Cash Flows

| | Year ended June 30 | |
|---|--------------------|-------------------|
| | 2013 | 2012 |
| CASH PROVIDED BY (USED FOR): | | |
| OPERATIONS | | |
| Excess of revenues over expenses - operating fund | \$ 1,516 | \$ 17,059 |
| Excess of revenues over expenses - reserve fund | <u>39,906</u> | <u>29,363</u> |
| | 41,422 | 46,422 |
| Net change in operating accounts: | | |
| Net (increase) decrease in accounts receivable | 149 | (620) |
| Net (increase) decrease in prepaid expenses | (336) | (7,762) |
| Net increase (decrease) in accounts payable | 2,702 | (79) |
| Net increase (decrease) in deposits payable | <u>500</u> | <u>(787)</u> |
| INCREASE (DECREASE) IN CASH FOR YEAR | 44,437 | 37,174 |
| Cash at the beginning of year | <u>291,735</u> | <u>254,561</u> |
| CASH AT END OF YEAR | <u>\$ 336,172</u> | <u>\$ 291,735</u> |
| Cash consists of: | | |
| Cash - operating fund | \$ 26,525 | \$ 51,994 |
| Cash - reserve fund | <u>309,647</u> | <u>239,741</u> |
| | <u>\$ 336,172</u> | <u>\$ 291,735</u> |

See notes to financial statements

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

Notes to Financial Statements

June 30, 2013

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 1 - Summary of Significant Accounting Policies

The financial statements of the condominium corporation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year end.

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.

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.

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

Notes to Financial Statements - continued

June 30, 2013

Note 1 - Summary of Significant Accounting Policies - continued

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.

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.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Financial Instruments

The corporation initially measures its financial assets and financial liabilities at fair value. The corporation subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deposits payable.

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

Notes to Financial Statements - continued

June 30, 2013

Note 1 - Summary of Significant Accounting Policies - continued

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of any improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

Note 2 - Adoption of Accounting Standards for Not-For-Profit Organizations

Effective July 1, 2012, the corporation adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting - electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFP). These are the corporation's first financial statements prepared in accordance with ASNFP which has been applied retrospectively. The accounting policies set out in the above significant accounting policies note have been applied in preparing these financial statements for the year ended June 30, 2013, the comparative information presented in these financial statements for the year ended June 30, 2012 and in the preparation of the balance sheet at July 1, 2011.

The corporation issued financial statements for the year ended June 30, 2012 using generally accepted accounting principles prescribed by the CICA Handbook. The adoption of ASNFP had no impact on the previously reported assets, liabilities and net assets of the corporation, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of revenue and expenses, statement of change in fund balances and statement of cash flow. Certain of the corporation's disclosures included in these financial statements reflect the new disclosure requirements of ASNFP.

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 \$309,647 (2012 - \$259,741; 2011 - \$210,378) which has been designated by the Board as a reserve for future repairs and replacement of common property.

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

Notes to Financial Statements - continued

June 30, 2013

Note 4 - Reserve for Major Repairs and Replacements

During the year, cash in the amount of \$41,736 (2012 - \$41,736) was designated by the Board as a reserve for future repairs and replacement of common property. Also in the current year, the Board authorized an additional contribution from the accumulated operating surplus in the amount of \$30,000 which was designated as a reserve for future repairs and replacement of common property. There were costs incurred totalling \$14,795 (2012 - \$14,795) which have been designated by the Board as expenditures for major repairs or replacement of common property.

Note 5 - Financial Instruments and Risk Management

The corporation is exposed to various financial risks resulting from its operating activities. The corporation does not enter into financial instrument agreements for speculative purposes.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities and deposits payable approximate their carrying values due to their short term nature.

The corporation is exposed to market, credit and liquidity risks associated with its financial instruments. Overall, the corporation's board of directors has responsibility for the establishment and approval of the corporation's risk management policies. The corporation's risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and the corporation's activities.

Note 6 - 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, 2013

Note 6 - 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 engineered reserve fund study (dated February, 2013) respecting estimation of the replacement cost and remaining life expectancy of specific components which comprise the common property. Based on the estimates contained in the study, the balance in the reserve fund as at June 30, 2013 should be \$236,044. Readers are advised to obtain a copy of the reserve fund study and the Board's reserve fund plan for further details.

Note 7 - Income Taxes

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

Note 8 - Budget Figures

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