



August 24, 2015

Members of the Cranston Residents Association  
Cranston, Calgary, Alberta

Dear Members:

**RE: Notice of Annual General Meeting  
7:00 P.M. on Tuesday, September 22<sup>nd</sup>, 2015  
Century Hall - 11 Cranarch Road S.E., Calgary, Alberta**

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Enclosed please find the Notice of the Annual General Meeting (AGM) for the Association, the Meeting Minutes of the AGM held on September 23<sup>rd</sup>, 2014, the Report of the Board of Directors, the Audited Financial Statements for the 2014-15 fiscal year, Information Circular, and a Proxy Form.

Please review the enclosed information and plan to attend the AGM or send your proxy form in as indicated. The AGM is being held at **7:00 P.M. on Tuesday, September 22<sup>nd</sup>, 2015**, at Century Hall, located at 11 Cranarch Road S.E. **Please assist your volunteer Board of Directors by attending the AGM or sending in your proxy form.**

Please note that the Cranston Residents Association currently has vacancy for four (4) Resident Directors. If you are interested in being nominated for the Board of Directors, or have any questions about the enclosed, please contact Karen Shopland at 403-516-8860 or by e-mail at [karen.shopland@brookfieldrp.com](mailto:karen.shopland@brookfieldrp.com).

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

Yours truly,

**CRANSTON RESIDENTS ASSOCIATION**

**ANDREW  
BURNS**  
Resident  
Director

**JORDAN  
DEERING**  
Resident  
Director

**JASON  
GORDON**  
Resident  
Director

**FRED  
HURDMAN**  
Resident  
Director

**DEAN  
RUTKOWSKI**  
Resident  
Director

**LEE  
THOMPSON**  
Resident  
Director

**DAVE  
WARNER**  
Resident  
Director

**GEOFF  
BOBIY**  
President &  
Brookfield  
Director

**JOE  
NOVELLO**  
Secretary &  
Brookfield  
Director

**CRAIG  
SOLVERSON**  
Treasurer &  
Brookfield  
Director



## Notice of 2015 Annual General Meeting & Information Circular

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### CRANSTON RESIDENTS ASSOCIATION NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS

TAKE NOTICE, that the Annual Meeting of the Voting Members of the CRANSTON RESIDENTS ASSOCIATION (the "Company") will be held at **CENTURY HALL, 11 Cranarch Road S.E.**, Calgary, Alberta, on **Tuesday, September 22<sup>nd</sup>, 2015, at 7:00 P.M.** (MST) for the following purposes:

- 1) To receive the Meeting Minutes of the AGM held on September 23<sup>rd</sup>, 2014;
- 2) To receive the Report of the Directors of the Company;
- 3) To receive the Audited Financial Statements for the fiscal year ended March 31<sup>st</sup>, 2015;
- 4) To establish the number of Directors to hold office until the next Annual General Meeting, and elect such Directors;
- 5) To appoint BDO Canada LLP as Auditor for the fiscal year ending March 31<sup>st</sup>, 2016;
- 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 24<sup>th</sup> day of August, 2015

BY ORDER OF THE BOARD OF DIRECTORS

JOE NOVELLO, Secretary

#### TO ALL VOTING MEMBERS:

IF YOU ARE NOT ABLE TO BE PRESENT AT THE ABOVE MEETING, PLEASE DATE, SIGN AND RETURN THE ACCOMPANYING PROXY. THE COMPLETED PROXY SHOULD BE SENT TO OR DROPPED OFF AT CENTURY HALL:

11 CRANARCH ROAD S.E.  
CALGARY, ALBERTA, T3M 0S8  
OR BY FACSIMILE TO 403-781-6655  
"ATTENTION: LANNIE ANDERSON"

PROXIES ARE TO BE RECEIVED AT CENTURY HALL NO LATER THAN 5:00 P.M. ON MONDAY, SEPTEMBER 21<sup>ST</sup>, 2015.  
ALL PROXIES MUST BE IN WRITING AND SIGNED BY THE VOTING MEMBER.

ALTERNATIVELY, PROXIES MAY BE DELIVERED TO THE CHAIRMAN ON THE DAY OF THE MEETING



**CRANSTON RESIDENTS ASSOCIATION  
2014 ANNUAL GENERAL MEETING OF MEMBERS**

**Meeting Minutes**

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Place:	Century Hall (11 Cranarch Road SE)
Date:	September 23, 2014
Time:	7:00 p.m.

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1. Geoff Bobiy acted as Chairman of the meeting. The Meeting was called to order at 7:06 p.m.
2. The Chairperson asked Joe Novello to act as Secretary of the meeting.
3. The Chairperson requested Jeff Kitteringham to act as Scrutineer for the meeting, with the consent of the Voting Members. As there was no objection, the Chairperson appointed Jeff Kitteringham as Scrutineer.
4. The Chairperson stated that unless otherwise specified, all items to be approved by the Voting Members are by way of ordinary resolution, requiring at least 50% of the Voting Members present in person or by proxy to vote in favor. The Chairperson stated that votes are to be by show of voting cards, or by poll if demanded by 10% of the Voting Members.
5. The Chairperson asked for a motion to dispense with the reading of the Notice calling the meeting. Andrew Burns so moved. Dean Rutkowski seconded the motion. The Chairperson declared the motion carried.
6. The Chairperson asked the Secretary for proof of mailing of the Notice of the Meeting to the Members. Joe Novello confirmed proof of proper mailing of the Notice to all Members entitled to vote at the Meeting by providing a Certificate signed by Mr. Jim Wells of *Petro-Tech Printing Ltd*, as well as a receipt from Canada Post. The Chairperson asked that it be filed in the Minute Book along with the Minutes of this Meeting.
7. The Chairperson then stated that pursuant to the Association's articles, the lesser of fifty (50) voting members or ten percent (10%) of the Voting Members, either personally present or represented by proxy, constitutes a quorum. The Chairperson asked the Scrutineer for his report. Jeff Kitteringham reported that there were 194 Voting Members either present at the Meeting, or represented by proxy.
8. The Chairperson declared the meeting to be duly called and properly constituted for business.
9. The Chairperson asked for a motion to approve the Minutes of the Annual General Meeting, held on September 24, 2013. Lee Thompson motioned to approve the Minutes of the Annual General Meeting held on September 24, 2013, as presented. Jordan Deering seconded. The Chairperson declared the motion carried.
10. The Chairperson asked for a motion to dispense with reading of the Directors' Report, which was mailed to the Members with the Notice of the Meeting and Information Circular, and also posted on the Cranston-Connect website. Andrew Burns motioned to dispense with the reading of the Directors' Report. Dean Rutkowski seconded. The Chairperson declared the motion carried.
11. The Chairperson then proposed to receive, as information, the Financial Statements and the Auditor's Report for the fiscal year ended March 31<sup>st</sup>, 2014. Jeff Kitteringham read and reviewed the Auditor's Report and the Audited Financial Statements, and answered related questions.
12. The Chairperson indicated that the next item of business was the election of Directors. The Chairperson stated that the Association is authorized to have a minimum of three (3) and a maximum of ten (10) Directors. The Chairperson stated that the Board proposed to have the Association comprised of ten (10) Directors. The Chairperson asked for a motion to this effect. Jordan Deering motioned that ten (10) Directors be elected to serve until the next Annual General Meeting of the Association. Lee Thompson seconded. The Chairperson declared the motion carried.
13. The Chairperson stated that Brookfield Residential is entitled to appoint up to three (3) Directors and that Brookfield has appointed those three (3) individuals, whose names are: Geoff Bobiy, to act as President; Joe Novello, to act as Secretary, and; Craig Solverson, to act as Treasurer.

14. The Chairperson stated that Andrew Burns, Jason Gordon, Jordan Deering and Dean Rutkowski have indicated that they will complete the second year of their two-year term as Resident Directors on the Board, as elected in 2013.
15. The Chairperson stated that Lee Thompson and Fred Hurdman have completed their two-year term, as elected in 2012, therefore vacating two (2) positions on the Board for new nominations to be elected at this Annual General Meeting. Lee Thompson and Fred Hurdman have put their names forward to be re-elected onto the Board to serve another two-year term as Resident Directors. The Chairperson asked for a motion to nominate the two (2) individuals to the Board. Andrew Burns so moved. Dean Rutkowski seconded the motion. The Chairperson declared the motion carried.
16. The Chairperson asked if there were any further nominations. No further nominations were presented.
17. The Chairperson then asked for a motion that nominations be closed. Jordan Deering moved that the nominations for Directors be closed. Lee Thompson seconded the motion. The Chairperson declared the motion carried.
18. The Chairperson then asked for a motion to elect as Directors, the persons nominated, to hold office for a two-year term or until their successors are elected or appointed. Andrew Burns so moved. Dean Rutkowski seconded the motion. The Chairperson declared the motion carried.
19. The Chairperson then stated that the next item on the Agenda was the appointment of the Auditor. The Chairperson asked for a motion to allow the Board to appoint BDO Canada as auditor of the Association for the fiscal period ending March 31<sup>st</sup>, 2015, and that the Directors are authorized to fix remuneration. Lee Thompson so moved. Jason Gordon seconded. The Chairperson declared the motion carried.
20. The Chairperson then asked if there was any further business to transact at the 2014 Annual General Meeting of the Association. As there was none, the Chairperson asked for a motion to terminate the meeting. Andrew Burns so moved. Dean Rutkowski seconded. The Chairperson declared the motion carried.
21. At 7:20 p.m., the 2014 Annual General Meeting was adjourned.



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JOE NOVELLO, Secretary



**Report of the Cranston Residents Association Board of Directors  
April 1, 2014 – March 31, 2015**

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The Cranston Residents Association (CRA) is a not-for-profit company incorporated under the Alberta Companies Act. All homeowners in Cranston (including members of their family and tenants) are consequently members of the Association. The purpose of the Association is to own and operate, for the exclusive use of the members, the Century Hall facility and park, as well as various amenities and subdivision features within.

#### **Board of Directors**

The Board of Directors currently consists of seven (7) members in good standing of the community and three (3) representatives of Brookfield Residential (Brookfield). The Board recommends a maximum of ten (10) Board members, made up of seven (7) resident members of the community and three (3) members from Brookfield. The Board meets on a regular basis to: ensure policies are properly set and Rules & Regulations are legislated; review the annual operating budget; be the voice of their fellow residents for CRA-related issues, and; participate in community events. During Brookfield's term of management, the power of the Board is limited.

#### **Community Facilities**

Century Hall is a 22,000 square foot building that sits on an eight (8) acre site and contains:

- Hockey Rink w/ Ice Chiller Unit
- Water Park / Pleasure Skating Rink
- Tennis Courts
- Toboggan Hill
- Basketball Courts
- Large Banquet Hall
- Multipurpose & Meeting Rooms
- Heat-and-Serve Kitchen
- Office Space for CRA staff
- Community Association Office
- Full-Sized Gymnasium
- Skate Change Area
- Daycare
- Zamboni
- Storage for Maintenance

Century Hall is currently operating with six (6) full time staff which consists of the General Manager, the Administrative Manager, the Recreation Manager, the Customer Service Team Lead, the Facilities & Amenities Manager and the Maintenance Foreman. In addition, there are seven (7) part time Customer Service Representatives and seven (7) part time Maintenance employees. The CRA staff is responsible for the day-to-day operations of the Century Hall facility and park, and various Cranston amenities and subdivision features.

#### **Facility Updates**

The Century Hall facility and park continue to be frequented throughout the year by Cranston residents and guests alike. In the 2014-2015 fiscal year, almost 37,000 drop-ins were recorded, with 87% of those being Cranston residents. The Splash Park opened on May 16, 2014 and with the excellent fall weather was able to remain open until September 25, 2014. The Hockey Rink opened November 14, 2014 and remained open until March 5, 2015.

Maintenance staff installed a new electrical control and float valve system for the Windmill, and look forward to its smooth operation in the coming year. The Company Safety Program was successfully audited with a score of 96%. Riverstone saw an enhancement of the Christmas light display, with more lights at the top entrance, lights on all spruce trees on the west side, and all trees at the bottom of the east side of Cranston Avenue.

Facility rentals of the banquet hall, multipurpose rooms and the gymnasium continue to be steady with bookings for weddings, birthday parties, meetings, and celebration of life events. Sound proofing to enhance the acoustics of the banquet room was completed this year, allowing for better sound in meetings and events where microphones are used. For further information on rentals, please contact the Administrative Manager at [rentals@cranstonresidents.ca](mailto:rentals@cranstonresidents.ca) or visit [www.cranston-connect.com](http://www.cranston-connect.com).

Century Hall offers a wide variety of programs for all ages throughout the entire year, including Summer Camps, fitness programs such as Yoga or Bootcamp, Children's Discovery/Sport Programs, Tennis & Skating Lessons, Adult Card & Social Afternoons, and many, many more. A formal Customer Satisfaction Survey was completed in Fall 2014, yielding positive results and feedback. New this year was the addition of Preschool Summer Daycamps, Teacher's Convention Daycamps, and Spring Daycamps for both the Public and Catholic Spring Breaks. The full Program Guide can be viewed at [www.cranston-connect.com](http://www.cranston-connect.com).

It was also another year of successful events including the Mother Daughter Tea, Stampede Breakfast, monthly Family Movie nights, Spooktacular Halloween Party, Christmas Bazaar, Skate with Santa, 3-on-3 Hockey Tournament, and the Easter Eggstravaganza. For further information on programs or events, please contact the Recreation Manager at [programs@cranstonresidents.ca](mailto:programs@cranstonresidents.ca) or visit [www.cranston-connect.com](http://www.cranston-connect.com).

#### **Financial**

The annual operating costs of the CRA is the responsibility of the Members through the payment of annual fees, pursuant to a Rent Charge Encumbrance registered on each lot title in Cranston (the amount is subject to an annual adjustment for inflation and GST). Following review of the 2015-16 Operating Budget, the CRA Board of Directors approved an inflationary increase to the 2015-16 CRA fees. The 2015-16 fee structure is as follows: \$146.10+GST Upper Cranston; \$419.05+GST Riverstone.

The annual fees are used to: service the debt; offer quality programs, events, and services; and maintain Century Hall, Century Hall Park, and various subdivision features/amenities, all of which serves to make Cranston one of the best communities in Calgary. The CRA will continue to run an annual deficit until the community is established with more homes. A copy of the 2015-16 Operating Budget is available for review online at [www.cranston-connect.com](http://www.cranston-connect.com) or upon request at Century Hall.

The Board is pleased to announce that the Cranston Residents Association was exempted from paying property taxes for 2014-15.

The enclosed Audited Financial Statements are prepared up to March 31<sup>st</sup>, 2015.

**Appointment of Auditor**

The Board of Directors proposes to appoint BDO Canada LLP Auditor for the company for the 2015-16 Fiscal Year.

**Board of Directors, Cranston Residents Association**

**Dated this 24<sup>th</sup> day of August, 2015**

BY ORDER OF THE BOARD OF DIRECTORS



JOE NOVELLO, Secretary

**ANDREW  
BURNS**  
Resident  
Director

**JORDAN  
DEERING**  
Resident  
Director

**JASON  
GORDON**  
Resident  
Director

**FRED  
HURDMAN**  
Resident  
Director

**DEAN  
RUTKOWSKI**  
Resident  
Director

**LEE  
THOMPSON**  
Resident  
Director

**DAVE  
WARNER**  
Resident  
Director

**GEOFF  
BOBIY**  
President &  
Brookfield  
Director

**JOE  
NOVELLO**  
Secretary &  
Brookfield  
Director

**CRAIG  
SOLVERSON**  
Treasurer &  
Brookfield  
Director

**CRANSTON RESIDENTS ASSOCIATION**

**FINANCIAL STATEMENTS**

**March 31, 2015**



Tel: 403 266 5608  
Fax: 403 233 7833  
Toll-Free: 888 444 4840  
www.bdo.ca

BDO Canada LLP  
903 - 8th Avenue SW, Suite 620  
Calgary AB T2P 0P7 Canada

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## Independent Auditor's Report

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To the Board of Directors of  
Cranston Residents Association

We have audited the accompanying financial statements of the Cranston Residents Association, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows 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 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

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

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cranston Residents Association as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Calgary, Alberta

July 14, 2015





**CRANSTON RESIDENTS ASSOCIATION**  
**Statement of Financial Position**  
**As at March 31**

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 27,522	\$ 218,046
Accounts receivable (Note 5)	30,802	12,406
Prepaid expenses	30,379	15,560
	<u>88,703</u>	<u>246,012</u>
<b>CAPITAL ASSETS (Note 2)</b>	<u>15,425,080</u>	<u>15,730,340</u>
	<u><b>\$ 15,513,783</b></u>	<u><b>\$ 15,976,352</b></u>
 <b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 61,684	\$ 74,621
Demand loan (Note 4)	5,058,161	5,167,267
Deferred revenue	391,603	373,585
	<u>5,511,448</u>	<u>5,615,473</u>
 <b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)</b>	<u>4,415,335</u>	<u>4,552,970</u>
	<u>9,926,783</u>	<u>10,168,443</u>
 <b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>	5,951,581	6,010,100
<b>UNRESTRICTED NET DEFICIENCY</b>	(364,581)	(202,191)
	<u>5,587,000</u>	<u>5,807,909</u>
	<u><b>\$ 15,513,783</b></u>	<u><b>\$ 15,976,352</b></u>

Commitments (Note 7)

Approved on behalf of the Association:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**CRANSTON RESIDENTS ASSOCIATION**  
**Statement of Operations**  
**For the year ended March 31**

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Membership fees	\$ 861,624	\$ 754,723
Programming	246,169	217,346
Facility rental	162,804	150,989
Amortization of deferred contributions (Note 6)	137,635	137,635
Maintenance contracts (Note 5)	13,557	20,663
Interest and other	5,138	3,413
	<u>1,426,927</u>	<u>1,284,769</u>
<b>EXPENSES</b>		
Administration (Note 5)	170,205	158,625
Amenity maintenance	50,946	25,469
Amortization of capital assets		
Purchased	184,185	195,351
Contributed (Note 6)	137,635	137,635
Facility operations and maintenance	728,007	631,944
Interest (Note 5)	177,424	182,675
Maintenance contracts	20,981	18,738
Programming	178,453	163,798
	<u>1,647,836</u>	<u>1,514,235</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(220,909)	(229,466)
<b>NET LOSS ON DISPOSAL OF CAPITAL ASSETS</b>	<u>-</u>	<u>(164)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (220,909)</u>	<u>\$ (229,630)</u>

**CRANSTON RESIDENTS ASSOCIATION**  
**Statement of Changes in Net Assets**  
**For the year ended March 31**

	<b>Net Assets</b>			
	<b>Invested in</b>			
	<b>Capital</b>	<b>Unrestricted</b>	<b>2015</b>	<b>2014</b>
Net assets, beginning of year	\$ 6,010,100	\$ (202,191)	\$ 5,807,909	\$ 6,037,539
Excess of revenues over expenses	(184,185)	(36,724)	(220,909)	(229,630)
Payment of debt on capital assets	109,106	(109,106)	-	-
Investment in capital assets	16,560	(16,560)	-	-
Net assets, end of year	<b>\$ 5,951,581</b>	<b>\$ (364,581)</b>	<b>\$ 5,587,000</b>	<b>\$ 5,807,909</b>

**CRANSTON RESIDENTS ASSOCIATION**  
**Statement of Cash Flows**  
**For the year ended March 31**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Cash received from membership fees and other	\$ 876,811	\$ 883,680
Cash received from facility rental	164,390	156,784
Cash received from programming	245,481	235,414
Cash received from maintenance contracts	13,557	20,663
Cash received from interest and other income	7,071	3,413
Cash spent on operations	(1,194,744)	(1,061,933)
Cash spent on interest payments	(177,424)	(182,675)
	<u>(64,858)</u>	<u>55,346</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Cash (repayments on) advances from demand loan	(109,106)	2,298,023
Cash repayments to Brookfield Residential	-	(2,404,900)
	<u>(109,106)</u>	<u>(106,877)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Cash spent on acquisition of capital assets	<u>(16,560)</u>	<u>(31,508)</u>
<b>NET CHANGE IN CASH</b>	(190,524)	(83,039)
<b>CASH, BEGINNING OF YEAR</b>	<u>218,046</u>	<u>301,085</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 27,522</u></u>	<u><u>\$ 218,046</u></u>

# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

a) Purpose

The Cranston Residents Association (the "Association") was incorporated as a not for profit corporation on May 20, 1999 under Section 9 of the Companies Act of the Province of Alberta, R.S.A. 1980. As such, the Association is exempt from income tax under Section 149 of the Income Tax Act. The Association owns and operates amenities for the use of its members, the residents of Cranston. The operations of the Association are governed by the Cranston Amenities Agreement (the "Amenities Agreement") dated May 20, 1999 between the Association and Brookfield Residential (Alberta) LP ("Brookfield Residential", formerly Carma Developers LP).

b) Basis of accounting

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

c) Revenue recognition

The Association uses the deferral method of accounting for contributions. Contributions of capital assets or funds for the purchase of capital assets which are subject to amortization are deferred and amortized on the same basis of those capital assets. Contributions of capital assets or for the purchase of assets which are not subject to amortization are recorded as a direct increase to net assets.

Membership, program, rental and maintenance fees are recognized as revenue in the year to which they relate. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions, such as grants and donations not designated for a specific purpose, are recognized as revenue when received, or if the amount can be reasonably estimated and collection is reasonably assured.

Deferred revenue includes membership, rental and program fees that arises from receipt of payments in advance of the period in which they will be earned.

d) Use of estimates

In accordance with ASNPO, estimates and assumptions are made by management in the preparation of these financial statements. These estimates may impact the amounts included in the financial statements. The most significant of these estimates are related to amortization and the estimated useful life of the capital assets and accrued liabilities. Actual results could differ from these estimates.

e) Cash

Cash consists of balances with financial institutions.

# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

f) Capital assets

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

Amortization is based on estimated useful life calculated on a straight line basis as follows:

Century Hall	40 years
Windmill	40 years
Park Amenities	25 years
DC Corners/Association Sites	25 years
Vehicles	10 years
Furniture and Equipment	5 years

g) Impairment of long-lived assets

Capital assets are tested annually for impairment where impairment indicators are present. This would occur if an item no longer contributes to the Association's ability to provide services. Any excess of the item's carrying value, with no long-term service potential, over its residual value is recognized as an expense of the period.

h) Financial instruments

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and demand loan payable. All financial instruments are initially measured at fair value and subsequently measured at amortized cost.

## CRANSTON RESIDENTS ASSOCIATION

### Notes to the Financial Statements

March 31, 2015

#### 2. CAPITAL ASSETS

	March 31, 2015		
	Cost	Accumulated Amortization	Net Book Value
Century Hall	\$ 8,574,641	\$ 1,124,219	\$ 7,450,422
Windmill	557,088	122,530	434,558
Park Amenities	1,222,455	285,560	936,895
DC Corners/Association Sites	38,269	17,604	20,665
Vehicles	30,521	21,365	9,156
Furniture and Equipment	314,523	266,849	47,674
	10,737,497	1,838,127	8,899,370
Land	6,525,710	-	6,525,710
Total	<b>\$ 17,263,207</b>	<b>\$ 1,838,127</b>	<b>\$ 15,425,080</b>

	March 31, 2014		
	Cost	Accumulated Amortization	Net Book Value
Century Hall	\$ 8,574,641	\$ 909,853	\$ 7,664,788
Windmill	557,088	108,603	448,485
Park Amenities	1,222,455	236,662	985,793
DC Corners/Association Sites	38,269	16,073	22,196
Vehicles	30,521	18,313	12,208
Furniture and Equipment	297,963	226,803	71,160
	10,720,937	1,516,307	9,204,630
Land	6,525,710	-	6,525,710
Total	<b>\$ 17,246,647</b>	<b>\$ 1,516,307</b>	<b>\$ 15,730,340</b>

Brookfield Residential transferred to the Association the title for the land and park amenities on June 1, 2009 for a nominal amount. The land and additional assets were recorded at fair market value at the transfer date.

#### 3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities includes \$nil (2014 - \$10,154) representing remittances due to the government.

# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2015

### 4. DEMAND LOAN

In May 2013, ATB provided a demand loan of \$5,265,653. This loan bears interest at the ATB prime rate plus 0.45% per annum, is due on demand and is payable in monthly blended payments of \$23,700, maturing August 31, 2015. The loan is secured by a general security agreement covering the Association's present and acquired property and proceeds, a first mortgage agreement registered against the property, postponement and assignment of claims from Brookfield Residential, and a comfort letter from Brookfield Residential covering all debt servicing shortfalls up to the effective date (defined in Note 5).

	<u>2015</u>	<u>2014</u>
ATB demand loan	<u>\$ 5,058,161</u>	<u>\$ 5,167,267</u>

The loan is expected to be renewed each year under similar terms, and as such the principal payment estimated to be required in each of the next five years and thereafter are as follows :

2016	118,813
2017	116,155
2018	119,871
2019	233,486
2020	251,487
2021 and thereafter	4,218,349
	<u>\$ 5,058,161</u>

### 5. RELATED PARTY TRANSACTIONS

The Amenities Agreement grants Brookfield Residential control of the management of the Association and construction and management of the Cranston amenities until the Effective Date (defined below). Until such time, the powers of the Officers and Directors to manage the business affairs of the Association are temporarily restrained.

The Effective Date is defined as the later of (i) the date upon which Brookfield Residential has sold its last lands within the Cranston development, or (ii) the date upon which all amounts owing to Brookfield Residential have been repaid. Brookfield Residential may, at an earlier date and at its discretion, transfer portions of the amenities or certain aspects of management to the Association. After the Effective Date, the Association becomes independent from Brookfield Residential and will no longer receive its financial support.



# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2015

### 5. RELATED PARTY TRANSACTIONS, CONTINUED

During the year, the following transactions occurred with Brookfield Residential:

- a) Brookfield Residential agreed to lend funds to the Association to cover shortfalls in the operating budget, subject to certain conditions defined in the Amenities Agreement. Brookfield Residential advanced the Association a net amount of \$223,000 (2014 - \$nil), all of which was repaid by the Association during the year. The loan was repayable on demand, unsecured and interest at the Alberta Treasury Branch prime rate plus one percent per annum was being charged. Included in interest expenses are amounts related to Brookfield Residential of \$2,130 (2014 - \$9,751).
- b) The Association received \$13,558 (2014 - \$20,663) for services provided to Brookfield Residential under a maintenance contract which requires the Association to maintain certain public areas within the community. These services have been recorded at the exchange amount.
- c) The following costs were incurred for services provided by Brookfield Residential to the Association:

	<u>2015</u>	<u>2014</u>
Administration	\$ 26,925	\$ 25,000
Interest	2,130	9,751
	<u>\$ 29,055</u>	<u>\$ 34,751</u>

Included in accounts receivable are amounts outstanding from Brookfield Residential at March 31, 2015 of \$10,127 (2014 - \$2,638). These amounts are recorded at the exchange amount subject to normal payment terms for such services.

### 6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions relate to capital assets contributed to the Association by Brookfield Residential.

Contributions amount to \$5,182,436 (2014 - \$5,182,436) less accumulated amortization of \$767,101 (2014 - \$629,466). The land contributed by Brookfield Residential in 2009 is not subject to amortization and has therefore been recorded as a direct increase to net assets.

### 7. COMMITMENTS

The Association has lease commitments for office equipment, software and a service contract. Future minimum payments remaining under these agreements are as follows:

2016	\$ 55,918
2017	55,918
2018	55,018
2019	3,154
	<u>\$ 170,008</u>

# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2015

### 8. FINANCIAL INSTRUMENTS

The Association, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk and liquidity risk. There has been no change in the risk exposure since last year. The risks and related management strategies are discussed below:

a) Interest rate risk

The Association is exposed to interest rate cash flow risk as a result of its floating rate debt, whereby the cash flows required to service the debt will fluctuate with changes in market rates.

b) Credit risk

The Association is exposed to credit risk through its cash and accounts receivable.

The Association's credit risk is primarily attributable to its accounts receivable. The accounts receivable primarily represents annual charges not collected from members. The risk is mitigated due to the fact that the Association takes legal action on overdue accounts and places a lien on the property of the member and will collect the annual charge upon sale of the home if the member chooses not to pay the annual charge. The credit risk on cash is limited because the counterparty is a major Canadian financial institution.

c) Liquidity risk

Liquidity risk is the risk that the Association would encounter difficulty in meeting its financial obligations.

Liquidity risk includes the risk that the Association will not have sufficient funds to settle a transaction on the due date. Liquidity risk arises from the accounts payable and accrued liabilities and demand loan.



## **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 CRANSTON RESIDENTS ASSOCIATION (the "Company") for use at the Annual General Meeting (the "Meeting") of Members of the Company to be held at **CENTURY HALL, 11 Cranarch Road S.E.**, Calgary, Alberta, on **Tuesday, September 22<sup>nd</sup>, 2015, at 7:00 P.M.** (MST). 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 entitled to vote at the Meeting may, by means of a form of proxy executed by the Member or his attorney and 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 delivered to Century Hall at:

**c/o: Cranston Residents Association  
11 Cranarch Road S.E., Calgary, Alberta, T3M 0S8  
"ATTENTION: Lannie Anderson"**

Members also have the option to send in a proxy form by facsimile to 403-781-6655, "ATTENTION: Lannie Anderson". Proxies are to be received at Century Hall no later than 5:00 p.m. on Monday, September 21<sup>st</sup>, 2015. Alternatively, proxies may be delivered to the Chairman on the day of the Meeting.

A member 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, or by delivering an instrument in writing executed by the Voting Member or by his attorney, authorized in writing, in either case, to Century Hall at:

**c/o: Cranston Residents Association  
11 Cranarch Road S.E., Calgary, Alberta, T3M 0S8  
"ATTENTION: Lannie Anderson"**

#### **EXERCISE OF DISCRETION BY PROXY**

Proxies will be voted or withheld from voting in accordance with the Member'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**

Only Members of record, at the close of business on the 24<sup>th</sup> day of August 2015, are entitled to vote at the Meeting, each Member being entitled to one (1) vote. Members are defined in the Articles of Association (the "Articles") of the Company as restricted to Commercial Owners, Homeowners and Rental Project Owners. No Member is entitled to vote at the Meeting if at the close of business on the 24<sup>th</sup> day of August 2015, any sum due or payable to the Company by such Member remains unpaid for at least forty-five (45) days following a written request 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 August 24<sup>th</sup>, 2015, the Company had **6028** Members in good standing. In addition, there are **69** Brookfield votes in respect of lots registered in Brookfield's name.

**THE TOTAL AMOUNT OF THE COMPANY'S MEMBERS IN GOOD STANDING AT THE CLOSE OF BUSINESS ON AUGUST 24<sup>th</sup>, 2015, ARE THE ONLY MEMBERS 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 ten (10) until the next Annual General Meeting. Pursuant to the Articles of the Company, Brookfield is entitled to appoint up to three (3) Directors with the remaining Directors elected at the Meeting. The following persons are the Directors appointed by Brookfield to the Board of Directors of the Company for the ensuing term:

Geoff Bobiy (Brookfield)  
 Joe Novello (Brookfield)  
 Craig Solverson (Brookfield)

In accordance with the Articles of Association, the following resident Members in good standing have completed their two-year term, and have expressed an interest in letting their name stand for nomination for a two-year term:

Jason Gordon  
 Andrew Burns  
 Dean Rutkowski  
 Jordan Deering

The following resident Members in good standing are letting their name stand to complete their final year of a two-year term:

Fred Hurdman  
 Lee Thompson  
 Dave Warner

Nominations will also be sought at the meeting for Directors from the Members. Individuals should be aware of the fiduciary responsibilities of Directors generally, as well as the specific limitation of the power of Directors of the Company in respect of Brookfield management contract. Members interested in standing for election at the meeting are invited to contact Karen Shopland in advance of the meeting by phone at 403-516-8860, or by email at [karen.shopland@brookfieldrp.com](mailto:karen.shopland@brookfieldrp.com).

The term of office for each person on a one-year term shall be from the date of the Meeting until the next Annual General Meeting of Members or until his/her successor is elected or appointed, and the term of office for each person on a two-year term shall be from the date of the Meeting until the second Annual General Meeting of Members after this meeting. There are three (3) Brookfield appointed Directors and there are three (3) Resident Directors serving their final year of a two-year term over the 2015-16 fiscal year, therefore there is a total of four (4) vacancies.

The following information is given with respect to the current Directors, and each nominee as a Director, including the length of time each has been a Director of the Company.

Name & Address	Period Served as Director of Company	Principal Occupation
Geoff Bobiy Calgary, Alberta	3 years	Senior Development Manager Brookfield Residential
Joe Novello Calgary, Alberta	2 years	Development Manager Brookfield Residential
Craig Solverson Calgary, Alberta	1 <sup>st</sup> year	Senior Accountant Brookfield Residential
Jason Gordon Calgary, Alberta	12 years	Credit Representative, Cronkite/Alberta Divisions Wolseley Canada Inc
Andrew Burns Calgary, Alberta	10 years	Account Executive TELUS
Lee Thompson Calgary, Alberta	10 years	Sr. Accountant Atco Structures & Logistics
Dean Rutkowski Calgary, Alberta	6 years	Logistics Analyst Agrium
Fred Hurdman Calgary, Alberta	5 years	Portfolio Manager
Jordan Deering Calgary, Alberta	2 years	Lawyer, Dentons Canada LLP
Dave Warner Calgary, Alberta	1 <sup>st</sup> year	Professor SAIT School of Business

DIRECTORS COMPENSATION - Nil

PENSION PLAN – Nil

EXECUTIVE COMPENSATION AND PLANS – Nil

INCENTIVE SHARE OPTION PLAN FOR OFFICERS AND KEY EMPLOYEES – Nil

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS – Nil

The three (3) Brookfield appointed Directors are employees of Brookfield, who is the operator of the Cranston Amenities. As operator of the Cranston Amenities, Brookfield approves the operating budget for their proper operation and if such operating budget is not fully funded by the income received from Members' dues, as approved by Brookfield, it is required to loan sufficient funds to the Company in order to meet such expenses.

**APPOINTMENT OF AUDITOR**

Management proposes the Board of Directors appoint BDO Canada LLP as Auditor for the Company for the 2015-16 fiscal year.

**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 light of the circumstances in which it was made.

BY THE ORDER OF THE BOARD OF DIRECTORS



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JOE NOVELLO, Secretary

The management of the Company knows of no amendment, variation or other matters to come before the Annual General Meeting of Members 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 matters in accordance with the best judgement of the person or persons voting such proxy.

**DATED this 24<sup>th</sup> day of August, 2015**

BY THE ORDER OF THE BOARD OF DIRECTORS



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JOE NOVELLO, Secretary

**INSTRUCTIONS FOR PROXY FORMS**

**Appointment and Revocation of Proxies**

A Member desiring to appoint a person (who must also be a Member in good standing) 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 no later than 5:00 p.m. on Monday, September 21<sup>st</sup>, 2015:

Cranston Residents Association  
11 Cranarch Road SE  
Calgary, Alberta  
T3M 0S8  
Or by facsimile to 403- 781-6655  
"Attention: Lannie Anderson"

All proxies must be in writing, signed by the Member and received at Century Hall no later than 5:00 P.M. on Monday, September 21<sup>st</sup>, 2015.

Alternatively, proxies may be delivered to the Chairman on the day of the Meeting.

A Member who has given a proxy may revoke it any time before it is exercised. A proxy may be revoked 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 to the Chairman of the Meeting on the day of the Meeting.

**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.

BY THE ORDER OF THE BOARD OF DIRECTORS



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JOE NOVELLO, Secretary

**CRANSTON RESIDENTS ASSOCIATION**  
**ANNUAL GENERAL MEETING OF VOTING MEMBERS**  
**On the 22<sup>nd</sup> day of September, 2015, at 7:00 P.M. (Mountain Standard Time)**  
**PROXY SOLICITED BY MANAGEMENT**

The undersigned member of the CRANSTON RESIDENTS ASSOCIATION (the "Company") hereby appoints **Geoff Bobiy**, or failing him, \_\_\_\_\_, as proxy to attend and vote on behalf of the undersigned at the Annual General Meeting of Members 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 ten (10) composed of seven (7) Resident Directors and three (3) Brookfield Residential appointees. Four (4) Resident Directors are to be elected at this meeting.

2) **FOR** or **AGAINST** the election of the following resident(s) as Directors, for a two-year term, in accordance with their nomination: **Please mark a maximum of four (4) candidates.**

<u>NAME</u>	<u>FOR</u>	<u>AGAINST</u>
JASON GORDON	_____	_____
ANDREW BURNS	_____	_____
DEAN RUTKOWSKI	_____	_____
JORDAN DEERING	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

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

That BDO Canada be appointed as Auditor of the Association by the Board of Directors for the 2015-16 fiscal year.

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

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 \_\_\_\_\_, 2015.

\_\_\_\_\_  
**Member's Name**

\_\_\_\_\_  
**Signature of Member (please print)**

\_\_\_\_\_  
**Voting Member's Cranston Address (required)**

This form should be signed by the Member 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 P.M. ON MONDAY, SEPTEMBER 21<sup>st</sup>, 2015, TO:**

**Cranston Residents Association**  
**11 Cranarch Road S.E., Calgary, Alberta, T3M 0S8**  
**OR by facsimile to: 403-781-6655**  
**"ATTENTION: Lannie Anderson"**

**Alternatively, proxies may be delivered to the Chairman on the day of the Meeting**