

The Gairdner Foundation Corporate Plan 2011

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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. Since the awards were first granted 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, 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

The Foundation is governed by a 15 member Board of Directors. 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 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 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 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 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 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, 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

The Foundation's primary mission, through both its international awards and its National Program, is to encourage, reward and celebrate the very best biomedical research in the world through its awards; the Canada Gairdner International Awards, the Canada Gairdner Wightman Award and the Canada Gairdner Global Health Award.

The Foundation plays an important role in scientific life in Canada through its second mission, the annual National Program. This ambitious program makes past and present recipients available to audiences in academic centers across Canada through faculty and graduate student lectures, high school lectures and public forums. It contributes to scientific literacy and increases the 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.

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

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 Gairdner Foundation promotes 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.

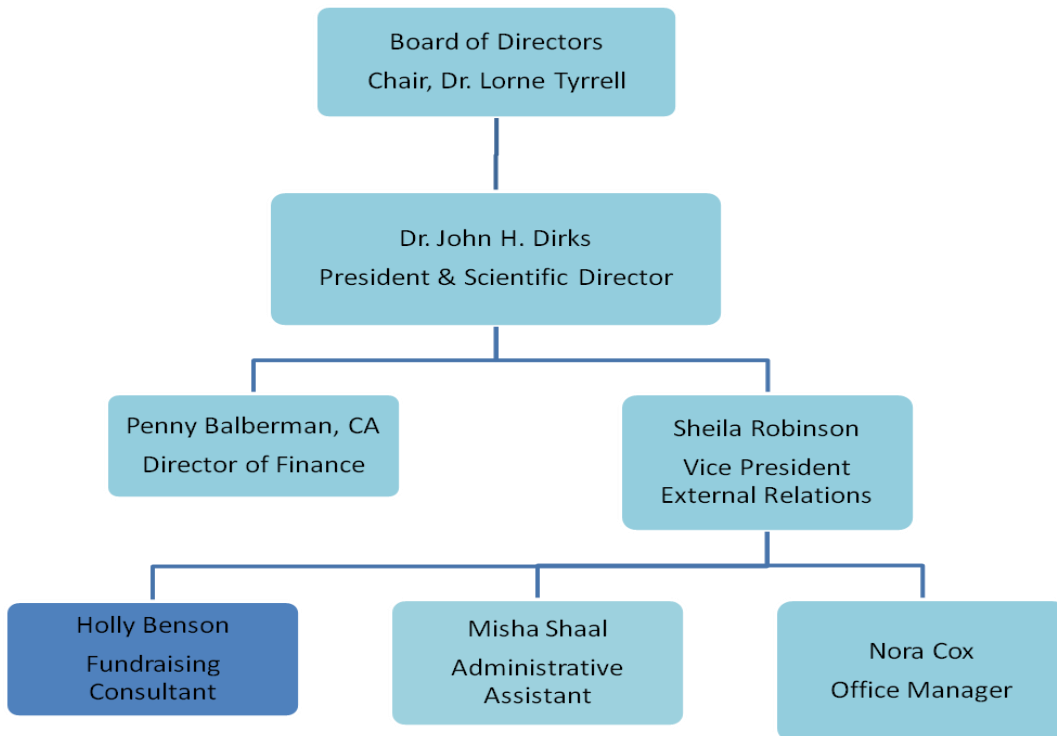
Research is fundamentally an international endeavour. The international stature of the awards conveys to the rest of the world that scientific research is both recognized and respected in Canada. The Gairdner Foundation recognizes, encourages and celebrates basic research and in so doing helps to foster 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 visiting Universities across Canada. The National Program brings the world's top scientists to Canada and helps raise the profile of science in our country. This program provides a unique opportunity for Canadian scientists and graduate students to interact with international leaders who represent the best of scientific excellence.

In 2008, the Gairdner Foundation received a grant of \$20M from the federal government as an endowment 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.

ORGANIZATION CHART NOVEMBER 2010



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 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 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 303 individuals from 14 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 27 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 2010

1. Participation in National Program

The National Program took place in 21 centres. The final event at the Lakehead University had to be rescheduled to February 17, 2011. Approximately 4,400 students, faculty, researchers and scientists participated in the National Program.

What are the Benefits?

The National Program provides an umbrella under which scientist across Canada can gather, one of the few such forums in a field which is often restricted by provincial jurisdictions.

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

2. Student Outreach

The program took place at 17 universities. The number of students participating at each university has solidified and grown over the past several years. Over 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 also help to encourage students to consider a career in scientific research and the pursuit of scientific excellence.

3. Canada Gairdner Global Health Award

This award was granted for the second time in 2010. The recipient was Dr. Nicholas White of the Mahidol Oxford Malaria Research Unit in Bangkok, Thailand. Media coverage included the Globe and Mail, CBC Radio, The Agenda (TVO) and Radio Canada International. While in Ottawa, Dr. White gave the Plenary address at the CHIS conference and spoke at the Health Canada Science Forum.

What are the Benefits?

This award, first granted in 2009 thanks to the grant from the federal government, has helped to raised Canada's profile within the global health community, an area of increasing importance globally. The long term goal of this 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

Harvard University, University of Oxford, and University of Washington each purchased tables at the awards dinner for the first time.

Canadian High Commissioner to the United Kingdom hosted a reception for 60 people at his home in London, England to recognize the two UK Canada Gairdner recipients (Nicholas White and Peter Ratcliffe of Oxford).

We are negotiating with The Lancet to cover the 2011 awardees at announcement time in March.

What are the Benefits?

The Gairdner media profile in Canada helps to raise awareness of the importance of science to Canada. Internationally, we are acknowledged as a country that fosters and recognizes scientific excellence.

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 2010, nominations for the International Awards increased by 24%, from 71 in 2009 to 83 in 2010.

What are the Benefits?

Participation on the MRP committee provides mid-career scientist with access to leading-edge research in their fields. The MAB also familiarizes the best world's scientists with Canada's research strengths.

DETAILED PERFORMANCE EVALUATION 2010

1. Innovation Symposium, Capturing Innovation for the Public Good

A one-day, by invitation symposium, featured leading North American science entrepreneurs including Dr. Leroy Hood (Seattle), Dr. Robert Langer (MIT), Dr. Steve Friend (Seattle), Michael Hayden (Vancouver) and Dr. Cal Stiller (London).

Mr. Robert Klein (San Francisco) and Hon. Kevin Lynch gave business and government perspectives on encouraging innovation.

Attendance- 180

2. Gairdner/University of Saskatchewan Symposium on *Common Interface between Animal and Human Health*

Symposium explored the linkages between animal infections and human disease and marked the opening of the VIDO facility at the University of Saskatchewan.

Attendance - 200

3. Participation in the National Program

The Foundation carried out its National Program of University Lectures at 21 universities across Canada: UBC, Calgary, Edmonton, Saskatoon, Winnipeg, Western Ontario, Guelph, McMaster, Waterloo, York, Toronto, Queen's, Ottawa, Carleton, McGill, Montréal, Sherbrooke, Laval, Dalhousie, UPEI, Memorial.

Speakers included 2010 Canada Gairdner recipients Drs. Nicholas White, Cal Stiller, William Kaelin Jr., William Catterall, Gregg Semenza, Peter Ratcliffe and Pierre Chambon, as well as past awardees Drs. David Sackett, Kim Naysmith and Nahum Sonenberg.

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

Attendance 4,400

4. Student Outreach programs took place at 17 Universities across Canada, an increase of 2 over 2009

Location	Attendance
University of British Columbia	250
Calgary	400
Alberta	325
Saskatchewan	140
Winnipeg	100
Western	110
Waterloo	115
University of Toronto	450
York	325
Queen's	50
Carleton	100
McGill	200
Montreal	600
Sherbrooke	25
Memorial	200
Dalhousie	72
University of PEI	40
TOTAL	3,558

Speakers included the seven 2010 Gairdner recipients plus Dr. Kim Naysmith, Dr. David Sackett and Nahum Sonenberg.

5. Toronto Events

This year the events took place from Oct 27-29. Activities included:

- Global Health Symposium *Eradicating Malaria: Prospects and Perils* on Oct. 27 at MaRS. Speakers included Ripley Ballou (GSK Belgium), Feiko ter Kuile (Liverpool School of Tropical Medicine), David Brandling- Bennett, Bill and Melinda Gates Foundation; Dean T. Jamison, University of Washington; Larry Slutsker, CDC; Kevin Kain, University of Toronto and Nicholas White, 2010 Canada Gairdner Global Health Award recipient.

Attendance (capacity) - 300

- Reception for science researchers, government officials, corporate leaders and past Gairdner and Gairdner/Nobel Laureates at Gardiner Museum of Ceramic Arts on Oct 27. Remarks given by Hon. Glen Murray, Minister of Research and Innovation, Government of Ontario.

Attendance - 90

- *Minds That Matter* recipients' lectures on Oct. 28 at the MacLeod Auditorium, University of Toronto. Canadian born, Dr. Jack Szostak of Harvard, 2010 Nobel Prize recipient gave the closing lecture on the Origins of Life.

Attendance – 700

- *Epigenetics and Genome Function* Symposium on Oct. 29 at the MacLeod Auditorium, University of Toronto featuring speakers Drs. David Allis (The Rockefeller University), Adrian Bird (Edinburgh University), Andy Feinberg (Johns Hopkins University), Anthony Phillips (UBC), Shiv Grewel (NIH), Art Petronis (CAMH Toronto), Huda Zoghbi (Baylor University), and Michael Meany (McGill)

Attendance – 375

- Canada Gairdner Awards dinner, another sold out event held at the ROM in Toronto.

Attendance – 530

6. Increase profile of the Canada Gairdner Awards

In 2010, the public profile of the Gairdner Foundation was raised through advertising and media coverage. This year as in 2009, 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 April and 8 quarter page ads in the National edition and one quarter page ad in the Ontario edition in October
- Numerous articles in the Globe and Mail in April and October
- Globe coverage of the September 15 innovation symposium September
- Live Q&A webcast on CBC with Dr. Cal Stiller in September
- Videotaping and live webcasting of the scientific events in Toronto in October
- Radio coverage on CBC radio- As It Happens, The Current, Ottawa Morning show and Radio Canada International
- The Agenda (TVO) filmed an interview with Dr. Nicholas White
- April announcement ads in *Science* and *Nature*

7. Succession Planning

The Board is laying the groundwork for a formal succession plan effective at the end of 2012.

PLANNED ACTIVITIES AND EXPECTED RESULTS FOR 2011

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. First steps in this direction have already taken place in 2010.

PERFORMANCE OBJECTIVES FOR 2011

1. Participation in National Program

We expect participation in the National Program to remain at 22 Universities. Dr. Ron Pearlman, Professor Emeritus, York University and a past member of the MAB has agreed to act as Associate Scientific Director to assist with the program.

2. Student Outreach

We will continue to improve the administration of these programs and hope to include all 22 universities that participate in the National 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

Dr. Nicholas White, the 2010 recipient, participated in the National Program and also gave the Plenary Address at the CSIH conference in Ottawa on Nov 1. He also spoke at the Health Canada Science Forum to 400 people in Ottawa on Nov 2. Global Health awardees will participate in events of this nature whenever appropriate.

In addition, the Canada Gairdner Global Health recipient will speak, together with an appropriate Canadian scientist, at a symposium in a selected developing world country in 2011.

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

Four Quebec universities now participate in the National Program and the Foundation is working to strengthen their participation.

6. Partner in two special symposia of the very highest quality in various parts of Canada each year

The first event, *Frontiers in Neuroscience*, will be in Calgary in March in partnership with the Hotchkiss Brain Institute. The second, *Scientific Frontiers in Mental Health*, will be in Montreal on May 26, in partnership with the Boeckh Foundation.

LONGER TERM PRIORITIES FOR 2011 AND BEYOND

1. Increase the international profile of the Canada Gairdner Awards.
2. Continue to expand Student Outreach Program until all universities involved with the National Program are included.
3. Put in place plans for 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.

WHAT INVESTMENT IS REQUIRED TO REALIZE OUR CURRENT PLAN

The Foundations' Investment Policy Statement was designed with the principal objective being preservation of capital over the long-term. The portfolio is invested in accordance with the prudent person principle. The Agreement with CIHR anticipated that earnings would allow the Foundation to:

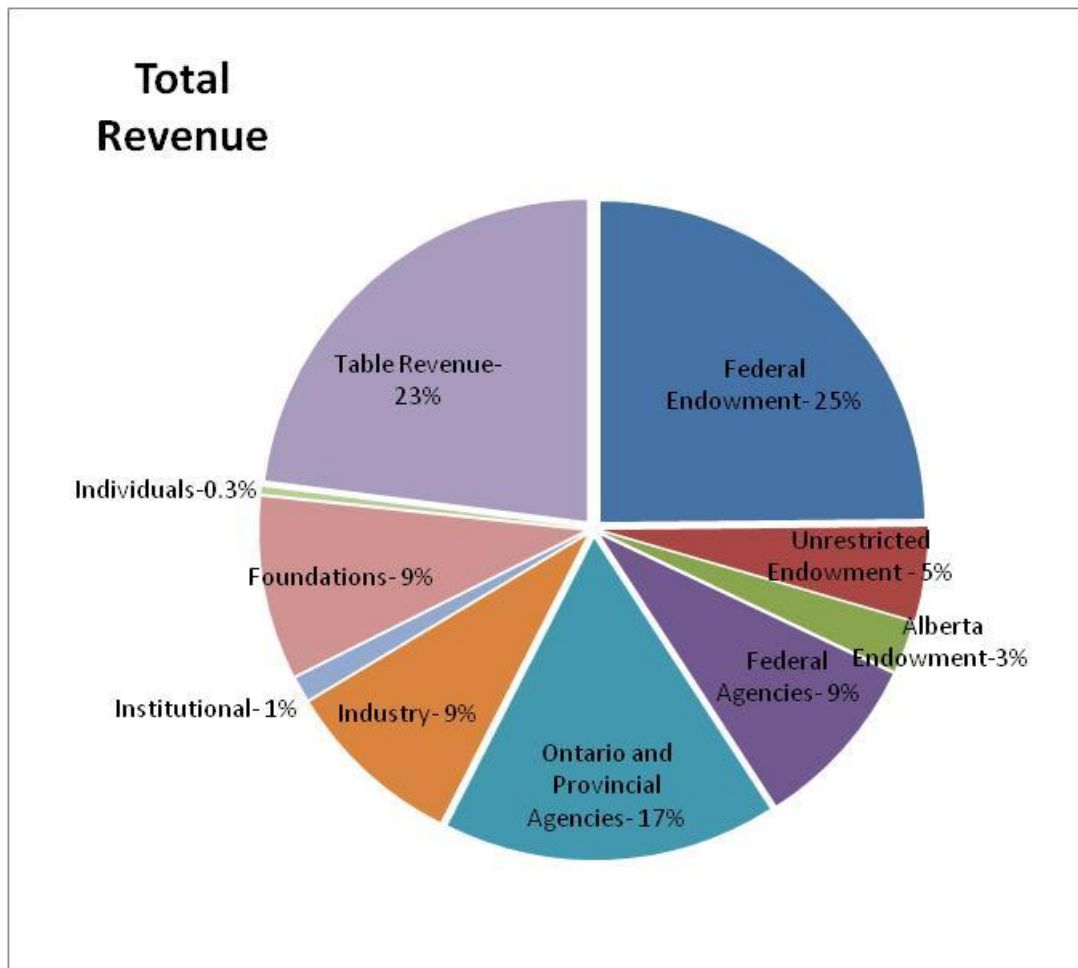
- Increase the amount of the International Awards from \$30,000 to \$100,000 each
- Establish a new annual award to be named the "Canada Gairdner Global Health Award"

- 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

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 2010, revenue of approximately \$2.4 million was allocated as follows:

2010 FUNDING SOURCES FOR THE GAIRDNER



PLANNED RECEIPTS AND DISBURSEMENTS FOR 2011

The approved budget for 2011 calls for revenue of \$2.5 million and operating expenditures of \$2.4 million, resulting in a small Surplus. Budget expenditures include \$.7 million for Awards, \$.6 million for Program expenses, \$1 million for Administrative and Marketing costs and \$.1 million for adjudication costs.

With a return to more normalized worldwide financial markets, we expect Investment income to be approximately \$.7 million. Investment income has been allocated proportionately to the Federal, Alberta and Foundations' funds. Despite the rapid increase in stock prices over the past six months, we expect markets to remain volatile. Given the current low interest rate environment, a conservative portfolio may not earn a return high enough to offset inflation. We must ensure our asset allocation strategy provides the appropriate balance between risk and return. As of September 30, 2010, the portfolio held a 59% allocation to cash and fixed income and 41% equities, relative to our long-term target of 50/50.

The following table provides the budgeted revenues and expenditures for the fiscal year 2011. The budget for 2011 was presented and approved by the Board of Directors at its November 24, 2010 meeting.

THE GAIRDNER FOUNDATION BUDGET 2011

	ACTUAL 2009	REV FCST 2010	BUDGET 2011	%INC(DEC) OVER 2010
REVENUES				
Sponsorship	1,812,417	998,000	975,000	-2%
Table Sales	388,297	510,000	500,000	-2%
Government Grant Funding	840,236	842,580	896,500	6%
Portfolio Revenue	85,322	104,115	105,942	2%
Realized Gains	7,094			
Unrealized Gains	241,030	-		
TOTAL	3,374,396	2,454,695	2,477,442	1%
EXPENDITURES				
Board	45,424	96,540	127,000	32%
Administration	622,850	620,850	631,500	2%
Events	837,285	596,440	613,000	3%
Scientific Advisory Boards	100,780	106,100	123,000	16%
Awards	700,000	700,000	700,000	0%
President's Office	66,779	60,000	60,000	0%
Fundraising & Communications	151,597	123,500	137,500	11%
TOTAL	2,524,715	2,303,430	2,392,000	4%
NET SURPLUS	849,681	151,265	85,442	-44%

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 17 universities and still has the potential to expand at some of the smaller 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 2011, we are projecting a conservative 4% 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 and 50% Equities. The 2011 return on investment is based on an interim target allocation of 55% Cash, Bonds and Fixed Income, and 45% 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.

**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 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.