



August 28, 2017

Members of the Cranston Residents Association
Cranston, Calgary, Alberta

Dear Members:

**RE: Notice of Annual General Meeting
7:00 P.M. on Tuesday, September 26th, 2017
Century Hall - 11 Cranarch Road S.E., Calgary, Alberta**

Enclosed please find the Notice of the Annual General Meeting (AGM) for the Association, the Meeting Minutes of the AGM held on September 27th, 2016, the Report of the Board of Directors, the Audited Financial Statements for the 2016-17 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 26th, 2017**, 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 five (5) Resident Directors. If you are interested in being nominated for the Board of Directors, or have any questions about the enclosed, please contact Marcie O'Rourke at 403-781-6614 x 5 or by e-mail at gm@cranstonresidents.ca.

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

**DUANE
POPPLEWELL**
Secretary &
Brookfield
Director

**MELODY
NIKLEVA**
Treasurer &
Brookfield
Director



Notice of 2017 Annual General Meeting & Information Circular

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 26th, 2017, at 7:00 P.M.** (MST) for the following purposes:

- 1) To receive the Meeting Minutes of the AGM held on September 27th, 2016;
- 2) To receive the Report of the Directors of the Company;
- 3) To receive the Audited Financial Statements for the fiscal year ended March 31st, 2017;
- 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 31st, 2018;
- 6) 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 28th day of August, 2017

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: MARCIE O'ROURKE"

PROXIES ARE TO BE RECEIVED AT CENTURY HALL NO LATER THAN 5:00 P.M. ON FRIDAY, SEPTEMBER 22ND, 2017.
ALL PROXIES MUST BE IN WRITING AND SIGNED BY THE VOTING MEMBER.



**CRANSTON RESIDENTS ASSOCIATION
2016 ANNUAL GENERAL MEETING OF MEMBERS**

Meeting Minutes

Place:	Century Hall (11 Cranarch Road SE)
Date:	September 27, 2016
Time:	7:00 p.m.

1. Geoff Bobiy acted as Chairperson of the meeting. The Meeting was called to order at 7:04 p.m.
2. The Chairperson asked Joe Novello to act as Secretary of the meeting.
3. The Chairperson requested Melody Nikleva to act as Scrutineer for the meeting, with the consent of the Voting Members. As there was no objection, the Chairperson appointed Melody Nikleva 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. Jordan Deering so moved. Fred Hurdman 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. Melody Nikleva reported that there were 140 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 22, 2015. Jason Gordon motioned to approve the Minutes of the Annual General Meeting held on September 22, 2015, as presented. Fred Hurdman 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. Dean Rutkowski motioned to dispense with the reading of the Directors' Report. Dave Warner 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 31st, 2016. 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. Fred Hurdman motioned that ten (10) Directors be elected to serve until the next Annual General Meeting of the Association. Jordan Deering 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; Melody Nikleva, to act as Treasurer.

14. The Chairperson stated that Andrew Burns, Jordan Deering, Jason Gordon, 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 2015.
15. The Chairperson stated that Lee Thompson, Fred Hurdman, and Dave Warner have completed their two-year term, as elected in 2014, therefore vacating three (3) positions on the Board for new nominations to be elected at this Annual General Meeting. Lee Thompson, Fred Hurdman, and Dave Warner have put their names forward to be re-elected onto the Board to serve another two-year term as Resident Directors. Jordan Deering so moved. Jason Gordon seconded the motion. The Chairperson declared the motion carried.
16. The Chairperson stated that Mike Gallup, Renee Westmacott, Sumara Diaz, and Wendy MacIsaac, 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. Fred Hurdman so moved. Dave Warner 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. Jason Gordon so moved. Fred Hurdman seconded the motion. The Chairperson declared the motion carried.
18. The Chairperson stated that as seven (7) have been nominated to serve a 2-year term and only three (3) Resident Directors are required. The Chairperson instructed voting members to mark in the nominees not listed on the ballots; to mark in favor of three (3) Resident Directors and deliver the ballot to the Scrutineer, Melody Nikleva.
19. The Scrutineer reported that Fred Hurdman, Lee Thompson, and Dave Warner 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. Jordan Deering so moved. Dean Rutkowski 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 31st, 2017, and that the Directors are authorized to fix their remuneration. Fred Hurdman so moved. Dave Warner 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. Jason Gordon so moved. Fred Hurdman seconded. The Chairperson declared the motion carried.
23. The Chairperson then asked if there was any further business to transact at the 2016 Annual General Meeting of the Association. As there was none, the Chairperson asked for a motion to terminate the meeting. Fred Hurdman so moved. Lee Thompson seconded. The Chairperson declared the motion carried.
24. At 7:50 p.m., the 2016 Annual General Meeting was terminated.



DUANE POPPLEWELL, Secretary



**Report of the Cranston Residents Association Board of Directors
April 1, 2016 – March 31, 2017**

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 seven (7) full time staff which consists of the General Manager, the Administrative Manager, 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 2016-2017 fiscal year, 95,019 facility visits were recorded, with 85% of those being Cranston residents. The Splash Park opened on May 7, 2016, and remained open 120 days until September 3, 2016. The Hockey Rink opened December 2, 2016 and remained open until March 13, 2017. Due to the weather, Century Hall was able to keep the ice open 114 days, the longest ice season since 2013-2014.

The maintenance team had an early start to the irrigation of the CRA owned community spaces, ensuring a head start to the spring/summer growing season. Christmas lights were installed and turned on as of November 17, for a seven week festive display throughout the community. New this year, the Ice and Park Monitor position was added to the team, enhancing the level of customer experience throughout the skating season.

July saw a Date Night event with an outdoor movie and beer gardens in Riverstone. In February the Riverstone Family Fun Day with snowshoes, fire pits, a hot chocolate bar and maple syrup pops took place at the Zipline Park. For the second year in a row, the CRA set up a leisure outdoor synthetic ice rink for the winter season.

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. 408 events were booked over the course of the year, an 18% increase over the previous year. For further information on rentals, please contact rentals@cranstonresidents.ca or visit www.cranston-connect.com.

Century Hall offers a wide variety of programs for all ages throughout the entire year. Adult programming includes fitness classes, tennis classes and workshops. New workshops this year included legal information, and coffee with the Calgary Police Service. 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, playtime, and story time. The full Program Guide can be viewed at www.cranston-connect.com.

It was also another year of successful events including Stampede Breakfast with 5,608 attendees, the first annual Bike Parade, an interactive Let's Dance class with Alberta Ballet, a community shoe-box packing party for Operation Christmas Child, and two community hockey games vs the Calgary Police Service and Calgary EMS. For the Halloween Spooktacular, Century Hall was converted into two age appropriate haunted houses. The North Pole Xpress Mailbox received 233 letters to Santa, and 440 pounds of food was collected for the Calgary Food Bank. For further information on programs and events, please contact the Recreation Manager at programs@cranstonresidents.ca or visit www.cranston-connect.com.

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 2017-18 Operating Budget, the CRA Board of Directors approved an inflationary increase to the 2017-18 CRA fees. The 2017-18 fee structure is as follows: \$149.33+GST Upper Cranston; \$428.52+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 2017-18 Operating Budget is available for review online at 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 2016-17.

The Board would like to thank Fred Hurdman for his seven years of service as a Resident Director for the Cranston Residents Association.

The enclosed Audited Financial Statements are prepared up to March 31st, 2017.

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 28th day of August, 2017

BY ORDER OF THE BOARD OF DIRECTORS



DUANE POPPLEWELL, 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

**DUANE
POPPELWELL**
Secretary &
Brookfield
Director

**MELODY
NIKLEVA**
Treasurer &
Brookfield
Director

CRANSTON RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

March 31, 2017



Tel: 403 266 5608
Fax: 403 233 7833
www.bdo.ca

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

Independent Auditor's Report

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, 2017, 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, 2017 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 Professional Accountants

Calgary, Alberta
June 29, 2017

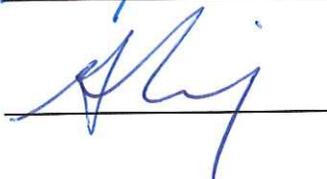
CRANSTON RESIDENTS ASSOCIATION
Statement of Financial Position
As at March 31

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 138,600	\$ 62,749
Accounts receivable (Note 5)	17,772	23,941
Prepaid expenses	26,331	21,771
	<u>182,703</u>	<u>108,461</u>
 CAPITAL ASSETS (Note 2)	 <u>14,907,985</u>	 <u>15,168,611</u>
	<u>\$ 15,090,688</u>	<u>\$ 15,277,072</u>
 CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	\$ 83,260	\$ 68,396
Demand loan (Note 4)	4,803,141	4,933,987
Due to Brookfield Residential (Note 5)	102,000	-
Deferred revenue	534,193	519,214
	<u>5,522,594</u>	<u>5,521,597</u>
 DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	 <u>4,148,147</u>	 <u>4,277,700</u>
	<u>9,670,741</u>	<u>9,799,297</u>
 NET ASSETS INVESTED IN CAPITAL ASSETS	 5,956,697	 5,956,925
UNRESTRICTED NET DEFICIENCY	<u>(536,750)</u>	<u>(479,150)</u>
	<u>5,419,947</u>	<u>5,477,775</u>
	<u>\$ 15,090,688</u>	<u>\$ 15,277,072</u>

Commitments (Note 7)

Approved on behalf of the Association:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Membership fees	\$ 1,049,234	\$ 973,663
Programming	282,319	282,018
Facility rental	178,870	171,811
Amortization of deferred contributions (Note 6)	139,449	137,635
Maintenance contracts (Note 5)	42,925	21,420
Interest and other	7,940	5,461
	<u>1,700,737</u>	<u>1,592,008</u>
EXPENSES		
Administration (Note 5)	201,143	174,045
Amenity maintenance	62,258	52,118
Amortization of capital assets		
Contributed (Note 6)	139,449	137,635
Purchased	167,560	170,577
Facility operations and maintenance	767,682	768,640
Interest (Note 5)	158,675	163,435
Maintenance contracts	46,258	21,947
Programming	215,540	212,836
	<u>1,758,565</u>	<u>1,701,233</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (57,828)</u>	<u>\$ (109,225)</u>

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

	Net Assets		2017	2016
	Invested in	Unrestricted		
	Capital			
Net assets, beginning of year	\$ 5,956,925	\$ (479,150)	\$ 5,477,775	\$ 5,587,000
Excess (deficiency) of revenues over expenses	(167,560)	109,732	(57,828)	(109,225)
Payment of debt on capital assets	130,846	(130,846)	-	-
Investment in capital assets	36,486	(36,486)	-	-
Net assets, end of year	<u>\$ 5,956,697</u>	<u>\$ (536,750)</u>	<u>\$ 5,419,947</u>	<u>\$ 5,477,775</u>

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

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Cash received from membership fees and other	\$ 1,075,083	\$ 1,091,330
Cash received from facility rental	173,881	174,404
Cash received from programming	281,023	285,685
Cash received from maintenance contracts	42,925	21,420
Cash received from interest and other income	3,354	9,147
Cash spent on operations	(1,276,408)	(1,207,407)
Cash spent on interest payments	(158,675)	(163,435)
	<u>141,183</u>	<u>211,144</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Cash advance from Brookfield Residential	402,000	305,000
Cash repayments to Brookfield Residential	(300,000)	(305,000)
Cash repayments on demand loan	(130,846)	(124,174)
	<u>(28,846)</u>	<u>(124,174)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash spent on acquisition of capital assets	(46,382)	(51,743)
Cash contributed from CFEP (Note 6)	9,896	-
	<u>(36,486)</u>	<u>(51,743)</u>
NET CHANGE IN CASH	75,851	35,227
CASH, BEGINNING OF YEAR	<u>62,749</u>	<u>27,522</u>
CASH, END OF YEAR	<u>\$ 138,600</u>	<u>\$ 62,749</u>

CRANSTON RESIDENTS ASSOCIATION

Notes to the Financial Statements

March 31, 2017

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, 2017

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. 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, 2017

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 (2016 - 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 (2016 - \$23,700), maturing August 31, 2017. 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>2017</u>	<u>2016</u>
ATB demand loan	<u>\$ 4,803,141</u>	<u>\$ 4,933,987</u>

The loan is expected to be renewed each year under similar terms with monthly blended payments estimated to increase to \$32,500 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 :

2018	\$ 135,028
2019	237,431
2020	253,713
2021	262,186
2022	270,565
Thereafter	<u>3,644,218</u>
	<u>\$ 4,803,141</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 \$402,000 (2016 - \$305,000) of which \$300,000 (2016 - \$305,000) was repaid before year end. The remainder of 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 \$42,925 (2016 - \$21,420) for services provided to Brookfield Residential under a maintenance contract which requires the Association to maintain certain public areas within the community.

CRANSTON RESIDENTS ASSOCIATION

Notes to the Financial Statements

March 31, 2017

5. RELATED PARTY TRANSACTIONS, CONTINUED

c) The following costs were incurred for services provided by Brookfield Residential to the Association:

	<u>2017</u>	<u>2016</u>
Administration	\$ 25,000	\$ 25,000
Interest	5,122	3,209
	<u>\$ 30,122</u>	<u>\$ 28,209</u>

d) Included in accounts receivable are amounts outstanding from Brookfield Residential at March 31, 2017 of \$8,970 (2016 - \$4,150).

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

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

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

Contributions amount to \$5,192,332 (2016 - \$5,182,436) less accumulated amortization of \$1,044,185 (2016 - \$904,736). 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:

2018	\$ 55,843
2019	<u>3,154</u>
	<u>\$ 58,997</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, whereby the cash flows required to service the debt will fluctuate with changes in market rates.

CRANSTON RESIDENTS ASSOCIATION

Notes to the Financial Statements

March 31, 2017

8. FINANCIAL INSTRUMENTS (CONTINUED)

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.

9. OPTIONAL AMENITY AGREEMENT

The Association signed an Optional Amenity 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 paid the initial \$17,755 in the Optional Amenity Agreement and does not expect to recover the amounts upon termination of the Agreement.

10. RECLASSIFICATION OF PRIOR YEAR BALANCES

Certain comparative figures have been reclassified to conform with the current year's presentation. This reclassification has no effect on the prior year deficiency of revenue over expenses.



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 S.E.**, Calgary, Alberta, on **Tuesday, September 26th, 2017, 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 S.E., Calgary, Alberta, T3M 0S8
"ATTENTION: Marcie O'Rourke"

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 22nd, 2017 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 S.E., Calgary, Alberta, T3M 0S8
"ATTENTION: Marcie O'Rourke"

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 28th day of August 2017, 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 28th day of August 2017, 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 28th, 2017, the Company had **6489** Members in good standing. In addition, there are **39** 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 28th, 2017, 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)
Melody Nikleva (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:

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 Marcie O'Rourke in advance of the meeting by phone at 403-538-0651 or by email at gm@cranstonresidents.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 two (2) Resident Directors serving their final year of a two-year term over the 2017-18 fiscal year, therefore there is a total of five (5) 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	5 years	Senior Development Manager Brookfield Residential
Duane Popplewell Calgary, Alberta	1 st year	Development Manager Brookfield Residential
Melody Nikleva Calgary, Alberta	2 years	Finance Manager Brookfield Residential
Jason Gordon Calgary, Alberta	14 years	Credit Representative, Cronkite/Alberta Divisions Wolseley Canada Inc
Andrew Burns Calgary, Alberta	12 years	Account Executive Purolator
Lee Thompson Calgary, Alberta	12 years	Sr. Accountant Innova Global Ltd.
Dean Rutkowski Calgary, Alberta	8 years	Building Damage Appraiser T.R.G. Inc
Jordan Deering Calgary, Alberta	4 years	Lawyer Norton Rose Fulbright Canada LLP
Dave Warner Calgary, Alberta	3 years	Professor SAIT School of Business
Sumara Diaz Calgary, Alberta	Standing for Election	Professional Accountant/Senior Financial Analyst Parkland Fuel Corporation
Scott Glover Calgary, Alberta	Standing for Election	Real Estate Agent RE/MAX

Moe Khawaja Calgary, Alberta	Standing for Election	Owner / Operator Swiss Chalet: Shawnessy
Wendy Maclsaac Calgary, Alberta	Standing for Election	Alberta Land Surveyor Midwest Surveys

The Board would like to thank Fred Hurdman for his seven years of service as a Resident Director for the Cranston Residents Association.

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 2017-18 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



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 28th day of August, 2017

BY THE ORDER OF THE BOARD OF DIRECTORS



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 S.E., Calgary, Alberta, T3M 0S8
"ATTENTION: Marcie O'Rourke"**

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 22nd, 2017 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 22nd, 2017.

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



DUANE POPPLEWELL, Secretary

**CRANSTON RESIDENTS ASSOCIATION
ANNUAL GENERAL MEETING OF VOTING MEMBERS
On the 26th day of September, 2017, 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. Five (5) 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 five (5) candidates.**

<u>NAME</u>	<u>FOR</u>	<u>AGAINST</u>
JASON GORDON	_____	_____
ANDREW BURNS	_____	_____
DEAN RUTKOWSKI	_____	_____
JORDAN DEERING	_____	_____
SUMARA DIAZ	_____	_____
SCOTT GLOVER	_____	_____
MOE KHAWAJA	_____	_____
WENDY MACISAAC	_____	_____
<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 2017-18 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 _____, 2017.

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 22rd, 2017, TO:

**Cranston Residents Association
11 Cranarch Road S.E., Calgary, Alberta, T3M 0S8
"Attention: Marcie O'Rourke"**