

The Gairdner Foundation Corporate Plan 2017

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SECTION I

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, CT scans, MRI machines, the human genome, the eradication of smallpox, 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 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 recognize and reward international excellence in fundamental research that impacts human health
- To inspire the next generation of students in the excitement and potential of scientific research in a global context
- To engage in outreach and act as conveners with the public, policymakers and other stakeholders on the impact of science on our everyday lives and the future of the world

OUR GOALS

Our core mandate is to select the annual Canada Gairdner International Award recipients. Over the past 57 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.

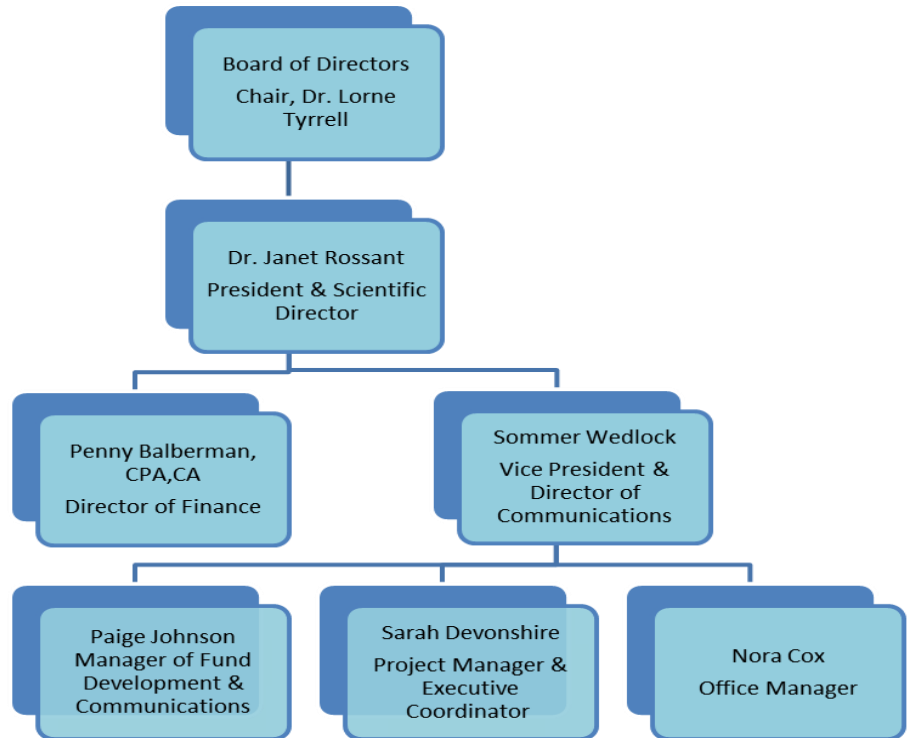
Our annual National Program is unique among major scientific prizes. Each October, Gairdner sends current and past winners to approximately 20 universities across Canada, where they present lectures on their work to scientists, trainees, and high school students. Through this educational program, we 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 adjudication 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 2016



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 Gairdner's 57 year history based on the highly respected two-stage adjudication system for selection of the International awardees and the track record of the Canada Gairdner Awards in recognizing outstanding international science and breakthroughs at the leading edge. A measure of this standard of excellence is reflected in the results.

Of the 333 individuals from 15 countries, including 42 Canadians, who have won the Canada Gairdner International Award, 84 have gone on to win a Nobel Prize in Medicine or Chemistry.

In the last 10 years, 16 of 27 Nobel prizes have been awarded to Gairdner Laureates. In both 2015 and 2016 a Gairdner laureate has won a Nobel prize. 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 John Dirks Canada Gairdner Global Health Award for scientific advances that have or will have a significant impact on health outcomes in the developing world.

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.

The achievements of Gairdner Awardees have dramatically impacted the health of people around the world. A few examples include:

1. The co-discovery of the Ebola virus, its modes of transmission, groundbreaking work on HIV/AIDS in Africa which revealed a major heterosexual HIV epidemic 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 immensely improving their quality of life.
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 discovery of the HPV vaccine against cervical cancer which has grown 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)

SECTION II

PERFORMANCE RESULTS for 2016

1. Expanded National Program

The National Program of Faculty lectures take place in approximately 15 to 20 centres during the year. Approximately 3,500 university students, faculty, researchers and scientists participate in the National Program.

In 2016, the National Program was expanded to include laureate attended events outside of the typical Gairdner lecture structure. Laureates had one-on-one meetings with university faculty members and led intimate seminars for graduate students on their discoveries and inspirations.

What are the benefits?

The National Program provides universities with an opportunity to share ideas with some of the world's leading scientists. As the representatives of National Program partner institutions, faculty and graduate students have the opportunity to expand their networks to include leading researchers, and to learn first-hand from laureates, raising the caliber of scientific conversation in Canada. Through the development of these key partnerships and collaborations, we help to create a sense of community in diverse research institutions and promote the importance of scientific excellence.

2. Engaged participation in the Student Outreach Program

The fall program took place at 15 universities in 2016, including 1 in Atlantic Canada, 2 in Quebec, 6 in Ontario and 6 in the western provinces. The Student program will also take place at Lakehead University in March 2017 and at Queen's, Dalhousie and University of Prince Edward Island later in the year. The number of students participating at each university varied between 50 and 600 depending on the approach taken by the individual institution. Almost 3,000 high school students from nearly 100 high schools across Canada 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.

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 to hear about their discoveries and how they became interested in biomedical research. The lectures are aimed at students who are about to enter university, with the goal of encouraging them to consider a career in the health sciences.

3. Increased profile for the Foundation

The Gairdner Foundation partnered with Canadian Embassies in Paris, Washington and Berlin and with laureates' institutions in North Carolina, Massachusetts, California, and Manitoba to celebrate 2016 Award recipients. Attendance at all 7 events was excellent with more than 650 guests in total.

The Consortium of Universities for Global Health (CUGH) is an organization consisting of over 110 American and Canadian Universities. Gairdner has developed a partnership with CUGH to showcase our John Dirks Canada Gairdner Global Health Award laureate each year as a plenary speaker. In 2016, Dr. Anthony Fauci delivered an engaging lecture in April in San Francisco to an audience of more than 1,000 conference attendees who gave him a standing ovation upon completion.

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 to further dialogue for future stakeholders and donors.

4. Increased quantity and quality of the nominations

Nominations for the Canada Gairdner International Awards and the John Dirks Canada Gairdner Global Health Award continue to be of the highest quality. In 2016, nominations for the International Awards increased by 37% from 2015 (209 up from 152), and included 60 brand new nominations. Active nominations for the Global Health and Wightman Awards continue to represent the highest calibre of international science.

What are the benefits?

Leading Canadian scientists participating on our adjudication committees experience close connections to leading-edge research in the biomedical field. They are also exposed to an incredibly high level of discussion that elevates scientific discourse across the country.

DETAILED PERFORMANCE EVALUATION 2016

1. Canada Gairdner Symposium - Cancer Discoveries: Molecules to Man

This two day symposium was held on May 25-26 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 John Bell (University of Ottawa), Nada Jabado (McGill University), Jim Allison, 2014 Canada Gairdner Laureate (MD Anderson Cancer Centre, Houston), Hans Clevers (Hubrecht Institute, Utrecht Netherlands), John Dick, David Jaffray and Tak Mak (University of Toronto), Connie Eaves (BC Cancer Agency, Vancouver), Vickie Baracos (University of Alberta), and Paul Sorensen (BC Cancer Foundation Vancouver).

The second day included Steve Jackson (University of Cambridge, UK), Guy Poirier (Laval University), Lewis Cantley, 2015 Canada Gairdner laureate (Cornell University), Steve Narod (University of Toronto), Jack Cuzick (Queen Mary University of London, UK), Gregg Semenza (Johns Hopkins, Baltimore), Gino Fallone (University of Alberta), and Mina Bissell (Lawrence Berkeley National Lab, California).

The symposium started in the evening of May 24 when Dr. Dennis Slamon, an internationally known cancer researcher from the University of California, Los Angeles gave a public lecture "*New and Novel Approaches to Breast Cancer*". Dr. Slamon is one of the pioneers of the breast cancer drug, Herceptin. His talk was followed by a brief question and answer period.

Attendance- 300

2. Canada Gairdner Symposium -The Intestinal Microbiome: Beyond Associations and into the Clinic

This symposium be held on November 24 in partnership with McMaster University's Farncombe Institute and will bring top scientists from around the world to Hamilton, Ontario for a discussion on leading edge research on the microbiome and its impact in the clinic.

Speakers include: Stephen Collins, Jon Schertzer, Elena Verdu, Deborah Sloboda, Wali Khan, Gerry Wright, Pemsyl Bercik, Paul Moayyedi, Jonathon Bramson, Michael Surette, Nathan Magarvey (McMaster University), Stephen Vanner (Queen's University), Fergus Shanahan, Paul Ross (University College Cork), Jayne Danska and Dana Philpott, Karen Maxwell (University of Toronto), Eran Ellinav (Weizman Institute of Science, Israel), Andrew Macpherson (University of Bern), Sven Pettersson (Karolinska Institute, Sweden), Ken Croitoru (Mt. Sinai Hospital, University of Toronto), Brett Finlay (University of British Columbia), Bertrand Routy (Institut Gustave Roussy, France).

People were very involved and excited about the information shared. All socials periods were crowded and people were eager to engage in conversation with the speakers. The group included 45 high school students as well as graduate students, postdoctoral fellows and faculty members from McMaster, Waterloo, Toronto, Guelph and Queens. Everyone was highly involved and actively asking questions during each session, and during break time, engaging in very meaningful conversation. It was a very enriching experience to all those involved in research, provided a wide variety of topics and perspectives.

Attendance- 285

3. Canada Gairdner Symposium: Concussion

On November 30, the University of Calgary will host the Gairdner Symposium on Concussion in collaboration with the Alberta Children's Hospital Research Institute, the Hotchkiss Brain Institute and the Integrated Concussion Research Program at the University of Calgary. The Symposium will raise public awareness, provide insights into recent discoveries in this important and developing area of research and stimulate progress in the scientific community.

The symposium will begin with a public lecture featuring broadcaster and writer Jay Ingram, retired Calgary Stampeder, Jon Cornish, Hockey Canada's Paul Carson and experts from the University of Calgary's Concussion Research Program.

Symposium, speakers include Kathryn Schneider (University of Calgary), Kevin Guskiewicz (University of North Carolina), Karen Barlow (University of Calgary), Roger Zemek (University of Ottawa), Christopher Giza (University of California, Los Angeles), and Alain Ptito (McGill University).

Attendance-event takes place after report deadline

4. Public Lecture: Hacking the Genome: The Brave New World of Gene Editing

On November 2, a sold out public lecture was held in partnership with York University on the gene editing technology, CRISPR-Cas 9 and how it is transforming the world of bioengineering. The event featured 2016 Canada Gairdner International Awardee, Dr. Feng Zhang and was moderated by Paul Kennedy, host of CBC Radio One's *Ideas* and featured a panel discussion with Dr. Ron Pearlman, Gairdner's Associate Scientific Director and Mark Bayfield, Biology Professor, York University.

Attendance- Sold-out crowd of 500 guests at Design Exchange

5. Panel Discussion on Global Health

On December 2, 2016 Canada Gairdner Laureates Drs. Fauci and Plummer will participate in a discussion global health in Ottawa. The event, which takes place in partnership with the International Development Research Centre, will feature individual presentations from laureates as well as a panel discussion and open question period.

Attendance-event takes place after report deadline

6. The 2016 National Program

The Foundation carried out its National Program of University Lectures at universities across Canada: University of British Columbia, Lethbridge, Calgary, Alberta, Saskatchewan, Winnipeg, Guelph, Toronto, Ottawa, Waterloo and Western, McMaster, York, Queen's, Carleton, McGill, Montréal, Laval, and Dalhousie Universities. The program is also planned for Lakehead in early February 2016.

Speakers included all of the 2016 Canada Gairdner winners as well as Harold Dvorak (2014), Arthur Horwich (2004), Lewis Cantley (2015), Janet Rossant (2015), and Jim Woodgett (Lunenfeld-Tanenbaum Research Institute)

Attendance- 3,500

7. Student Outreach

Programs took place at 15 Universities across Canada.

Location	Attendance
University of Winnipeg	115
Memorial University	100
McGill University	27
University of Alberta	300
Western University	80
University of British Columbia	205
University of Saskatchewan	250
Université de Montréal	130
University of Waterloo	145
University of Calgary	170
Carleton University	360
York University	330
University of Toronto	436
University of Lethbridge	180
Lakehead University*	150
TOTAL	2,978

*Lakehead's programming is scheduled for the winter of 2017. The number listed reflects 2016 attendance.

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

8. Toronto Events

This year the events took place from Oct 26-28. Activities included:

- Reception held for recipients, sponsors, academics, media, students and Gairdner recipients at MaRS on October 26.
Attendance -100
- *Minds That Matter* recipients' lectures on Oct. 27 at the MacLeod Auditorium, University of Toronto.
Attendance – 700
- *Gene Editing: Bacterial Immunity to Global Impact* lectures on Oct. 28 at the MacLeod Auditorium, University of Toronto
Attendance- 300

Throughout the two days we live webcasted the event internationally. We had more than 1,200 individuals watch live and 250 participate in the chat function.

- The Canada Gairdner Awards dinner, on Oct 28 at the Royal Ontario Museum was sold out.
Attendance – 540

9. Increased profile of the Canada Gairdner Awards

- Coverage appeared in more than 330 media outlets around the world and equated to \$315,000 in Ad Equivalency. This shows how much it would potentially cost to buy the total press coverage that we earned for free. It is calculated by multiplying the readership, potential viewership, and average ad cost.
 - 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 a two page folio spread on our International winners and another article on our Wightman and Global Health Award.
- Top tier coverage appeared in 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 23 alone we had approximately 160 tweets and were a trending topic in Toronto.
- Support and coverage from various organizations such as North Carolina State University, MIT, DuPont, University of California, Berkeley, etc.
- Excellent coverage in *The Lancet* about the John Dirks Canada Gairdner Global Health Award winner and all five Canada Gairdner International Award winners.
- Full page ads were placed in *Cell*, *Science*, *Nature*, *The Globe and Mail* and *Biotechnology Focus*. The University of Manitoba 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 promote future events.

PLANNED ACTIVITIES AND EXPECTED RESULTS FOR 2017

The Awards and the National and Student Outreach Programs are mature and stable programs that contribute to Canada's culture of science by presenting the world's best scientific research across the country.

Looking forward, our goal is to increase the international profile and reach of the Canada Gairdner Awards. To this end, we will continue to hold events in the home country of each awardee shortly after the announcement of the laureates in late March.

PERFORMANCE GOALS FOR 2017

1. Enhance participation in National Program

We expect to maintain our partnership with universities across the country to execute our National Program. In 2017, we will expand programming at our partner universities and formalize the non-lecture components of laureate visits.

2. Build on success of past Student Outreach events

We will continue to gather student feedback from each event, and use the results to evaluate their success. We will increase our social media promotion and support of student programs to enhance student interaction and engagement.

In 2017, Gairdner is looking to increase its reach by adding programming at additional Universities across the country.

3. Enhance the international profile of the Canada Gairdner Awards

We continue our efforts to raise Gairdner's profile through international events and enhanced marketing and communications that share the story of our awardees and our history.

In 2017, for the first time we will engage in a public lecture series that gives the general public access to discussions of leading edge scientific research and its implications on everyday life.

4. Continue to 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. We are also developing a new online portal for collecting and reviewing nominations which will make the process easier and more streamlined for nominators, reviewers and our staff.

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

Gairdner will engage in an application process to select the hosts of national symposia in 2017. Once selected, partner institutions will plan and execute a symposium aligned with the research areas of the 2017 laureates. These events will increase Gairdner's profile and expose Canada's most prestigious scientific award to a new audience.

6. Engage a broader audience through an enhanced public lecture series

Building off of the success of the public lecture in November of 2016, we will endeavor to provide more public programming to increase the accessibility of our laureates' science. Hosting public lectures will raise awareness of the Gairdner Foundation, increase our profile and help us meet our goal of inspiring Canadians to pursue careers in science.

LONGER TERM PRIORITIES FOR 2018 AND BEYOND

1. Increase the international profile of the Canada Gairdner Awards by improving our marketing and communications.
2. Seek ways to raise our profile with high school and undergraduate students through social media and making high school lectures available on YouTube.
3. Build the Gairdner brand by increasing social media presence.
4. Streamlining nomination process through new online portal.
5. Engage a broader audience by increasing advertising in selected publications that target our chosen demographic.
6. Diversify the composition of the Gairdner board of directors by recruiting members that represent a broader geographic reach.
7. Generate a sustainable funding model for the Foundation that includes an increased emphasis on fundraising, and new initiatives directed at government, institutions and individuals.

SECTION III

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.

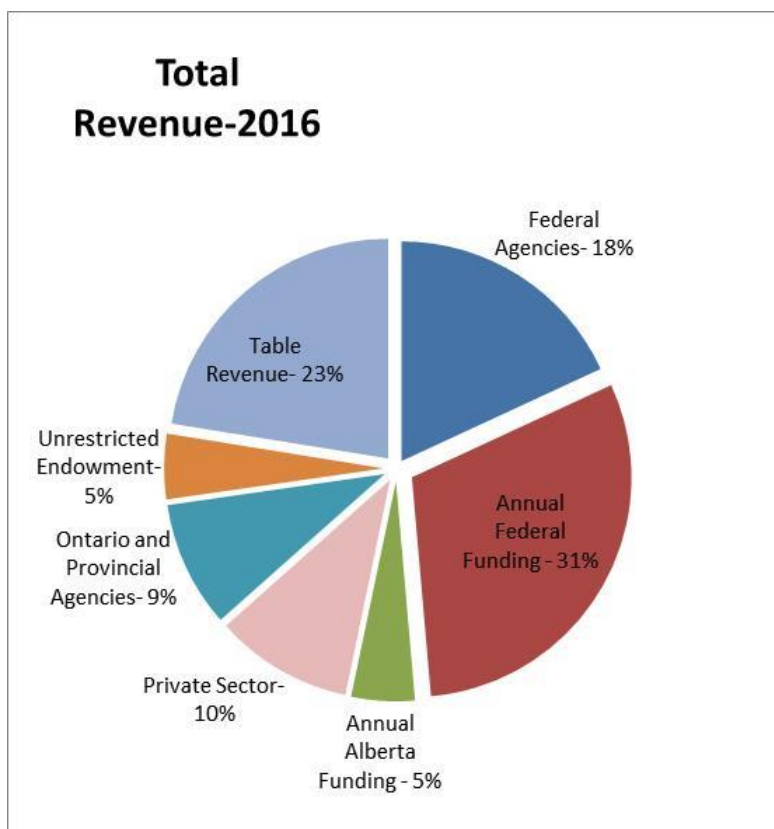
A grant of \$2 million was received from the Alberta government in 2008, for the purpose of expanding the Gairdner program in Alberta. This grant is also to be capitalized during the term of the agreement, and only the income from the Fund, including interest, dividends and realized capital gains may 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 low interest rate environment for the past 4 years, 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 2016, estimated revenue of approximately \$2.9 million was allocated as follows:

2016 FUNDING SOURCES FOR THE GAIRDNER



PLANNED RECEIPTS AND DISBURSEMENTS FOR 2017

The approved budget for 2017 calls for revenue of \$2.86 million and operating expenditures of \$2.75 million, resulting in a small surplus. Budget expenditures include \$0.7 million for Awards, \$.6 million for program costs, and \$1.2 million for administrative and marketing costs and \$.25 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 2016, as interest rates remain at historic lows and significant uncertainty about whether the US Fed will increase interest rates at their December 2016 meeting. Investment income is allocated proportionately to the Federal, Alberta and Foundation's funds. The result of the US election has also created significant volatility in global markets.

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, 2016, the portfolio asset mix included 37% allocation to cash and fixed income, 48% equities, and 15% alternative strategies relative to our long-term target of 35/50/15.

The following table provides the budgeted revenues and expenditures for the fiscal year 2017. The budget for 2017 was presented and approved by the Board of Directors at its November 16, 2016 meeting.

**THE GAIRDNER FOUNDATION
BUDGET 2017**

in \$000's

	ACTUAL 2015	REV FCST 2016	BUDGET \$100k 2017	\$ INC(DEC) OVER 2016	% INC(DEC) OVER 2016
<u>REVENUES</u>					
Sponsorship	461	510	500	(10)	-2%
Sponsorship CIHR 2	310	488	385	(102)	-21%
Table Sales	606	665	630	(35)	-5%
Donations	217	115	125	10	9%
Government Grant Funding	1,050	1,041	1,085	45	4%
Portfolio Revenue	133	142	140	(2)	-1%
Realized Gains/(Loss)	137	-	-	-	
Unrealized Gains/(Loss)	(57)	-	-	-	
TOTAL	2,858	2,960	2,866	(94)	-3.3%
<u>EXPENDITURES</u>					
Board	163	52	38	(14)	-27%
Administration	710	777	913	136	18%
Events	571	638	611	(27)	-4%
Scientific Advisory Boards	162	159	167	7	5%
Other Scientific Boards	63	89	88	(1)	-1%
Awards	700	700	700	-	0%
President's Office	110	103	105	2	2%
Fundraising & Communications	140	171	120	(51)	-30%
TOTAL	2,620	2,688	2,741	53	2.0%
NET SURPLUS	239	272	125	(147)	-118.0%

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. With a series of strong partnerships across Canada, there is ample opportunity for the expansion of our programming in 2017. Under new leadership, we are reviewing our offerings and will develop new, engaging programming that will excite and expand our audience.

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 scientific 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, two tier adjudication process/ peer review with votes being cast by secure, secret ballot. The ongoing success in the selection process is largely 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 2017, we are projecting a conservative 3.0% return on investment. The 2017 return on investment is based on the strategic asset mix of 35/50/15. The Investment Policy amended in February 2016 calls for a long term Asset Mix target allocation of 35% Bonds/Fixed Income, 50% Equities and 15% Alternative Strategies.

SECTION IV

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 (including introduction of public lecture series) • Ongoing monitoring of media coverage, engaging new media partnerships to spread the Gairdner story nationally and internationally
Compliance Audit reveals deficiencies	Low	Medium	<ul style="list-style-type: none"> • Continuous review of the terms of the funding agreement to ensure compliance • Audit committee monitors compliance and advises on actions
Decreased success rate in choosing globally recognized medical advancements	Low	High	<ul style="list-style-type: none"> • Rigorous assessment of nominations through peer review process, and 2 tier adjudication system • Continued rigorous assessment and recruitment of Medical Advisory Board 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 • Increase staff capacity to include a member focused on increasing financial capacity
Failure to achieve long-term fundraising goals	Medium	High	<ul style="list-style-type: none"> • Create a strategic plan for a sustainable revenue stream that includes a diverse set of sources including government, philanthropy, and corporate sponsorship • Monitor fundraising efforts to ensure revenues are aligned with programming requirements

SECTION V

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 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 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 31, 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 will be undertaking an Independent compliance audit for the fiscal years 2014 and 2015 in the winter of 2017. We will also be commencing a 5 year Independent Evaluation in 2017. Once these audits are completed we will be compliant with all reporting requirements under the Funding Agreement.