

The Gairdner Foundation Corporate Plan 2012

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THE GAIRDNER FOUNDATION CORPORATE PLAN EXECUTIVE SUMMARY

HISTORY

The Gairdner Foundation was created in 1957 by James Arthur Gairdner to recognize and reward the achievements of medical researchers whose work contributes significantly to improving the quality of human life. The history of the Foundation is a story of a Canadian organization that has never lost sight of its primary mission- the recognition of scientists it deemed to have made the most important breakthrough discoveries in biomedical science. It's recipients were responsible for the discovery of the structure of DNA, the eradication of smallpox, CT scans, MRI machines, the human genome, the cure for ulcers, and the vaccine against HPV to name a few.

Since the awards were first granted in 1959, they have become Canada's foremost international award, and they are one of the three most prestigious awards in medical science. A track record of consistently high quality adjudication and selection by the independent adjudication committees have resulted in global recognition and esteem of the Canada Gairdner Awards.

The Gairdner was incorporated in December 1957 as a charitable corporation under the laws of the Province of Ontario, Canada. Its funds originally derived from the personal gifts of the founder and members of his family. This inspired, farsighted decision and the faithful stewardship by those who carried on the activities of the Foundation have ensured that the Awards continue to inspire the very best health research and have contributed to strengthening Canada's international reputation in biomedical science.

In 2008, the Gairdner Foundation received a grant of \$20M from the federal government to support and enhance the International Awards program. This grant has been capitalized for the term of the agreement, and only income from the Fund, including interest, dividends and realized capital gains may be utilized until the funding agreement terminates in 2028. This funding will help to ensure that the Canada Gairdner International Awards continue to grow in stature on the international stage. The Gairdner Foundation has been working with the other governmental and non-governmental organizations for complementary funding to support the Awards.

GOVERNANCE

The Foundation is governed by a 16 member Board of Directors, including 2 ex-officio members. The Board is comprised of individuals who bring their expertise from the academic, private and public sectors. Board members are nominated and appointed for an annual term.

The Board is responsible for overseeing the management of the organization, and through committees, conducts detailed examinations of issues and opportunities. The Directors provide strategic insight and leadership, and effective governance as they strive to maintain and extend the capacity for the Foundation to achieve its purpose and goals.

The Board has established a number of committees to help it discharge its duties, including Executive Committee, Audit Committee, Investment Committee, and Governance and Nominating Committee.

The Investment Committee is a standing Committee of the Board responsible for overseeing the investments and management of funds according to a Board-approved Investment Policy Statement that outlines guidelines, standards and procedures for the prudent investment and management of funds. Investment decisions are made with the principal objective being the preservation of the capital amount over the long-term.

The Audit Committee is a standing Committee of the Board responsible for overseeing the Gairdner Foundation's policies, processes and activities in the areas of accounting and internal controls, risk management, auditing and financial reporting.

Both the Investment and Audit Committees meet quarterly and report to the Board on the outcome of their deliberations.

The Board of Directors has appointed a President and Scientific Director, who has the responsibility for 4 advisory panels that provide expertise on the nomination and selection of the annual Awards:

- Medical Review Panel (MRP) is composed of a group of leading scientists from across Canada with specialties in various fields of medicine, who provide a "first screening" of the nominations for the Canada Gairdner International Awards, submitting their long and short list to the Medical Advisory Board.
- Medical Advisory Board (MAB) is composed of eminent Canadian and International scientists. The MAB reviews the nominations submitted by the Medical Review Panel. After an in-depth study and lengthy discussion of each nominee, comparing their work with others in their respective field, secret ballots are cast and the annual awardees are chosen.
- Global Health Advisory Committee is composed of international experts in the field of global health with a clear understanding of the basic, clinical, population and social science issues in developing countries.
- Gairdner Wightman Committee is composed of highly experienced adjudicators who are scientists / researchers in a significant leadership role.

The President and Scientific Director reports to the Board of Directors. Two senior staff (Director of Finance and Vice President External Relations) report directly to the President. These two individuals represent professional team players with solid track records and specialized areas of expertise who are comfortable working and collaborating with colleagues and associates at provincial, national and international levels. In total, the Gairdner Foundation has the equivalent of 4.5 full-time employees in addition to consultants who provide expertise in the delivery of specialized services on an as-needed basis.

The Gairdner Foundation's mandate, governance, operations, and performance requirements are as determined by the Board of Directors. The Foundation has full independence from Canadian Institutes of Health Research, (CIHR) and other parties in its governance and operations, as well as the nomination and selection process for the scientists on whom it confers its awards.

In addition to encouraging and rewarding individuals who have made contributions in the conquest of disease and the relief of human suffering, the Foundation presents the Canada Gairdner Awards to focus public, professional and scientific attention on significant achievements in the field of health sciences. It is also intended that the Awards foster improved communication of ideas among scientists, students and the public.

MISSION

- To reward and inspire the highest standards of international excellence by recognizing and rewarding those who have achieved the most important breakthrough discoveries in the field of health research.
- To bring to the attention of Canadian scientists and the public, the most important scientific developments globally in the field of health research.
- To inspire young Canadian scientists to aspire to the highest levels of scientific excellence and encourage the next generation's interest in health science research.
- To foster the improved communication of ideas among scientists and to facilitate linkages between leading international scientists and Canadian scientists/research institutions.
- To enhance Canada's stature in the global health research community.

OUR VISION

1. The Canada Gairdner Awards are internationally recognized as preeminent awards for the most significant international scientific achievements in health research
2. The Canada Gairdner Awards and programs provide inspiration to Canadian researchers, including the next generation, to achieve world-class levels of scientific excellence
3. The Canada Gairdner Awards are a source of national pride and contribute to the understanding of the value of medical research to our nation and its future.

OUR VALUES

- *International Scientific Excellence*
- *Integrity*
- *Independence*
- *Global perspective*

OUR GOALS

Our core mandate is to select the annual Canada Gairdner International recipients. Over the past 52 years, the Foundation has gained a superb international reputation for recognizing and rewarding early the work of the world's leading scientists. The goal of the Foundation is to maintain and expand the profile of the Canada Gairdner Awards program with a commitment to encouraging excellence and recognizing and rewarding those who achieve such excellence in the field of health sciences.

Biomedical research is fundamentally an international endeavour. The international stature of the awards conveys to the rest of the world that scientific research is both recognized and respected in Canada. The Gairdner Foundation recognizes, encourages and celebrates basic research and in so doing helps to foster a culture of research and innovation.

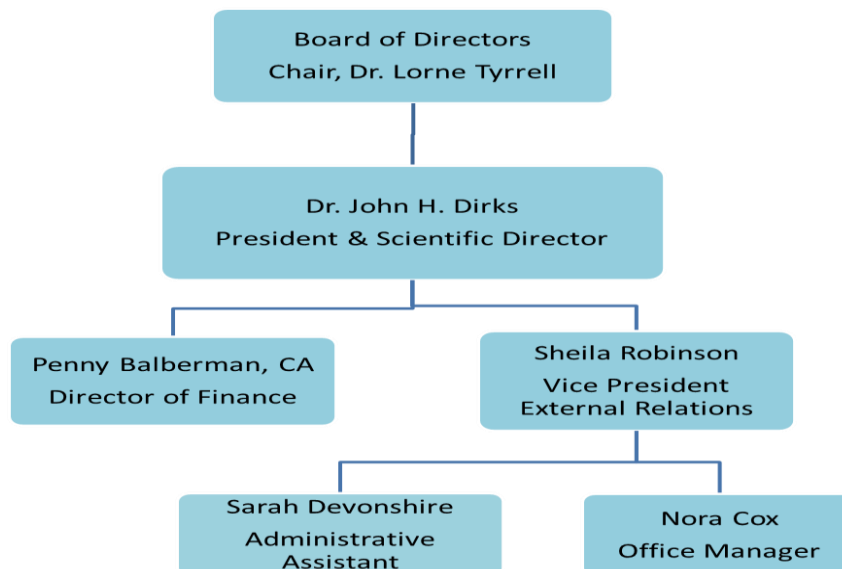
A unique aspect of the Gairdner Foundation is the National Program, where award recipients contribute a week of their time to lecture at approximately 20 universities across Canada. The National Program brings the world's top scientists to Canada and helps raise the profile of science in our country. It provides a unique opportunity for Canadian scientists and graduate students to interact with international leaders who represent the best of scientific excellence.

The Foundation plays an important role in scientific life in Canada through its second mission, the annual high school program. Our aim is to inspire young Canadians to aspire to the highest levels of scientific excellence.

OUR OBJECTIVES

1. Inspire Canadian scientists through public celebrations showing the value of research.
2. Foster collaboration between Canadian and international scientists by bringing them from abroad to meet with Canadian scientists through lectures, small group discussions, grand rounds, and social interactions.
3. Enhance and encourage a culture of science in Canada by emphasizing excellence and the value of research to senior scientists, postgraduate, graduate and medical students, high school students and the public at large.
4. Maintain the highest standards in selecting recipients of the Awards by appointing eminent international and Canadian scientists to the highly respected 2- tier jury system.

ORGANIZATION CHART NOVEMBER 2011



PERFORMANCE EXPECTATIONS AND ACTION PLANS

EVALUATION

Our four primary goals are derived from The Gairdner Foundation's Mission and Objectives.

The following principles guide our activities:

1. Inspire Canadians to perform at world-class levels of scientific excellence
2. Encourage and celebrate international excellence in health research
3. Cultivate international relationships
4. Foster collaborative relationships with government, private sector and other non-governmental parties to further expand and augment the Canada Gairdner Awards

ACHIEVEMENTS TO DATE

The stature of the awards within the international scientific community has grown significantly over 52 years based on the highly respected two-stage jury system for selection of the award recipients and the track record of the Canada Gairdner Awards in recognizing internationally outstanding science; breakthroughs at the leading edge. A measure of this standard of excellence is reflected in the results:

Of the 308 individuals from 14 countries, including 42 Canadians, who have won the Canada Gairdner International Award, 78 have gone on to win a Nobel Prize in Medicine or Chemistry.

In the last 10 years, 17 of 24 Nobel prizes in Medicine have gone to Gairdner laureates. The International Awards draw the best in the world to Canada. Today, the Canada Gairdner International Awards, by virtue of their reputation, have put this country on the map as a jurisdiction that recognizes true excellence in medical scientific research.

In addition to the International Awards, the Canada Gairdner Wightman Award is presented to a Canadian who has demonstrated outstanding leadership in medicine or medical research, and the Canada Gairdner Global Health Award for significant scientific advances in health in developing countries.

BENEFITS

The impact of past Gairdner awardees has been significant, and many economic spin-offs have resulted from the discoveries of former Gairdner laureates. Two California-based biotech companies and their multibillion-dollar enterprises were built on the foundation of discoveries of Gairdner awardees.

"Gairdner awardees" achievements have dramatically impacted the health of people around the world. A few recent examples include:

1. All the modern imaging technology – CT scans, functional MRI imaging, PET scanning grew out of discoveries by Gairdner Awardees. Paul C. Lauterbur (1985 Gairdner)
2. Development of Herceptin, the most effective therapy for Her2-positive breast cancer, which affects about 20-25% of all breast cancer patients. Denis Slamon (2007 Gairdner)
3. The HPV vaccine against cervical cancer grew directly from the discoveries of 2008 Gairdner awardee. Harald zur Hausen (2008 Gairdner)

More important than their significant economic impact, the discoveries such as those listed above have given physicians the tools to improve the health and save the lives of millions of people.

PERFORMANCE RESULTS for 2011

1. Participation in National Program

The National Program of Faculty lectures took place in 20 centres between October 17 and 28. Over 6,000 university students, faculty, researchers and scientists participated in the National Program.

What are the Benefits?

The National Program provides an umbrella under which scientists across Canada can gather to explore the latest developments in the international world of bioscience.

Through the development of key partnerships and collaborations, we help to create a sense of community in diverse research institutions across Canada.

2. Student Outreach

The program took place at 15 universities. The number of students participating at each university varied between 40 and 400 depending on the approach taken by the individual institution. Approximately 100 high schools now participate each year.

What are the Benefits?

The Student Outreach Program provides a unique opportunity for high school students to interact with leading scientists from around the world talk about their discoveries and how they became interested in science. The lectures are aimed at students who are about to enter university, and one goal is to encourage them to consider a career in scientific research and the pursuit of scientific excellence.

3. Canada Gairdner Global Health Award

The 2011 recipient was Dr. Robert Black of Johns Hopkins University. His work on childhood diarrhea has saved several hundred thousand lives in many parts of Africa, Asia and South America. The Globe and Mail did a major article on Dr. Black's work. While in Ottawa, Dr. Black met with CIDA officials as well as Prime Minister Stephen Harper.

What are the Benefits?

The long term goal of the Global Health Award is to stimulate those in the global scientific and medical community to undertake research that will lead to advances valuable to the health of nations.

4. Expand the profile of the Foundation

The Gairdner Foundation partnered with Canadian embassies in Israel, France, Britain, the USA and Japan to celebrate 2011 recipients in their home countries.

The Lancet covered the 2011 awardees at announcement time in March, the first such coverage in a major international journal.

What are the Benefits?

By hosting events with Gairdner, Canada's international representatives are able to attract leading scientists and institute leaders in each country to our embassies to familiarize them with Canadian research initiatives. Gairdner can open the door for further dialogue.

The Lancet is one of the world's best known and respected medical journals, and among peer-reviewed medical journals, is the most cited by major international media.

5. Increase the number and quality of the Nominations

The new nominations for the International Awards and the Global Health Award continue to be of the highest quality. In 2011, nominations for the International Awards increased by 10%, from 83 in 2010 to 91 in 2011. Nominations for Global Health and Wightman have also increased substantially from prior years. (20% and 30% respectively)

What are the Benefits?

Participation on the adjudication committees provides Canadian scientists with close connections to leading-edge research in their fields. The Medical Advisory Board and Global Health Advisory Committee also familiarize the best world's scientists with Canada's research strengths.

DETAILED PERFORMANCE EVALUATION 2011

1. Frontiers in Neuroscience

This two-day symposium was held in partnership with the University of Calgary, May 16-18, 2011. Speakers included Drs. Bryan Kolbe (University of Lethbridge), Robin Franklin (Cambridge) Mu-ming Poo (Berkeley) and Li-Huei Tsai (MIT). A public lecture was given by Dr. Stanley Prusiner (Gairdner 1993, UCSF) titled, From Mad Cow Disease to Alzheimer's.

Attendance - 225

2. Frontiers in Mental Health

This one-day symposium was held in Montreal in partnership with the Graham Boeckh Foundation, on May 26, 2011. The program was a unique blend of research and clinical scientists which yielded new insights into the treatment of mental health disease. Speakers included Drs. Guy Rouleau (Université de Montréal), Judith Rapaport (NIH), Jean-Pierre Changeux (Pasteur Institute, France), Pamela Sklar (Mt Sinai Medical School), Danny Weinberger (NIH), Shitij Kapur (King's College, London) and Sydney Brenner (The Salk Institute, CA).

Dr. Norman Doidge, author of "The Brain That Changes Itself" attracted a sold-out crowd for his public lecture, which took place at the conclusion of the symposium.

Symposium Attendance- 220
Public Lecture Attendance-900

3. The 2011 National Program

The Foundation carried out its National Program of University Lectures at 20 universities across Canada: UBC, Calgary, Edmonton, Saskatoon, Winnipeg, Western Ontario, Guelph, McMaster, Waterloo, York, Toronto, Queen's, Ottawa, McGill, Montréal, Laval, Dalhousie, UPEI, and Memorial.

Speakers included 2011 Canada Gairdner recipients Drs. Adrian Bird, Aharon Razin, Howard Cedar Shizuo Akira, Jules Hoffmann, Robert Black and Michael Hayden, as well as 2010 recipients Drs. Nicholas White and Greg Semenza.

Attendance- 5,080

A half-day epigenetics symposium was held at McGill University October 30. Chaired by Dr. Phil Gold (Gairdner 1978), speakers included: Drs. Howard Cedar (Canada Gairdner 2011), Aharon Razin (Canada Gairdner 2011) and Moshe Szyf, a former student of Dr. Razin and current professor at McGill.

Attendance- 300

4. Student Outreach programs took place at 15 Universities across Canada, a decrease of 1 from 2010, as Dalhousie decided not to participate this year. In addition, Thunder Bay will hold its program in the winter of 2012.

Location	Attendance
University of British Columbia	220
Calgary	300
Alberta	400
Saskatchewan	160
Winnipeg	125
Western	110
Waterloo	60
University of Toronto	425
York	325
Carleton	100
McGill	150
Montreal	300
Queen's	60
Guelph	20
Memorial	120
TOTAL	2,875

All of the Gairdner Foundation events are free of charge and open to anyone with an interest in scientific research and its implications. Speakers included the seven 2011 Gairdner recipients plus 2010 recipients Drs. Cal Stiller and Nicholas White.

5. Toronto Events

This year the events took place from Oct 26-28. Activities included:

- *Diabetes: 90 Years After Insulin*, a one day symposium featuring speakers such as Joseph Goldstein (Gairdner and Nobel Laureate, University of Texas), Jeffrey Friedman (Gairdner Laureate, The Rockefeller University), Andrew Hattersley (Exeter, UK), Marc Donath (University of Basel), Daniel Drucker (University of Toronto) and others.
Attendance - 400
- Reception for science researchers, government officials, students and Gairdner Laureates at Massey College, University of Toronto Oct 26. Five members of the media attended.
Attendance - 100
- *Minds That Matter* recipients' lectures on Oct. 27 at the MacLeod Auditorium, University of Toronto.
Attendance – 800
- *Advances in Immunology and Inflammation* Symposium on Oct. 28 at the MacLeod Auditorium, University of Toronto featuring speakers: Drs. Ronald Germain (NIH), Tadimitsu Kishimoto (Osaka University), William Paul (NIH), Pamela Ohashi (University of Toronto), Jeffrey Ravetch (The Rockefeller University), Daniel Littman (New York University School of Medicine), and Fiona Powrie (University of Oxford)
Attendance – 375
- Canada Gairdner Awards dinner, sold out event held at the ROM in Toronto.
Attendance – 544

6. Increase profile of the Canada Gairdner Awards

In 2011, the public profile of the Gairdner Foundation was raised through advertising and media coverage. Once again a sponsor contributed funds to hire a PR firm to work with the media in Toronto and Quebec in particular.

Coverage included:

- Maintained the Globe & Mail as our national media sponsor and carried a full page announcement ad in March, and two half page ads in the National edition in October
- Articles in the Globe and Mail in March, October and editorial in November
- Dr. Jeff Friedman (2005 Gairdner Laureate) filmed for Stroumbouloupoulos on CBC TV
- March announcement ads in *Science* and *Nature*
- Features on the 2011 Canada Gairdner International Award recipients in *The Lancet*, and a separate piece on Global Health winner Robert Black
- Editorial on Canada Gairdner Awards in *Biotechnology Focus* (April)
- Coverage on *Metro Morning*, CBC Radio
- Globe and Mail online op-ed article by John Dirks on curiosity-driven research

7. Succession Planning

The Board is planning for a formal succession effective late 2013.

PLANNED ACTIVITIES AND EXPECTED RESULTS FOR 2012

The commitment to excellence, foresight and personal drive of the individuals responsible managing the Foundation have resulted in the growth and success of the Foundation. The Awards and the National and Student Outreach Programs are now mature and stable programs that contribute to Canada's culture of science while recognizing only the world's best scientific research.

Our next major goal is to increase the international profile and reach for the Canada Gairdner Awards, through international events held in partnership with Canadian embassies in the home countries of each year's recipients.

PERFORMANCE OBJECTIVES FOR 2012

1. Participation in National Program

We expect participation in the National Program to remain at 20-22 universities. Dr. Ron Pearlman, Professor Emeritus, York University and a past member of the MAB, works as Associate Scientific Director.

2. Student Outreach

We hope to add several universities to the student program with the assistance of Dr. Pearlman. We gather student responses to each event, and use the results to ensure that the lectures remain relevant and interesting to the students invited to the events.

3. International profile of the Canada Gairdner Awards

We continue our efforts to raise Gairdner's profile through international events and better international marketing and communications.

4. Increase the number and quality of the nominations

The Foundation proactively seeks new nominations for all three awards.

5. Strengthen and improve the presence of the Foundation in Quebec

Three Quebec universities usually participate in the National Program and the Foundation is working to strengthen their level of participation. The Mental Health Symposium in May 2011 was the first fully bilingual special event held in Quebec and we plan to hold one in Quebec City by 2013.

6. Partner in two special high quality symposia in various parts of Canada each year

The first event, on virology will be held May 31-June 1 in Edmonton and planning is currently well underway.

Gairdner is also partnering with all the Genome Institutes in Canada on a two-day international Genome symposium on November 27-28, 2012 to be held in Ottawa.

LONGER TERM PRIORITIES FOR 2013 AND BEYOND

1. Increase the international profile of the Canada Gairdner Awards.
2. Continue to expand Student Outreach Program.
3. Succession of the President & Scientific Director.

FINANCIAL SUMMARY

The Gairdner Foundation maintains proper financial controls and sound management practices to ensure the best use of its public and private funds. Capital from the original family endowment has been invested together with funds received from the federal and provincial government.

The 'Funding Agreement' executed on 23 March 2008 between CIHR and the Gairdner Foundation outlines the terms of the grant of \$20M received in 2008. The proceeds have been used to establish an endowment in order to support and enhance the Awards. This grant has been capitalized for the term of the agreement, and only income from the Fund, including interest, dividends and realized capital gains may be utilized until the funding agreement terminates in 2028. The Foundation is able to draw upon the capital to a maximum of \$2 million over the term of the Agreement, provided it uses best efforts to restore any capital withdrawn.

This 'Funding Agreement' defines obligations for the term of the agreement, ending March 31, 2028. A mid-term review date of March 31, 2018 will take place to assess whether the objectives are being met and whether the Canada Gairdner International Awards remain competitive internationally.

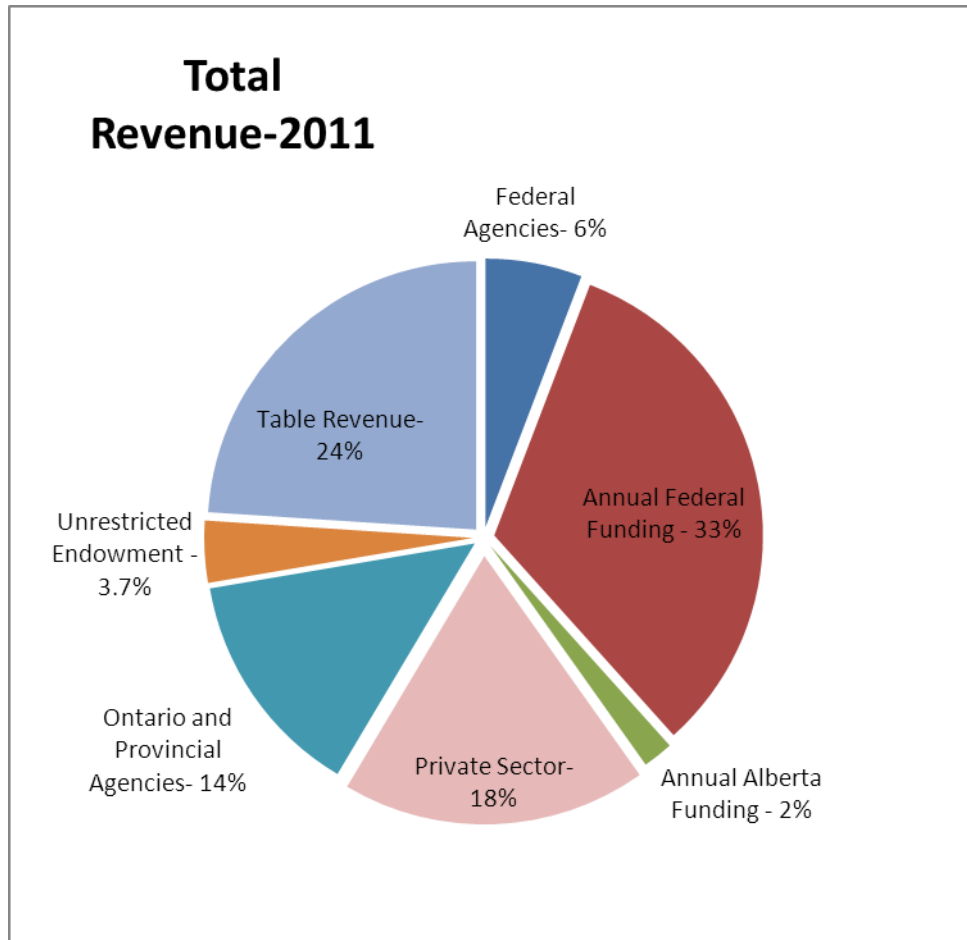
A grant of \$2 million was received from the Alberta government in 2008, for the purpose of expanding the Gairdner program in Alberta. This grant is also to be capitalized during the term of the agreement, and only the income from the Fund, including interest, dividends and realized capital gains may be used. This grant has an indeterminate term; however the Agreement shall be reviewed at least every 5 years. The Foundation is able to draw upon the capital to a maximum of \$250,000 over the term of the Agreement, provided it uses best efforts to restore any capital withdrawn.

Commitments made by the Foundation for the support of the Alberta Gairdner Outreach Program must not exceed the available Earnings. Earnings from this fund are to be used to support the Alberta Gairdner Outreach Program.

Given the current low interest rate environment, the portfolio has not earned sufficient returns to cover costs and offset inflation. The Foundation requires a sufficiently large endowment in combination with multi-year sustainable funding commitments in order to ensure continued success and to stabilize our infrastructure. This would also allow us to reduce our reliance on annual sponsorships, which represent the current primary revenue source in addition to the portfolio income.

Every year the Gairdner Foundation seeks sponsors from both the public and private sector to support our annual programs. In 2011, revenue of approximately \$2.4 million was allocated as follows:

2011 FUNDING SOURCES FOR THE GAIRDNER



PLANNED RECEIPTS AND DISBURSEMENTS FOR 2012

The approved budget for 2012 calls for revenue of \$2.4 million and operating expenditures of \$2.3 million, resulting in a small Surplus. Budget expenditures include \$.7 million for Awards, \$.6 million for Program expenses, \$.9 million for Administrative and Marketing costs and \$.1 million for adjudication costs.

We expect Investment income of approximately \$.6 million in 2012. Investment income has been allocated proportionately to the Federal, Alberta and Foundations' funds.

We must ensure our asset allocation strategy provides the appropriate balance between risk and return. However, given the recent volatility in the markets and the ongoing low interest rate environment, the portfolio will not earn sufficient returns to pay for the awards (\$700,000), and certainly not enough to pay for any other expenditures related to the program. We must also be able to offset inflation over the long-term and that is not possible in this market environment.

At the end of 2010, we had drawn upon the capital of the fund for \$245,000. At the end of 2011, we are forecasting a further draw of approximately \$450,000 based on historically low rates of return on the portfolio and losses to the end of Q3 2011. Without a rebound in the markets in Q4, we do not expect a reversal of these losses.

As of September 30, 2011, the portfolio asset mix included 54% allocation to cash and fixed income, 38% equities, and 8% alternative strategies relative to our long-term target of 50/40/10.

The following table provides the budgeted revenues and expenditures for the fiscal year 2012. The budget for 2012 was presented and approved by the Board of Directors at its November 16, 2011 meeting.

**THE GAIRDNER FOUNDATION
BUDGET 2012**

	ACTUAL 2010	FORECAST 2011	BUDGET 2012	% of REV	\$ INC(DEC) OVER 2011	% INC(DEC) OVER 2011
<u>REVENUES</u>						
Sponsorship	1,065,166	935,000	850,000	36%	(85,000)	-9%
Table Sales	517,000	619,000	500,000	21%	(119,000)	-19%
Donations	112,813	45,000	-	0%	(45,000)	-100%
Government Grant Funding	899,098	888,238	917,000	39%	28,762	3%
Portfolio Revenue	105,169	95,964	95,964	4%	(0)	0%
Realized Gains/(Loss)	36,759	(12,475)			12,475	
Unrealized Gains/(Loss)	91,349	(227,434)			227,434	
TOTAL	2,827,354	2,343,293	2,362,964	100%	19,671	0.8%
<u>EXPENDITURES</u>						
Board	42,309	115,200	76,600	3%	(38,600)	-34%
Administration	647,550	625,500	685,000	29%	59,500	10%
Events	585,776	638,334	616,500	26%	(21,834)	-3%
Scientific Advisory Boards	94,184	102,300	105,000	5%	2,700	3%
Awards	700,000	700,000	700,000	30%	-	0%
President's Office	61,287	90,000	100,000	4%	10,000	11%
Fundraising & Communications	74,905	57,000	48,500	2%	(8,500)	-15%
TOTAL	2,206,011	2,328,334	2,331,600	100%	3,266	0%
NET SURPLUS	621,343	14,959	31,364		16,405	110%

MANAGING RISK AND CHALLENGES

Managing risk is the ongoing responsibility of management and the Board of Directors. It is the responsibility of management to ensure that an updated assessment of risk is raised and discussed at every Board meeting.

The Gairdner Foundation monitors risks and events that have the potential to undermine achievement of its strategic objectives and priorities and management has developed and implemented appropriate systems, policies and procedures to manage these risks. The Board and its' committees are aware of risk management responsibilities and exercise appropriate governance practices with respect to policy approval and oversight.

The commitment to excellence, foresight and personal drive of the individuals responsible have resulted in the growth and success of the Foundation. The Foundations' programs at Canadian universities have matured over the past several years, leaving little room for expansion of the programs. The Student Outreach Program has grown from 12 to 15 universities and still has the potential to expand at several more universities.

The past decade has seen major shifts in the world economy take place at a pace that would never have been imagined. Canada has responded with the development of strategies to support and provide incentives for innovation, to build Canada's science capacity, to ensure the development of the next generation of leading scientists and to enhance Canada's profile on the world stage.

At the selection level, risk is managed and mitigated by a rigorous adjudication process/ peer review and a 2 tier jury system with votes being cast by a secure, secret ballot. The ongoing success in the selection process is also due to a rigorous recruitment process for new committee members.

Our Investment Policy has been structured to maximize revenue and preserve capital over the long term. However, the Foundation still needs to raise substantial funding to support its' programs and to stabilize its' infrastructure and operations. For 2012, we are projecting a conservative 2.3% return on investment, net of fees. The Investment Policy statement adopted by the Board, calls for a long term Asset Mix target allocation of 50% Bonds/Fixed Income, 40% Equities and 10% Alternative Strategies. The 2012 return on investment is based on this long term strategic asset mix.

**RISK MANAGEMENT
GAIRDNER FOUNDATION RISK PROFILE**

RISK	LIKELIHOOD OF OCCURENCE	IMPACT	MITIGATING STRATEGY
Profile of the Canada Gairdner Awards is not increased	Low	Medium	<ul style="list-style-type: none"> • Increase communications to all stakeholders (including research communities) and the public • Ongoing public awareness and engagement programs • Ongoing monitoring of media coverage, engaging new media partnerships to spread the Gairdner story
Compliance Audit reveals deficiencies	Low	Medium	<ul style="list-style-type: none"> • Continuous review of the terms of the funding agreement to ensure compliance and taking appropriate actions where necessary
Decreased success rate in choosing globally recognized medical advancements	Low	High	<ul style="list-style-type: none"> • Rigorous assessment of peer review process, and 2 tier jury system • Continued rigorous assessment and recruitment of MAB members • Appointment of strong Scientific Director
Succession Planning proves to be difficult or delayed implementation	Low	High	<ul style="list-style-type: none"> • Focus on high quality leadership on the Board and management team • Transition must ensure sufficient cross-over period between senior leaders
Sponsorship/fundraising revenue is not secured	Medium	High	<ul style="list-style-type: none"> • Continuous monitoring of fundraising efforts • Reduce risk of funding shortfall by closely monitoring and controlling expenditure commitments • Continue to build the case for continued federal and provincial government funding
Failure to achieve long-term fundraising goals	Medium	High	<ul style="list-style-type: none"> • Prolonged downturn could affect ability to fundraise- strategy must continuously focus on new funding

PERFORMANCE MONITORING

AUDIT, EVALUATION AND ANNUAL REPORTS

As a not-for-profit charitable organization, the Gairdner selects external auditors to undertake an annual audit of its financial statements; the external auditors for 2011 are Ernst & Young. The audit is undertaken on an annual basis, in accordance with generally accepted Canadian accounting principles. The objective is to express an opinion on whether the Gairdner Foundation's financial statements present fairly, the financial position, results of operations, and cash flows of the corporation. Upon completion of the audit, the financial statements and a summary of audit findings are presented to the Audit Committee and the Board of Directors for approval.

Within 150 days of the end of each fiscal year, an Annual Report is produced. This Report includes audited financial statements, an overview of activities undertaken by the Gairdner for the previous fiscal year, and a brief synopsis of projected activities for the upcoming fiscal year. As well, the Annual Report includes the results of any performance or evaluation audits undertaken during the year, disclosure of the range of remuneration of its senior managers and officers, and an overview of the significant expected results to be achieved in the upcoming financial year.

By November 30 every year, the Gairdner Foundation is required to prepare an Annual Summary Corporate Plan, outlining our objectives, outcomes, details of the Fund management, planned activities and anticipated results of those activities, annual forecasted cash flow requirements, proposed expenditures as well as an assessment of risks and risk mitigation strategies. These reports are posted on the Gairdner Foundation website.

ADDITIONAL AUDIT REQUIREMENTS

The Gairdner Foundation is required to establish systems to monitor performance and report on achievement of results. These include:

- Independent compliance audit to verify whether the Foundation is in compliance with the terms and conditions of the Funding Agreement, in respect of its 2014 fiscal year
- Performance (value-for-money) audits as considered necessary to verify the representations of the Foundation as to its performance
- Independent Evaluation according to a framework and time to be approved by the Board but no less frequently than once every five (5) years, in order to measure the Foundation's overall performance in achieving the outcomes as set out in the Funding Agreement

The Funding Agreement will be reviewed before March 31st, 2018 to assess whether its objectives are being met and whether the Canada Gairdner International Awards remain competitive internationally.

The Funding Agreement will be renegotiated and renewed as soon as possible after April 1, 2026.

COMPLIANCE AUDIT 2012

In its' agreement with CIHR, the Gairdner Foundation has committed to carry out an independent compliance audit to verify whether the Foundation is in compliance with the terms and conditions of the Funding Agreement. As per the agreement, both the Minister and the Auditor General have the right to initiate a compliance audit of the Gairdner Foundation.

Although the agreement requires this audit to be completed by the end of 2014, we are planning to complete the audit in 2012. An external consultant will be hired to report on the results of the audit procedures, and issue an assessment of the Foundation's compliance with the agreement.