The Gairdner Foundation
Corporate Plan 2013

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

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

The Board has established a number of committees to help it discharge its duties, including Executive, 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 53 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 10 days in October through faculty and graduate student lectures, high school lectures and public forums. 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. Inspire Canadian scientists through public celebrations showing the value of research.

2. Foster collaboration between Canadian and international scientists by bringing them from abroad to meet with Canadian scientists through lectures, small group discussions, grand rounds, and social interactions.

3. Enhance and encourage a culture of science in Canada by emphasizing excellence and the value of research to senior scientists, postgraduate, graduate and medical students, high school students and the public at large.

4. Maintain the highest standards in selecting recipients of the Awards by appointing eminent international and Canadian scientists to the highly respected jury system.

ORGANIZATION CHART

NOVEMBER 2012

Board of Directors
Chair, Dr. Lorne Tyrrell

Dr. John H. Dirks
President & Scientific Director

Penny Balberman, CA
Director of Finance

Sheila Robinson
Vice President External Relations

Sarah Devonshire
Administrative Assistant

Nora Cox
Office Manager
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 53 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 313 individuals from 15 countries, including 42 Canadians, who have won the Canada Gairdner International Award, 80 have gone on to win a Nobel Prize in Medicine or Chemistry.

In the last 10 years, 15 of 23 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. 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)

4. 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 2012**

1. **Participation in National Program**
The National Program of Faculty lectures took place in 21 centres between Sept. 24 and October 26. Over 6,000 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 17 universities in 2012, including 2 in Atlantic Canada, 4 in Quebec, 6 in Ontario and 5 in the western provinces. The number of students participating at each university varied between 40 and 425 depending on the approach taken by the individual institution. 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 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 2012 recipient was Dr. Brian Greenwood of the London School of Hygiene and Tropical Medicine. His proof of the efficacy of insecticide coated bed nets has reduced childhood deaths from malaria by an estimated 40% in sub-Saharan Africa. He also made ground-breaking contributions to significantly reducing mortality in children due to acute respiratory infection and meningitis.
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 and New York to celebrate 2012 recipients in their home countries. Attendance at all 3 events was excellent.

Once again, The Lancet did a piece on the international recipients and a separate one of the Global Health winner. For the first time Science and Nature both did small pieces about the award announcement in their digital editions.

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 definitely adds to the stature of the awards.

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 2012, nominations for the International Awards increased by 15% from 2011 (105 up from 91). New nominations for Global Health and Wightman have remained constant, however total number of active nominations has gone down based on committee reviews of previous nominations that were deemed to be ineligible for the awards.

What are the Benefits?
The increase in nominations indicates the growing importance of the Canada Gairdner Awards. 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 2012

1. Meeting the Challenge of Emerging, Acute and Persistent Viral Diseases

Li Ka Shing Institute of Virology and Gairdner Foundation held a 2 day symposium on May 31-Jun 01 at the University of Alberta. Speakers included Drs. Eric Cohen, Don Ganem, Atul Humar, Luis Schang, Karen Mossman, Kevin Coombs, Tanya Watts, Daniel Lamarre, Lorne Tyrrell, Stephen Shafran, Heinz Feldmann, Adolfo Garcia-Sastre, Robert Webster, Charles Rice, Michael Gale, Matthias Götte, John Bell, Stephen Russell and Chris Richardson.

The symposium focused on the viral pathogenesis, immune responses and potential of novel antivirals, and vaccines both prophylactic and therapeutic on these viruses.

A public lecture “Using Viruses to Fight Cancer” was held featuring Dr. Patrick Lee on May 31, 2012.

Attendance - 250

2. Genomics: The Power and the Promise

Presented in partnership with Genome Canada on the 10th anniversary of the first Gairdner Genome Symposium, this two day event will take place on November 27-28 in Ottawa. Featuring Gairdner Laureate Eric Lander, a world leader in the field, the symposium has attracted strong registration by mid-October. It includes a poster session for young Canadian scientists that resulted in over 240 submissions. Expected attendance- 325

3. The 2012 National Program

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

Speakers included all of the 2012 Canada Gairdner recipients as well as Howard Cedar (Gairdner 2011), Richard Losick (2009), and Bill Kaelin (2011).

Attendance- 4,000

4. Student Outreach

Programs took place at 15 Universities across Canada. In addition, Thunder Bay will hold its program in the winter of 2013.

<table>
<thead>
<tr>
<th>Location</th>
<th>Attendance</th>
</tr>
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<tbody>
<tr>
<td>University of British Columbia</td>
<td>200</td>
</tr>
<tr>
<td>Calgary- (380 were registered however a major snowstorm prevented participants from attending the event)</td>
<td>160</td>
</tr>
<tr>
<td>Alberta</td>
<td>380</td>
</tr>
<tr>
<td>Saskatoon</td>
<td>185</td>
</tr>
<tr>
<td>Winnipeg</td>
<td>150</td>
</tr>
<tr>
<td>Western</td>
<td>40</td>
</tr>
</tbody>
</table>
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 2012 Canada Gairdner recipients as well as Howard Cedar (Gairdner 2011), Richard Losick (2009), and Bill Kaelin (2011).

Richard Axel of Columbia University, Nobel (2004) and Gairdner (2003) who attended this year’s lectures commented: “Gairdner knows how to celebrate science and disseminate it; American prizes need to mimic you.”

5. Toronto Events

This year the events took place from Oct 24-26. Activities included:

- Global health symposium, Saving Children’s Lives Worldwide, was held at SickKids Hospital on October 24. Attendance - 250
- Reception held for recipients, sponsors, academics, media, students and Gairdner recipients at Massey College, University of Toronto on Oct 24. Six members of the media attended. Attendance - 80
- Minds That Matter recipients’ lectures on Oct. 25 at the MacLeod Auditorium, University of Toronto. Attendance - 350
- New Insights into the Brain Symposium on Oct. 26 at the MacLeod Auditorium, University of Toronto Attendance - 200
- 2012 recipient Jeff Ravetch spoke at a breakfast meeting to 12 volunteers from Let’s Talk Science
- The Canada Gairdner Awards dinner, on October 25, at the ROM in Toronto was sold out. Attendance – 520

6. Increase profile of the Canada Gairdner Awards

Again in 2012 a sponsor contributed funds to hire a PR firm to work with the media in March and during Gairdner week.

Coverage for 2012 included:
The Globe & Mail, our national media sponsor carried a full page announcement ad in March, and a full page ad in the National edition in October.

Articles on the winners appeared in the Globe and Mail in March.

March announcement ads in Science and Nature.

Features on the 2012 Canada Gairdner International Award recipients in The Lancet, and a separate piece on Global Health winner Brian Greenwood.

New Insights into the Brain roundtable was recorded by CBC's The National, and Dr. Eric Kandel was interviewed. Both segments will be broadcast in late November.

The Gairdner has launched a new website in late summer. It contains much more news than the old site and has garnered a huge increase in visits over the year before. We have also developed an active Facebook page.

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

PLANNED ACTIVITIES AND EXPECTED RESULTS FOR 2013

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.

Our next major goal is to increase the international profile and reach for the Canada Gairdner Awards, through international events held in partnership with Canadian embassies in the home countries of each year’s recipients. 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 2013

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 hope to add at least 1 university to the student program with the assistance of Dr. Pearlman. We gather student responses to each event, and use the results to ensure that the lectures remain relevant and interesting to the students invited to the events.

3. International profile of the Canada Gairdner Awards
We continue our efforts to raise Gairdner’s profile through international events and better international marketing and communications.

4. Increase the number and quality of the nominations
The Foundation proactively seeks new nominations for all three awards.

5. Strengthen and improve the presence of the Foundation in Quebec
With the addition of Sherbrooke, this year 4 Quebec universities participated in the National Program. The Foundation is working to strengthen their level of participation by offering French language communications material and speakers whenever possible.

6. Partner in two special high quality symposia in various parts of Canada each year
Planning is underway for a joint symposium with the University of Calgary in the late spring of 2013.
LONGER TERM PRIORITIES FOR 2013 AND BEYOND

1. Increase the international profile of the Canada Gairdner Awards by improving our marketing and communications and hiring a PR firm on an annual basis.
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 presence through social media ie. Twitter and Facebook.
4. Bring the adjudication committees to the highest possible level and ensure all meetings can be held in-person using secret ballots.
5. Expand international Canada/Gairdner partnership with events at Canadian embassies abroad.
6. Hold event for Wightman winner at their home university.
7. Increase advertising in selected publications.
8. 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.

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 2012, revenue of approximately $2.6 million was allocated as follows:

**2012 FUNDING SOURCES FOR THE GAI RDNER**

![Pie chart showing revenue allocation]

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Agencies</td>
<td>6%</td>
</tr>
<tr>
<td>Table Revenue</td>
<td>25%</td>
</tr>
<tr>
<td>Annual Federal Funding</td>
<td>33%</td>
</tr>
<tr>
<td>Annual Alberta Funding</td>
<td>3%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>18%</td>
</tr>
<tr>
<td>Ontario and Provincial Agencies</td>
<td>10%</td>
</tr>
<tr>
<td>Unrestricted Endowment</td>
<td>5%</td>
</tr>
<tr>
<td>Total Revenue - 2012</td>
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</table>

**PLANNED RECEIPTS AND DISBURSEMENTS FOR 2013**

The approved budget for 2013 calls for revenue of $2.7 million and operating expenditures of $2.4 million, resulting in a $0.3 million Surplus. Budget expenditures include $0.7 million for Awards, $0.6 million for Program expenses, $1.0 million for Administrative and Marketing costs and $0.1 million for adjudication costs.

We expect total Investment income of approximately $0.7 million in 2013. Investment income will be allocated proportionately to the Federal, Alberta and Foundation’s funds.
Commencing in 2013, the Federal Budget has earmarked $2 million in funding over the next 5 years to provide additional support for the Awards. This will be used to strengthen the selection process, enhance educational outreach, and increase the international profile of the awards.

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 4 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 2011, we had drawn upon the capital of the fund for $572,000. At the end of 2012, we are forecasting a small reduction in the draw as there has been some improvement in the rate of return on the portfolio.

As of September 30, 2012, the portfolio asset mix included 51% allocation to cash and fixed income, 39% equities, and 10% alternative strategies relative to our long-term target of 50/40/10.

The following table provides the budgeted revenues and expenditures for the fiscal year 2013. The budget for 2013 was presented and approved by the Board of Directors at its November 21, 2012 meeting.
THE GAIRDNER FOUNDATION
BUDGET 2013

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL 2011</th>
<th>NOV FCST 2012</th>
<th>BUDGET 2013</th>
<th>$ INC(DEC) OVER 2012</th>
<th>% INC(DEC) OVER 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship</td>
<td>918,442</td>
<td>745,000</td>
<td>1,012,500</td>
<td>267,500</td>
<td>36%</td>
</tr>
<tr>
<td>Table Sales</td>
<td>610,000</td>
<td>628,000</td>
<td>625,000</td>
<td>(3,000)</td>
<td>0%</td>
</tr>
<tr>
<td>Donations</td>
<td>46,887</td>
<td>136,072</td>
<td>30,000</td>
<td>(106,072)</td>
<td>-78%</td>
</tr>
<tr>
<td>Government Grant Funding</td>
<td>878,874</td>
<td>927,000</td>
<td>926,300</td>
<td>(700)</td>
<td>0%</td>
</tr>
<tr>
<td>Portfolio Revenue</td>
<td>133,454</td>
<td>114,898</td>
<td>116,601</td>
<td>1,703</td>
<td>1%</td>
</tr>
<tr>
<td>Realized Gains/(Loss)</td>
<td>(26,399)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized Gains/(Loss)</td>
<td>(200,605)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,360,653</td>
<td>2,550,970</td>
<td>2,710,401</td>
<td>159,431</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**     |             |               |             |                     |                      |
| Board                | 96,770      | 67,700        | 41,600      | (26,100)            | -39%                 |
| Administration       | 667,045     | 738,769       | 720,500     | (18,269)            | -2%                  |
| Events               | 585,046     | 527,313       | 579,600     | 52,287              | 10%                  |
| Scientific Advisory Boards | 100,651 | 98,900        | 110,800     | 11,900              | 12%                  |
| Awards               | 700,000     | 700,000       | 700,000     | -                   | 0%                   |
| President's Office   | 105,210     | 65,000        | 90,000      | 25,000              | 38%                  |
| Fundraising & Communications | 48,491 | 43,125        | 145,500     | 102,375             | 237%                 |
| **TOTAL**            | 2,303,213   | 2,240,807     | 2,388,000   | 147,193             | 6.6%                 |

| **NET SURPLUS**      | 57,440      | 310,163       | 322,401     | 12,238              | 3.9%                 |
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 15 universities attracting students from 120 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 2013, we are projecting a conservative 2.5% return on investment, net of fees. The Investment Policy statement adopted by the Board, calls for a long term Asset Mix target allocation of 50% Bonds/Fixed Income, 40% Equities and 10% Alternative Strategies. The 2013 return on investment is based on this long term strategic asset mix.
## RISK MANAGEMENT

### GAIRDNER FOUNDATION RISK PROFILE

<table>
<thead>
<tr>
<th>RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profile of the Canada Gairdner Awards is not increased</td>
</tr>
<tr>
<td>Compliance Audit reveals deficiencies</td>
</tr>
<tr>
<td>Decreased success rate in choosing globally recognized medical advancements</td>
</tr>
<tr>
<td>Succession Planning proves to be difficult or delayed implementation</td>
</tr>
<tr>
<td>Sponsorship/fundraising revenue is not secured</td>
</tr>
<tr>
<td>Failure to achieve long-term fundraising goals</td>
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<table>
<thead>
<tr>
<th>LIKELIHOOD OF OCCURRENCE</th>
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<tbody>
<tr>
<td>Low</td>
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<table>
<thead>
<tr>
<th>IMPACT</th>
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</thead>
<tbody>
<tr>
<td>Medium</td>
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<table>
<thead>
<tr>
<th>MITIGATING STRATEGY</th>
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</thead>
<tbody>
<tr>
<td>• Increase communications to all stakeholders (including research communities) and the public</td>
</tr>
<tr>
<td>• Ongoing public awareness and engagement programs</td>
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<tr>
<td>• Ongoing monitoring of media coverage, engaging new media partnerships to spread the Gairdner story</td>
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<tr>
<td>• Continuous review of the terms of the funding agreement to ensure compliance.</td>
</tr>
<tr>
<td>• Take appropriate actions as necessary</td>
</tr>
<tr>
<td>• Rigorous assessment of peer review process, and 2 tier jury system</td>
</tr>
<tr>
<td>• Continued rigorous assessment and recruitment of MAB members</td>
</tr>
<tr>
<td>• Appointment of strong Scientific Director</td>
</tr>
<tr>
<td>• Focus on high quality leadership on the Board and management team</td>
</tr>
<tr>
<td>• Transition must ensure sufficient cross-over period between senior leaders</td>
</tr>
<tr>
<td>• Continuous monitoring of fundraising efforts</td>
</tr>
<tr>
<td>• Reduce risk of funding shortfall by closely monitoring and controlling expenditure commitments</td>
</tr>
<tr>
<td>• Continue to build the case for continued federal and provincial government funding</td>
</tr>
<tr>
<td>• Prolonged downturn could affect ability to fundraise- strategy must continuously focus on new funding</td>
</tr>
</tbody>
</table>

### 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 2012 are Ernst & Young. The audit is undertaken on an annual basis, in accordance with generally accepted Canadian accounting principles. The objective is to express an opinion on whether the Gairdner Foundation’s financial statements present fairly, the financial position, results of operations, and cash flows of the corporation. Upon completion of the audit, the financial statements and a summary of audit findings are presented to the Audit Committee and the Board of Directors for approval.

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

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

These reports are posted on the Gairdner Foundation website.

ADDITIONAL AUDIT REQUIREMENTS

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

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

The Funding Agreement will be reviewed before March 31st, 2018 to assess whether its objectives are being met and whether the Canada Gairdner International Awards remain competitive internationally. The Funding Agreement will be renegotiated and renewed as soon as possible after April 1, 2026.

COMPLIANCE AUDIT COMPLETED IN 2012

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

Although the agreement requires this audit to be completed by the end of 2014, we completed the audit in 2012. Ernst & Young was engaged to perform the independent compliance audit required under 8.1 (b). Their report was based on testing specified procedures designed to assist CIHR in their assessment of the Foundation’s compliance with the Funding Agreement. In reviewing the agreement, the Foundation identified 32 sections of the agreement for compliance testing and verification.

RESULTS

Final report was submitted to CIHR in October and has been accepted and approved as filed. There were no significant audit issues or findings to report.
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 will measure the Foundations’ overall performance in achieving the outcomes set out in section 7.2 of the agreement.

Section 1.8 - “Independent Evaluation” means an evaluation that:

a) is conducted by a person or team of persons who are separate from those responsible for managing, making decisions on, or implementing the project being evaluated;

b) is conducted by a person or team of persons who is/are recognized as experts in evaluation, with over 5 years’ experience;

c) requires the evaluator to ensure impartiality in the planning and conduct of the evaluation, and validity and reliability in the evaluation methods and instruments; and

d) requires impartial reporting that firmly reflects the evaluation findings.

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.

This Evaluation will be completed in Q1 2013. An external consultant will be hired to carry out, report on the results of the evaluation, and issue an assessment of the Foundation’s compliance with the desired outcomes in the agreement.