

gairdner

LES PRIX CANADA GAIRDNER AWARDS

2011 GAIRDNER FOUNDATION ANNUAL REPORT

May 30, 2012

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HISTORY OF THE GAIRDNER FOUNDATION

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

In 2008, the Federal government 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.



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 global scientific developments 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 scientist and Canadian scientists/research institutions.
- To enhance Canada's stature in the global health research community.

VISION

- The Canada Gairdner Awards are internationally recognized as pre-eminent awards for the most significant international scientific achievements in health research
- The Canada Gairdner Awards and programs provide inspiration to Canadian researchers, including the next generation, to achieve scientific excellence
- 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.

GOALS

Our core mandate is to select the annual Canada Gairdner International Awardees. 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. Gairdner recognizes, encourages and celebrates basic and clinical 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.

MESSAGE FROM THE CHAIR



Gairdner undertook a number of new initiatives in 2011 while maintaining the annual national program in October at 21 universities and the high school outreach program at 15 of these sites. Over 2,900 high school students heard lectures from current and past Canada Gairdner recipients, while about 8,000 faculty and trainees attended the Gairdner lectures. In addition, we held two major international symposia. *Advances in Neuroscience* was held at the University of Calgary in March in partnership with The Hotchkiss Brain Institute, and *Frontiers in Mental Health* was held in Montreal in May in partnership with the Graham Boeckh Foundation. These symposia continue to elevate the profile of Gairdner both nationally and internationally.

Building on the success of 2010, Gairdner once again hosted events at Canadian embassies to celebrate Canada Gairdner International Award winners in their home countries. Successful events were hosted in London, Washington, Israel, Paris, and Japan to highlight the impact and importance of the awards as a tremendous success story for both Canada and Gairdner

A major undertaking in 2011 was the re-branding of Gairdner with the goal of raising the organization's profile and creating a positive climate for fundraising. As part of this exercise, a new and more interactive website is currently being built and will launch in late June 2012.

Gairdner has managed to maintain its small staff in spite of the growing number and complexity of its programs. The staff works very hard to raise funds and coordinate the multiple activities of the organization. It is critically important to have support from our Board as we work with our donors and volunteers, both private and public, to ensure a strong future for the Canada Gairdner Awards.

Gairdner has become a symbol of scientific excellence in Canada and internationally, but it requires ongoing support if we are to maintain the remarkable success. We depend on the Board to help our management team maintain our esteemed reputation into the future. I am particularly grateful to John Dirks and his truly outstanding leadership and representation of the Gairdner Foundation in Canada and at international receptions held at Canadian embassies.

A handwritten signature in cursive script that reads "D Lorne Tyrrell".

D. Lorne Tyrrell, OC, AOE, MD/PhD, FRCP, FRSC
Chair,
Gairdner Board of Directors

MESSAGE FROM THE PRESIDENT/SCIENTIFIC DIRECTOR



The 2011 Canada Gairdner Awards completes a very successful year in terms of our nominations, our awards, and our events. Gairdner continues to play an important role in scientific life in Canada through its programs at 21 universities from St. John's to Vancouver. Unique among the world's major prizes, the extensive National Program provides major benefits in building competitive research in Canada.

One of our 2011 recipients, Dr. Jules Hoffman, received the Nobel Prize in 2011. Dr. Ralph Steinman, a Canadian who received a Gairdner in 2003 and was a member of our Medical Advisory Board, regrettably passed away just before he too received a 2011 Nobel Prize.

2011 was a milestone year for the Canada Gairdner Awards in that we introduced receptions at Canadian embassies in the country of each of the winners. These receptions were held at embassies in Israel, France, UK, USA and Japan. This served to engage our winners more deeply and create a sense of excitement at their home institutions. This will now be ongoing practice for the Canada Gairdner Awards. We believe the Canada Gairdner Awards achieved their highest ever national and international profile this year

Gairdner underwent a rebranding exercise in 2011 and is currently taking steps to enhance communication through an improved website. We also recognize that in the future our prize money will have to rise in order to remain competitive with the world's leading awards. Overall, our goal remains to be recognized as the most prestigious biomedical award in the world.

I am grateful to the scientists who give generously of their time to serve on our adjudication committees. Their commitment to excellence is the foundation of the reputation of the Canada Gairdner Awards. We also appreciate very much the 21 universities whose volunteer commitment makes the National Program a success.

I am grateful to the Chair Lorne Tyrrell and all the Directors for their support and commitment and I also thank our small but excellent staff.

A handwritten signature in black ink that reads "John Dirks". The signature is written in a cursive, flowing style.

John Dirks CM, MD
President and Scientific Director
The Gairdner Foundation

2011 YEAR IN REVIEW



Shizuo Akira, PhD, Director and Professor, WPI Immunology Frontier Research Center, Osaka, Japan

"for ground breaking discoveries and definition of the family of Toll like receptors and the array of microbial compounds that they recognize to provide innate resistance to infection"



Adrian Peter Bird, PhD, The Wellcome Trust Centre for Cell Biology, University of Edinburgh, Edinburgh

"for pioneering discoveries on DNA methylation and its role in gene expression "



Aharon Razin, PhD, Department Developmental Biology and Cancer Research, Hebrew University, Jerusalem

"for pioneering discoveries on DNA methylation and its role in gene expression "



Howard Cedar, MD, PhD, Department of Developmental Biology and Cancer Research, Hebrew University, Jerusalem

"for pioneering discoveries on DNA methylation and its role in gene expression "



Jules A. Hoffmann, PhD, Institut de Biologie Moléculaire et Cellulaire, CNRS and University of Strasbourg, Strasbourg

"for ground breaking discoveries and definition of the family of Toll like receptors and the array of microbial compounds that they recognize to provide innate resistance to infection"



Robert Black, MD, MPH, Professor, Chairman, Edgar Berman Professor in International Health. Johns Hopkins University, Bloomberg School of Public Health, Baltimore, MD

"for his significant contributions to improving child survival and particularly for critical clinical and epidemiological studies to reduce childhood diarrheal deaths"



Michael Hayden CM, OBC, MB, ChB, PhD, FRCP (C), FRSC, Canada Research Chair in Human Genetics & Molecular Medicine Centre for Molecular Medicine & Therapeutics, University of British Columbia, Vancouver, BC

"for his outstanding national and international leadership for medical genetics, entrepreneurship and humanitarianism"

Special Symposia

During 2011 Gairdner partnered on two special symposia.

Calgary *Frontiers in Neuroscience* (March 16-18) Attendance- 250

Gairdner partnered with the Hotchkiss Brain Institute to present a symposium that featured twelve internationally renowned neuroscientists speaking on 3 major research themes: Cerebral Blood Flow Regulation, Axon Biology and Regeneration, and Synaptic Transmission and Neural Systems. In addition, a public lecture entitled *From Mad Cow Disease to Alzheimers* featuring Stanley Prusiner was attended by 300 people.

Featured speakers included:

Stanley Prusiner (University of California), Peter Stys (University of Calgary), Mu-ming Poo (University of California), Robin Franklin (University of Cambridge), David Kleinfeld (University of California), Kamil Ugurbil (University of Minnesota), Christopher Power (University of Alberta), Sandra Black (University of Toronto), Karl Deisseroth (Stanford University), Li-Huei Tsai (MIT), Huda Akil (University of Michigan), Bryan Kolb (University of Lethbridge).

Montreal *Frontiers in Mental Health* (May 26) Attendance- 250

This symposium, presented in partnership with the Graham Boeckh Foundation, explored frontiers in mental health research, with a focus on genomics and neural circuitry. Speakers shared recent advances in the causes and treatments of mental health disease, and the event fostered linkages between the scientific, policy and health care communities. Interactive presentations highlighted areas of research with the most promise, from imaging to pharmacological treatment, including a discussion on the challenges of mental health research.

Featured speakers included:

Sydney Brenner (Salk Institute of Biological Studies, San Diego), Jean-Pierre Changeux (Collège de France and Institut Pasteur, Paris) Tom Insel (NIMH), Shitij Kapur (Institute of Psychiatry, King's College London), Robert Post (Bipolar Collaborative Network, Chevy Chase), Judith Rapoport (Chief of Child Psychiatry Branch (NIMH), Guy Rouleau (Sainte-Justine Hospital Research Centre, Montreal), Pamela Sklar (Department of Psychiatry, Mount Sinai School of Medicine), Danny Weinberger (Clinical Brain Disorders Branch, NIMH).

The event concluded with a public lecture by Dr. Norman Doidge, Columbia University's Center for Psychoanalytic Training and Research, New York, and Department of Psychiatry, University of Toronto, author of *The Brain that Changes Itself*. Attendance- 900

National Program

The annual National Program once again took place at 21 universities in 2011, including nine in Ontario, four in Quebec, three in the Maritimes, and five in the West. All faculty lectures were well attended, continuing to attract large audiences.

The program began in Atlantic Canada, where Dr. Michael Hayden, University of British Columbia and recipient of the 2011 Canada Gairdner Wightman Award spoke at Memorial (Oct 17), Dalhousie (Oct 18) and University of Prince Edward Island (Oct 19) on *Black Swans, Genetics and Drug Discovery*.

Other Gairdner week lectures included the following.

- Université de Montréal, McGill University and Université Laval:
Dr. Jules Hoffmann, Strasbourg, France, 2011 Canada Gairdner Award.
- University of Waterloo, University of Western Ontario and McMaster University:
Dr. Adrian Bird (Edinburgh University), 2011 Canada Gairdner Award
- University of Ottawa:
Dr. Jules Hoffmann, Strasbourg, France, 2011 Canada Gairdner Award
Dr. Robert Black, Johns Hopkins University, 2011 Canada Gairdner Global Health Award
- University of Guelph:
Dr. Robert Black, Johns Hopkins University, 2011 Canada Gairdner Global Health Award
- Carleton University, University of Manitoba and University of Saskatchewan:
Dr. Nicholas White, Oxford and Mahidol University, 2010 Canada Gairdner Global Health Award
- York University:
Dr. Howard Cedar, Hebrew University of Jerusalem, 2011 Canada Gairdner Award
- Queen's University:
Dr. Robert Black, Johns Hopkins University, 2011 Canada Gairdner Global Health Award
- University of Calgary and University of Alberta:
Dr. Nicholas White, Oxford and Mahidol University, Thailand, 2010 Canada Gairdner Global Health Award
Dr. Greg Semenza, Johns Hopkins School of Medicine, 2010 Canada Gairdner Award
Dr. Shizuo Akira, Frontier Research Centre, Osaka, Japan, 2011 Canada Gairdner Award
- University of British Columbia:
Dr. Howard Cedar, Hebrew University of Jerusalem, 2011 Canada Gairdner Award
Michael Hayden, University of British Columbia, 2011 Canada Gairdner Wightman Award

The following week, on October 31, a mini-epigenetics symposium was held at McGill University, featuring speakers Drs. Howard Cedar and Aharon Razin, 2011 Canada Gairdner Award recipients from the Hebrew University of Jerusalem.

Student Outreach Program

The Student Outreach Program in 2011 included 15 schools this year . In total, 120 high schools and a total of 2,925 students participated. The program was held at:

York, Toronto, Carleton , Montréal , McGill, Queen's, Waterloo, Western, Lakehead, Memorial, Manitoba, Saskatchewan, Alberta, Calgary and UBC.

The biggest programs were in Toronto, with 425 students and Alberta with 400 students.

Many recipients express real pleasure at being given the opportunity to speak to a younger audience. For some of them, it is the first time they have spoken to such a young and enthusiastic group.

Toronto Programs

The 2011 events culminated in Toronto with three days of lectures and symposia, October 26-28.

- *Diabetes: 90 Years After Insulin* Capacity Attendance - 400
Full day symposium featuring speakers Bernard Zinman (University of Toronto), Amira Kip (University of Toronto), Joseph Goldstein (Gairdner and Nobel Laureate, University of Texas), Jeffrey Friedman (Gairdner Laureate, The Rockefeller University), Andrew Hattersley (Peninsula College, Exeter, UK), Ronald Kahn (Harvard University), Marc Donath (University of Basel), Daniel Drucker (University of Toronto)
- *Minds That Matter 2011* Canada Gairdner recipients' lectures Attendance- 800
The seven award recipients each spoke about their work in a full day series of lectures dedicated to the late Ralph Steinman, who passed away in 2011 just prior to receiving the Nobel Prize in Medicine.
- *Advances in Immunology and Inflammation Symposium* Attendance- 375
One day symposium featured speakers Drs. Ronald Germain (NIH), Tadamitsu Kishimoto (Osaka University), William Paul (NIH), Pamela Ohashi (University of Toronto), Jeffrey Ravetch (The Rockefeller University), Daniel Littman (New York University School of Medicine), and Fiona Powrie (Oxford)

REPORT ON 2011 OBJECTIVES

1. Maintain the Highest Standards Selecting Recipients of the Awards

- Five leading Canadian researchers joined the Medical Review Panel:
Dr. Robert Hegele, Canada Research Chair in Human Genetics, Distinguished Professor of Medicine and Biochemistry, University of Western Ontario
Dr. Heidi McBride, Montreal Neurological Institute and University of Ottawa Heart Institute
Dr. Pamela Ohashi, Ontario Cancer Institute, University of Toronto
Dr. Morag Park, McGill University, Chair in Cancer Genetics
Dr. Richard Wozniak, University of Alberta
- Two International Members added to Canada Global Health Advisory Committee:
Dr. Roger Glass, Director Fogarty Institute, Washington DC
Dr. Zulfiqar Bhutta, Professor, Aga Khan University, Karachi, Pakistan
- One new member added to Canada Gairdner Wightman Committee:
Dr. Catharine Whiteside, Dean of Medicine, University of Toronto

2. Inspire Canadian Scientists to Seek Excellence

- Through the Canada Gairdner International Awards, profile Canada in the media and in academic centres throughout the world, as a place where the importance of science is recognized.
- The annual awards dinner at the Royal Ontario Museum was attended by 540 leaders of government, academe, business and pharma. The keynote address was given by the Honourable Leona Aglukkaq, Minister of Health, government of Canada. The Honorable Gary Goodyear introduced the Canada Gairdner Wightman award winner.

3. Foster Collaboration between Canadian and International Scientists

- Gairdner continues to bring scientists from abroad to meet with researchers and trainees in Canada through lectures, small group discussions, grand rounds, and social interactions.
- Two special symposia were held, on mental health and on advances in neuroscience, in Montreal and Calgary respectively.
- Johns Hopkins University purchased a table at the dinner for the first time.
- An estimated 8,500 people attended Gairdner lectures and symposia in 2011, including senior scientists, postgraduate and graduate students, medical students, and the public.

4. Enhance and encourage a culture of science in Canada

- The student Outreach Program took place at 15 universities with the participation of 120 high school and 2,925 students across Canada. At Lakehead, over 150 students travelled 4 hours by bus to take part.
- The National Program once again took place at 21 Universities across Canada.
- Selected events were webcast, including the Toronto talks made available on the University of Toronto website, the Gairdner website.
- Media coverage continues to increase. Statistics from Edelman PR indicate we achieved over 24 million media 'hits' this year, up by 10% over 2010.

THE YEAR AHEAD: OBJECTIVES FOR 2012

The Foundation remains committed to the excellence and foresight which has resulted in our reputation as a leading international prize. In the past decade, science and technology in general, and the life sciences in particular, have been identified as a critical basis for competitive success in the global economy. The Gairdner Foundation continues its initiatives to bring the science agenda to the forefront.

1. Maintain the Highest Standards Selecting Recipients of the International, Wightman and Global Health Awards

- Two new members will join the Medical Advisory Board:
Jeffrey Friedman (Canada Gairdner 2005), The Rockefeller University
Jules Hoffmann, (Canada Gairdner 2011) Université de Strasbourg
- Four scientists will join the Medical Review Panel:
John Aitchison Ph.D., Director of Integrative Biology, Seattle Biomedical Research Institute
Paul Kubes Ph.D., Departments of Physiology, Pharmacology & Medicine, University of Calgary
Adrian Owen, Ph.D., Brain and Mind Institute, Western University
Raymund Wellinger, Dept. of Microbiology & Infectious Diseases, Université de Sherbrooke

2. Inspire Canadian Scientists to Seek Excellence by raising the profile of the awards

- Through the Canada Gairdner International Awards, profile Canada in the media and in academic centres throughout the world- as a place where the importance of science is recognized
- Continue to build the public profile of the Gairdner Foundation through advertising and media coverage:
 - Maintain Globe & Mail as our national media sponsor
 - Videotape/podcast major talks for website distribution
 - Increase international exposure through April announcement ads in Science and Nature -
 - Encourage media coverage abroad through press releases and background packages on announcement day
 - Continue to encourage coverage of 2012 recipients at their own academic institutions in Canada and abroad
 - Hold receptions at Canadian Embassies in the home country of all 2012 recipients
- Launch a new, more interactive website in June 2012
- Engage PR firm Edelman year round to maintain Gairdner profile

3. Enhance and encourage a culture of science in Canada

- Maintain National Program of University Lectures at 21 institutions across Canada
- Maintain Student Outreach Program in at least 16 academic institutions across Canada
- Increase media coverage of scientists and the importance of their research
- Special Symposium will take place in Ottawa in November, 2012 to celebrate the 10th Anniversary of the Genome Year
- Virology Symposium is being planned at the University of Alberta for May 2012

THE GAIRDNER FOUNDATION VALUES THEIR 2011 SPONSORS



Gold Circle

Merck Canada Inc.
Novo Nordisk Canada Inc.
Eli Lilly Canada Inc.

Silver Circle

Amgen Canada Inc.
BMO
Bell Canada
GE Healthcare
Harry Rosen Inc.
London Drugs Foundation
Power Corporation
RBC Foundation
University of Toronto
University Health Network

Bronze Circle

Canada Foundation for Innovation
Sanofi Pasteur Limited
Caisse de dépôt et placement du Québec
Fond de la recherche en santé

Media Sponsor

The Globe and Mail

GOVERNANCE

The Gairdner 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. Directors are not compensated for their regular Board and Committee duties.

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

The Board meets a minimum of twice each year. Directors of the Board take their role seriously and to the best of their ability, strive to be active participants in all Board and Committee meetings. During 2011, the Board met 3 times.

BOARD OF DIRECTORS 2011

Dr. Lorne Tyrrell

Board Chair
Director, Li Ka Shing Institute
of Virology, Edmonton

**The Honourable Kevin
Lynch, PC**

Board Vice-Chair
Vice-Chair, BMO Financial
Group, Toronto

Dr. John Dirks

President/ Scientific Director
Toronto

Jacques Bougie

Corporate Director
Montreal

Bren Gairdner

Secretary-Treasurer
Calgary, Alberta

Gary Goldberg

President, Gadango Inc.
Toronto

Edward Kisling

President, Victoria Management
Strategies Inc., Victoria

Brandt C. Louie

Chairman and CEO, H.Y. Louie
Co. Limited, Chairman of the
Board, London Drugs Limited
Vancouver

Ann McCaig

Chancellor Emeritus, University
of Calgary

Jacques Menard

Chairman, BMO Nesbitt Burns
and President, BMO Financial
Group, Montreal

Eric Newell

Chancellor Emeritus, University
of Alberta, Edmonton

Joseph Rotman

Chairman and CEO, Roy-L
Capital Corporation, Toronto

Dr. Calvin Stiller

Emeritus Professor, University
of Western Ontario, Board
Chair OICR

Melissa Todd

Waterloo

Lynne Upton

Victoria

John Upton

RBC Dominion Securities
Investment Advisor

COMMITTEES

The Board has in place a number of standing committees which help the Board discharge its duties.

Executive and Compensation Committee

Lorne Tyrrell, Chair
Joseph Rotman
Lynne Upton
Kevin Lynch

Audit Committee- meets 3-4 times per year

Jacques Bougie, Chair
Bren Gairdner
Gary Goldberg
Eric Newell

Investment Committee- meets 4 times per year

Brandt Louie, Chair
Edward Kisling
Eric Newell
Jacques Menard

Governance and Nominating Committee- meets minimum of 1 time per year

Lorne Tyrrell, Chair
Joseph Rotman
Lynne Upton
Ann McCaig

Financial Highlights

The Gairdner Foundation maintains proper financial controls and sound management practices to ensure the best use of its public and private funds. Our external auditors issued an unqualified audit opinion about the Gairdner Foundation financial statements which appear at the end of this report.

In 2008, a funding agreement was executed between CIHR and the Gairdner Foundation outlining the terms of a \$20 Million grant received from Canadian Institutes of Health Research. Proceeds from the grant were used to establish an endowment to support and enhance the Awards, and to ensure that the Canada Gairdner Awards continue to grow in stature on the international stage.

In 2008, the Foundation also received \$2 million from the Alberta government for the purpose of expanding the Gairdner Outreach Program in Alberta.

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 investment policy adopted by the Board has been designed with the principal objective being preservation of capital over the long-term.

Planning and Monitoring Investments

The Foundation has a duty to ensure responsible stewardship of funds. The Investment Committee oversees the management and investment of the Gairdner Foundation funds in compliance with our funding agreements. The Foundation's funds have been invested with 3 major objectives:

- Preservation of capital
- Income to meet the administrative costs and award objectives of the Foundation
- Growth in the 'capital' value of the Portfolio's assets in real (inflation-adjusted) terms

In reviewing the Foundation's investment objectives, risk tolerance, income requirements and liquidity needs, a long term target asset allocation of 50% fixed income and 50% equity was approved by the Board in 2008. In January 2012, the IPS was amended to the new long term target allocation of 50% fixed income, 40% equities and 10% alternative strategies.

The investment strategy and policy are reviewed annually and the portfolio is reviewed on a quarterly basis. No issues were identified in the 2011 reviews.

The market value of the investment portfolio decreased from \$27.2 million at the end of 2010 to \$26 million at the end of 2011. The portfolio yielded a return on investment of -2.2% in fiscal 2011 vs. the benchmark of 2.0%. This underperformance can be attributed to portfolio composition. In 2011, the portfolio underperformed the DEX Universe Bond Index due to short term durations. Long term bonds experienced significantly higher returns while our conservative positioning had managers choosing risk management over yield. In 2011 we also added a 10% allocation to alternative strategies to reduce the portfolio's overall risk and protect against the downside.

Results of Operations

Income for the year totaled \$2.4 million, made up of \$1.1 million from non-governmental sources and table sales (46% compared to 42% in 2010), \$1.4 million from government (58% compared to 50% in 2010), and (\$0.9) million from investment income (-4% compared to 8% in 2010). Every year the Foundation seeks sponsors from both the public and private sector.

In absolute dollars, income from government and the private sector were down from 2010 as fundraising has become increasingly difficult in the past 3 years. Government and Private sector support was reduced by \$.2 million. With another downturn in the markets in 2011, income from investments decreased by \$.32 million. The primary underperformance has been with respect to realized and unrealized gains on the portfolio.

Expenses were \$2.3 million for the year, up by \$.1 million from 2010. This increase related to International visits to the home countries of the 2011 awardees and corporate re-branding for the Foundation.

Compliance Audit

In 2012, the Foundation will complete a compliance audit as required under the agreement with CIHR. Ernst & Young has been contracted to carry out the engagement.

Also commencing in 2012, the Foundation will also commence the Independent Evaluation as required under the terms of the agreement.

MEDICAL REVIEW PANEL 2011

Philip Marsden, Co-Chair

Keenan Chair in Medical Research
Professor of Medicine, Renal Division, University of
Toronto, St. Michaels Hospital

Richard Rachubinski, Co-Chair

Chair, Department of Cell Biology
University of Alberta

Samuel Aparicio

Nan & Lorraine Robertson Chair
UBC/BC Cancer Agency

Cheryl Arrowsmith

Senior Scientist, Ontario Cancer Institute
Professor, Department of Medical Biophysics &
Banting & Best Department of Research, University
of Toronto

Mick Bhatia

Stem Cell and Cancer Research Institute
Michael G. DeGroot School of Medicine, McMaster
University

Benoit Chabot

Canada Research Chair in Functional Genomics
Université de Sherbrooke

Stephen M. Collins

Associate Dean, Research
Faculty of Health Sciences, McMaster University

Jacques Corbeil

Director Quebec Centre for Genomics
Canada Research Chair in Medical Genomics
Université Laval

Volker Gerds

Associate Director, Research, Program Manager &
Scientist, Vaccine and Infectious Disease,
University of Saskatchewan

Mark Glover

Professor of Biochemistry,
University of Alberta

Robert Hegele

Jacob J. Wolfe Distinguished Medical Research
Chair, Canada Research Chair in Human Genetics,
University of Western Ontario

Philip Hieter

Director, Michael Smith Laboratories, Professor
Medical Genetics,
University of British Columbia

Jack H. Jhamandas

Associate Dean Research
Chair in Alzheimer Research, Faculty of Medicine &
Dentistry
University of Alberta

Jean-Pierre Julien

Canada Research Chair in Mechanisms of
Neurodegeneration, CRCHUQ, Université de Laval

David Lillicrap

Department of Pathology & Molecular Medicine
Queen's University

Jonathan Lytton

Health Research Innovation Center, University of
Calgary

J. (Quim) Madrenas

Professor and Chairman, Department of
Microbiology & Immunology
McGill University

MEDICAL REVIEW PANEL 2011 (CONT'D.)

Jean S. Marshall

Professor and Head Microbiology & Immunology
Dalhousie University

Heidi McBride

Associate Professor, Department of Neurology and
Neurosurgery, Montreal Neurological Institute
McGill University

Ravi Menon

Canada Research Chair in Functional & Molecular
Imaging, Deputy Scientific Director, Robarts
Research Institute, University of Western Ontario

Pamela Ohashi

Senior Scientist, Ontario Cancer Institute, Princess
Margaret Hospital, Toronto

Morag Park

Rosalind & Morris Goodman Cancer Centre,
McGill University

Steve Scherer

Director, Center for Applied Genomics, Hospital for
Sick Children and Director, McLaughlin Centre for
Molecular Medicine, University of Toronto

Rafik-Pierre Sékaly

Scientific Director, Vaccine & Gene Therapy
Institute, Florida

Holger Shunemann

Chair, Michael Gent Professor in Healthcare
Research, Department of Clinical Epidemiology &
Biostatistics, McMaster University

David B. Williams

Professor, Department of Biochemistry
University of Toronto

Richard Wozniak

Professor, Department of Cell Biology,
University of Alberta

Jeff Wrana

Senior Investigator, Samuel Lunenfeld Research
Institute, Mount Sinai Hospital
Department of Medical Genetics, University of
Toronto

MEDICAL ADVISORY BOARD 2011

John Dirks

President and Scientific Director, Gairdner Foundation

Philip Marsden, Co-Chair, MRP

Keenan Chair in Medical Research
Department of Medicine, Renal Division
University of Toronto

Richard Rachubinski, Co-Chair, MRP

Chair, Department of Cell Biology
University of Alberta

Alain Beaudet

President, Canadian Institutes of Health Research
Ottawa

Professor Sir John Bell

Regius Professor of Medicine,
University of Oxford, Oxford, England

Elizabeth Blackburn

Professor in Biology & Physiology
University of California, San Francisco

Sydney Brenner

Distinguished Professor
The Salk Institute, San Diego

Linda Buck

Howard Hughes Medical Institute
Director of Basic Science, Fred Hutchinson Cancer
Research Center, Seattle

Suzanne Cory

Molecular Genetics of Cancer Division
Walter and Eliza Hall Institute of Medical Research
Australia

Victor Dzau

James B. Duke Professor of Medicine,
Chancellor, Duke University

Jeffrey Flier

Dean of Faculty of Medicine
Harvard Medical School

Cyril B. Frank

Professor and Chief, Division of Orthopaedic
Surgery, Director, Alberta Bone & Joint Health
Institute, University of Calgary

Jack Gauldie

Bienenstock Chair in Molecular Medicine, Institute
for Molecular Medicine & Health, McMaster
University

F. Ulrich Hartl

Director Max-Planck-Institut of Biochemie
Martinsried, Germany

Michael Hayden

Canada Research Chair in Human Genetics &
Molecular Medicine
University of British Columbia

Robert Horvitz

Professor of Biology and Investigator, Howard
Hughes Medical Institute, MIT

Roderick McInnes

Director of Research, Jewish General Hospital
Lady Davis Research Institute, Montreal

Ben Neel

Director, Ontario Cancer Institute
Professor of Medical Biophysics, University of
Toronto

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University of Ottawa Heart Institute

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Professor, Department of Medicine, Université de
Montréal

Phillip Sharp

David H. Koch Institute for Integrative Cancer
Research, Massachusetts Institute of Technology

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School of Clinical Medicine, University of Cambridge

Michael Tyers

Professor, Université de Montréal

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President and Scientific Director
The Gairdner Foundation

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Victor Dzau, M.A., M.D.

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McMaster University

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Neurobiology, Dean Emeritus, Harvard Medical
School

Richard Murphy

Richard Murphy & Associates, Boston

Heather Munroe-Blum, PhD., FRSC

Principal & Vice-Chancellor
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Chief of Research & Senior Scientist
Research Institute, Hospital for Sick Children

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Catharine Whiteside, M. D., PhD.

Dean of Medicine, Vice Provost Relations with
Health Care Institutions, University of Toronto

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President and Scientific Director, Gairdner Foundation

Professor Sir John Bell, FRS, PMedSci, (Co-Chair)

Regius Professor of Medicine, University of Oxford

Alan Bernstein, OC, PhD, FRSC

President & CEO, CIFAR

Zulfiqar Bhutta, MBBS, PhD

Professor and Chair, Aga Khan University, Karachi

Haile Debas, MD

Executive Director, UCSF Global Health Sciences, San Francisco

Roger Glass, MD, PhD

Director, Fogarty International Center, National Institutes of Health, Maryland

Prabhat Jha, MD, PhD

Director, Centre for Global Health Research, University of Toronto

Jeffrey Koplan, MD, MPH

Vice President for Global Health, Emory Global Health Institute Emory University

Kiyoshi Kurokawa, MD (on leave from committee)

Professor, National Graduate Institute for Policy Studies, Tokyo

Allan Ronald, MD

Professor Emeritus, Medical Microbiology, University of Manitoba

Peter Tugwell, MD, MSc, FRCPC

Director, Centre for Global Health, IPH/IRSP, University of Ottawa

Tachi Yamada, MD

Senior Executive in Residence, Frazier Healthcare Ventures, Seattle

Sir Mark Walport

Director, The Wellcome Trust, UK

GAIRDNER STAFF 2011

Dr. John Dirks

President and Scientific Director

Sheila Robinson

Vice President External Relations

Penny Balberman

Finance Director

Nora Cox

Office Manager

Sarah Devonshire

Administrative Assistant

COMPENSATION

DIRECTORS

Directors are not compensated for regular Board and Committee duties. They may, however, be compensated for any reasonable out-of-pocket expenses incurred while performing their duties or attending Foundation meetings.

SENIOR OFFICERS

For the fiscal year ending December 31, 2011, compensation for senior officers was in the following salary range:

Dr. John Dirks

President and Scientific Director

\$211,000-\$260,000

Financial Statements

The Gairdner Foundation

December 31, 2011

INDEPENDENT AUDITORS' REPORT

To the Members of
The Gairdner Foundation

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **The Gairdner Foundation**, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Gairdner Foundation** as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 26, 2012.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

The Gairdner Foundation

STATEMENT OF FINANCIAL POSITION

As at December 31

	2011	2010
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	284,346	280,355
Grants receivable	—	33,320
GST/HST receivable	63,183	45,148
Other receivables	10,000	36,808
	357,529	395,631
Investments, at quoted market value <i>[note 3]</i>	25,976,355	27,177,606
Capital assets, net <i>[note 4]</i>	9,030	10,613
	26,342,914	27,583,850
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	331,857	260,002
Federal government funding <i>[note 5]</i>	19,485,846	20,766,953
Alberta government funding <i>[note 6]</i>	2,097,615	2,186,737
	21,583,461	22,953,690
	21,915,318	23,213,692
Net assets		
Unrestricted	500,000	500,000
Internally restricted <i>[note 7]</i>	3,927,596	3,870,158
	4,427,596	4,370,158
	26,342,914	27,583,850

See accompanying notes

On behalf of the Board:

Director

Director

The Gairdner Foundation

STATEMENT OF OPERATIONS

Year ended December 31

	2011	2010
	\$	\$
REVENUE		
Investment income (loss) <i>[note 3]</i>		
Interest and dividends	133,455	105,170
Realized gain (loss) on investments	(26,399)	36,759
Net change in unrealized gain (loss) on investments	(200,605)	91,349
	(93,549)	233,278
Federal government grant funding <i>[note 5]</i>	836,562	839,316
Alberta government grant funding <i>[note 6]</i>	42,312	59,782
Other government grants	489,342	518,200
Other contributions and sponsorships	475,986	659,778
Table sales	610,000	517,000
	2,360,653	2,827,354
EXPENSES		
National events	585,047	585,775
Advisory boards	100,651	94,183
Awards	700,000	700,000
Marketing and communications	48,491	74,905
Administrative	869,026	751,146
	2,303,215	2,206,009
Excess of revenue over expenses for the year	57,438	621,345

See accompanying notes

The Gairdner Foundation

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2011		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
		[note 7]	
Balance, beginning of year	500,000	3,870,158	4,370,158
Excess of revenue over expenses for the year	57,438	—	57,438
Interfund transfer [note 7]	(57,438)	57,438	—
Balance, end of year	500,000	3,927,596	4,427,596

	2010		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
		[note 7]	
Balance, beginning of year	500,000	3,248,813	3,748,813
Excess of revenue over expenses for the year	621,345	—	621,345
Interfund transfer [note 7]	(621,345)	621,345	—
Balance, end of year	500,000	3,870,158	4,370,158

See accompanying notes

The Gairdner Foundation

STATEMENT OF CASH FLOWS

Year ended December 31

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	57,438	621,345
Add (deduct) non-cash items		
Amortization of capital assets	3,079	3,403
Investment (income) loss	93,549	(233,278)
Government funding recognized as revenue	(878,874)	(899,098)
	(724,808)	(507,628)
Net change in non-cash working capital balances related to operations		
Grants receivable	33,320	62,388
GST/HST receivable	(18,035)	(24,062)
Other receivables	26,808	29,219
Prepaid expenses and deposits	—	1,750
Accounts payable and accrued liabilities	71,855	(19,321)
Cash used in operating activities	(610,860)	(457,654)
INVESTING ACTIVITIES		
Purchase of capital assets	(1,496)	(5,193)
Deposits to investments	—	(94,464)
Withdrawals from investments	616,347	500,000
Cash provided by investing activities	614,851	400,343
Net increase (decrease) in cash and cash equivalents during the year	3,991	(57,311)
Cash and cash equivalents, beginning of year	280,355	337,666
Cash and cash equivalents, end of year	284,346	280,355

See accompanying notes

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

1. PURPOSE OF THE ORGANIZATION

The Gairdner Foundation [the "Foundation"] provides awards to medical scientists in recognition of outstanding discoveries and contributions to medical science, and as an incentive to those who follow in their footsteps. In addition to encouraging and rewarding individuals, the Foundation presents the Gairdner Awards in order to focus public, professional and scientific attention on significant achievements in the field of health sciences.

The Foundation, which was incorporated under the laws of Ontario, is registered as a charitable organization under the Income Tax Act (Canada) [the "Act"] and, as such, is exempt from income taxes, and is able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with maturities of less than 90 days at the date of purchase. Cash and cash equivalents exclude amounts that are managed for returns rather than being held for liquidity.

Investments and investment income/(losses)

Publicly traded securities are valued based on the bid price and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

Investment income/(losses), which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, net of safekeeping and investment management expenses, is recorded as revenue in the statement of operations, except to the extent that it relates to restricted funds, in which case it is added directly to those balances.

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful lives.

Rates and methods of amortization are as follows:

Asset	Rate	Method
Office equipment	20%	diminishing balance
Computer equipment	30%	diminishing balance

Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received. Sponsorships and related event revenue are recognized when the event takes place.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the year-end date. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in investment income (loss).

Financial instruments

The Foundation has chosen to apply CICA 3861: *Financial Instruments – Disclosure and Presentation* in place of CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*.

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Contributed goods and services

Because of the difficulty in determining fair value, contributed goods and services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Future changes in accounting policy

The Accounting Standards Board of the CICA has issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012. The Foundation is currently evaluating the impact of these standards. The Foundation will adopt the new standard effective for its fiscal year ended December 31, 2012. The adoption of the new standard is not expected to have a significant impact on the Foundation's financial statements.

3. INVESTMENTS

Investments consist of the following:

	<u>2011</u>		<u>2010</u>	
	\$	%	\$	%
Cash and cash equivalents	309,410	1.2	939,761	3.4
Bonds				
Canadian corporate bonds	12,035,254	46.3	12,554,143	46.2
Foreign bonds	—	—	25,391	0.1
Equities				
Canadian	4,729,663	18.2	5,019,451	18.5
US	2,932,252	11.3	3,411,022	12.6
International	3,284,196	12.7	3,891,303	14.3
Hedge funds	2,685,580	10.3	1,336,535	4.9
	25,976,355	100.0	27,177,606	100.0

Investments in pooled funds have been included above based on their underlying asset mix.

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

As at December 31, 2011, bonds have an average term to maturity of 6.0 years [2010 - 6.1 years] and a weighted average yield of 3.6% [2010 - 3.5%].

Investment income (loss) recorded in the statement of operations is calculated as follows:

	2011	2010
	\$	\$
Interest and dividends	1,060,025	947,002
Realized gain (loss) on investments	(165,058)	251,498
Net change in unrealized gain (loss) on investments	(1,254,259)	624,988
Total investment income (loss)	(359,292)	1,823,488
Less safekeeping and investment management expenses	(225,612)	(227,460)
Investment income (loss), net of safekeeping and investment management expenses	(584,904)	1,596,028
Less investment loss (income) related to:		
Federal government funding [note 5]	444,545	(1,234,402)
Alberta government funding [note 6]	46,810	(128,348)
Investment income (loss) recognized in revenue	(93,549)	233,278

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

4. CAPITAL ASSETS

Capital assets consist of the following:

	2011		
	Cost \$	Accumulated amortization \$	Net book value \$
Office equipment	11,767	7,163	4,604
Computer equipment	9,800	5,374	4,426
	21,567	12,537	9,030

	2010		
	Cost \$	Accumulated amortization \$	Net book value \$
Office equipment	14,122	7,703	6,419
Computer equipment	15,185	10,991	4,194
	29,307	18,694	10,613

5. FEDERAL GOVERNMENT FUNDING

The Foundation received a \$20,000,000 grant from the federal government in 2008 for the purpose of supporting and enhancing the Gairdner International Awards Program. This grant is to be invested for the duration of the funding agreement and only the income, which includes interest, dividends and realized gains/losses, may be used to support the Foundation's activities until the funding agreement terminates. The Foundation can draw upon the capital to a maximum of \$2,000,000 over the term of the funding agreement, provided it uses best efforts to restore any capital withdrawn.

The funding agreement terminates on March 31, 2028, unless terminated earlier, or renewed in accordance with the funding agreement. Upon termination, the Foundation may use the unspent balance of the original grant as it deems appropriate.

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

The changes in the Government of Canada funding balance are as follows:

	2011 \$	2010 \$
Balance, beginning of year	20,766,953	20,371,867
Interest and dividends	634,179	556,509
Realized gain (loss) on investments	(125,449)	194,514
Net change in unrealized gain (loss) on investments	(953,275)	483,379
Investment income (loss) for the year	(444,545)	1,234,402
Amount recognized as revenue	(836,562)	(839,316)
Balance, end of year	19,485,846	20,766,953

As at December 31, 2011, the cumulative amount recognized as revenue exceeds the amount available for spending, as defined in the funding agreement, by \$572,434 [2010 - \$244,603].

6. ALBERTA GOVERNMENT FUNDING

The Foundation received \$2 million from the Alberta government in 2008 for the purpose of expanding the Gairdner Outreach Program in Alberta. The funds received from the Alberta government are to be invested during the term of the funding agreement, and only the income, which includes interest, dividends and realized gains/losses, may be used to support the Alberta Gairdner Outreach Program. The Foundation can draw upon the capital to a maximum of \$250,000 over the term of the funding agreement, provided it uses best efforts to restore any capital withdrawn.

The grant has an indeterminate term; however, the funding agreement is to be reviewed at least every five years. The Alberta government has the right to terminate the agreement, without cause, upon giving 90 days' notice. Upon termination, the remaining balance of the fund not previously committed for outreach activities must be repaid.

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

The changes in the Government of Alberta funding balance are as follows:

	2011	2010
	\$	\$
Balance, beginning of year	2,186,737	2,118,171
Interest and dividends	66,778	57,863
Realized gain (loss) on investments	(13,210)	20,225
Net change in unrealized gain/(loss) on investments	(100,379)	50,260
Investment income (loss) for the year	(46,810)	128,348
Amount recognized as revenue	(42,312)	(59,782)
Balance, end of year	2,097,615	2,186,737

As at December 31, 2011, the amount available for spending in future years is \$95,173 [2010 – \$83,917].

7. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are funds set aside by the Board of Directors to invest in order to earn income to help fund future operating expenses. In 2011, the Board approved an interfund transfer from unrestricted to internally restricted net assets of \$57,438 [2010 - \$621,345]. The Board of Directors may approve a transfer from internally restricted net assets, if required, to fund unanticipated deficits from fundraising shortfalls or unanticipated expenditures.

8. COMMITMENTS

The Foundation is required to make future annual lease payments for its premises as follows:

	\$
2012	48,600
2013	16,200
	64,800

The Gairdner Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

9. FINANCIAL INSTRUMENTS

The Foundation is subject to market risk, foreign currency risk and interest rate price risk with respect to its investment portfolio. To manage these risks, the Foundation has established a target mix of investment types designed to achieve optimal return within reasonable risk tolerances.

10. CAPITAL MANAGEMENT

In managing capital, the Foundation focuses on liquid resources available for operations. The Foundation's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2011, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.