

The Gairdner Foundation Corporate Plan 2014

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THE GAIRDNER FOUNDATION CORPORATE PLAN EXECUTIVE SUMMARY

HISTORY

The Gairdner Foundation was created by James A. Gairdner to recognize and reward the achievements of medical researchers whose work “contributes significantly to improving the quality of human life”. The Foundation is 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 are 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 first awards were granted in 1959, the Canada Gairdner Awards have become Canada's foremost international award- and one of the most prestigious awards in medical science. Our track record of consistent high quality adjudication and selection by the independent adjudication committees have resulted in global recognition and esteem.

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 and 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 contribute to strengthening Canada’s international reputation.

In 2008, the Federal government, through the Canadian Institutes of Health Research, provided an endowment to the Foundation to ensure that the Awards continue to grow in international stature, and a new Canada Gairdner Global Health Award was established. At this time, the name of the Awards was changed to the Canada Gairdner Awards.

GOVERNANCE

The Foundation is governed by a 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 a maximum term of 3 years, renewable 3 times.

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, Audit, Investment, Governance/Nominating and Fundraising 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 from Canada and the international medical scientific community who are scientists/researchers in a significant leadership role and who are familiar with Canadian medical leadership.

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 54 years, the Foundation has gained a superb international reputation for recognizing and rewarding early the work of the world's leading scientists.

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.

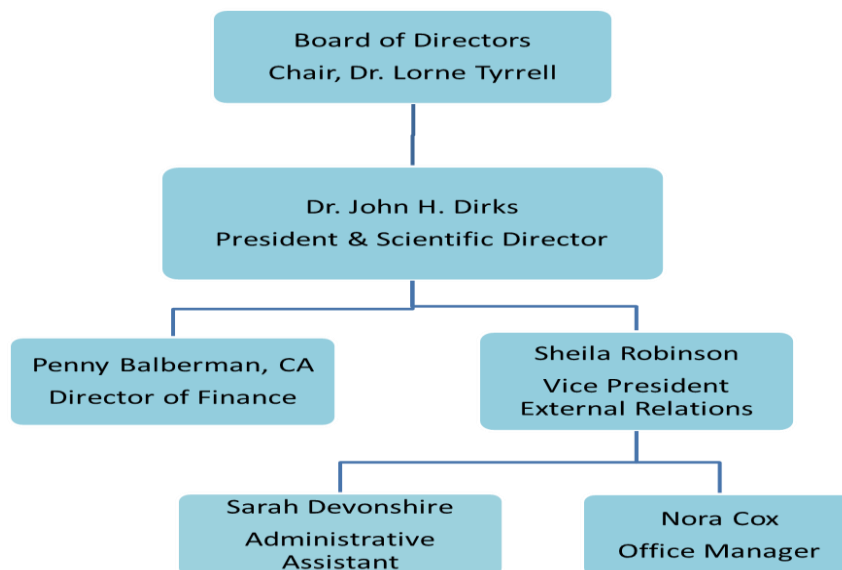
The Foundation plays an important role in scientific life in Canada through its unique annual National Program. This ambitious program makes past and present recipients available to audiences in academic centres across Canada during 12 days in October through faculty and graduate student lectures, high school lectures and public symposia. It contributes to scientific literacy and increases appreciation of the important role that biomedical research plays in our country.

Our aim is not only to enhance Canada's stature in the international scientific community, but to facilitate linkages between leading international scientists and Canadian research institutions and to inspire young Canadians to aspire to the highest levels of scientific excellence.

OUR OBJECTIVES

1. Maintain the highest standards in selecting recipients of the Awards by appointing eminent international and Canadian scientists to the highly respected jury system.
2. Inspire Canadian scientists through public celebrations showing the value of research.
3. 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.
4. 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.

ORGANIZATION CHART NOVEMBER 2013



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 54 years based on the highly respected two-stage jury system for selection of the International awardees 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 317 individuals from 15 countries, including 42 Canadians, who have won the Canada Gairdner International Award, 82 have gone on to win a Nobel Prize in Medicine or Chemistry.

In the last 10 years, 17 of 25 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 recipients 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 recipients" achievements have dramatically impacted the health of people around the world. A few recent examples include:

1. Elimination of the Hepatitis C virus from the blood supply
Daniel Bradley and Harvey Alter (2013 Canada Gairdner)
2. All the modern imaging technology – CT scans, functional MRI imaging, PET scanning grew out of discoveries by Gairdner Awardees.
Paul C. Lauterbur (1985 Gairdner)
3. Development of Herceptin, the most effective therapy for Her2-positive breast cancer, which affects about 20-25% of all breast cancer patients.
Dennis Slamon (2007 Gairdner)

4. The HPV vaccine against cervical cancer grew directly from the discoveries of 2008 Gairdner awardee. Harald zur Hausen (2008 Gairdner)
5. Discovery that adult human cells can be reprogrammed to pluripotent cells (iPS cells), enhancing the possibility of treating intractable diseases. Shinya Yamanaka (2009 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 2013

1. Participation in National Program

The National Program of Faculty lectures take place in 22 centres during the year. Over 4,000 university students, faculty, researchers and scientists participated in the National Program.

What are the Benefits?

The National Program provides 21 universities with an opportunity to share ideas with some of the world's leading scientists.

Through the development of key partnerships and collaborations, we help to create a sense of community in diverse research institutions and promote the importance of scientific excellence.

2. Student Outreach

The program took place at 19 universities in 2013, including 4 in Atlantic Canada, 2 in Quebec, 7 in Ontario and 6 in the western provinces. The number of students participating at each university varied between 50 and 450 depending on the approach taken by the individual institution. Over 3,500 high school students from 100 high schools across Canada now participate each year.

For the first time this year, information packages were sent to all of the participating high schools so that teachers and students could prepare for the topics to be discussed at their event. Feedback will be collected and compiled later this fall to determine the effectiveness of this new initiative.

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 biomedical research. The lectures are aimed at students who are about to enter university, and one goal is to encourage them to consider a career in the health sciences.

3. Canada Gairdner Global Health Award

The 2013 recipient was Dr. King Holmes of the University of Washington. His work over the past 45 years has essentially rewritten the protocol for treating over 30 sexually transmitted diseases, many of which are particularly prevalent in the developing world.

What are the Benefits?

The long term goal of the Global Health Award is to raise the profile of health needs in the developing world. It is hoped that it will 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 High Commission in Britain, and the consulates in Boston, Washington, Seattle to celebrate 2013 recipients in their home countries. Attendance at all 4 events was excellent. In addition, a reception was held at UBC for the Wightman winner.

Once again, *The Lancet* did a piece on the international recipients and a separate one of the Global Health winner. *Science and Nature* both published small pieces about the award as well.

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.

Raising the profile of the Awards with the media provides for more coverage in the international arena. *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. Coverage in *Science and Nature* adds to the stature of the awards. The home universities of the winners have expanded their coverage of the announcement due to a proactive communications approach taken by the Gairdner Foundation.

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 2013, nominations for the International Awards increased by 8% from 2012 (113 up from 105), with 34 totally new nominations. Active nominations for Global Health and Wightman have remained constant, however the number of new nominations have increased, offset by dropped nominations based on committee reviews that deemed these to be ineligible for the awards.

What are the Benefits?

Participation on the adjudication committees provides Canadian scientists with close connections to leading-edge research in their fields. Many have commented on the incredibly high level of scientific discussion that goes on during the adjudication process. The Medical Advisory Board and Global Health Advisory Committee also familiarize the best world's scientists with Canada's research strengths.

DETAILED PERFORMANCE EVALUATION 2013

1. Interactions between the Immune System and Pathogens

Li Ka Shing Institute of Virology and Gairdner Foundation held a 2-day symposium on May 30-31 at the University of Alberta. Speakers included Drs. Michele Barry, Mark Buller, Ian Crispe, Terry Dermody, Lori Frappier, Michael Gale, Arash Grakoui, Christopher Hayes, John Hiscott, Kevin Janes, Kevin Kane, Paul Kubes, Stan Lemon, David Masopust, Julie Pfeiffer, Dana Philpott, Stefan Pukatzki, Vincent Racaniello, May Saleh, and Nagla Shoukry. A public lecture was held on May 30 featuring Grant McFadden. A poster competition was held for trainees.

Attendance – 200

2. Symposium on Chronic Inflammatory Diseases

Presented in partnership with Alberta Innovates Health Solutions and the Snyder Institute for Chronic Diseases this 2-day event will take place on November 14-15, 2013 in Calgary. Featuring a number of international leaders in the field, speakers include a number of Canadian scientists as well as researchers from Yale, NIH Stanford, Colorado and Oxford in the UK. This event includes a number of events for young Canadian trainees.

Expected attendance- 300

3. Symposium on COPD

This event, featuring 2013 Canada Gairdner Wightman recipient James Hogg, will be held on December 3-4 in Vancouver. To mark this special occasion, St. Paul's Hospital, in collaboration with UBC, Gairdner Foundation and the BC Lung Association, will host a symposium on COPD. The Symposium will bring together the world leaders in COPD research and innovation to discuss the latest "breakthroughs" in COPD that will have a lasting impact on patient care.

Expected attendance -200

4. The 2013 National Program

The Foundation carried out its National Program of University Lectures at 20 universities across Canada: UBC, Lethbridge, Calgary, Edmonton, Saskatoon, Winnipeg, Western, Waterloo, Guelph, McMaster, York, Toronto, Queen's, Ottawa, McGill, Montréal, Laval, Dalhousie, UPEI, and Memorial. A program is planned for UNB in November 2013 and for Lakehead in early February 2014, bringing the total to 22.

Speakers included all of the 2013 Canada Gairdner recipients as well as Adrian Bird (Gairdner 2011), Gary Ruvkun (2008), Kim Nasmyth (2007), Sam Weiss (2008), Thomas Steitz (2007) and Rod McInnes.

Attendance- 3,500

5. Student Outreach

Programs took place at 17 Universities across Canada. In addition, UNB will hold its program in November and Thunder Bay will hold its program in the winter of 2014, bringing the total to 19.

| Location | Attendance |
|--------------------------------|-------------------|
| University of British Columbia | 205 |
| Calgary | 325 |
| Edmonton | 400 |

| | |
|-----------------------|--------------|
| Lethbridge | 50 |
| Saskatchewan | 180 |
| Manitoba | 120 |
| Western | 80 |
| Waterloo | 80 |
| University of Toronto | 450 |
| York | 315 |
| Carleton | 325 |
| Dalhousie | 400 |
| McGill | 175 |
| Montreal | 100 |
| Queen's | 90 |
| Memorial | 80 |
| UPEI | 80 |
| TOTAL | 3,455 |

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 all of the 2013 Canada Gairdner recipients as well as Adrian Bird (Gairdner 2011), Gary Ruvkun (2008), Kim Nasmyth (2007), Sam Weiss (2008), Thomas Steitz (2007) and Rod McInnes.

6. Toronto Events

This year the events took place from Oct 23-25. Activities included:

- Global health symposium, *HIV/STI: Are we moving forward* was held at MaRS on October 23.
Attendance - 200
- Reception held for recipients, sponsors, academics, media, students and Gairdner recipients at Massey College on Oct 23.
Attendance - 75
- *Minds That Matter* recipients' lectures on Oct. 24 at the MacLeod Auditorium, University of Toronto.
Attendance – 500
- *Protein Structure and Function in Health and Disease* Symposium on Oct. 25 at the MacLeod Auditorium, University of Toronto.
Attendance - 400
- *Symposium on Hepatitis C Virus: From discovery to cure* was held on October 25 at the Li Ka Shing Auditorium of St. Michael's Hospital.
Attendance -200
- 2013 recipient King Holmes spoke at a breakfast meeting to 12 volunteers from *Let's Talk Science* and James Hogg spoke to graduate students from Massey College at a breakfast on October 23. A meeting was held with Sir Gregory Winter and leaders of pharma and government.
- The Canada Gairdner Awards dinner, on October 24, at the ROM in Toronto was sold out.
Attendance – 550

6. Increase profile of the Canada Gairdner Awards

Again in 2013 a sponsor contributed funds to hire a PR firm to work with the media in March and during Gairdner week.

Coverage for 2013 included:

- The Globe & Mail, our national media sponsor carried 1 full page announcement ad in March, 5 1/4 page ads in October and one 1/2 page thank you ad after the events
- Full page in CMAJ on our National Program
- Articles on the winners appeared in the Globe and Mail in March and October
- March announcement ads in *Science, Nature and CMAJ*
- Features on the 2013 Canada Gairdner International Award winners appeared in *The Lancet*, and a separate piece on Global Health winner King Holmes
- A pilot program using #gairdner at the Toronto events was tested and resulted in about two dozen Twitter comments. This will be expanded in 2014

All of the Toronto events were webcast and videoed for our website.

PLANNED ACTIVITIES AND EXPECTED RESULTS FOR 2014

The Awards and the National and Student Outreach Programs are now mature and stable programs that contribute to Canada's culture of science by presenting the world's best scientific research across the country. With the addition of Lethbridge and UNB, the program has likely achieved its maximum reach.

Our next major goal is to increase the international profile and reach for the Canada Gairdner Awards. To this end, we will continue to hold events in the home country of each winner shortly after the announcement of the winners in late March.

PERFORMANCE OBJECTIVES FOR 2014

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, is our Associate Scientific Director.

2. Student Outreach

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. The Foundation will be hiring a part time person to assist in identifying research and educational institutions from around the world and encourage nominations.

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

Planning is underway for a joint symposium with Genome Canada in November 2014.

LONGER TERM PRIORITIES FOR 2014 AND BEYOND

1. Increase the international profile of the Canada Gairdner Awards by improving our marketing and communications.
2. Seek ways to raise our profile with high school and undergraduate students through Facebook and making high school lectures available on YouTube.
3. Increase social media presence, i.e. Twitter and Facebook.
4. Bring the adjudication committees to the highest possible level and ensure all meetings can meet in-person using secret ballots.
5. Increase advertising in selected publications.
6. Succession of the President & Scientific Director.
7. Look for new Board members to enhance geographic representation.
8. Increased emphasis on fundraising.

FINANCIAL SUMMARY

The Gairdner Foundation maintains proper financial controls and sound management practices to ensure the best use of its public and private funds.

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.

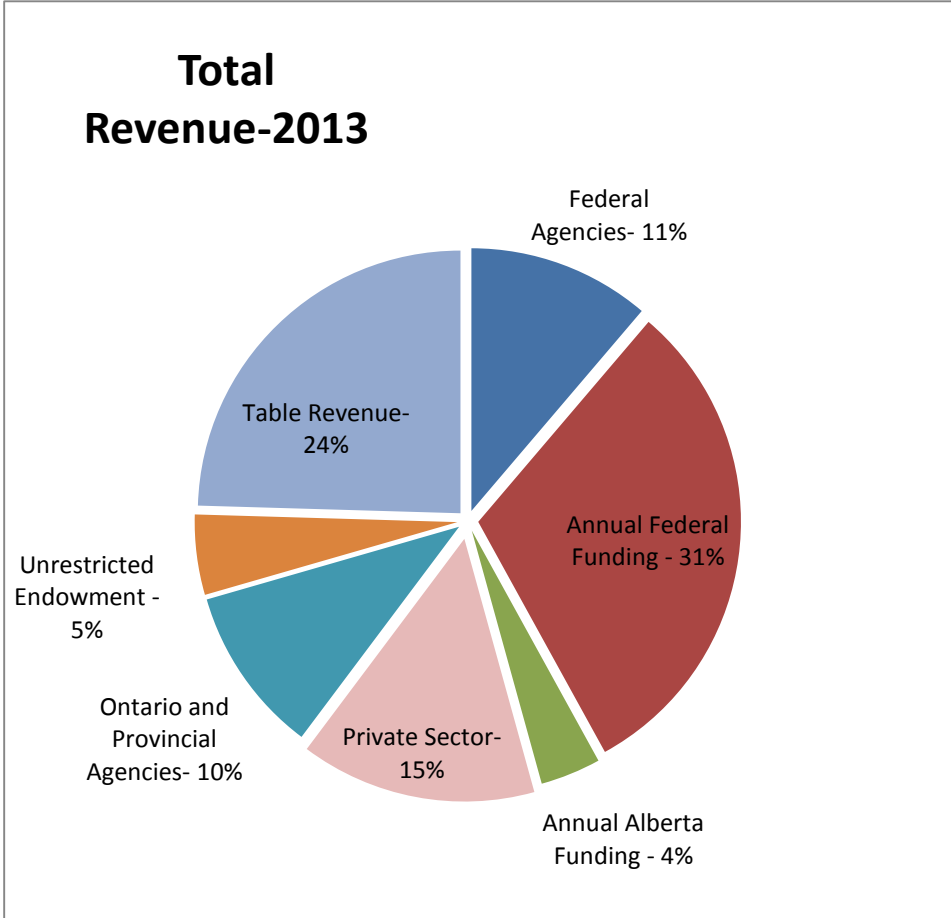
These funds have been invested together with the original family endowment under the guidance of the Investment Committee, and in accordance with the terms of these agreements and prudent governance.

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 2013, revenue of approximately \$2.5 million was allocated as follows:

2013 FUNDING SOURCES FOR THE GAIRDNER



PLANNED RECEIPTS AND DISBURSEMENTS FOR 2014

The approved budget for 2014 calls for revenue of \$2.4 million and operating expenditures of \$2.4 million, resulting in a breakeven Budget. Budget expenditures include \$0.8 million for Awards, \$.6 million for Program expenses, and \$0.9 million for Administrative and Marketing costs and \$.1 million for adjudication costs.

Revenue does not include the new Federal grant of \$2 million over 5 years announced in the 2012 Budget. These funds were to be allocated for International Outreach and Branding. At this time, it is uncertain as to whether the Foundation will be able to access these funds. We are awaiting Ministerial and Treasury Board approval.

We expect total Investment income of approximately \$.7 million in 2013, as interest rates remain at historic lows. Investment income will be allocated proportionately to the Federal, Alberta and Foundation's funds.

We must ensure our asset allocation strategy provides the appropriate balance between risk and return. However, given the volatility in the market for the past 5 years 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 2012, the draw upon the capital of the fund was eliminated. At the end of 2013, we are not anticipating a further capital draw however this is entirely dependent upon market events before the end of the fiscal year 2013.

As of September 30, 2013, the portfolio asset mix included 49% allocation to cash and fixed income, 42% equities, and 9% alternative strategies relative to our long-term target of 50/40/10. In late September, the long term target was amended to 45/45/10.

The following table provides the budgeted revenues and expenditures for the fiscal year 2014. The budget for 2014 was presented and approved by the Board of Directors at its November 20, 2013 meeting.

**THE GAIRDNER FOUNDATION
BUDGET 2014**

| | ACTUAL | REV FCST | BUDGET | \$ INC(DEC) | % INC(DEC) |
|------------------------------|------------------|------------------|------------------|--------------------|-------------------|
| | 2012 | 2013 | 2014 | OVER 2013 | OVER 2013 |
| REVENUES | | | | | |
| Sponsorship | 692,000 | 745,500 | 550,000 | (195,500) | -26% |
| Sponsorship Budget 2012** | | 100,000 | - | (100,000) | -100% |
| Table Sales | 628,000 | 627,000 | 625,000 | (2,000) | 0% |
| Donations | 137,141 | 49,400 | 30,000 | (19,400) | -39% |
| Government Grant Funding | 947,826 | 880,912 | 1,044,900 | 163,988 | 19% |
| Portfolio Revenue | 144,379 | 125,945 | 125,945 | (0) | 0% |
| Realized Gains/(Loss) | 222,581 | - | - | - | |
| Unrealized Gains/(Loss) | (47,888) | - | - | - | |
| TOTAL | 2,724,039 | 2,528,757 | 2,375,845 | (152,912) | -6.0% |
| EXPENDITURES | | | | | |
| Board | 57,191 | 53,600 | 48,600 | (5,000) | -9% |
| Administration | 715,278 | 735,000 | 731,500 | (3,500) | 0% |
| Events | 469,144 | 553,664 | 543,600 | (10,064) | -2% |
| Scientific Advisory Boards | 110,813 | 125,164 | 128,400 | 3,236 | 3% |
| Other Scientific Boards | | 30,500 | - | (30,500) | -100% |
| Awards | 700,000 | 600,000 | 800,000 | 200,000 | 33% |
| President's Office | 58,316 | 73,000 | 85,000 | 12,000 | 16% |
| Fundraising & Communications | 41,656 | 93,488 | 41,000 | (52,488) | -56% |
| TOTAL | 2,152,398 | 2,264,416 | 2,378,100 | 113,684 | 5.0% |
| NET SURPLUS | 571,641 | 264,341 | (2,255) | (266,596) | -100.9% |

**Revenue does not include the new Federal grant of \$2 million over 5 years announced in the 2012 Budget. At this time, it is uncertain as to whether the Foundation will be able to access these funds.

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 continues at 17 universities attracting students from 100 high schools across the country.

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 2014, we are projecting a conservative 3.4% return on investment. The 2014 return on investment is based on the strategic asset mix of 45/45/10. The Investment Policy amended in September 2013, calls for a long term Asset Mix target allocation of 45% Bonds/Fixed Income, 45% Equities and 10% Alternative Strategies.

**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 • Take appropriate actions as 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- the 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 2013 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.

INDEPENDENT EVALUATION 2013

The agreement with CIHR requires the Gairdner Foundation to carry out an Independent Evaluation no less frequently than every 5 years, and in accordance with section 1.8 of the Funding Agreement. The evaluation measures the Foundations' overall performance in achieving the outcomes set out in section 7.2 of the agreement.

Section 7.2 - The Foundation shall use the Fund with a view to maximizing the following desired outcomes:

- (a) for Canadian students and researchers and others world-wide to consider the Canada Gairdner International Awards to be highly prestigious and valued health research prizes with an appropriate financial value;
- (b) for the new individual Canada Gairdner Global Health Award to be considered by experts world-wide as the first prestigious award of its kind for research into international global health issues;
- (c) for the Canada Gairdner International Award winners to become exposed to, and involved in, Canada's science communities; and
- (d) for the Foundation to be sound financially and able to attract funding from other parties to sustain and grow the Canada Gairdner International Awards.

RESULTS

The funding agreement between the federal government and the Gairdner Foundation requires that the Foundation's performance in achieving the Outcomes and Principles specified in the funding agreement be independently evaluated at least every five years. This evaluation was the first of these assessments.

The evaluation was designed to address a series of evaluation questions established by the Foundation in consultation with the Canadian Institutes for Health Research. These questions looked at the performance of the Awards program from three perspectives – relevance (rationale and need for the program), effectiveness (achievement of intended results) and the efficiency of program implementation and delivery.

Key informants identified a range of possible incremental improvements that the Foundation should consider implementing, subject to the availability of sufficient funding and resources. A detailed Action Plan was submitted to the government with timelines for implementing these suggestions over the next 5 years.