



THE ORCHARDS

**THE ORCHARDS
RESIDENTS ASSOCIATION**

4059 Orchards Drive SW, Edmonton

Phone: (587)525-9640

Fax: (780)244-2195

Website: www.orchardsra.com

**Notice of Meeting
and
Information Circular
2020**



THE ORCHARDS

Notice of 2020 Annual General Meeting & Information Circular

ORCHARDS RESIDENTS ASSOCIATION NOTICE OF 2020 ANNUAL GENERAL MEETING OF VOTING MEMBERS

Please take notice that the Annual General Meeting (AGM) of the Voting Members of the ORCHARDS RESIDENTS ASSOCIATION (the "Company") will be held on **Wednesday, September 23, 2020, at 7:00 PM (MST)** at **The Orchards Residents Association, 4059 Orchards Dr SW, Edmonton, Alberta**, for the following purposes:

- 1) To receive the minutes of the AGM held on Wednesday, June 19th, 2019;
- 2) To receive the Report of the Directors of the Company dated August 24th, 2020;
- 3) To receive the Audited Financial Statements for the fiscal year ended December 31st, 2019;
- 4) To establish the number of Directors to hold office until the next Annual General Meeting and to elect such Directors;
- 5) To appoint BDO as Auditor of the Company for the fiscal year ending December 31st, 2020 and to authorize the Directors to fix their remuneration;
- 6) To approve by Special Resolution: The amendment of Article 8 and Article 19 of the Orchards Residents Association's Articles of Association so the Company may, if permitted by law, deliver notices to Members by email, as described in the enclosed Information Circular;

To approve by Special Resolution: The amendment of Article 73 of the Orchards Residents Association's Articles of Association so the Company may, if permitted by law, deliver notices to Members by email, as described in the enclosed Information Circular;
 - a. The current Articles of Association and the proposed revised Articles of Association, along with a comparison showing the changes between the revised version and the current version, are available on our website at www.orchardsra.com by clicking "About Us" and then "Membership Information".
 - b. The text of the proposed Special Resolution is contained in Schedule "A" to the Information Circular and the proposed changes to the Articles of Association are illustrated in Schedule "B" to the Information Circular;
- 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 Edmonton, Alberta, this 24th Day of August, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

MIKE YOCHIM, President

TO ALL VOTING MEMBERS:

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

ORCHARDS RESIDENTS ASSOCIATION
4059 ORCHARDS DR SW
EDMONTON, ALBERTA, T6X 1W5
OR BY FACSIMILE TO 780-244-2195
ATTENTION: KYLE ORLECKI

IN TIME TO REACH THAT ADDRESS NOT LESS THAN 24 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING. ALL PROXIES MUST BE IN WRITING AND SIGNED BY THE VOTING MEMBER.



THE ORCHARDS

Orchards Residents Association
Annual General Meeting
Wednesday, June 19, 2019 @ 7:00 PM
Orchards Club House
4059 Orchards Drive SW.

Meeting Minutes

1. Mike Yochim acted as Chairperson for the meeting.
2. The Chairperson explained that two meetings would be held. The first would be the official Annual General Meeting which would primarily involve the election of Residents to the Board of Directors and appointment of an Auditor for 2019. The second one would be held after, where there would be an update given about The Orchards and the Residents Association. The floor would then be open to questions the residents may have.
3. Mike Yochim called the meeting to order at **7:08pm**.
4. The Chairperson introduced the head table. Himself, Mike Yochim, Development Manager, Brookfield Residential, Kim Yendall, Accounting Manager, Brookfield Residential, Warren Ollis, Project Manager, Brookfield Residential and the current Orchards Resident Directors, Robyn Andrishak, Thomas Perras, Cherise Frederick, Candance Kruk, and Sam Kemble.
5. Regrets were made for Ricardo Chua who was unable to attend. He will run for re-election.
6. The Chairperson asked Warren Ollis to act as Secretary for the meeting, with the consent of the Voting Members. As there was no objection the Chairperson appointed Warren Ollis as Secretary.
7. The Chairperson requested Kim Yendall to act as Scrutineer for the meeting, with the consent of the Voting Members. As there was no objection, the Chairperson appointed Kim Yendall as Scrutineer.
8. The Chairperson then explained the voting rules. He stated that unless otherwise specified, all items to be approved by the Voting Members are by way of ordinary resolution, which requires at least 50% of the Voting Members present in person or by proxy, voting in favor. All votes will be conducted in the first instance by a show of the voting card received or otherwise as the Chairperson directs. A poll may be demanded by the Chairperson or by 10% of the Voting Members present. Polls shall be taken in such a manner as the Chairperson may direct.
9. The Chairperson asked for a motion dispensing with the reading of the Notice calling the meeting. Thomas Perras so moved. Susanna Crackton seconded the motion. The Chairperson declared the motion carried.
10. The Chairperson asked the Secretary to provide proper proof of mailing of the Notice of the Meeting to the Members. The Secretary confirmed that he had a receipt from Canada Post. The Chairperson then asked that it be filed in the Minute Book along with the Minutes of this meeting.
11. The Chairperson then stated that pursuant to the Articles of the Association, the lesser of twenty (20) Voting Members or ten (10%) percent of the Voting Members either personally present or represented by proxy constitutes a quorum. For this meeting, at least twenty (20) Voting Members will be required. The Chairperson asked the Scrutineer for her report. The Scrutineer reported that there were 377 Brookfield votes in respect of lots registered in the name of Brookfield, 35 Voting Members represented in person, and 3 represented by proxy for a total of **415 votes**.
12. The Chairperson declared the meeting to be duly called and properly constituted for the transaction of business.

13. The Chairperson asked for a motion to approve the Minutes of the Annual General Meeting held on June 26, 2018 also mailed with the Notice of Meeting and Information Circular. Robyn Andrishak moved to approve the Minutes of the Annual General Meeting held on June 26, 2018. Jackie Kyriacou-Herman seconded the motion. The Chairperson declared the motion carried.
14. The Chairperson asked for a motion to dispense with the reading of the Directors Report for January 1, 2018 through December 31, 2018 fiscal year, also mailed with the Notice of Meeting and Information Circular. Thomas Perras moved that the reading of the Director Report be dispensed with. Heidi Rose Wachowiak seconded the motion. The Chairperson declared the motion carried.
15. The Chairperson then proposed to receive, as information, the Auditor's Report and Financial Statements of the Association for the year ended December 31, 2018. Kim Yendall reviewed the Financial Statements and answered related questions.
16. The Chairperson indicated that the next item of business was the election of Directors. The Chairperson stated that ten (10) Directors be elected and serve until the next Annual General Meeting of the Association. The Chairperson asked for a motion to this effect. Robyn Andrishak moved that ten (10) Directors be elected to serve until the next Annual General Meeting of the Association. Pearl Frederick seconded the motion. The Chairperson declared the motion carried.
17. The Chairperson announced Brookfield Residential is entitled to appoint up to three (3) Directors and has appointed Mike Yochim as President, Kim Yendall as Treasurer, and Warren Ollis as Secretary to the Company's Board of Directors.
18. The Chairperson announced there are currently seven (7) vacant positions on the Board. The following eight (8) members in good standing have indicated an interest in being nominated as Directors of the Association, to hold office for a one-year term or until their successors are elected or appointed.
 - Robyn Andrishak
 - Cherise Frederick
 - Thomas Perras
 - Candace Kruk
 - Sam Kemble
 - Ricardo Chua
 - Tarryn Koll
 - Jackie Kyriacou-Herman
19. The Chairperson then asked for a motion to elect as Directors, the persons nominated, to hold office for a one-year term or until their successors are elected or appointed. Heidi Rose Wachowiak so moved. Sean Ferris seconded the motion. The Chairperson declared the motion carried.
20. The Chairperson then asked for a motion that nominations be closed. Robyn Andrishak moved that the nominations for Directors be closed. Thomas Perras seconded the motion. The Chairperson declared the motion carried.
21. The Chairperson then asked the nominees to introduce themselves and give a quick explanation as to why they would like to serve on the board.
22. The Chairperson stated that the nomination of additional Directors requires an election, as eight (8) persons have been nominated and only seven (7) Resident Directors are required. The vote was then moved to a ballot – each Voting Member (Brookfield Residential Directors abstained from voting) in attendance of the AGM was given a ballot form when they arrived at the Meeting. The Chairperson confirmed everyone had a ballot and went over the voting instructions with the Members, asking that the ballots be delivered to the Scrutineer upon completion. All of the ballots were filled out, collected and given to the Scrutineer who then privately tallied the votes, including those from proxies submitted. The Scrutineer then notified the Chairperson of the results. The Chairperson then declared that Robyn Andrishak, Cherise Frederick, Thomas Perras, Candace Kruk, Sam Kemble, Tarryn Koll, and Jackie Kyriacou-Herman had received the most votes to be elected to serve on The Orchards Residents Association Board of Directors for a one-year term, or until their successors are elected or appointed.
23. The Chairperson then asked for a motion to elect as Directors, the persons nominated, and who had received the most votes from the ballot, to hold office for a one-year term or until their successors are elected or appointed. Sean Ferris so moved. Heidi Rose Wachowiak seconded the motion. The Chairperson declared the motion carried.
24. The Chairperson then thanked all the nominees and congratulated the successful resident directors.



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Orchards Residents Association
Annual General Meeting
Wednesday, June 19, 2019 @ 7:00 PM
Orchards Club House
4059 Orchards Drive SW.

Meeting Minutes

25. The Chairperson then stated that the next item on the Agenda was the appointment of the Auditor. The Chairperson asked for a motion that the Board of Directors appoint BDO Canada as auditor for the fiscal period ending December 31, 2019, and that the Directors be authorized to fix remuneration. Thomas Perras so moved. David Marks seconded the motion. The Chairperson declared the motion carried.
26. The Chairperson then asked if there was any further business to transact at the Annual General Meeting of the Association. There was none.
27. The Chairperson then asked for a motion to terminate the meeting. Robert Ratcliffe moved that the Meeting be terminated. Philip Sweeney seconded the motion.
28. The Chairperson called for a vote of all in favour of the motion and all against. All were in favour. The Chairperson declared the motion carried and the meeting terminated at **7:52pm**.


WARREN OLLIS, Secretary



THE ORCHARDS

**Orchards Residents Association
Directors Report
For January 1, 2019 to December 31, 2019**

The Orchards Residents Association (ORA) was incorporated as a non-profit corporation in November 2010. The ORA Board of Directors consists of three (3) Brookfield appointed directors and seven (7) resident directors. An election will be held at the 2020 Annual General meeting for up to seven (7) resident directors.

The ORA is incorporated as a non-profit corporation under Part 9 of the Companies Act of Alberta and membership in the ORA is mandatory for each landowner in the Orchards. ORA is funded through the annual membership fee, which is secured required by an encumbrance registered on every titled property on a Brookfield developed lot in the Orchards, obligating the Members to pay the fees upon notice. The fee can be increased up to the total encumbrance of \$550.00 and after can be increased annually in accordance with the Consumer Price Index (All Items). Annual fees for 2019 were \$385.71 (plus GST).

Brookfield Residential provides, at no capital cost to the ORA, certain amenities throughout the community. These amenities need to be maintained, now and into the future. ORA is the vehicle to pay for these costs. Currently the ORA is managed and administered by Brittany Tanasichuk, Manager, Residents Associations, Brookfield Residential and will continue to be for as long as Brookfield is actively developing the Orchards lands.

The ORA site is eight acres and currently consists of a community Club House, playground, outdoor hockey rink, pleasure skating rink, splash park, outdoor picnic areas, tennis courts, toboggan hill, maintenance building, parking lot, and landscaped areas. The facility is fully staffed, including a General Manager, Kyle Orlecki, who is responsible for managing the day-to-day operations that are the responsibility of the ORA. The ORA staff maintain the facility & park amenities to their high standard through exceptional management of operations & maintenance practices.

In 2019, we continued to see great interaction and engagement from residents. We welcomed over 52,000 visitors, which was an increase of 9% from 2018. Usage of our Club House and outdoor amenities continues to increase, which is bringing our friends, neighbours and community together. We have also increased our online presence as well, with active Instagram (@orchardsra) and Facebook (@orchardsra) pages.

In the spring and summer of 2019, we ran our third annual Orchards Community Farmer's Market. We updated the market format, rescheduling to bi-weekly Monday evenings. This change was a tremendous success! We saw more patrons come through, and with an increase in the number of vendors attending each week. Due to the success of 2019, we will continue the market for the 2020 season and host markets every Monday evening throughout the summer.

In 2019, we continued many of our successful events and programs, and introduced several new activities as well. Some of these include a Senior's Club, Hockey Skills Competition, Community Kitchen nights, Trivia nights, game nights, and Thursday night hockey. Throughout the year, our board of directors discussed many topics including programs & events, financials, capital expenditures, rentals & lease space, and resident communications.

The Club House closed from March 15, 2020 to May 27, 2020 due to the COVID-19 pandemic. Although the building could not be accessed during this time, ORA has ongoing obligations it continued to manage. We continue to assess the business, including financial operations, but it is still too early to know the total impacts of this public health event. Our fiscal responsibility to the community is to ensure the long-term financial health of the non-profit association funded by the residents.

While the Club House was closed, we continued to provide online programming and maintained our site and areas around the community. The outdoor amenities opened on May 27, followed by the splash park and Club House on June 12, in alignment with recreation centres being allowed to open as part of Stage 2 of Alberta's Relaunch Strategy. Though we are excited to offer more amenities, we have re-opened under specific regulations, in

alignment with Alberta Health Services. The health and safety of our residents and employees continues to be our main priority, and we will continue to follow all guidance from Alberta's Chief Medical Officer of Health.

Please stop by the park, or visit us online at www.orchardsra.com to stay updated on what's happening at the park including information on events, programs, rules & regulations with regard to park use, and much more.

Attendance at the AGM requires that a resident must be a member in good standing, meaning that as of the close of business on August 24th, 2020 all outstanding fees, interest and charges, have been paid.

Respectfully submitted August 24th, 2020 by the Orchards Board of Directors:

MIKE YOCHIM President & Brookfield Director	KIM YENDALL Treasurer & Brookfield Director	WARREN OLLIS Secretary & Brookfield Director	ROBYN ANDRISHAK Resident Director	CHERISE FREDERICK Resident Director
SAM KEMBLE Resident Director	TARRYN KOLL Resident Director	CANDACE KRUK Resident Director	JACKIE KRYIACOU-HERMAN Resident Director	THOMAS PERRAS Resident Director

ORCHARDS RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2019



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

Independent Auditor's Report

To the Board of Directors of Orchards Residents Association

Opinion

We have audited the financial statements of Orchards Residents Association (the "Association"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 28, 2020

ORCHARDS RESIDENTS ASSOCIATION
Statement of Financial Position
As at December 31

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 165,665	\$ 126,555
Accounts receivable (Note 4)	10,924	10,492
Prepaid expenses and deposits	14,832	11,620
	<u>191,421</u>	<u>148,667</u>
CAPITAL ASSETS (Note 3)	<u>7,476,376</u>	<u>7,642,494</u>
	<u>\$ 7,667,797</u>	<u>\$ 7,791,161</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 48,005	\$ 47,059
Goods and services tax	10,334	8,686
Demand loan payable (Note 2)	3,221,318	2,910,608
Deferred revenue	242,461	214,562
	<u>3,522,118</u>	<u>3,180,915</u>
DEFERRED CAPITAL CONTRIBUTION (Note 5)	<u>1,922,485</u>	<u>2,002,003</u>
	<u>5,444,603</u>	<u>5,182,918</u>
NET ASSETS (Note 7)		
Net assets invested in capital assets	5,553,891	5,640,491
Unrestricted net assets	(3,330,697)	(3,032,248)
	<u>2,223,194</u>	<u>2,608,243</u>
	<u>\$ 7,667,797</u>	<u>\$ 7,791,161</u>
Commitments (Note 8)		
Subsequent events (Note 9)		

Approved on behalf of the Association:

 Director

 Director

ORCHARDS RESIDENTS ASSOCIATION
Statement of Operations
For the year ended December 31

	<u>2019</u>	<u>2018</u>
REVENUE		
Membership fees	\$ 549,746	\$ 479,034
Rental income	148,637	121,341
Amortization of deferred capital contributions	79,518	79,518
Program and sponsor income	93,965	75,493
Interest and other (Note 4)	80,101	48,545
	<u>951,967</u>	<u>803,931</u>
EXPENSES		
Salaries and benefits	619,679	530,887
Amortization	197,541	192,918
Loan interest	133,116	109,330
Amenity operations	109,970	95,044
Utilities	91,476	85,419
Administration	76,937	73,093
Programs and events	50,376	63,050
Professional fees (Note 4)	46,600	65,036
Insurance	11,321	7,398
	<u>1,337,016</u>	<u>1,222,175</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u><u>\$ (385,049)</u></u>	<u><u>\$ (418,244)</u></u>

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

ORCHARDS RESIDENTS ASSOCIATION
Statement of Changes in Net Assets
For the year ended December 31

	Invested in capital assets	Unrestricted	2019	2018
Balance, beginning of year	\$ 5,640,491	\$ (3,032,248)	\$ 2,608,243	\$ 3,026,487
Acquisition of capital assets	31,423	(31,423)	-	-
Deficiency of revenue over expenses	-	(385,049)	(385,049)	(418,244)
Amortization of capital assets	(197,541)	197,541	-	-
Amortization of deferred capital contributions	79,518	(79,518)	-	-
Balance, end of year	<u>\$ 5,553,891</u>	<u>\$ (3,330,697)</u>	<u>\$ 2,223,194</u>	<u>\$ 2,608,243</u>

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

ORCHARDS RESIDENTS ASSOCIATION

Statement of Cash Flows

For the year ended December 31

	<u>2019</u>	<u>2018</u>
NET CASH INFLOW (OUTFLOW) RELATED TO:		
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (385,049)	\$ (418,244)
Items not affecting cash and cash equivalents		
Amortization of capital assets	197,541	192,918
Amortization of deferred capital contribution	(79,518)	(79,518)
	<u>(267,026)</u>	<u>(304,844)</u>
Changes in non-cash working capital items		
Accounts receivable	(432)	9,829
Goods and services tax	1,648	81,461
Accounts payable and accrued liabilities	946	(191,886)
Deferred revenue	27,899	76,621
Prepaid expenses and deposits	(3,212)	(4,435)
	<u>(240,177)</u>	<u>(333,254)</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>(31,423)</u>	<u>(35,417)</u>
FINANCING ACTIVITIES		
Advances from demand loan	325,196	453,106
Payments on demand loan	(14,486)	(19,879)
	<u>310,710</u>	<u>433,227</u>
NET CASH INFLOW (OUTFLOW)	39,110	64,556
CASH, BEGINNING OF YEAR	<u>126,555</u>	<u>61,999</u>
CASH, END OF YEAR	<u>\$ 165,665</u>	<u>\$ 126,555</u>

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

ORCHARDS RESIDENTS ASSOCIATION

Notes to the Financial Statements

December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

a) Purpose

The Orchards Residents Association (the "Association") was incorporated as a not-for-profit corporation on November 5, 2010 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 Orchards. The operations of the Association are governed by the Orchards Management Agreement (the "Agreement") dated March 31, 2011, as amended by an Amending Agreement dated April 15, 2011 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) Cash

Cash consists of cash held at financial institutions and cash on hand.

d) 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 as those capital assets. Contributions of capital assets or funds for the purchase of capital assets which are not subject to amortization are recorded as a direct increase to net assets.

Membership 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 if the amount can be reasonably estimated and collection is reasonably assured.

Program and sponsor revenues, rental revenues, and interest are recorded on an accrual basis and recognized when amounts are known and collection is reasonably assured.

e) Use of Estimates

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

ORCHARDS RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2019

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:

Buildings	40 years
Park amenities	25 years
Vehicles	10 years
Equipment	5 years

g) Impairment of Long-Lived Assets

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

h) Financial Instruments

A financial asset or liability is recognized when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments, except derivative financial instruments, are initially measured at fair value and subsequently at cost or amortized cost. Derivative financial instruments are subsequently measured at fair value with changes being reported in excess of revenues over expenses.

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.

ORCHARDS RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2019

2. DEMAND LOAN

In June 2017, ATB provided a demand loan facility with a maximum amount of \$3,286,715. This loan bears interest at the ATB prime rate plus 0.45% (2018 - 0.45%) per annum, is due on demand and is payable in monthly blended payments of \$12,300 (2018 - \$12,300). The loan is secured by a general security agreement covering the Association's present and after acquired property and floating charge on land, a first mortgage agreement registered against the property in the amount of \$3,286,715, postponement and assignment of claims from Brookfield Residential, and comfort letter from Brookfield Residential covering all debt servicing shortfalls up to the Effective Date (defined in Note 4).

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

2020	\$	5,982
2021	\$	6,250
2022	\$	67,260
2023	\$	157,189
2024	\$	164,246
Thereafter	\$	2,820,391

3. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 2,978,615	\$ 159,918	\$ 2,818,697	\$ 2,882,847
Park amenities	1,777,183	195,141	1,582,042	1,646,485
Equipment	186,091	86,364	99,727	122,331
Vehicles	149,217	37,807	111,410	126,331
	5,091,106	479,230	4,611,876	4,777,994
Land	2,864,500	-	2,864,500	2,864,500
	<u>\$ 7,955,606</u>	<u>\$ 479,230</u>	<u>\$ 7,476,376</u>	<u>\$ 7,642,494</u>

ORCHARDS RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2019

4. RELATED PARTY TRANSACTIONS

The Orchards Management Agreement grants Brookfield Residential control of the management of the Association and management of the Orchards' 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) six (6) months after the date upon which Brookfield Residential has sold its last lands within the Orchards 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.

The following transactions occurred with Brookfield Residential:

- a) The Association received \$77,127 (2018 - \$44,811) for services provided to Brookfield Residential which requires the Association to maintain certain public areas within other Brookfield Residential communities. Of this amount \$nil (2018 - \$6,477) is included in accounts receivable at year end.
- b) The following expenses were incurred for services provided by Brookfield Residential to the Association:

	2019	2018
Administration	\$ 36,000	\$ 36,000

All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

5. DEFERRED CAPITAL CONTRIBUTION

Deferred contributions relate to capital assets contributed to the Association by Brookfield Residential. The balance consists of \$2,135,500 (2018 - \$2,135,500), less accumulated amortization of \$213,015 (2018 - \$133,497).

The land contributed by Brookfield Residential in 2013 is not subject to amortization and was therefore recorded as a direct increase to net assets.

ORCHARDS RESIDENTS ASSOCIATION

Notes to the Financial Statements

December 31, 2019

6. FINANCIAL INSTRUMENTS

The Association, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk and liquidity risk. There have been no significant changes in the risk since prior 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 the demand loan from ATB, 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 cash equivalents and accounts receivable.

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Association's credit risk is primarily attributable to its accounts receivable. The accounts receivable 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 Association also has a number of members which minimizes the concentration of credit risk.

c) Liquidity risk

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

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

7. NET ASSETS

The Association may budget and set aside any of the accumulated excess of revenues over expenditures to create a reserve fund for the purpose of replacing future assets, maintaining the property and meeting contingencies. Currently, the Association has an unrestricted net deficiency of \$3,330,697 (2018 - \$3,032,248) and has internally restricted the net assets invested in capital assets of \$5,553,891 (2018 - \$5,640,491).

ORCHARDS RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2019

8. COMMITMENTS

The Association has commitments related to an operating lease for office equipment. Payments expected over the remaining term of the lease are as follows:

2020	\$	2,496
2021	\$	2,496
2022	\$	1,248

9. SUBSEQUENT EVENTS

Subsequent to year end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruptions to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by governments and central banks. It is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results of the Association in future periods.



THE ORCHARDS 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 ORCHARDS RESIDENTS ASSOCIATION (the "Company") for use at the Annual General Meeting (the "Meeting") of Voting Members of the Company, to be held at **Orchards Residents Association, 4059 Orchards Dr SW, Edmonton, Alberta, on Wednesday, September 23rd at 7:00 PM (MST)**. All expenses incurred in connection with the solicitation of proxies will be borne by the Company. Solicitation will be made primarily by mail, but proxies may also be solicited by Directors, officers and employees of the Company.

APPOINTMENT AND REVOCATION OF PROXIES

Each Member entitled to vote at the Meeting may, by means of a form of proxy in writing executed by the Member or his attorney, authorized in writing, appoint a proxy to attend and vote on his/her behalf at the Meeting. In order to be acted upon at the Meeting, a form of proxy must be returned as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package. 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 as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package.

EXERCISE OF DISCRETION BY PROXY

Proxies will be voted or withheld from voting in accordance with the Voting 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 that may properly be brought before the Meeting. At the date hereof, management knows of no other such matters.

VOTING BY MEMBERS

Only Voting Members of record in good standing at the close of business on **August 24, 2020**, 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, Homeowner Members and Rental Members.

No Voting Member is entitled to vote at the Meeting if at the date of the meeting any sum due or payable to the Company by such Voting Member remains unpaid for at least forty-five (45) days following a written request for payment of same.

At the close of business on the **August 24, 2020**, the Company had **1683** Voting Members in good standing. In addition, there are **172** Brookfield Residential (Alberta) LP ("Brookfield") votes in respect of lots registered in the name of Brookfield's general partner. **THE COMPANY'S VOTING MEMBERS IN GOOD STANDING AT THE CLOSE OF BUSINESS AUGUST 24, 2020, 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:

Mike Yochim	(Brookfield)
Kim Yendall	(Brookfield)
Warren Ollis	(Brookfield)

It is proposed that up to **seven (7)** resident Directors be elected at the AGM. The following Members in good standing have expressed an interest to stand for election at the Meeting:

Robyn Andrishak
Cherise Frederick
Candace Kruk
Sam Kemble
Tarryn Koll
Jackie Kryiacou-Herman

Nominations will also be sought at the meeting for Directors from the Members. Individuals should be aware of the fiduciary responsibilities of Director’s 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 Kyle Orlecki in advance of the meeting by phone at 587-525-9640, or by email at gm@orchardsra.ca.

Further information is given below with respect to 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
Mike Yochim	2 nd year	Development Manager, Edmonton Communities
Kim Yendall	3 rd year	Accounting Manager, Edmonton Homes
Warren Ollis	6 th year	Project Manager, Edmonton Communities
Robyn Andrishak	3 rd year	Resident Director
Candace Kruk	3 rd year	Resident Director
Tarryn Koll	2 nd year	Resident Director
Jackie Kryiacou-Herman	2 nd year	Resident Director
Cherise Frederick	6 th year	Resident Director
Sam Kemble	2 nd year	Resident Director

The Board would like to extend a very special thanks to Thomas Perras, for his dedication to the ORA Board over the past 5 years. His commitment, contribution and service shown to the ORA has been highly valued, greatly appreciated and will certainly be missed.

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

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

APPOINTMENT OF AUDITORS

Management proposes that BDO Canada be appointed as Auditor for the Company for the fiscal year ending December 31, 2020, and that the Directors be authorized to fix their remuneration.

SPECIAL RESOLUTION

It is proposed that the Company repeal its existing Articles and replace them with revised Articles.

Revisions to the Articles of Association require approval of the membership by Special Resolution pursuant to section 55 of the *Companies Act*, RSA 2000, c C-21. Accordingly, the following special resolutions, as provided in the attached Schedule “A” will be proposed at the AGM. The proposed revisions to the Articles are illustrated in the attached Schedule “B”.

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 ORDER OF THE BOARD OF DIRECTORS



MIKE YOCHIM, President

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

DATED at Edmonton, Alberta, this 24th day of August, 2020

BY ORDER OF THE BOARD OF DIRECTORS



MIKE YOCHIM, President

INSTRUCTIONS FOR PROXY FORMS

If a Member is unable to attend the Meeting, they may exercise their vote via proxy (see attached Proxy form on last page of this booklet). A Member desiring to appoint a person (who must also be a Member in good standing) to represent him/her at the Meeting may do so by inserting such person's name in the blank space provided. The completed proxy should be sent in to the address indicated below:

Orchards Residents Association
4059 Orchards Dr SW, Edmonton, Alberta, T6X 1W5
Or by facsimile to 780-244-2195
Attention: Kyle Orlecki

All proxies must be in writing, signed by the Member and returned no later than 5:00 PM Tuesday September 22, 2020

A Member who has given a proxy may revoke it any time before it is exercised. A proxy may be revoked by instrument in writing or, if the Member is a corporation, by an officer or attorney thereof duly authorized, and delivered as indicated above, at any time up to and including the last business day preceding the Meeting or any adjournment thereof, or in any other manner permitted by law.

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.

Schedule A

SPECIAL RESOLUTION OF THE MEMBERS OF

ORCHARDS RESIDENTS ASSOCIATION

WHEREAS:

- A. The Orchards Residents Association (the "Company") was incorporated on November 5, 2010 so as to maintain and manage certain amenities located in the Orchards community owned by Brookfield Residential (Alberta) LP (formerly known as Carma Developers LP);
- B. It is desirable for the Articles of Association ("Articles") to be amended to provide for the service of notices electronically to the email address provided to the Company by each Member, if permitted by law;
- C. The Association desires to amend its Articles of Association ("Articles") and Section 55 of the *Companies Act* (Alberta) provides that the Company may, by Special Resolution of its members, amend its Articles;

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- 1. Article 8 (b) of the Articles is added as the following:

8. (b) Meetings of the Company may be held in person (in which case they shall be held in the City of Edmonton, in the Province of Alberta) or, to the extent permitted by law, via videoconference, audioconference or other electronic means provided all persons participating in the meeting can hear each other. Members who attend a meeting via videoconference, audioconference or other electronic means shall be deemed to be present in person at that meeting. The manner in which a meeting shall be held shall be determined by the Directors.
- 2. Article 19 of the Articles is replaced with the following:

19. On a show of hands or otherwise as the chairman may direct, every Voting Member present in person, including the proxy or representative of a Voting Member, shall be entitled to the number of votes allocated to that Voting Member pursuant to the provisions hereof.
- 3. Article 73 of the Articles is replaced with the following:

73. Any notice may be served by the Company on any of the Members either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such Member as the same appears in the books of the Company, or if no address is given therein, to the last address of such person known to the secretary or, if permitted by law, by electronic means, to the last known email address of such person to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such person upon it being so posted up, and any notice sent by post shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Canada Post Corporation's letter boxes.
- 4. Any two directors or officers of the Company are hereby authorized to do all things necessary or desirable to give effect to the foregoing.

Schedule B
ILLUSTRATION OF PROPOSED CHANGES TO
THE ARTICLES OF ASSOCIATION OF
ORCHARDS RESIDENTS ASSOCIATION

Article 8

Original Text

8. (a) The general meetings referred to in the preceding clause shall be called annual general meetings, and all other meetings of the Company shall be called special general meetings. All meetings of Members shall be held in the City of Edmonton, in the Province of Alberta;
- (b) No Family Members shall be entitled to notice of or to attend any meeting, general, special or otherwise of the Company;
- (c) Only Voting Members shall be entitled to vote on, or propose, or second resolutions at meetings of the Members; and
- (d) Only Voting Members shall be entitled to notice to attend annual general meetings.

Proposed Text

8. (a) The general meetings referred to in the preceding clause shall be called annual general meetings, and all other meetings of the Company shall be called special general meetings. All meetings of Members shall be held in the City of Edmonton, in the Province of Alberta;
- (b) Meetings of the Company may be held in person (in which case they shall be held in the City of Edmonton, in the Province of Alberta) or, to the extent permitted by law, via videoconference, audioconference or other electronic means provided all persons participating in the meeting can hear each other. Members who attend a meeting via videoconference, audioconference or other electronic means shall be deemed to be present in person at that meeting. The manner in which a meeting shall be held shall be determined by the Directors.
- (c) No Family Members shall be entitled to notice of or to attend any meeting, general, special or otherwise of the Company;
- (c) Only Voting Members shall be entitled to vote on, or propose, or second resolutions at meetings of the Members; and
- (d) Only Voting Members shall be entitled to notice to attend annual general meetings.

Article 19

Original Text

19. On a show of hands every Voting Member present in person, including the proxy or representative of a Voting Member, shall be entitled to the number of votes allocated to that Voting Member pursuant to the provisions hereof.

Proposed Text

19. On a show of hands or otherwise as the chairman may direct, every Voting Member present in person, including the proxy or representative of a Voting Member, shall be entitled to the number of votes allocated to that Voting Member pursuant to the provisions hereof

Article 73

Original Text

73. Any notice may be served by the Company on any of the Members either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such Member as the same appears in the books of the Company, or if no address is given therein, to the last address of such person known to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such person upon it being so posted up, and any notice sent by post shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Canada Post Corporation's letter boxes.

Proposed Text

73. Any notice may be served by the Company on any of the Members either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such Member as the same appears in the books of the Company, or if no address is given therein, to the last address of such person known to the secretary or, if permitted by law, by electronic means, to the last known email address of such person to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such person upon it being so posted up, and any notice sent by post shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Canada Post Corporation's letter boxes.

**ORCHARDS RESIDENTS ASSOCIATION
2020 ANNUAL GENERAL MEETING OF VOTING MEMBERS
WEDNESDAY, SEPTEMBER 23, 2020 at 7:00 PM (MST)
PROXY SOLICITED BY MANAGEMENT**

The undersigned Voting Member of the ORCHARDS RESIDENTS ASSOCIATION (the "Company") hereby appoints **MIKE YOCHIM** or failing him _____, as proxy to attend and vote on behalf of the undersigned at the Annual General Meeting of Voting 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 at ten (10).
- 2.) **FOR** or **AGAINST** the election of the following resident(s) as Director(s): Please mark a maximum of 7 candidates.

<u>NAME</u>	<u>FOR</u>	<u>AGAINST</u>
ROBYN ANDRISHAK		
CHERISE FREDERICK		
TARRYN KOLL		
CANDACE KRUK		
JACKIE KRYIACOU-HERMAN		
SAM KEMBLE		

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

- 3.) **FOR** _____ **OR** **AGAINST** _____ (and if no specification is made, FOR)
That BDO Canada be appointed as Auditor for the Company for the fiscal year ending December 31, 2020 and that the Directors be authorized to fix their remuneration.
- 4.) **FOR** _____ **OR** **AGAINST** _____ (and if no specification is made, FOR)
To approve by Special Resolution that the Company amend articles 8 and 19 of the ORA's Articles of Association to allow the Company to, if permitted by law, conduct Annual General Meetings through electronic means, as described in Schedule "A" of the Information Circular accompanying this notice.
- 5.) **FOR** _____ **OR** **AGAINST** _____ (and if no specification is made, FOR)
To approve by Special Resolution that the Company amend article 73 of the ORA's Articles of Association to allow the Company to, if permitted by law, to email notices to its Members, as described in Schedule "A" of the Information Circular accompanying this notice.
- 6.) **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 _____, 2020.

Voting Member's Name (please print)

Signature of Voting Member

Voting Member's Orchard's Address (required)

This form should be signed by the Voting Member or his attorney, authorized in writing, and if the Voting Member is a corporation, this form of proxy should be signed by a duly authorized officer under corporate seal.

RETURN PROXIES NO LATER THAN 5:00 PM Tuesday September 22nd, 2020
Orchards Residents Association
4059 Orchards Dr SW, Edmonton, AB
OR by facsimile: (780) 244-2195
ATTENTION: Kyle Orlecki

**ALTERNATIVELY, PROXIES MAY BE DELIVERED TO THE CHAIRPERSON ON THE DAY OF THE MEETING OR AN
ALTERNATE VOTING MEMBER**



