



August 27, 2018

Members of the Cranston Residents Association  
Cranston, Calgary, Alberta

Dear Members:

**RE: Notice of Annual General Meeting  
7:00 P.M. on Tuesday, September 25<sup>th</sup>, 2018  
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 26<sup>th</sup> 2017, the Report of the Board of Directors, the Audited Financial Statements for the 2017-18 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 25<sup>th</sup>, 2018**, 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.**

During the Annual General Meeting the Cranston Residents Association Board of Directors will be requesting your approval of the revised Articles of Association (by-laws) which require consent of membership by special resolution. The proposed Articles of Association, as well as the current Articles of Association are available for your review on our website [www.cranstonra.ca](http://www.cranstonra.ca).

Please note that the Cranston Residents Association currently has vacancy for two (2) Resident Directors. If you are interested in being nominated for the Board of Directors, or have any questions about the enclosed, please contact the General Manager at 403-781-6614 x 5 or by e-mail at [gm@cranstonra.ca](mailto:gm@cranstonra.ca).

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

Yours truly,

**CRANSTON RESIDENTS ASSOCIATION**

<b>ANDREW BURNS</b> Resident Director	<b>JASON GORDON</b> Resident Director	<b>LEE THOMPSON</b> Resident Director	<b>DAVE WARNER</b> Resident Director	<b>WENDY MACISAAC</b> Resident Director
<b>SUMARA DIAZ</b> Resident Director	<b>VINCENT CHOW</b> Resident Director	<b>GEOFF BOBIY</b> President & Brookfield Director	<b>DUANE POPPELWELL</b> Secretary & Brookfield Director	<b>KAITLYN RANKIN</b> Treasurer & Brookfield Director



## Notice of 2018 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 SE**, Calgary, Alberta, on **Tuesday, September 25<sup>th</sup>, 2018, at 7:00 P.M.** (MST) for the following purposes:

- 1) To receive the Meeting Minutes of the AGM held on September 26<sup>th</sup>, 2017;
- 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>, 2018;
- 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>, 2019;
- 6) To approve by Special Resolution: The amendment of the Cranston Residents Association's Articles of Association (by-laws) to allow the Company to utilize the provisions of the Electronic Transaction Act (Alberta), as described in enclosed Information Circular;
  - a. The current (pre-amendment) Articles of Association (by-laws) are available on our website at [www.cranstonra.ca](http://www.cranstonra.ca)
  - b. The proposed amended Articles of Association (by-laws) are available on our website at [www.cranstonra.ca](http://www.cranstonra.ca)
- 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 27<sup>th</sup> day of August, 2018

BY ORDER OF THE BOARD OF DIRECTORS

DUANE POPPLEWELL, 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 IN PERSON TO CENTURY HALL:

11 CRANARCH ROAD S.E.  
CALGARY, ALBERTA, T3M 0S8  
"ATTENTION: General Manager"

PROXIES ARE TO BE RECEIVED AT CENTURY HALL NO LATER THAN 5:00 P.M. ON FRIDAY, SEPTEMBER 21<sup>ST</sup>, 2018. ALL PROXIES MUST BE IN WRITING AND SIGNED BY THE VOTING MEMBER.



**CRANSTON RESIDENTS ASSOCIATION  
2017 ANNUAL GENERAL MEETING OF MEMBERS**

**Meeting Minutes**

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Place: Century Hall (11 Cranarch Road SE)

Date: September 26, 2017

Time: 7:00 p.m.

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1. Melody Nikleva acted as Chairperson of the meeting. The Meeting was called to order at 7:09 p.m.
2. The Chairperson asked Duane Popplewell to act as Secretary of the meeting.
3. The Chairperson requested Lee Thompson to act as Scrutineer for the meeting, with the consent of the Voting Members. As there was no objection, the Chairperson appointed Lee Thompson 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. Lee Thompson 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. Duane Popplewell 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 her report. Lee Thompson reported that there were 94 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 27, 2016. Francetta Reilly motioned to approve the Minutes of the Annual General Meeting held on September 27, 2016, as presented. Dave Warner 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. Lee Thompson motioned to dispense with the reading of the Directors' Report. Jason Gordon 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>, 2017. Melody Nikleva 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. Andrew Burns motioned that ten (10) Directors be elected to serve until the next Annual General Meeting of the Association. Dave Warner 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; Duane Popplewell, to act as Secretary, and; Melody Nikleva, to act as Treasurer.
14. The Chairperson stated that Lee Thompson and Dave Warner have indicated that they will complete the second year of their two-year term as Resident Directors on the Board, as elected in 2016.
15. The Chairperson stated that Jason Gordon, Andrew Burns, Dean Rutkowski, Jordan Deering and Fred Hurdman have completed their two-year term, as elected in 2015, therefore vacating five (5) positions on the Board for new nominations to be elected at this Annual General Meeting. Jason Gordon, Andrew Burns, Dean Rutkowski and Jordan Deering have put their names forward to be re-elected onto the Board to serve another two-year term as Resident Directors. Lee Thompson so moved. Jason Gordon seconded the motion. The Chairperson declared the motion carried.
16. The Chairperson stated that Sumara Diaz, Wendy Maclsaac, Vincent Chow and Michael Jantzen, members in good standing, have put their names forward to be nominated as Directors of the Association. The Chairperson asked for a motion to nominate these four (4) individuals to the Board. Andrew Burns so moved. Lee Thompson seconded the motion. The Chairperson declared the motion carried.
17. The Chairperson asked if there were any further nominations. No further nominations were presented. The Chairperson then asked for a motion that nominations be closed. Dave Warner so moved. Lee Thompson seconded the motion. The Chairperson declared the motion carried.
18. The Chairperson stated that as eight (8) have been nominated to serve a 2-year term and only five (5) Resident Directors are required. The Chairperson instructed voting members to mark in the nominees not listed on the ballots; to mark in favor of five (5) Resident Directors and deliver the ballot to the Scrutineer, Lee Thompson.
19. The Scrutineer reported that Jason Gordon, Andrew burns, Sumara Diaz, Wendy Maclsaac and Vincent Chow received the most votes to be elected and serve as Directors on the Cranston Residents Association Board of Directors.
20. 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. Jason Gordon so moved. Lee Thompson seconded the motion. The Chairperson declared the motion carried.
21. 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>, 2018, and that the Directors are authorized to fix their remuneration. Andrew Burns so moved. Lee Thompson seconded. The Chairperson declared the motion carried.
22. The Chairperson then asked for a motion to destroy the proxy votes and ballots from this year's Annual General Meeting immediately following the conclusion of the meeting. Dave Warner so moved. Jason Gordon seconded. The Chairperson declared the motion carried.
23. The Chairperson then asked if there was any further business to transact at the 2017 Annual General Meeting of the Association. As there was none, the Chairperson asked for a motion to terminate the meeting. Lee Thompson so moved. Andrew Burns seconded. The Chairperson declared the motion carried.
24. At 7:45 p.m., the 2017 Annual General Meeting was terminated.



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DUANE POPPLEWELL, Secretary



**Report of the Cranston Residents Association Board of Directors  
April 1, 2017 – March 31, 2018**

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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 & Out of School Care
- Zamboni
- Storage for Maintenance

Century Hall is currently operating with seven (7) full time staff which consists of the General Manager, the Administrative Coordinator, the Recreation Manager, the Customer Service Team Lead, the Facilities & Amenities Manager, the Maintenance Foreman and the Weekend Lead Hand. In addition, there are six (6) part time Customer Service Representatives and five (5) part time Maintenance employees. The CRA staff are responsible for the day-to-day operations of the Century Hall facility and park, and various Cranston amenities and community features.

**Facility Updates**

The Century Hall facility and park continue to be frequented throughout the year by Cranston residents and guests alike. In the 2017-2018 fiscal year, 95,681 facility visits were recorded, with 85% of those being Cranston residents. The Splash Park opened on May 23, 2017, and remained open 130 days until September 29, 2017. The Hockey Rink opened November 16, 2017 and remained open until March 19, 2018. Due to the weather, Century Hall was able to keep the ice open 123 days, the longest ice season since 2013-2014.

With such a mild and prolonged fall the tennis courts were able to remain open until November 27, 2017. Christmas lights were installed and turned on as of November 17, for a seven week festive display throughout the community.

Riverstone residents gathered on a beautiful night in August for the second Date Night event with beer gardens, a videogame trailer and oversized games. In the fall, Riverstone celebrated with wiener roasting over fire pits, hot chocolate and live music. Through the winter Riverstone residents were able to enjoy leisure winter walks along many cleared pathways through the community.

Century Hall continues to draw rentals of the banquet hall, multipurpose rooms and the gymnasium with bookings for weddings, birthday parties, meetings, and celebration of life events. 391 events were booked over the course of the year with a 13% increase of birthday party packages. For further information on rentals, please contact [rentals@cranstonra.ca](mailto:rentals@cranstonra.ca) or visit [www.cranstonra.ca](http://www.cranstonra.ca).

Century Hall offers a wide variety of programs for all ages throughout the entire year. Adult programming includes fitness classes, tennis classes and workshops. Children programming includes art classes, dance classes, sport programs, tennis and skating lessons. Century Hall offers Day Camps for Summer, Christmas, Teachers Conventions and Spring Break. Drop-in programming has expanded and now includes, pickleball, Adult Card & Social Afternoons, Toddler Playtime, and story time. The full Program Guide can be viewed at [www.cranstonra.ca](http://www.cranstonra.ca).

It was also another year of successful events including Stampede Breakfast with 5,250 attendees, an early Community Round Up Breakfast with the Calgary Stampede Caravan, ice cream and so many toppings at the second annual Ice Cream Social, our first ever Canada Day celebration for Canada's 150<sup>th</sup> and the exciting new Puppy Playdate. The North Pole Xpress Mailbox received 222 letters to Santa, and 490 pounds of food was collected for the Calgary Food Bank. For further information on programs and events, please contact the Recreation Manager at [programs@cranstonra.ca](mailto:programs@cranstonra.ca) or visit [www.cranstonra.ca](http://www.cranstonra.ca).

**Financial**

The annual operating costs of the CRA are 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 2018-19 Operating Budget, the CRA Board of Directors approved an inflationary increase to the 2018-19 CRA fees. The 2018-19 fee structure is as follows: \$151.71+GST Upper Cranston; \$435.38+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 2018-19 Operating Budget is available for review online at [www.cranstonra.ca](http://www.cranstonra.ca) or upon request at Century Hall.

The Board is pleased to announce that the Cranston Residents Association was exempted from paying property taxes for 2017-18.

The enclosed Audited Financial Statements are prepared up to March 31<sup>st</sup>, 2018.

**Appointment of Auditor**

The Board of Directors proposes to appoint BDO Canada LLP Auditor for the company for the 2017-18 Fiscal Year.

**Board of Directors, Cranston Residents Association**

**Dated this 27<sup>th</sup> day of August, 2018**

BY ORDER OF THE BOARD OF DIRECTORS



DUANE POPPLEWELL, Secretary

- |  |  |  |   |   |
|--|--|--|---|---|
| <b>ANDREW BURNS</b><br>Resident Director | <b>JASON GORDON</b><br>Resident Director | <b>LEE THOMPSON</b><br>Resident Director                 | <b>DAVE WARNER</b><br>Resident Director                       | <b>WENDY MACISAAC</b><br>Resident Director                  |
| <b>SUMARA DIAZ</b><br>Resident Director  | <b>VINCENT CHOW</b><br>Resident Director | <b>GEOFF BOBIY</b><br>President &<br>Brookfield Director | <b>DUANE POPPLEWELL</b><br>Secretary &<br>Brookfield Director | <b>KAITLYN RANKIN</b><br>Treasurer &<br>Brookfield Director |

**CRANSTON RESIDENTS ASSOCIATION**

**FINANCIAL STATEMENTS**

**March 31, 2018**



Tel: 403 266 5608  
Fax: 403 233 7833  
[www.bdo.ca](http://www.bdo.ca)

BDO Canada LLP  
903 - 8<sup>th</sup> 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, 2018, 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, 2018 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.

Chartered Professional Accountants

Calgary, Alberta

July 19, 2018

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.




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

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 235,747	\$ 138,600
Accounts receivable (Note 5)	42,225	17,772
Prepaid expenses	26,491	26,331
	<u>304,463</u>	<u>182,703</u>
<b>CAPITAL ASSETS (Note 2)</b>	<u>14,663,553</u>	<u>14,907,985</u>
	<u><b>\$ 14,968,016</b></u>	<u><b>\$ 15,090,688</b></u>
 <b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 74,611	\$ 83,260
Demand loan (Note 4)	4,685,654	4,803,141
Due to Brookfield Residential (Note 5)	597,534	102,000
Deferred revenue	289,294	534,193
	<u>5,647,093</u>	<u>5,522,594</u>
 <b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)</b>	<u>4,019,794</u>	<u>4,148,147</u>
	<u>9,666,887</u>	<u>9,670,741</u>
 <b>NET ASSETS INVESTED IN CAPITAL ASSETS UNRESTRICTED NET DEFICIENCY</b>	<u>5,958,105</u>	<u>5,956,697</u>
	<u>(656,976)</u>	<u>(536,750)</u>
	<u>5,301,129</u>	<u>5,419,947</u>
	<u><b>\$ 14,968,016</b></u>	<u><b>\$ 15,090,688</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>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Membership fees	\$ 1,116,641	\$ 1,049,234
Programming	272,047	282,319
Facility rental	173,215	178,870
Amortization of deferred contributions (Note 6)	140,419	139,449
Maintenance contracts (Note 5)	44,056	42,925
Interest and other (Note 5)	46,257	7,940
	<u>1,792,635</u>	<u>1,700,737</u>
<b>EXPENSES</b>		
Administration (Note 5)	210,434	201,143
Amenity maintenance	57,409	62,258
Amortization of capital assets		
Contributed (Note 6)	140,419	139,449
Purchased	180,428	167,560
Facility operations and maintenance	897,615	767,682
Interest (Note 5)	174,525	158,675
Maintenance contracts	43,395	46,258
Programming	207,228	215,540
	<u>1,911,453</u>	<u>1,758,565</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u><u>\$ (118,818)</u></u>	<u><u>\$ (57,828)</u></u>

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

	<b>Net Assets</b>		<b>2018</b>	<b>2017</b>
	<b>Invested in Capital</b>	<b>Unrestricted</b>		
Net assets (deficiency), beginning of year	\$ 5,956,697	\$ (536,750)	\$ 5,419,947	\$ 5,477,775
Excess (deficiency) of revenues over expenses	(180,428)	61,610	(118,818)	(57,828)
Payment of debt on capital assets	117,487	(117,487)	-	-
Investment in capital assets	64,349	(64,349)	-	-
Net assets (deficiency), end of year	<b>\$ 5,958,105</b>	<b>\$ (656,976)</b>	<b>\$ 5,301,129</b>	<b>\$ 5,419,947</b>

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

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Cash received from membership fees and other	\$ 877,913	\$ 1,075,083
Cash received from facility rental	160,655	173,881
Cash received from programming	270,736	281,023
Cash received from maintenance contracts	41,861	42,925
Cash received from interest and other income	41,717	3,354
Cash spent on operations	(1,427,374)	(1,276,408)
Cash spent on interest payments	(174,525)	(158,675)
	<u>(209,017)</u>	<u>141,183</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Cash advance from Brookfield Residential (Note 5)	590,000	402,000
Cash repayments to Brookfield Residential (Note 5)	(102,000)	(300,000)
Cash repayments on demand loan	(117,487)	(130,846)
	<u>370,513</u>	<u>(28,846)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Cash spent on acquisition of capital assets	(76,415)	(46,382)
Cash contributed from Brookfield Residential (Note 5)	12,066	9,896
	<u>(64,349)</u>	<u>(36,486)</u>
<b>NET CHANGE IN CASH</b>	97,147	75,851
<b>CASH, BEGINNING OF YEAR</b>	<u>138,600</u>	<u>62,749</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 235,747</u></u>	<u><u>\$ 138,600</u></u>

# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2018

### 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").

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, facility 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.

Interest and other revenue is recorded on an accrual basis.

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 accounts payable 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, 2018**

**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 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, demand loan and due to Brookfield Residential. All financial instruments are initially measured at fair value and subsequently measured at amortized cost.

Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition and sale of financial instruments are expensed for those items re-measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.



## CRANSTON RESIDENTS ASSOCIATION

### Notes to the Financial Statements

March 31, 2018

#### 4. DEMAND LOAN

In May 2013, ATB provided the Association a demand loan of \$5,265,653. This loan bears interest at the ATB prime rate plus 0.45% per annum (2017 - ATB prime rate plus 0.45% per annum), is due on demand and is payable in monthly blended interest and principal payments of \$23,700 (2017 - \$23,700), maturing August 31, 2018. 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>2018</u>	<u>2017</u>
ATB demand loan	<u>\$ 4,685,654</u>	<u>\$ 4,803,141</u>

The loan is expected to be renewed each year under similar terms with monthly blended payments estimated to increase to \$34,364 starting May 2018, and as such the principal payment estimated to be required in each of the next five years and thereafter are as follows:

2019	\$ 222,705
2020	242,256
2021	252,558
2022	262,246
2023	272,659
Thereafter	<u>3,433,230</u>
	<u>\$ 4,685,654</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.

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. During the year, Brookfield Residential advanced the Association an amount of \$590,000 (2017 - \$402,000) and the Association repaid an amount of \$102,000 (2017 - \$300,000). The loan is repayable on demand, is unsecured and bears interest at the ATB prime rate plus 1% per annum. The balance is to be repaid as funds become available.
- b) The Association received \$44,056 (2017 - \$42,925) for services provided to Brookfield Residential under a maintenance contract which requires the Association to maintain certain public areas within the community. The Association received \$2,200 for sponsorship services provided to Brookfield Residential by the Association. The Association received \$33,136 from Brookfield Residential as reimbursement for services provided to Brookfield Residential by an employee of Cranston. The Association received a cash contribution from Brookfield Residential of \$12,066 for the purchase of capital assets, see Note 6.
- c) The following costs were incurred for services provided by Brookfield Residential to the Association:

	<u>2018</u>	<u>2017</u>
Administration	\$ 33,667	\$ 25,000
Interest	7,534	5,122
	<u>\$ 41,201</u>	<u>\$ 30,122</u>

- d) Included in accounts receivable at year end are amounts outstanding from Brookfield Residential of \$13,165 (2017 - \$8,970).
- e) Included in accounts payable and accrued liabilities at year end are amounts outstanding to Brookfield Residential of \$6,563 (2017 - \$nil).

The above mentioned related party transactions have been recorded at the exchange amount, which is the amount agreed to by the related parties.



# CRANSTON RESIDENTS ASSOCIATION

## Notes to the Financial Statements

March 31, 2018

### 6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions relate to capital assets and cash for the purchases of capital assets contributed to the Association by Brookfield Residential, Parks Foundation and the Community Facility Enhancement Program.

Contributions amount to \$5,204,398 (2017 - \$5,192,332) less accumulated amortization of \$1,184,604 (2017 - \$1,044,185). This includes the cash contribution of \$12,066 (Note 5) and its associated accumulated amortization of \$840. 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 service contracts. Future minimum payments remaining under these agreements are as follows:

2019	\$	56,153
2020		24,499
2021		14,997
2022		5,496
2023		4,122
		<u>\$ 105,267</u>

### 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. The Association manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. 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 disclosed in Notes 4 and 5, 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, demand loan and due to Brookfield Residential. The risk is mitigated due to the fact that the Association is supported by Brookfield Residential as described in Note 5.

## **CRANSTON RESIDENTS ASSOCIATION**

### **Notes to the Financial Statements**

**March 31, 2018**

#### **9. OPTIONAL AMENITY AGREEMENT**

The Association signed an Optional Amenity Agreement (the "Agreement") with the City of Calgary on September 13, 2009, which was renewed on October 3, 2014 in which the Association assumed responsibility for additional amenities on lands owned by the City of Calgary. Under the terms of the Agreement, the amenities shall be deemed to be owned by the Association; the Association shall maintain the amenities for a period of 5 years; if the Association fails to make necessary repairs and maintenance during the term, the City shall undertake the repairs and maintenance and be reimbursed by the Association; and payment to the City of Calgary in the amount of \$17,755 will be kept by the City in a bank account separate from general revenue and used only for the repair, maintenance or removal of the Amenities when this Agreement ends or is earlier terminated.

As the developer of the community, Brookfield Residential paid the initial \$17,755 in the Optional Amenity Agreement and does not expect to recover the amounts upon termination of the Agreement.



CRANSTON  
RESIDENTS ASSOCIATION

**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 SE**, Calgary, Alberta, on **Tuesday, September 25<sup>th</sup>, 2018, 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**

A Voting Member desiring to appoint a person (who must also be a Voting 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 must be delivered, in person by the Voting Member giving the proxy, to the address indicated below, no later than 48 hours (excluding Saturday, Sundays and Holidays) before the time of the Meeting:

**c/o: Cranston Residents Association**  
**11 Cranarch Road SE, Calgary, Alberta, T3M 0S8**  
**"ATTENTION: General Manager"**

Proxies must be in writing, signed and delivered in person by the Voting Member giving the proxy, no later than 5:00 p.m. on Friday, September 21<sup>st</sup>, 2018 or they will be invalid.

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 SE, Calgary, Alberta, T3M 0S8**  
**"ATTENTION: General Manager"**

**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 on record, at the close of business on the 27<sup>th</sup> day of August 2018, 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 27<sup>th</sup> day of August 2018, 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 not withstanding how many tenants are residing in the rental project, it shall have only one (1) vote.

As at the close of business on August 27<sup>th</sup>, 2018, the Company had 6610 Members in good standing. In addition, there are 238 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 27<sup>th</sup>, 2018, 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)  
Duane Popplewell (Brookfield)  
Kaitlyn Rankin (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:

Lee Thompson  
Dave Warner

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

Jason Gordon  
Andrew Burns  
Wendy Maclsaac  
Sumara Diaz  
Vincent Chow

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 Amber Sessford in advance of the meeting by phone at 403-538-0651 or by email at gm@cranstonra.ca

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 five (5) Resident Directors serving their final year of a two-year term over the 2018-19 fiscal year, therefore there is a total of two (2) 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.

<b>Name &amp; Address</b>	<b>Period Served as Director of Company</b>	<b>Principal Occupation</b>
Geoff Bobiy Calgary, Alberta	6 years	Senior Development Manager Brookfield Residential
Duane Popplewell Calgary, Alberta	2 years	Development Manager Brookfield Residential
Kaitlyn Rankin Calgary, Alberta	1st year	Finance Manager Brookfield Residential
Jason Gordon Calgary, Alberta	15 years	Inside Sales/Websales Wolseley Canada Inc

Andrew Burns Calgary, Alberta	13 years	Account Executive Purolator
Lee Thompson Calgary, Alberta	13 years	Sr. Accountant Innova Global Ltd.
Dave Warner Calgary, Alberta	4 years	Academic Chair SAIT School of Business
Sumara Diaz Calgary, Alberta	1 year	Professional Accountant/Manager Fixed Assets Parkland Fuel Corporation
Wendy MacIsaac Calgary, Alberta	1 year	Alberta Land Surveyor Midwest Surveys
Vincent Chow Calgary, Alberta	1 year	
Stan Barmash Calgary, Alberta	Standing for Election	

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 2018-19 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.

#### **SPECIAL RESOLUTION**

The Cranston Residents Association Board of Directors will be requesting your consent of the revised Articles of Association (by-laws) which, if approved will allow the Company to utilize the provisions of the Electronic Transaction Act (Alberta). Revisions to the Articles of Association require approval of the membership by special resolution. The proposed Articles of Association, as well as the current Articles of Association are available for your review on our website at [www.cranstonra.ca](http://www.cranstonra.ca) under "About" and then "Membership Information". Please feel free to request a printed version of these documents by contacting the General Manager at 403-781-6614 x5 or by e-mail at gm@cranstonra.ca.

BY THE ORDER OF THE BOARD OF DIRECTORS



DUANE POPPLEWELL, 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 27<sup>th</sup> day of August, 2018

BY THE ORDER OF THE BOARD OF DIRECTORS



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DUANE POPPLEWELL, Secretary

**INSTRUCTIONS FOR PROXY FORMS**

**Appointment and Revocation of Proxies**

A Voting Member desiring to appoint a person (who must also be a Voting 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 must be delivered, in person by the Voting Member giving the proxy, to the address indicated below, no later than 48 hours (excluding Saturday, Sundays and Holidays) before the time of the Meeting:

**c/o: Cranston Residents Association  
11 Cranarch Road SE, Calgary, Alberta, T3M 0S8  
"ATTENTION: General Manager"**

Proxies must be in writing, signed and delivered in person by the Voting Member giving the proxy, no later than 5:00 p.m. on Friday, September 21<sup>st</sup>, 2018 or they will be invalid.

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, no later than 5:00 p.m. on Friday, September 21<sup>st</sup>, 2018.

**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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DUANE POPPLEWELL, Secretary

**CRANSTON RESIDENTS ASSOCIATION  
ANNUAL GENERAL MEETING OF VOTING MEMBERS  
On the 25<sup>th</sup> day of September, 2018, 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. Two (2) Resident Directors are to be elected at this meeting.

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

<u>NAME</u>	<u>FOR</u>
LEE THOMPSON	_____
DAVE WARNER	_____
STAN BARMASH	_____
<i>If no individual(s) are specified, my proxy may vote at his/her discretion.</i>	

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 2018-19 fiscal year.

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

To approve by Special Resolution: The amendment of the Cranston Residents Association's Articles of Association (bi-laws) as per the version published on [www.cranstonra.ca](http://www.cranstonra.ca), allowing the Company to utilize provisions of the Electronic Transaction Act (Alberta).

5) **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 \_\_\_\_\_, 2018.

\_\_\_\_\_  
**Member's Name (please print)**

\_\_\_\_\_  
**Signature of Member**

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

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.

**DELIVER PROXIES IN PERSON NO LATER THAN 5:00 P.M. ON FRIDAY, SEPTEMBER 21<sup>st</sup>, 2018, TO:**

**Cranston Residents Association  
11 Cranarch Road SE, Calgary, Alberta, T3M 0S8  
"Attention: General Manager"**