

The Gairdner Foundation Corporate Plan 2016

TABLE OF CONTENTS	PAGE
Section I	
About the Gairdner Foundation	2
Objectives and Achievements to Date	5
Benefits	7
Section II	
Performance Results for 2015 Activities	8-9
Detailed 2015 Evaluations	9-12
Planned Activities and Anticipated Results 2016	13
Section III	
Financial Summary	14
Planned Receipts and Disbursements 2016	15-16
Section IV	
Risk Management	17
Section V	
Performance Monitoring	18-19

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 biomedical 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 Foundation was incorporated in December 1957 as a charitable corporation under the laws of the Province of Ontario, Canada. During 2013, the Foundation was continued as a federal corporation under the Canada Not-For-Profit Corporations Act. 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 the time, the name of the Awards was changed to the Canada Gairdner Awards.

GOVERNANCE

The Foundation is governed by a 14 member Board of Directors which is comprised of individuals who bring their expertise from the academic, private and public sectors. Board members are nominated and appointed for a maximum term of 3 years, renewable 3 times. Directors are not compensated for their regular Board and Committee duties.

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, as well as effective governance and work diligently 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 adjudication 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. The Gairdner Foundation has the equivalent of 5.5 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 GOALS

Our core mandate is to select the annual Canada Gairdner International recipients. Over the past 55 years, Gairdner has gained a superb international reputation for its early recognition of medical breakthroughs that have changed the way medicine is practiced.

Biomedical research is fundamentally an international endeavour. Biomedical discoveries bring hope for the future. Breakthroughs lead to new – often revolutionary – paths for diagnosis, treatment and cure.

The Canada Gairdner International Awards recognize and celebrate the work of the world's best biomedical researchers. 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.

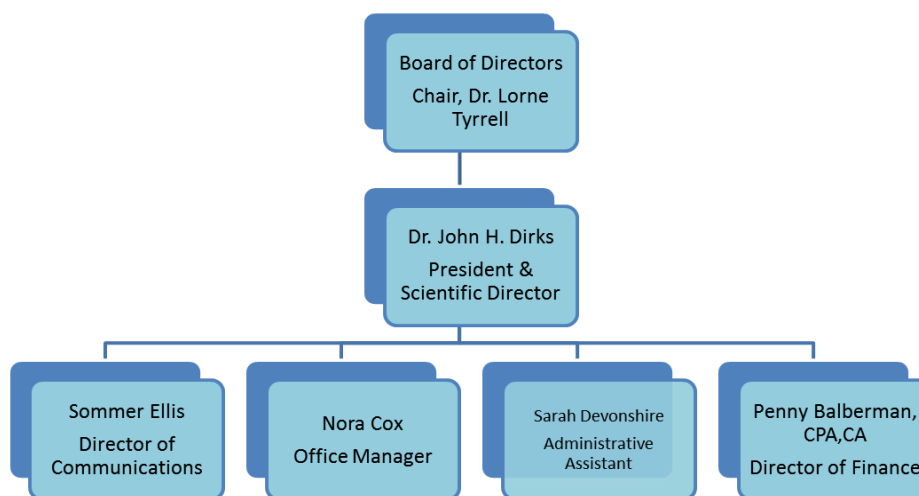
Our annual National Program is unique among major scientific prizes. Each October, the Gairdner sends current and past winners to over 20 universities across Canada, where they present lectures on their work to scientists, trainees, and high school students. Through this educational program, we aim to inspire young people to consider a career in the health sciences, and to increase public awareness of the value of scientific research and discovery.

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

OUR OBJECTIVES

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

ORGANIZATION CHART NOVEMBER 2015



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 56 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 326 individuals from 15 countries, including 42 Canadians, who have won the Canada Gairdner International Award, 83 have gone on to win a Nobel Prize in Medicine or Chemistry.

In the last 10 years, 15 of 26 Nobel prizes 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 scientist 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 awardees” achievements have dramatically impacted the health of people around the world. A few recent examples include:

1. The co-discovery of the Ebola virus and its modes of transmission and its epidemiology and the pioneering work on HIV/AIDS in Africa revealed a major heterosexual HIV epidemic, established much of the knowledge of the clinical manifestations, natural history and epidemiology of HIV in Africa, including the first studies showing the effectiveness of HIV prevention in high risk populations. Peter Piot (2015 Canada Gairdner Global Health Award)
2. Discovery of anti-TNF therapy which has provided new and effective treatment for millions of patients suffering from resistant rheumatoid arthritis and other inflammatory diseases helping reduce their pain and disability while improving their quality of life immensely. Marc Feldmann and Ravinder Maini (2014 Gairdner)
3. Development of Herceptin, the most effective therapy for Her2-positive breast cancer, which affects about 20-25% of all breast cancer patients. Dennis Slamon (2007 Gairdner)
4. The HPV vaccine against cervical cancer grew directly from the discoveries of 2008 Gairdner awardee. Harald zur Hausen (2008 Gairdner)
5. Discovery that adult human cells can be reprogrammed to pluripotent cells (iPS cells), enhancing the possibility of treating intractable diseases. Shinya Yamanaka (2009 Gairdner)

6. Discovery of Vascular Endothelial Growth Factor (VEGF) which led to the development of effective therapy that helps slow vision loss for patients with wet age-related macular degeneration (AMD) who, before this discovery, were faced with very limited treatment options.
Harold Dvorak and Napoleone Ferrara (2014 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 2015

1. Participation in National Program

The National Program of Faculty lectures take place in 20 centres during the year. Approximately 3,500 university students, faculty, researchers and scientists participated in the National Program.

What are the Benefits?

The National Program provides 20 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 20 universities in 2015, including 4 in Atlantic Canada, 3 in Quebec, 7 in Ontario and 6 in the western provinces. The number of students participating at each university varied between 50 and 450 depending on the approach taken by the individual institution. Over 3,100 high school students from over 100 high schools across Canada now participate each year.

Information packages were sent to all participating high schools so that teachers and students could prepare for the topics to be discussed at their event. Feedback is being collected and compiled currently.

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. Expand the profile of the Foundation

The Gairdner Foundation partnered with Canadian High Commission in London, UK, the consulate in New York City, the Embassy in Basel and Switzerland, and the Canadian Embassy in Tokyo, Japan, as well as the winners in Rochester, and Toronto to celebrate 2015 recipients in their home locations. Attendance at all 6 events was excellent with more than 650 guests in total.

The Consortium of Universities for Global Health (CUGM) is an organization consisting of over 110 American and Canadian Universities. They invited Dr. Peter Piot to address their annual meeting in April

in Boston, Mass and he spoke to more than 300 guests about his research and Dr. Dirks shared the history and vision of the Gairdner Foundation.

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 and the Canada Gairdner Awards. Gairdner can open the door for further dialogue for future stakeholders and donors.

4. 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 2015, nominations for the International Awards increased by 13% from 2014 (152 up from 134), with 50 totally new nominations. Active nominations for Global Health and Wightman have remained relatively constant.

What are the Benefits?

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

DETAILED PERFORMANCE EVALUATION 2015

1. Frontiers in Cell Biology

This 2 day symposium was held on May 27-28 in Edmonton, Alberta in partnership with the University of Alberta and Alberta Innovates Health Solutions. The Symposium brought together leaders from around the world to celebrate the discoveries that have formed our current view of the workings of the cell and to highlight future areas of investigation and discovery in cell biology and molecular medicine.

First day speakers included David Tollervey (Wellcome Trust, Edinburgh, Scotland), Jan Ellenberg (European Molecular Biology Lab, Heidelberg Germany), Roland Hill (Phillips University, Marburg, Germany), Ted Dawson (Johns Hopkins, Baltimore), Peter Walter (UCSF), Arthur Horwich (Yale), Christopher Dobson (Cambridge, UK).

The second day included John Bergeron (McGill), Yoshinori Ohsumi, (Tokyo Institute of Technology), Scott Emre (Cornell), Anne Spang (University of Basel), Irmi Sinning, (Heidelberg German), Suresh Subramani (University of California, San Diego), and Richard Rachubinski (University of Alberta).

Attendance- 300

2. Symposium on the Microbiome

Launch of the Research Strategy "*Infections, Inflammation & Chronic Diseases in the Changing Environment (IICD)*" on Tuesday, November 10, 2015 at the University of Calgary.

This symposium was kicked off by Elizabeth Cannon, President University of Calgary and Dr. Ed McCauley, Vice President Research. Lectures featured the role of the microbiome in immune

development and function during health and disease including infections, inflammation, and chronic disease; the role of environmental microbiomes from natural resources, agriculture, and livestock industries and their relationship to human health and disease.

Speakers included Herbert Virgin (Washington University), Scott Bultman (University of North Carolina), Sarkis Mazmanian (California Institute of Technology), Thomas Louie (University of Calgary), Jens Walter (University of Alberta), Raylene Reimer (University of Calgary), Gene Tyson (University of Queensland, Australia), Philip Poole (University of Oxford, UK). A leading graduate student presented their paper to the attendees before the symposium ended.

The symposium attracted attendees from faculty, staff, clinicians, clinician-scientists, researchers, postdoctoral fellows, graduate students, undergraduate students, the Dean of Medicine, the President of the University of Calgary, along with the external speakers who travelled from around the world.

Attendance- 265

3. Genomics and Cancer

In Partnership with Genome British Columbia, Terry Fox Research Institute and the University of British Columbia, the Gairdner Foundation hosted a state of the art cancer symposium.

Speakers include Doug Hanahan (Swiss Institute for Experimental Cancer Research), Elaine Mardis (Washington University in St. Louis), Sam Aparicio (BC Cancer Research Centre), Ken Kinzler (Johns Hopkins University), Marco Marra (BC Cancer Agency), Ben Berman (Cedars-Sinai Medical Centre), Kevan Shokat (UCSF), Suzanne Topalian (Johns Hopkins University), Maura Gillison (Ohio State University). Students have been invited to a lunch with the speakers.

The Dean's sponsored a lunch for 80 students who were invited to have lunch with the speakers and learn more about their research and ask questions.

Attendance – more than 350

4. The 2015 National Program

The Foundation carried out its National Program of University Lectures at 20 universities across Canada: UBC, Lethbridge, Calgary, Edmonton, Saskatoon, Winnipeg, Western, Waterloo, Guelph, McMaster, York, Toronto, Queen's, Ottawa, Thunder Bay, McGill, Montréal, Laval, Dalhousie, and UNB. The program is planned for Lakehead in early February 2016.

Speakers included all of the 2015 Canada Gairdner winners as well as Harold Dvorak (2014), Jeffrey Friedman (2005), Salim Yusuf (2014), Jeffrey Ravetch (2012), Thomas Jessell (2012).

Estimated Attendance- 3,500

5. Student Outreach

Programs took place at 19 Universities across Canada. Thunder Bay holds its program early every year and the numbers for Lakehead were for March 2015.

Location	Attendance
University of British Columbia	205
Calgary	325
Edmonton	370
Lakehead	150
Saskatchewan	200
Western	53
Winnipeg	60
Waterloo	45
Lethbridge	55
University of Toronto	235
York	350
Carleton	320
Dalhousie	15
Montreal	80
Laval	200
Queens-- no audience numbers provided yet	
Memorial	110
Sherbrooke	75
UPEI	93
UNB	60
TOTAL	3,000

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

1. Toronto Events

This year the events took place from Oct 28-30. Activities included:

- Global health symposium “*Global Preparedness for Pandemics: Lessons from Ebola*” was held at MaRS on October 28.

Attendance – 250 plus 150 online via webcast
- Reception held for recipients, sponsors, academics, media, students and Gairdner recipients at MaRS on October 28.

Attendance -115
- Minds That Matter* recipients’ lectures on Oct. 29 at the MacLeod Auditorium, University of Toronto.

Attendance – 350 plus 285 online via webcast
- “*RNA and the New Genetics*” Symposium with an outstanding list of speakers on Oct.30 at the MacLeod Auditorium, University of Toronto.

Overflow Attendance – 500 plus 140 via online webcast
- Dr. Zhang gave his lecture to 300 undergrad Biology and Graduate students who could not attend the RNA symposium on Oct. 30.

Attendance - 300

- 2015 winner Janet Rossant spoke at a breakfast meeting to 15 volunteers (graduate and masters students) from *Let's Talk Science* at a breakfast at Massey College on October 30.
- The Canada Gairdner Awards dinner, on October 30, at the ROM in Toronto was sold out.
Attendance – 540

6. Increase profile of the Canada Gairdner Awards

Coverage for 2015 resulted in more than **75 million media impressions in more than 216 outlets**

- 100 per cent of coverage included a mention of either the Canada Gairdner Awards or Gairdner Foundation and all are positive coverage highlighting our winners and Gairdner's prestige
- **Front page mention in the Globe and Mail** along with two full page print articles that also appeared online
- **Top tier coverage** appeared in Toronto Star, CBC and within the Canadian Press network which includes more than 70 outlets across Canada.
- **Increased Twitter conversation** around the announcement. In total on March 25th alone we had approximately 300 tweets and Facebook posts mentioning the Gairdner Foundation with a reach extending 46.4K internationally.
- Extensive coverage about Drs. Ohsumi and Sakaguchi appeared throughout Japan in dozens of their major media outlets including all of the major newspapers, three of the major broadcast outlets and for online it was covered in The Japan News and **Yahoo Japan News**, the most popular online news site in Japan.
- Support and coverage from various organizations such as the University of Toronto, University of Rochester Medical Center, the Hospital for Sick Children (SickKids), the Cornell Chronicle.
- Excellent coverage in **The Lancet** about Canada Gairdner Global Health Award winner and all five Canada Gairdner International Award winners.
- **Full page ads** were placed in *Science, Nature, The Globe and Mail and New York Times*. SickKids Hospital and the University of Toronto also placed a full-page ad in *The Globe and Mail* based on our recommendation.

All of the Toronto events were webcast and videotaped. These are being edited and will be used on our website, shared with universities, students, faculty and awardees to help increase our exposure and also promote future events.

PLANNED ACTIVITIES AND EXPECTED RESULTS FOR 2016

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. To this end, we will continue to hold events in the home country of each winner shortly after the announcement of the winners in late March.

PERFORMANCE OBJECTIVES FOR 2016

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 and assists with coordination of this program.

1. Student Outreach

We gather student responses to each event, and use the results to ensure that the lectures remain relevant and interesting to the students invited to the events. Social media will be incorporated into student events in 2016 to help increase interaction.

2. 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 that share the story of our awardees and our history.

3. Increase the number and quality of the nominations

The Foundation proactively seeks new nominations for all three awards. The Foundation has hired a part time person to assist in identifying research and educational institutions from around the world and encourage nominations.

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

Planning is already underway for two symposia in Alberta in 2016.

"Cancer Discoveries: Molecules to Man"

Plans have already been finalized for a symposium to be held at University of Alberta on May 25-26, 2016. Speakers have been invited and we are working with Dean Evans and Chair David Eisenstat.

5. The Foundation's President and Scientific Director will be retiring in the Spring of 2016.

A successor has been found and a formal announcement will be made early in 2016.

LONGER TERM PRIORITIES FOR 2017 AND BEYOND

Increase the international profile of the Canada Gairdner Awards by improving our marketing and communications.

1. Seek ways to raise our profile with high school and undergraduate students through Facebook and making high school lectures available on YouTube.
2. Increase social media presence, i.e. Twitter and Facebook.
3. Bring the adjudication committees to the highest possible level. All meetings held in-person using secret ballots.
4. Increase advertising in selected publications.
5. Look for new Board members to enhance geographic representation.
6. Increased emphasis on fundraising, with new initiatives directed at government, institutions and individuals.

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. The agreement also 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.

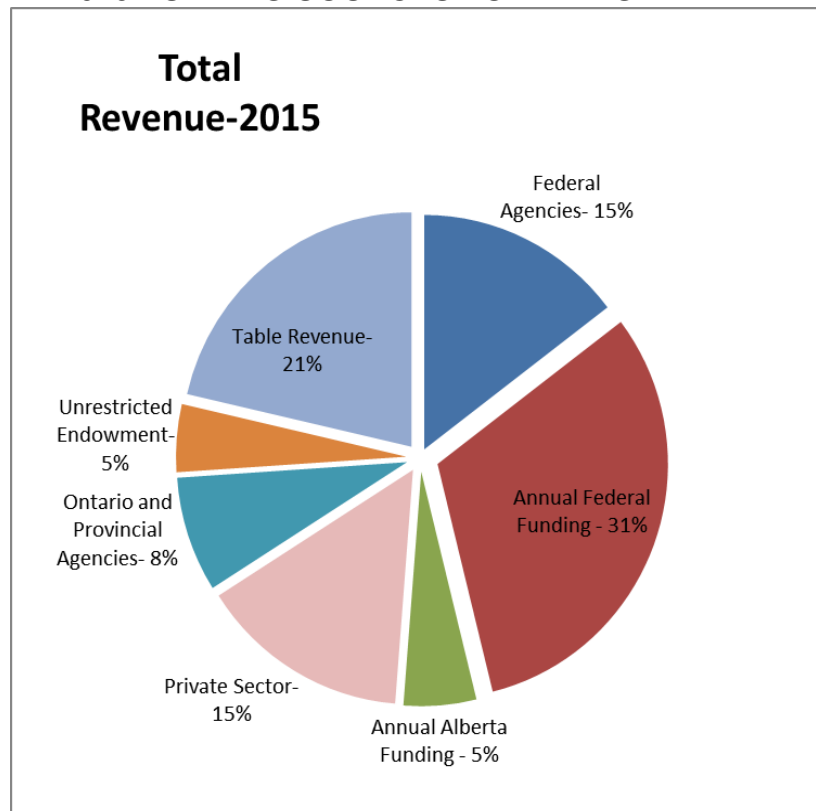
A grant of \$2 million was received from the Alberta government in 2008, for the purpose of expanding the Gairdner program in Alberta. This grant is also to be capitalized during the term of the agreement, and only the income from the Fund, including interest, dividends and realized capital gains may be used. This grant has an indeterminate term; however the Agreement is to 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", and 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. The primary objectives of the investment policy are to preserve the capital, to generate sufficient income to pay for the administrative and award costs and to provide inflation protection to the fund.

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 2015, estimated revenue of approximately \$2.8 million was allocated as follows:

2015 FUNDING SOURCES FOR THE GAIRDNER



PLANNED RECEIPTS AND DISBURSEMENTS FOR 2016

The approved budget for 2016 calls for revenue of \$2.7 million and operating expenditures of \$2.7 million, resulting in a breakeven Budget. Budget expenditures include \$0.7 million for Awards, \$.6 million for Program expenses, and \$1.2 million for Administrative and Marketing costs and \$.2 million for adjudication costs.

Revenue includes the new Federal grant of \$2 million over 5 years. These funds are allocated to International Outreach and Branding.

We expect total Investment income of approximately \$.7 million in 2015, as interest rates remain at historic lows. Investment income is allocated proportionately to the Federal, Alberta and Foundation's funds.

We must ensure our asset allocation strategy provides the appropriate balance between risk and return. However, given the volatility in the market for the past 2 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.

As of September 30, 2015, the portfolio asset mix included 49% allocation to cash and fixed income, 43% equities, and 8% alternative strategies relative to our long-term target of 45/45/10.

The following table provides the budgeted revenues and expenditures for the fiscal year 2016. The budget for 2016 was presented and approved by the Board of Directors at its November 18, 2015 meeting.

**THE GAIRDNER FOUNDATION
BUDGET 2016**

in \$000's

REVENUES

	ACTUAL 2014	REV FCST 2015	BUDG 2016	\$ INC(DEC) OVER 2015	% INC(DEC) OVER 2015
Sponsorship	440	475	475	-	0%
Sponsorship new CIHR	192	364	386	21	6%
Table Sales	679	605	600	(5)	-1%
Donations	42	216	50	(166)	-77%
Government Grant Funding	1,085	1,036	1,042	6	1%
Portfolio Revenue	141	132	137	5	4%
Realized Gains/(Loss)	177	-	-	-	
Unrealized Gains/(Loss)	113	-	-	-	
TOTAL	2,868	2,828	2,690	(139)	-4.9%

EXPENDITURES

Board	36	133	36	(97)	-73%
Administration	1,102	804	860	56	7%
Events	551	591	602	11	2%
Scientific Advisory Boards	137	149	155	6	4%
Other Scientific Boards	34	69	88	19	28%
Awards	800	700	700	-	0%
President's Office	108	118	100	(18)	-15%
Fundraising & Communications	36	186	125	(61)	-33%
TOTAL	2,805	2,750	2,666	(84)	-3.1%
NET SURPLUS (LOSS)	63	78	24	(55)	-69.7%

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 20 universities attracting students from 100 high schools across the country.

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

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

Our Investment Policy has been structured to maximize revenue and preserve capital over the long term. However, the Foundation still needs to raise substantial funding to support its' programs and to stabilize its' infrastructure and operations.

For 2016, we are projecting a conservative 3.0% return on investment. The 2016 return on investment is based on the strategic asset mix of 45/45/10. The Investment Policy amended in September 2013, calls for a long term Asset Mix target allocation of 45% Bonds/Fixed Income, 45% Equities and 10% Alternative Strategies.

**RISK MANAGEMENT
GAIRDNER FOUNDATION RISK PROFILE**

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

PERFORMANCE MONITORING

AUDIT, EVALUATION AND ANNUAL REPORTS

As a not-for-profit charitable organization, the Gairdner selects external auditors to undertake an annual audit of its financial statements; the external auditors for 2016 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
- 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.

The Foundation is in compliance with all reporting requirements.