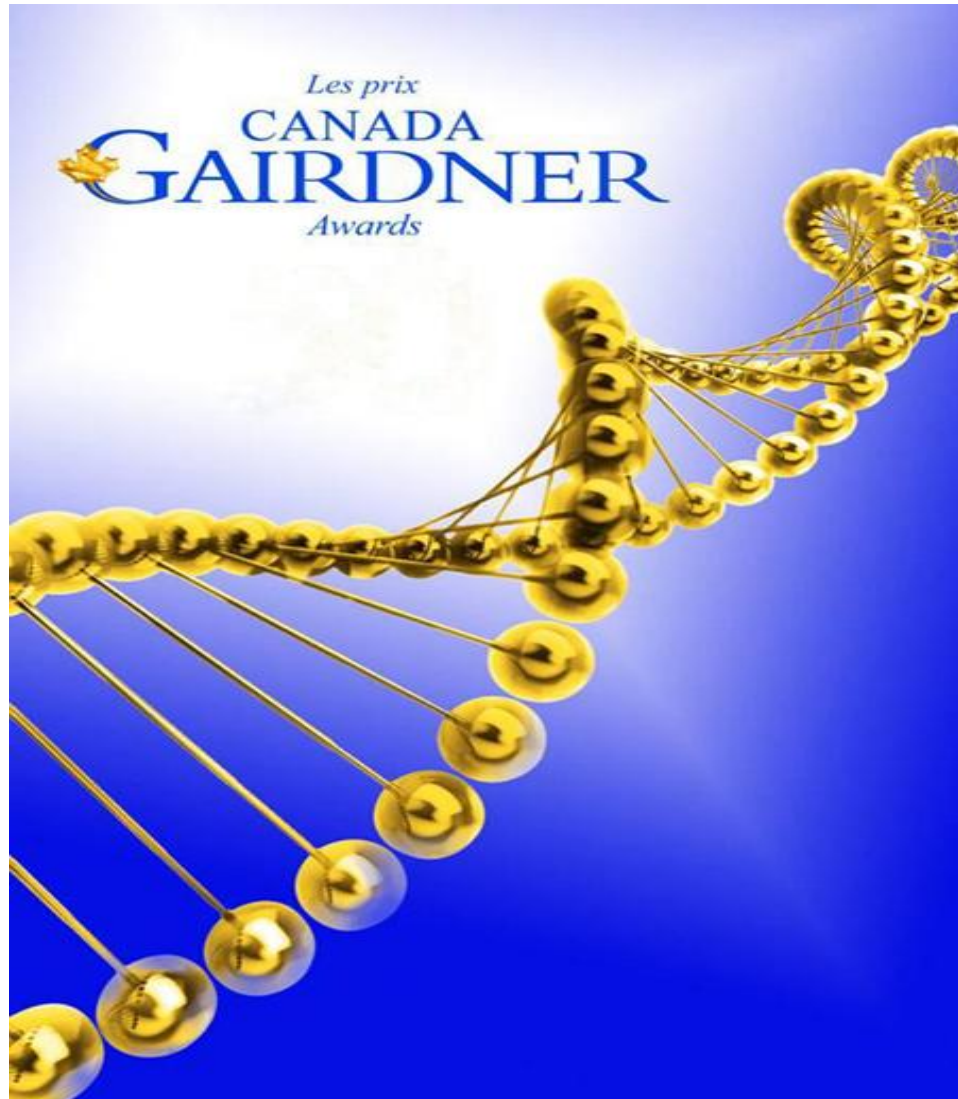


THE GAIRDNER FOUNDATION  
**Annual Summary Corporate Plan 2010**



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*"Receiving the Gairdner Award is not only a tremendous honor. It is also an induction into the Gairdner family of exceptional biomedical scientists. The 50th anniversary celebration was a joyous family reunion."*

Gairdner (1981) and Nobel Laureate, Michael Brown, Southwestern University, Dallas

## **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. Since the first awards were made in 1959, the Gairdner Awards have become Canada's foremost international award. The Canada Gairdner International Awards are one of the three most prestigious awards in medical science, along with the Swedish Nobel Prize in Medicine and the American Albert Lasker Medical Research Awards. They hold up the pinnacle of achievement as a mirror to Canadians, and in so doing, play a role in helping Canada achieve its goals of excellence.

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 have contributed to strengthening Canada's scientific research capacity and international reputation.

Our 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.

### **GOVERNANCE**

Since inception in 1957, the Members and Directors have been comprised primarily of members of the Gairdner Foundation Founder. In 2007, the Directors and Members endorsed a transition process to seek stronger alliances and support from distinguished leaders within corporate, academic and civic communities. The Board is currently comprised of 12 members charged with carrying out the mission of the Foundation as conceived by the founder. Recently, a resolution was passed to increase the size of the Board to 15 members.

The Board of Directors has overall responsibility for the stewardship of the activities of the Foundation. The Board has established a number of committees to help it discharge its duties, including an Executive Committee, Audit Committee, Investment Committee, and Governance and Nominating Committee.

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 mid-career 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 chosen.

- Canada 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.
- Canada Gairdner Wightman Committee is composed of individuals from our MAB and other scientists / researchers in a significant leadership role.

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 President/ Scientific Director reports to the Board of Directors. Three senior staff (Manager Finance, Manager External Relations and Office Manager) report directly to the President and CEO. These three 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 a complement of 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, and in 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**

The mission of the Gairdner Foundation is to recognize and celebrate the work of the world's best health researchers through the Canada Gairdner International Awards, the Canada Gairdner Wightman Award and the Canada Gairdner Global Health Award.

The second mission of the Foundation is to bring to the attention of Canadian scientists and the public the most important scientific developments globally in the field of health sciences.

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.

The Gairdner National Program is unique in the world of major prizes. Current and past Gairdner recipients visit universities across Canada every year, to present their latest findings. The National Program raises the profile of scientific research and provides a unique opportunity for Canadian scientists and graduate students to interact with international research leaders.

## **OUR VISION**

The vision of the Foundation is:

1. To be Canada's pre-eminent awards for the most significant international scientific achievements in health research
2. To be identified internationally with the highest standard of research excellence in the field of health sciences
3. To provide inspiration to Canadian researchers, including the next generation, to achieve world-class levels of scientific excellence
4. To promote a science culture in Canada by increasing public awareness of its importance to our modern society

## **OUR VALUES**

International Scientific Excellence  
Integrity  
Independence  
Global perspective

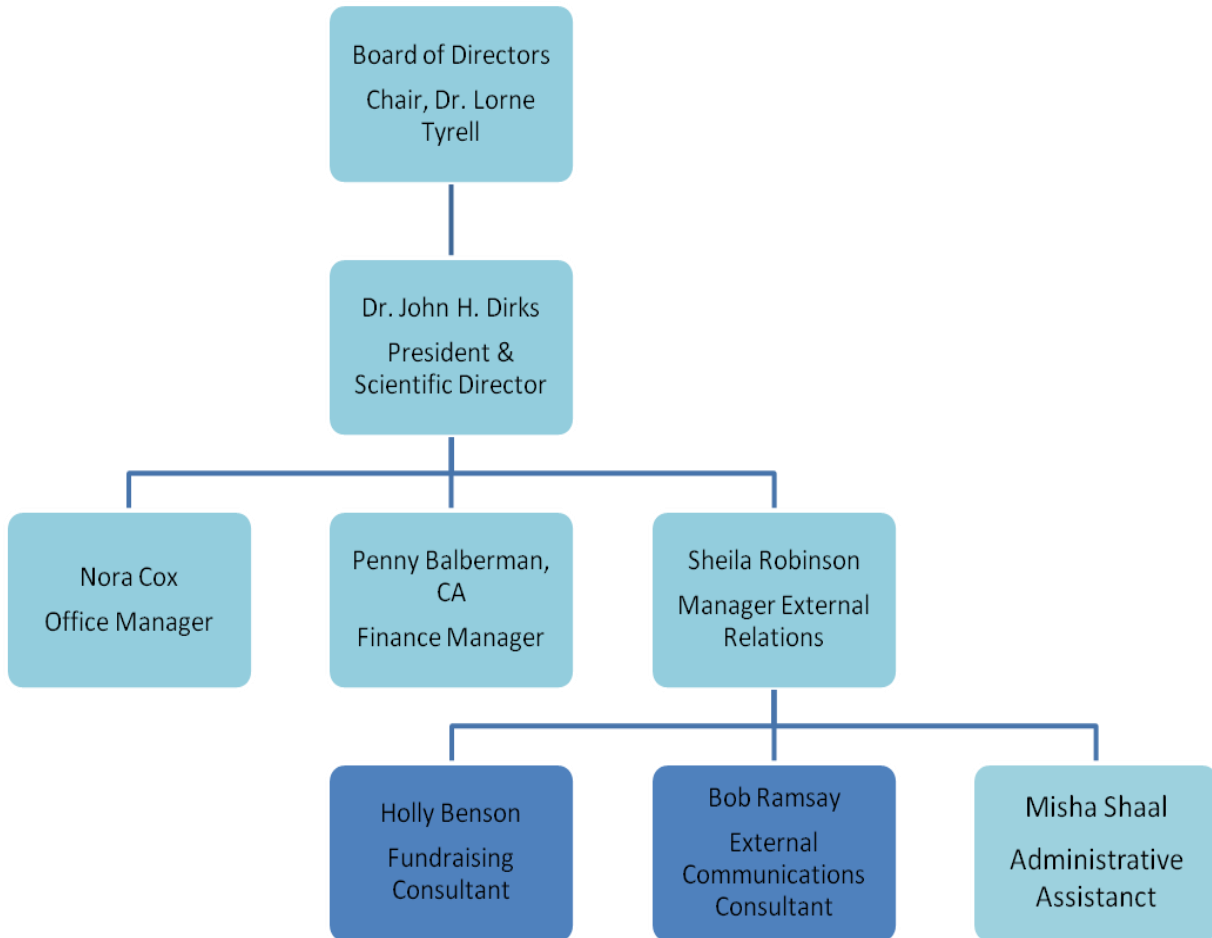
## **OUR GOAL**

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.

In 2008, the Gairdner Foundation received \$20M from CIHR to consolidate its position in the interest of strengthening health research, improving the health of Canadians and ensuring 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.

**THE GAIRDNER FOUNDATION  
ORGANIZATION CHART  
NOVEMBER 2009**



## **OUR OBJECTIVES**

1. Inspire Canadian scientists to seek excellence by profiling Canada as a place where science is important, and recognized globally through the internationally respected Canada Gairdner Awards.
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.

## **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 International Awards

### **ACHIEVEMENTS TO DATE**

The stature of the awards within the international scientific community has grown significantly over 50 years based on the highly respected two-stage jury system for selection of the award winners 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 298 individuals from 13 countries, including 42 Canadians, who have won the Canada Gairdner International Award, 76 have gone on to win a Nobel Prize in Medicine or Chemistry.

In the last 10 years, 19 of 26 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.

Since our inception, there have been 13 recipients of the Canada Gairdner Wightman Award. Commencing in 2008, this Award was changed to an annual award.

The inaugural Canada Gairdner Global Health Award was presented in 2009, representing the first prestigious award of its kind for research into international global health issues.



## ECONOMIC BENEFITS

The impact of past Gairdner winners has been significant, and huge 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 Award winners. Founded less than 35 years ago, these two companies have a market cap that together is greater than the Royal Bank, CN Railways, Canadian Tire and Bombardier combined.

Over the past 50 years, “Gairdner winners” achievements have dramatically impacted the health of people around the world. A few examples include:

1. The recognition of the double helical structure of DNA with its 4-letter code led the way some 50 years later to decoding the entire human genome sequence unveiling the language of the book of life. The practical application of this data enabled the identification of genes causing diseases, production of new drugs, and its use in forensic sciences.  
James Watson (2002 Gairdner)
2. The eradication of the scourge of smallpox from the face of the earth was lead by a former Gairdner recipient and his team.  
Donald Henderson (1983 Gairdner)
3. The virtual elimination of Rh disease that affected 10% of babies of Rh-negative women and annually was the cause of 50,000 deaths of the newborn. Cangene, a Winnipeg based company was built around the company that produced the first therapeutic antibodies that proved successful in eliminating Rh disease.  
Bruce Chown (1968 Gairdner)
4. All the modern imaging technology – CT scans, functional MRI imaging, PET scanning grew out of discoveries by Gairdner Awardees.  
Paul C. Lauterbur (1985 Gairdner)
5. 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)
6. The HPV vaccine against cervical cancer grew directly from the discoveries of 2008 Gairdner awardee.  
Harald zur Hausen (2008 Gairdner)
7. Discovery enabling skin cells to be transformed into stem cells.  
Shinya Yamanaka (2009 Gairdner)

More important than their huge 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 2009**

In 2009, the Gairdner Foundation celebrated its 50<sup>th</sup> anniversary, and inaugurated the new Canada Gairdner Global Health Award. The Foundation met and surpassed every performance objective for 2009.

### **1. Participation at 50<sup>th</sup> Symposia**

We anticipated total attendance at the 2009 Gairdner 50<sup>th</sup> Anniversary events across the country to be a minimum of 7,500 people. In fact the symposia attracted over 8,000 people.

### **2. Participation in National Program**

We expected participation in the National Program to reduce slightly as 2 centres, Halifax and Montreal, held their 50<sup>th</sup> Symposia during Gairdner week. In fact, the number remained constant as UPEI and Carleton took part for the first time. McGill and U Montreal also participated separately for the first time.

### **3. Student Outreach**

Four new academic centers were added as planned to the program; Lakehead, Carleton, University of PEI and Saskatchewan. As well, McGill University, after an absence of several years also participated in the student program in 2009.

### **4. Canada Gairdner Global Health Award**

This award was granted for the first time in 2009, at the dinner in Toronto. The winner, Dr. Nubia Muñoz from Colombia, will participate in a special symposium in November in Bogota along with Dr. Eduardo Franco, a renowned epidemiologist at McGill University, who is also from South America.

### **5. Industry breakfast at MaRS Discovery District**

This marked the first time Gairdner has offered a program specifically geared towards biotech and pharmaceutical companies. It was a huge success, with a full house of 280 people, and a waiting list of over 80 who could not be accommodated. Gairdner will likely do this type of program in the future.

### **6. Expand the profile of the Foundation**

There was more and deeper media coverage of the event than ever before. The Ottawa program was a first. Alain Beaudet used this opportunity to generate a wide-ranging discussion about biomedical research with the Clerk and the 15 deputy ministers. We also had our first non-Canadian university (Rockefeller) purchase a table at the dinner and sold more corporate tables than ever before.

### **7. Increase the number and quality of the nominations**

The number of totally new nominations for the International Awards was slightly higher than usual this year. Nominations for the Wightman are up, and nominations for the Global Health Award were double that in the inaugural year.

## DETAILED PERFORMANCE EVALUATION 2009

### Participation at 50<sup>th</sup> Symposia

#### 1. National Celebration of Science

As part of its 50<sup>th</sup> Anniversary in 2009, the Gairdner Foundation undertook a series of symposia across Canada. For each symposium the Gairdner Foundation invited several past Gairdner recipients to participate alongside some of Canada's best scientists, creating opportunities for further collaboration. The symposia included:

- Vancouver      *Science & the Future of Medicine* (March 11); Chair, Dr. Michael Hayden, UBC; speakers Dr. Sydney Brenner (Gairdner 1978/91, Nobel 2002), Dr. Roger Tsien (Gairdner 1995, Nobel 2008); Dr. Harold Varmus (Gairdner 1984, Nobel 1989) alongside Dr. Peter Singer, University of Toronto and Dr. Judy Iles, UBC.
- Attendance – over 1,000
- York              *Commercialization & Entrepreneurship in Biomedical Health Research* (May14); Chair, Dr. Ron Pearlman, York University; speakers Dr. Corey Goodman (Gairdner 1997), along with Dr. Alan Bernstein (Wightman 2008) Vaccine Enterprise, NY and Dr. Michael Hayden (Gairdner MAB member), UBC.
- Attendance - 300
- Edmonton      *Cancer Prevention, Biology & Treatment;*( May 20-21) Co-Chairs, Dr. Cyril Kay and Dr. Lorne Tyrrell; speakers Dr. Michael Bishop (Gairdner 1984, Nobel 1989) with Dr. Dennis Slamon (2007), University of California Los Angeles, Dr. Anthony Pawson (1994), University of Toronto and Dr. Nahum Sonenberg (2008), McGill University, along with 17 other Canadian and international speakers.
- Attendance – over 1,000
- Ottawa          *Genes and the Heart* (June 3, am) and *The Brain & the Mind:* (June 3 pm); Chairs, Bob Roberts, CEO, OHRI, and Dean of Medicine Jacques Bradwjen, University of Ottawa; speakers Dr. David MacLennan (1991), University of Toronto and Dr. Jack Hirsh (2000), McMaster University, Brenda Milner (2005) Montreal Neurological Institute, Pierre Changeux (1978), Pasteur Institute, Paris, and Dr. Samuel Weiss (2008), University of Alberta.
- Attendance -over 450
- Sherbrooke    *RNA Symposium* (Sept 20-23); Chairs, Benoit Chabot and Sherif Abou Elela; speakers included Phillip Sharp (Gairdner 1986, Nobel 1993), Tom Steitz (Gairdner 2007, Nobel 2009), Nahum Sonenberg (Gairdner 2008), Victor Ambros (Gairdner 2008), Joan Steitz (Gairdner 2006) as well as Ford Doolittle (Dalhousie) and Kelvin Ogilvie (Acadia University).
- Attendance was sold out and included many graduate students- 300
- Halifax          *Genetics and the Future of Medicine: Opportunities for Atlantic Canada* (Oct 2) Chair, Jonathan Kronick ; speakers included Dr. Michael Hayden (Gairdner MAB),

Dr. Charles Scriver (1979), Dr. Rod McInnes (MAB); Dr. Mark Samuels, Université de Montréal, Dr. Steve Scherer, University of Toronto, Dr. Joe Muenzer, University of North Carolina.

Attendance - 250

Montreal *Pathways to Discovery in Neuroscience* (Nov 2-3) in partnership with the Montreal Neurological Institute; Chair, Dr. Dave Colman (MAB); speakers Dr. Sydney Brenner (Gairdner 1978/91, Nobel 2002), Dr. Bert Sakmann (Gairdner 1989, Nobel 1991), Dr. Michael Hayden (Gairdner MAB member), Dr. Brenda Milner (Gairdner 2005)

Attendance –over 450

Toronto *Gairdner 50<sup>th</sup> Anniversary Forums* (Oct 28-30) – covering specific issues in biomedical science (see #3 below for details).

Attendance – 4,000

## 2. Participation in the National Program

The Foundation carried out its National Program of University Lectures, Student Outreach and Public Lectures as follows:

### University Lectures at 19 Institutions across Canada.

For the first time the program took place at University of PEI and Carleton. Speakers included 2009 winners Drs. David Sackett, Lucy Shapiro, Nubia Munoz, Richard Losick, Kazutoshi Mori, Shinya Yamanaka and Peter Walter as well as past winners Drs. Tak Mak, Nahum Sonenberg, Harald zur Hausen, Barry Marshall, Gary Ruvkun and Robert Roeder.

*Topics ranged from 'Infections and cancer in a global world' to 'The systems architecture of the bacterial cell cycles' and 'On the tribulations of not performing randomized trials'.*

### 3. Student Outreach programs took place at 15 Universities across Canada

Location	Attendance
University of British Columbia (UBC)	250
Calgary	375
Alberta	350
Saskatchewan	275
Winnipeg	800
Western	85
Waterloo	25
University of Toronto	450
York	350
Queen's	45
Carleton	300
Northern Ontario School of Medicine (NOSM)	300
McGill	200
Memorial	50
Guelph	50
Ottawa	to be confirmed
University of PEI (PEI)	80

Speakers included 2009 winners Drs. David Sackett, Lucy Shapiro, Nubia Munoz, Richard Losick, Kazutoshi Mori, Peter Walter and past winners Drs. Tak Mak, Nahum Sonenberg, Peter Doherty, Harald zur Hausen and Robert Roeder.

All of the Gairdner Foundation events are free of charge and open to anyone with an interest in scientific research and its implications.

#### 4. Ottawa Gairdner/Nobel visit

Four Gairdner/Nobel Laureates were hosted by CIHR on October 28 in Ottawa:

Dr. Peter Doherty (Gairdner 1986 Nobel 1996)  
Dr. Bengt Samuelsson (Gairdner 1981, Nobel 1982),  
Dr. Rolf Zinkernagel (Gairdner 1986, Nobel 1996) and  
Dr. Harald zur Hausen (Gairdner and Nobel 2008)

The laureates attended a lunch with the Clerk of the Privy Council and various federal Deputy Ministers, were introduced in the House of Commons, had photos taken with the Prime Minister and attended a reception on Parliament Hill. Dr. Samuelsson spoke at a meeting of the Association of Universities and Colleges of Canada.

#### 5. Toronto 50<sup>th</sup> Anniversary Events

Fifty-nine Gairdner Laureates, including 20 Nobel Laureates were in Toronto Oct 28-30, 2009. This was a unique opportunity to see, hear and meet these research stars. These lectures were also free of charge and open to the public.

Activities included:

- Gairdner/Nobel Public Forum at University of Toronto Convocation Hall, on *The Personalized Genome: Do I want to know?* Panelists included Dr. Michael Hayden (MAB), Dr. Sydney Brenner (Gairdner 1978/91 and Nobel 2002), Dr. George Church (Harvard University) and Mr. Charles Sabine, NBC news correspondent and a carrier of the gene for Huntington's disease.

Lecture attendance - 750

- Industry Breakfast - *Unclogging the Pipeline: Rejuvenating Drug Discovery* at MaRS

Biotech and pharmaceutical leaders, lawyers, scientists, venture capitalists and government employees listened to a panel with Drs. Corey Goodman (Gairdner 1997), Phillip Sharp (Gairdner 1986, Nobel 1993), and David Baltimore (Gairdner 1974, Nobel 1975). Panel was moderated Dr. Cal Stiller (Chair, OICR).

Attendance totally 'sold out' - 280

- Reception for science researchers, government officials, corporate leaders and past Gairdner and Gairdner/Nobel Laureates at MaRS Discovery District on Wednesday, October 28.

Attendance - 250

- U of T President David Naylor held a lunch for past Gairdner recipients, undergraduate students and university faculty.

Attendance – 110

- The 2009 Awards Dinner on October 29 was sold out by April and was attended by 543 guests including 59 past Gairdner winners and the seven 2009 recipients.

## **6. Increase profile of the Canada Gairdner Awards**

In 2009, the public profile of the Gairdner Foundation was raised higher than ever before through advertising and better media coverage. A sponsor contributed funds to hire a PR firm, which resulted in unprecedented media 'hits' in October.

We met and surpassed our goals in this area through the following:

- Maintained the Globe & Mail as our national media sponsor- this provided several free ads, four major articles and an editorial on the Foundation's importance to Canada
- Five articles in the Toronto Star during Gairdner week
- Videotaping and live webcasting of the 50<sup>th</sup> Anniversary year scientific events in Toronto
- Successful broadcast coverage on TV and radio including TVO- The Agenda, Canada AM, CTV and CBC- As It Happens
- The Foundation achieved more year round exposure through coverage of the March to November special Gairdner symposia
- Increased international exposure through April announcement ads in *Science* and *Nature*

## **7. Launch major fundraising initiative**

A fundraising consultant was engaged part time in the fall of 2008 to complete a strategic plan for our fundraising efforts. The Board of Directors will make a decision in November 2009 regarding the launch of a major fundraising campaign.

## **8. Succession Planning**

Much of the success of the Gairdner Foundation over the past 50 years has been as a result of strong leadership from the President and the Chair, Dr. Henry Friesen, who helped usher in the new Board structure, including distinguished leaders from the corporate, academic and civic sectors.

Dr. Lorne Tyrrell, past Dean of Medicine at the University of Alberta, and a longtime member of the MAB, will take over the Chair of the Board of Directors from Dr. Henry Friesen on November 25, 2009.

## **PLANNED ACTIVITIES AND EXPECTED RESULTS for 2010**

2009 marked the 50<sup>th</sup> anniversary of the Canada Gairdner awards. It was the largest celebration of science ever held in Canada. 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 have the potential to have an even greater impact on Canada's level of achievement in health research.

Our goal is to establish an even higher profile and reputation for the Canada Gairdner Awards. It is important that Canadian science be challenged to meet the highest international standards as represented by the Canada Gairdner International Awards. The opportunity for Canadian scientists, trainees and students to hear and interact with the past recipients in communities across Canada is a catalyst for consideration of what is needed to increase the ranks of Canadian scientists in the very top level. The Gairdner programs also provide the opportunity for the recipients to become familiar with the leading Canadian scientists and institutions, thereby enlarging networks and enhancing Canada's international reputation, as well as the culture of science in this country.

### **PERFORMANCE OBJECTIVES FOR 2010**

#### **1. Participation in National Program**

We expect participation in the National Program to include 20 universities, including for the first time the University of New Brunswick. As of 2010 the program will take place in all provinces of Canada.

#### **2. Student Outreach**

We plan to add two new centres to the student program – Guelph and McMaster. We will continue to improve administration of these programs and will gather student responses to each program.

#### **3. Canada Gairdner Global Health Award**

In November 2009 the first winner, Dr. Nubia Muñoz from Colombia, participated in a special symposium in Bogota. This will serve as a test case for possible implementation of a regularly scheduled event of this nature. We plan to have the Canada Gairdner Global Health awardee speak, together with an appropriate Canadian scientist, at a symposium in a selected developing world country.

#### **4. Expand the profile of the Foundation**

We will continue to work at expanding and enriching the profile of the Foundation in Canada and abroad through the media and selected international scientific journals.

#### **5. Increase the number and quality of the nominations for all three awards**

The Foundation proactively seeks new nominations.

#### **6. Strengthen and improve the presence of the Foundation in Quebec and the Atlantic Provinces**

In 2010, University of New Brunswick will take part in the National Program for the first time. The Foundation is working with the Quebec universities to strengthen their participation.

## **7. Launch a President's Advisory Committee and the National Directors' Network**

In order to strengthen the National Program and raise the profile of Gairdner at universities across Canada, we feel it is important to have frequent communication with a network of National Directors.

### **Longer Term Priorities for 2010 and Beyond**

1. Continue to expand Student Outreach Program until it includes all universities involved with the National Program.
2. Increase the profile of the Foundation outside Canada.
3. Initiate a second global health prize, the Canada Gairdner Global Health Advancement Award, to complement the existing award for basic science.
4. Create a new annual event in May in Ottawa to award the Canada Gairdner Global Health Awards. Events would include a one-day international symposium on Global Health in Ottawa.

## **FINANCIAL SUMMARY**

### **Investments and Management of Investment Portfolio**

The 'Funding Agreement' executed on 23 March 2008 between CIHR and the Gairdner Foundation outlines the terms of the grant of \$20M, to be used to establish an endowment in order to support and enhance the International Awards. As part of this agreement, the Foundation agrees to establish a new individual award for Global Health, the "Canada Gairdner Global Health Award" and rename the International awards the "Canada Gairdner International Awards"

This 'Funding Agreement' defines The Gairdner 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.

### **WHAT INVESTMENT IS REQUIRED TO REALIZE OUR CURRENT PLAN**

In addition to the \$3.1 million in Capital previously invested in the Foundation, a grant of \$20 million was received from the federal government in 2008. 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. Despite this restriction, 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.

The Investment Policy Statement adopted by the Board in 2008, has been designed with the principal objective being preservation of capital over the long-term. The portfolio has been invested in accordance with the prudent person principle.

When the Agreement was originally signed, it was expected that earnings would allow the Foundation to:

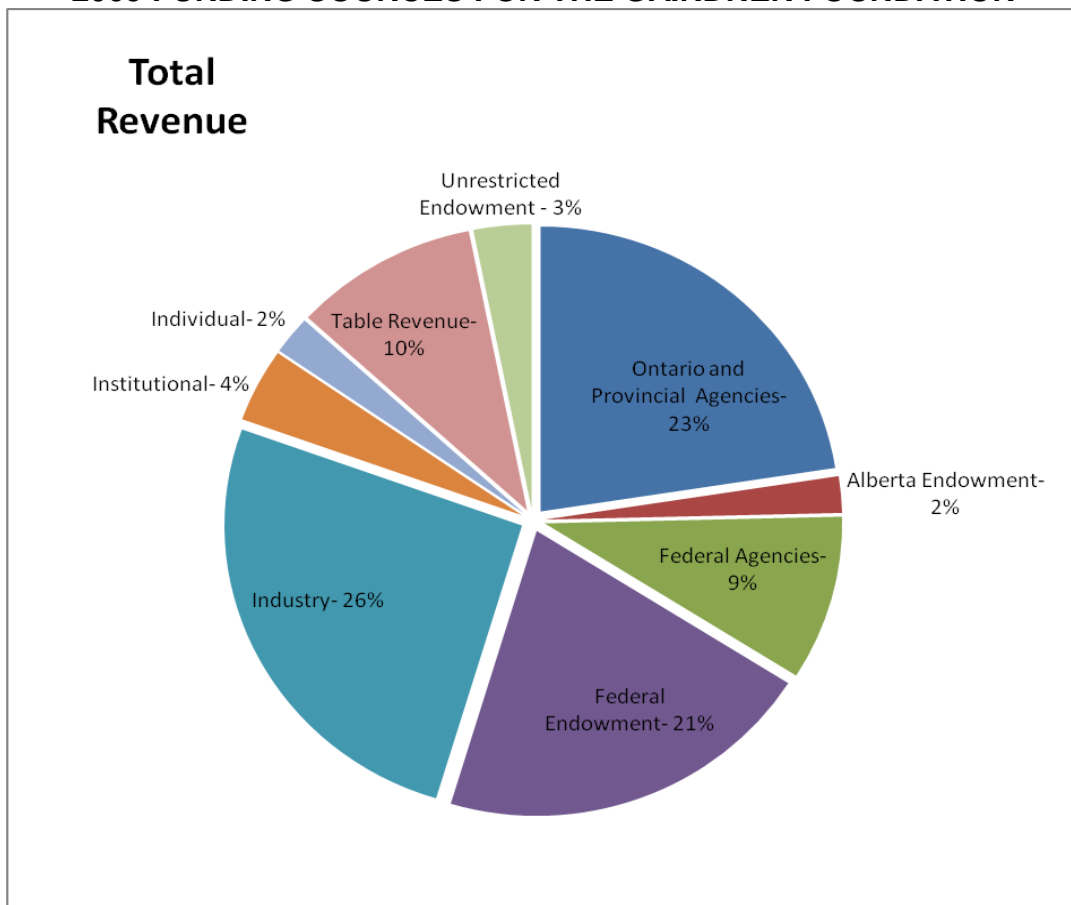


- Increase the amount of the International Awards from \$30,000 to \$100,000 each
- Establish a new annual award to be named the “Canada Gairdner Global Health Award”
- Contribute to the cost of additional outreach activities to bring together international and Canadian health researchers and scientists
- Pay reasonable administrative, audit, evaluation and reporting costs directly related to the International Awards

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. Despite this restriction, the Foundation may 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 as identified for the next Fiscal Year and must not be made for any term that exceeds one Fiscal Year. Earnings from this fund are to be used to support the Alberta Gairdner Outreach Program.

Every year the Gairdner Foundation seeks sponsors from both the public and private sector to support our annual programs. In 2009, revenue of approximately \$3 million was allocated as follows:

### 2009 FUNDING SOURCES FOR THE GAIRDNER FOUNDATION



## PLANNED RECEIPTS AND DISBURSEMENTS FOR 2010

The approved budget for 2009 called for revenue of \$2.5 million and operating expenditures of \$2.6 million, resulting in a Net Deficit of (\$.1 million). However, our 50<sup>th</sup> anniversary provided a unique opportunity for significant incremental fundraising, and our revised forecast calls for revenue of \$3 million, and expenditures of \$2.7 million, resulting in a Surplus of \$.3 million.

Despite the rapid increase in stock prices over the past six months, many sectors and the broad markets are still flat or negative over the past year, and market leadership in the past six months has been restricted to three or four sectors which account for most of the recovery to date. An effectively diversified portfolio may have positive returns, yet underperform expectations when the market is being driven by only a few sectors.

In previous years, we would have expected Investment income of approximately \$1.5 million from the Fund. However, due to the prolonged downturn in world financial markets, we now anticipate earning significantly less, estimating \$712,000 for 2010.

2010 budgeted revenue is \$2.2 million, and the expenditure budget is \$2.2 million, for a breakeven budget. The following table provides the budgeted revenues and expenditures for the fiscal year 2010. The budget for 2010 was presented and approved by the Board of Directors at its November 25 2009 meeting.

### THE GAIRDNER FOUNDATION

#### BUDGET FOR THE YEAR ENDING DECEMBER 31, 2010

	REV FCST 2009	BUDGET 2010	VARIANCE to 2009	% Change
<b><u>REVENUES</u></b>				
Sponsorship	1,843,500	1,200,000	(643,500)	-35%
Awards Dinner Table Sales	375,000	300,000	(75,000)	-20%
Portfolio Revenue	775,000	712,500	(62,500)	
<b>TOTAL</b>	<b><u>2,993,500</u></b>	<b><u>2,212,500</u></b>	<b><u>(781,000)</u></b>	<b>-26%</b>
<b><u>EXPENDITURES</u></b>				
Board	68,500	86,000	17,500	26%
Administration	589,897	607,393	17,496	3%
Events	977,407	505,000	(472,407)	-48%
Medical Advisory and Review Boards	130,000	129,500	(500)	0%
Awards	700,000	700,000	-	0%
President's Office	60,000	60,000	-	0%
Fundraising & Comm	189,500	127,500	(62,000)	-33%
<b>TOTAL</b>	<b><u>2,715,304</u></b>	<b><u>2,215,393</u></b>	<b><u>(499,911)</u></b>	<b>-18%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b><u>278,196</u></b>	<b><u>(2,893)</u></b>	<b><u>(281,089)</u></b>	

## **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 ensures that appropriate systems are implemented to manage these risks.

The Foundation and its Programs are at a critical transition point. The commitment to excellence, foresight and personal drive of the individuals responsible have resulted in the growth and success of the Foundation. However, the Awards and the National and Student Outreach Programs have the potential to have an even greater impact on Canada's level of achievement in health research.

The past decade has seen major shifts in the world economy take place at a pace that would never have been imagined. In response, science and technology and the life sciences in particular have been identified as a critical basis for competitive success in the global economy. 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.

The recent decision of the Government of Canada to provide the Foundation with a \$20 million endowment grant provides the essential financial base to support a needed increase in the value of the International Awards to sustain their competitiveness, and to increase awareness of the Foundation and the Awards. We must ensure that our Investment Policy is 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 sustain its' infrastructure and operations.

For 2010, we are projecting a very conservative 4% return on investment, net of fees. The Investment Policy statement adopted by the Board in 2008, calls for a long term Asset Mix target allocation of 50% Bonds/Fixed Income and 50% Equities. The 2010 return on investment is based on an interim target allocation of 60% Cash, Bonds and Fixed Income, and 40% Equities. Until the financial markets return to more stable, predictable behavior, we do not anticipate fully moving to the Strategic Asset Mix of 50/50.

Financial Markets in 2008 and 2009 were very volatile; a downturn in the markets will affect the income from the investment of the \$25 million, reducing the ability of the Foundation to meet its current requirements.

If financial markets do not improve, we may be required to draw down on the capital of the \$20 million grant from the Federal government. Other possibilities include reducing the scope of the National Program or increasing sponsorship income, as well as reducing the number of awards given. None of these would affect the core mandate of the Gairdner Foundation, which is to recognize the best scientists for their work, although it could temporarily affect the reach of its programs.

**RISK MANAGEMENT  
GAIRDNER FOUNDATION RISK PROFILE**

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

## **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 2009 are Ernst & Young.

Every year, an audit is completed 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.