

MAR 15 2012



Canada Revenue Agency      Agence du revenu  
du Canada

**REGISTERED MAIL**

Riddell Family Charitable Foundation  
Suite 4700, 888 3<sup>rd</sup> Street SW  
Calgary, AB T2P 5C5

BN: 890615396RR0001  
File #: 0899534

Attention: Mr. Clay Riddell

**Subject: Notice of Penalty**  
**Riddell Family Charitable Foundation**

Dear Mr. Riddell:

I am writing further to our telephone conversation we had with your representative, Ms. Jan Gray, on June 22, 2011, in which she was invited to submit documentation to confirm her belief that Riddell Family Charitable Foundation (the Organization) did not meet its divestment obligation percentage in accordance with subsection 149.1(1) of the *Income Tax Act*.

We have thoroughly reviewed the information provided in Ms. Jan Gray's June 29, 2011, submission. According to her submission, the Organization has not met its divestment obligation percentage for the fiscal year ended December 31, 2010. As such, the Organization has contravened subsection 188.1(3.1) of the Act and is therefore liable for a penalty on excess corporate holdings.

If a private foundation, by the end of its fiscal period, has not met its divestment obligation for that period, with respect to a class of shares, the foundation is liable to a penalty of 5% of the fair market value of all the issued and outstanding shares in that class, multiplied by its divestment obligation percentage. The penalty is increased to 10% if the foundation was assessed under paragraph 188.1(3.1)(a) in any five periods prior to the current fiscal period in respect of any divestment obligation.

If the private foundation fails to respect its divestment obligation percentage in accordance with subsection 149.1(1) of the Act, the Minister may revoke the registration of the private foundation in accordance with paragraph 149.1(4)(c) of the Act.

Consequently, I wish to advise you that, pursuant to subsection 188.1(3.1) of the Act, I propose to assess a penalty to the Organization.

**Penalty Assessment:**

The penalty assessed by the Canada Revenue Agency (CRA) is calculated as follows:

**A) 5% of the fair market value of all issued and outstanding common shares.**

Common shares –Alaris Royalty Corp.

Total number of issued and outstanding common shares	15,759,939
Fair market value per share at end of fiscal period	11.64
Fair market value of all issued and outstanding common shares	183,445,689.96
Multipled by 5% penalty	5%
5% of the fair market value of all issued and outstanding common shares	\$9,172,284.50

**B) Divestment obligation percentage.**

Holdings of the Organization (shares)	331,667
Holdings of relevant person(s) with a material interest (shares)	3,472,333
Total corporate holdings (shares)	3,804,000
Total number of issued and outstanding common shares	15,759,939
Total corporate holdings percentage	24.13%
Less: 20%	20.00%
Excess corporate holdings percentage	4.13%
Divestment obligation percentage of the Organization	0.1044%

**C) Penalty (A\*B)**

A) 5% of the fair market value of all issued and outstanding common shares	\$9,172,284.50
B) Divestment obligation percentage	0.1044%
Penalty under 188.1(3.1) for fiscal year 2008	\$9,575.86

In accordance with subsection 189(6.3) of the Act, the penalty may be paid to an eligible donee as defined in subsection 188(1.3). An eligible donee in respect of a particular charity is a registered charity:

1. of which more than 50% of the members of the board of directors or trustees of the registered charity deal at arm's length with each member of the board of directors or trustees of the particular charity;

2. that is not subject to a suspension of tax-receiving privileges;
3. that has no unpaid liabilities under the *Income Tax Act* or the *Excise Tax Act*;
4. that has filed all its information returns; and
5. that is not subject to a security certificate under the *Charities Registration (Security Information) Act*.

The CRA requires the following documentation to confirm that the eligible donee received the penalty payment:

- a letter addressed to the Director, Compliance Division (mail to address below), signed by an authorized representative of the eligible donee, confirming the penalty payment was received and the amount paid; and
- a copy of either the cancelled cheque or evidence of a non-cash transfer.

Should you choose instead to make your payment to the CRA, please make the cheque payable to the Receiver General for Canada and mail it to:

Director  
Compliance Division  
Charities Directorate  
Canada Revenue Agency  
320 Queen Street, 7<sup>th</sup> Floor  
Ottawa ON K1A 0L5

Please note that in accordance with subsection 149.1(1.1) of the Act the penalty payment made to an eligible donee shall not be deemed to be an amount expended on charitable activities nor a gift made to a qualified donee.

Failure to pay this penalty amount or make arrangements for payment will result in us reconsidering our decision not to proceed with the issuance of a Notice of Intention to Revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

If you have any questions or require further information or clarification regarding the penalty payment, please contact Mr. Eli Morad at 613-894-7456 or toll-free at 1-800-267-2384.

#### **Appeal Process:**

Should you wish to appeal this Notice of penalty in accordance with subsection 165(1) of the Act, a written Notice of Objection, which includes the reasons for objection and all relevant facts, must be filed within 90 days from the mailing of this letter. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate  
Appeals Branch  
Canada Revenue Agency  
250 Albert Street  
Ottawa ON K1A 0L5

**Public Notice:**

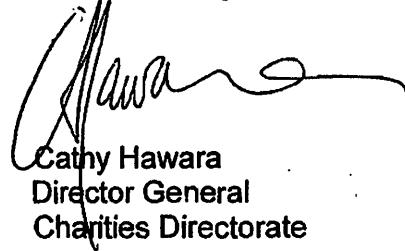
By virtue of paragraph 241(3.2)(g) of the Act, the following information relating to the Organization's penalty assessment will be posted on the Charities Directorate website:

**Penalty Assessment:**

Name of Organization:	Riddell Family Charitable Foundation
Registration Number:	890615396RR0001
Effective date of Penalty:	March 15, 2012
Reason for Penalty:	Penalty for excess corporate holdings
Act Reference:	Subsection 188.1(3.1)
Amount of Penalty:	\$ 9,575.86

I trust the foregoing fully explains our position.

Yours sincerely,



Cathy Hawara  
Director General  
Charities Directorate

c.c. Jan Gray  
96 Sterling Springs Cres. SW  
Calgary AB T3Z 3J7



CANADA REVENUE AGENCY AGENCIE DU REVENU DU CANADA

## NOTICE OF ASSESSMENT - AVIS DE COTISATION

Date of mailing - Date de l'envoi March 15, 2012	Business Number - Numéro d'entreprise 890615396RR0001	Taxation year - Année d'imposition 2010
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### NAME OF ORGANIZATION – NOM DE L'ORGANISME

Riddell Family Charitable Foundation

Penalty amount	Amount Paid	Balance owing
\$ 9,392.42	\$0	\$ 9,392.42
Montant de la pénalité	Montant payé	Solde dû

### Explanation of assessment – explication de la cotisation

Penalty assessed in accordance with subsection 188.1(3.1) for excess corporate holdings of a private foundation that did not meet its divestment obligation, by the end of its fiscal period. The penalty is equal to 5% of the fair market value of all of the issued and outstanding shares in that class, multiplied by its divestment obligation percentage.

Linda Lizotte-MacPherson  
Commissioner of Revenue  
Commissaire du revenu