



## THE PIERRE ELLIOTT TRUDEAU FOUNDATION BUSINESS PLAN 2015-2016

*Prepared for Industry Canada*

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## **Table of contents**

1.	BACKGROUND .....	3
2.	FOUR CORE PROGRAMS.....	3
	<i>Trudeau mentorships</i> .....	4
	<i>Trudeau scholarships</i> .....	4
	<i>Trudeau fellowships</i> .....	4
	<i>Public Interaction Program</i> .....	4
3.	ACHIEVEMENTS IN 2014-2015.....	5
	<i>Delivering results</i> .....	5
	<i>Contributing to informing public discourse</i> .....	7
4.	THE YEAR AHEAD: MARKING 15 YEARS WITH A NEW VISION .....	7
	<i>Adjustments to our programs</i> .....	9
	a) Restoring the full number of awards.....	9
	b) Introducing new targeted areas of inquiry .....	9
	c) Emphasizing knowledge transfer and engagement in the scholar selection criteria.....	9
	d) Increasing fellows' engagement in the Foundation's curriculum .....	9
	e) Better leveraging mentors' experience.....	10
	<i>Aligning the Foundation's resources and operations to support the new vision</i> .....	10
	a) Developing a new strategic plan .....	10
	b) Bumping up internal capacity.....	10
	c) Acquiring reliable data on our initiatives and programs .....	10
	d) Administering with a new electronic tool.....	11
	e) Renewing governance .....	11
	<i>Expected outcomes</i> .....	11
	a) Mentorship Program .....	11
	b) Scholarship Program .....	12
	c) Fellowship Program .....	12
	d) Public Interaction Program .....	13
5.	BUDGET IMPLICATIONS .....	15
	<i>Program costs</i> .....	16
	a) Overall budget framework for programs.....	16
	b) Budgeted program costs for 2015-2016 .....	17
	<i>Operating costs</i> .....	18
6.	INVESTMENT PERFORMANCE .....	20
7.	FINANCIAL ISSUES .....	22
	<i>Statutory requirements</i> .....	22
	<i>Additional challenges</i> .....	23
	<i>Bridging plan</i> .....	23
	Appendix A – Financial information .....	25

## **1. BACKGROUND**

The Pierre Elliott Trudeau Foundation is an independent and non-partisan charity established in 2001 as a living memorial to the former prime minister by his family, friends, and colleagues. In 2002, with the support of the House of Commons, the Government of Canada endowed the Foundation with the Advanced Research in the Humanities and Human Sciences Fund. The Foundation also benefits from private donations.

By granting doctoral scholarships, awarding fellowships, appointing mentors, and holding public events, the Foundation encourages critical reflection and action in four areas important to Canadians: human rights and dignity, responsible citizenship, Canada's role in the world, and people and their natural environment.

The Foundation is governed by a diverse and distinguished Board of up to 18 directors. Two seats are reserved for directors appointed by the Minister of Industry and another two for representatives of the family of the late Pierre Trudeau. The Board and its committees oversee the Foundation's \$150 million endowment and an annual operating budget of \$6 million, and they set the organization's policies and program directions.

The mission statement adopted by the Board of Directors inspires the work of the Foundation and its Business Plan for 2015-2016.

### ***Mission statement***

*The Pierre Elliott Trudeau Foundation promotes outstanding research in the humanities and social sciences, and fosters a fruitful dialogue between scholars and policymakers in the arts community, business, government, the professions, and the voluntary sector.*

### ***The Foundation***

- *encourages emerging talent by awarding Trudeau scholarships to the most talented doctoral students in Canada and abroad;*
- *appoints distinguished Trudeau fellows and mentors for their knowledge and wisdom, to build an intellectual community to support the work of the scholars; and*
- *creates and maintains an international network of Trudeau fellows, scholars, and mentors.*

## **2. FOUR CORE PROGRAMS**

The Foundation is dedicated to the delivery of four core programs: three funding programs for scholars, fellows, and mentors, and a Public Interaction Program that targets knowledge acquisition, transfer, and exchange among the Foundation's program beneficiaries and the public. The Foundation's annual cycle of activities revolves around these four main programs.

### ***Trudeau mentorships***

The Mentorship Program forges intellectual and personal bonds between talented doctoral students and renowned Canadians with extensive experience in public life. Up to ten mentors are appointed each year. The mentors are drawn from an array of professional backgrounds, including business, public service, law, arts, journalism, and community organizations. The mentors' achievements give them wide national and international networks, from which the scholars can benefit.

### ***Trudeau scholarships***

Around fifteen scholarships are awarded each year to support doctoral candidates pursuing research within the Foundation's four priority domains. Trudeau scholars are accomplished individuals who are actively engaged in their fields and who have strong leadership potential. They are encouraged to work with Trudeau mentors and fellows. Scholars' interaction with the Foundation community, non-academic spheres, and the general public is an essential aspect of the Scholarship Program.

### ***Trudeau fellowships***

Each year, up to five outstanding public intellectuals are appointed Trudeau fellows in recognition of their research contributions and their commitment to policy engagement. Starting in 2014, fellows are also appointed on the basis of their Trudeau project – a proposal for work on an issue of public importance to Canada and the world, that draws on the multidisciplinary expertise of Trudeau mentors, scholars, and other fellows. The Foundation's support enables fellows to make extraordinary contributions in their field through leading-edge research and creative work. As the Fellowship Program grows, it builds a network of intellectuals working from a variety of perspectives to address critical social and policy issues.

### ***Public Interaction Program***

The Public Interaction Program (PIP) builds on the expertise of the international network of individuals selected through the three grant-giving programs. PIP events and the Foundation's travel and research allowances provide members of the Foundation community with unique opportunities to learn and exchange research, ideas, and proposals, and to share knowledge with colleagues from different disciplines and backgrounds. It gives top researchers and thinkers, upcoming PhD scholars, and practically-minded mentors the chance to bring their expertise together to make knowledge exchange a reality. PIP comes to life through varied formats, including an annual conference, seminars and workshops, and publications. In addition, members of the Foundation community are encouraged to organize PIP events and to collaborate with other institutions to promote understanding of major issues that affect Canadians and global society.

### **3. ACHIEVEMENTS IN 2014-2015**

#### ***Delivering results***

The Foundation successfully delivered on all the commitments made in its business plan for 2014-2015. The Foundation notably:

- ✓ **Appointed nine 2015 mentors**— offering \$315,000 for twenty-four months to nine highly accomplished Canadians from diverse backgrounds who were paired with 2013 Trudeau scholars to help the scholars connect to policy networks. Seventeen mentors are currently enrolled in the mentoring program. In 2014-2015, the Foundation invested more than \$185,000 in the Mentorship Program.
- ✓ **Selected sixteen new 2015 Trudeau scholars**— a \$2.88 million commitment over up to four years to support a group of sixteen outstanding Canadian PhD students studying in Canada and abroad. All are actively engaged in their fields and are expected to become leading national and international figures. The Foundation currently funds 63 scholars. In 2014-2015, the Foundation invested more than \$1.6 million in the Scholarship Program.
- ✓ **Appointed five 2015 Trudeau fellows**— an investment of \$1.12 million over three years in five outstanding Canadian intellectuals who have set themselves apart through their research achievements, their creativity, and their public commitment. The 2015 fellowship appointments will be announced on 17 September 2015. The Foundation currently supports 16 fellows. In 2014-2015, the Foundation invested more than \$1 million in the Fellowship Program.
- ✓ **Held eleven public interaction events and supported one other event** organized by Foundation community members. In 2014-2015, the Foundation invested more than \$1.5 million in the Public Interaction Program.

#### *Events hosted by the Foundation:*

- Announcement of the 2014 Trudeau fellows, Montréal, QC, 18 September 2014 (80 participants)
- Trudeau Lecture by Timothy Caulfield, 2013 fellow (University of Alberta), “Spinning Science: Getting to the Truth About Our Health,” Trois-Rivières, Quebec, 30 September 2014 (100 participants). Partner: Université du Québec à Trois-Rivières
- International seminar, “Imagining the Future of LGBTQ Human Rights,” Montréal, Quebec, 6 and 7 October 2014 (80 participants). Partners: Centre Jacques Cartier, Concordia University, McGill University, Université du Québec à Montréal, Conseil québécois LGBT
- Eleventh Annual Trudeau Conference, “Weathering Change: Pathways to Sustainability in Canada,” Toronto, Ontario, 20-22 November 2014 (450 participants). Partners: BMO Financial Group, Google, Suncor Energy, Air Canada, Intact, Lafarge, Resolute Forest Products, Twitter Canada

- Dinner on national security, Ottawa, Ontario, 4 February 2015 (21 participants). Partner: Centre on Public Management and Policy, University of Ottawa
- Trudeau / Big Thinking Lecture by Kent Roach, 2013 fellow (University of Toronto), “Judicial Activism and the Role of the Courts in Providing Remedies,” Ottawa, Ontario, 5 February 2015 (150 participants). Partner: Federation for the Humanities and Social Sciences
- Strategic area-of-inquiry consultation with the Vancouver-based Foundation community, Vancouver, British Columbia, 23 March 2015 (20 participants)
- Friendraising reception, Edmonton, Alberta, 24 March 2015 (15 participants)
- Lecture by High Commissioner David Angell, “Cooperation and Conflict in East Africa,” Montréal, Quebec, 5 May 2015 (25 participants)
- Trudeau Mentor-Scholar Retreat/Summer Institute, “Leadership and Public Policy,” St. Andrews, New Brunswick, 10-15 May 2015 (120 participants)
- Trudeau Lecture by Jean Leclair, 2013 fellow (Université de Montréal), “Imagining Canada in a Disenchanted World,” Ottawa, Ontario, 4 June 2015 (50 participants). Partners: University of Ottawa, Federation for the Humanities and Social Sciences

*Event supported by the Foundation:*

- Seminar, “*From PhD to Politics: An Evening With Mayor Lisa Helps*,” Vancouver, British Columbia, 7 May 2015, organized by Trudeau Scholar Chris Tenove (15 participants for private talk; 50 participants for panel). Partners: Vancouver chapter of the Trudeau Foundation Society, Museum of Vancouver
- ✓ Consulted widely with Foundation community members and other experts on a new means of leveraging the knowledge and experience of the Foundation community
- ✓ Framed and introduced the Foundation’s **three new targeted areas of inquiry** and launched the area-of-inquiry initiative
- ✓ Collaborated with the Trudeau Foundation Society to **nurture an international network of former mentors, scholars, and fellows**
- ✓ Sustained the implementation of the **bridging plan to support the Foundation’s operations** in the long term
- ✓ **Hired a director of development** to increase the Foundation’s capacity to secure donations, sponsorships, and other partnerships
- ✓ Issued a first **call for support to its community** of current and former scholars, fellows, and mentors, as well as its directors and members
- ✓ Selected and **implemented a new electronic platform** for the submission and administration of the three annual competitions
- ✓ Started to implement its governance renewal plan, **recruiting four new directors and three new members**

### *Contributing to informing public discourse*

Since its creation, the Foundation has disbursed \$47 million through its programs. Direct transfers to individuals currently account for \$32 million. The Foundation has granted 187 doctoral scholarships, attracting and retaining the brightest minds in Canada and around the world; encouraged 106 eminent Canadian public and private sector leaders to become mentors to its scholars, exposing the scholars to a balanced, common-sense approach and recognizing the practical priorities in today's public policy; and recognized the research or creative work of 58 fellows, to tap some of the world's top creators and intellectuals. Every year, each of these competitions has elicited great interest from the business community, university partners, and groups and organizations involved in public policy. The very high quality of the nominees also demonstrates that the Foundation's programs have quickly taken their place among the country's most coveted awards.

The Foundation has also dedicated considerable financial resources—\$15 million—to fostering a community of engaged citizens. The Public Interaction Program (PIP) continues to create opportunities to disseminate the ideas and profile the work of our community members to ensure that the Foundation's investments deliver results. Over the years, the Annual Trudeau Foundation Conference has become a highlight in the intellectual life of the country, attracting an audience well beyond the close network of the Foundation. The Foundation is working to make its PIP even more accessible to the public, including the business world, policy makers, NGOs, and academia.

All awards granted by the Foundation follow a rigorous review process detailed on the Foundation's website ([www.trudeaufoundation.ca](http://www.trudeaufoundation.ca)). The Foundation taps into an extensive network to form its annual file review committees, whose 20 members are highly qualified individuals from many walks of life, including the public service, academia, communications and the media, and the arts. These members devote many hours of their time and effort to screen, discuss, and interview the outstanding individuals that the Foundation appoints and supports.

Despite disappointing investment returns in the past several years, the Foundation's finances are sound. The Foundation's original \$125 million endowment had grown to \$150 million as of 31 May 2015, the investment portfolios are healthy, and the Foundation has invested considerable effort to establish partnerships with the business world to support its current and future initiatives.

## **4. THE YEAR AHEAD: MARKING 15 YEARS WITH A NEW VISION**

Over the last fifteen years, the Foundation has developed and improved the infrastructure necessary to healthy programs and operations. It has also built an intellectual network composed of a critical mass of the most talented doctoral students from Canada and abroad, and of distinguished Trudeau fellows and mentors appointed for their knowledge and wisdom. It is now time to demonstrate the full capacity of this network.

In the fall of 2014, the new president and executive officer of the Foundation, Morris Rosenberg, undertook a consultation across Canada to hear impressions of the Foundation's work from within the Foundation community, civil society, academia, government, and the private sector.

One of the key messages that Mr. Rosenberg took away from these consultations is that Canada acutely needs neutral spaces in which Canadians can hold frank and informed conversations on complex public issues of importance to themselves and others. For these conversations to take place, two ingredients are necessary: first, content expertise in targeted areas of inquiry critical to current affairs, and second, the support and engagement of a wide variety of partners. The Foundation has both.

The Foundation brings together an outstanding group of current and future leaders. Since its inception, the Foundation community has grown to include 300 scholars, mentors, and fellows. It has supported important research within and across the themes of human rights and dignity, Canada's role in the world, people and the natural environment, and responsible citizenship.

Chosen in 2001, these four themes are more relevant than ever to a world that faces challenges that cut across all four. Global warming, international peace and security, food and energy security, growing religious and ethnic intolerance, humanitarian crises – issues such as these cannot be seriously advanced by any one player. They transcend governments, they transcend traditional disciplines, and they require the engagement of a variety of partners, including government, the NGO community, business, and academia.

This is where the Foundation comes into play. The Foundation has, throughout its existence, emphasized the importance of having the knowledge generated with its support taken up by people inside and outside government who are engaged in addressing the complex challenges facing Canada and the world.

The Foundation is well positioned to increase its impact on the process of addressing critical medium- to long-term issues. It can do this by continuing to support outstanding research and by providing leadership as a non-partisan convener of cross-sectoral, multidisciplinary, intergenerational and global perspectives.

There is agreement that the Foundation could and should have greater impact by focusing more of its efforts on key challenges facing Canadian society. This is why the Board of Directors adopted new strategic directions in November 2014. The cornerstone of the Board's vision is the targeted areas of inquiry initiative. The purpose of this initiative is to adopt a small number of areas around which the Foundation will orient its Public Interaction Program and its partnerships for the next few years. By concentrating some of the expertise of Trudeau mentors, scholars, and fellows on a small number of areas of importance to Canada, the Foundation can help build literacy and capacity to engage others around these areas, generate ideas about them, and support the search for practical and innovative responses to emergent issues. After extensive consultations over the past fall and winter, three areas of inquiry were announced in May 2015: (1) the water-energy-food nexus, (2) pluralism, diversity, and the future of citizenship, and (3) Indigenous relations in Canada.

This business plan outlines a few of the steps that the Foundation will take in that direction in 2015-2016.

*Adjustments to our programs*

**a) Restoring the full number of awards**

The Board of Directors believes that the success of the new vision depends upon a critical mass of actively engaged scholars, mentors, and fellows. Thus, in April 2015, the Board restored the full number of award recipients for 2016, as explained in section 5: "Budget Implications."

**b) Introducing new targeted areas of inquiry**

As regards the Foundation's public events, discussions with Foundation directors and members about reorienting the Public Interaction Program – discussions that began in 2013-2014 – coalesced around agreement to introduce new targeted areas of inquiry to the Foundation's curriculum. These constituents felt that, by moving the Foundation's events away from the current one-off model to multi-year discussions on important issues facing Canada and the world, the Foundation would give its scholars, fellows, and mentors an opportunity to work together in the service of a common goal. The move will help some members of the community develop literacy on questions that are not, on their surface, directly related to the members' field, but are expected to loom large on Canada's horizon. And it will allow the Foundation to develop partnerships and meaningful collaborations with organizations and people working on the issues in question, leveraging their successes and the Foundation's own.

In 2014-2015, Foundation community members were invited to submit project proposals in the three targeted areas of inquiry. The Foundation specified the criteria and selection process associated with its support of the proposals and is appointing an evaluation committee to assess and recommend proposals.

**c) Emphasizing knowledge transfer and engagement in the scholar selection criteria**

The Foundation's mission statement mentions fostering a fruitful dialogue between Trudeau scholars and sectors outside the academy. To better align with this part of the Foundation's mission and to give life to the targeted areas of inquiry, more emphasis will be placed on applicants' willingness and ability to engage outside the academy and to convey their ideas in accessible language.

**d) Increasing fellows' engagement in the Foundation's curriculum**

With its appointment of the 2015 cohort of fellows, the Fellowship Program continued a shift in direction that began with the 2014 cohort with the aim of increasing Trudeau fellows' engagement in the Foundation's curriculum. The adjustments mean that fellows from 2014 onward operate within a structure that includes more exchanges with Foundation community members, not only during events hosted by the Foundation, but also through a Trudeau project that has now become an integral part of all fellowship applications. The changes, now in their

second year, have already increased the interface between fellows, on one hand, and mentors and scholars (and other fellows), on the other.

**e) Better leveraging mentors' experience**

Among the feedback collected during consultations was a call to more fully set out the Foundation's expectations that mentors share their knowledge and expertise with the entire Foundation community, beyond their formal affiliation with the scholar(s) they are assigned. The mentorship pool has untapped potential and the new directions provide an opportunity for mentors to join fellows in driving the Foundation's intellectual project: the mentors with their policy experience, and the fellows with their research. The Foundation has therefore started involving mentors more actively, among other things by appointing mentors to steering committees and by naming former mentors to the Board of Directors. Going forward, Management will seek mentors' advice and delegate assignments to them so that the Foundation community's work might increase its impact on the public discourse and, eventually, on public policy.

*Aligning the Foundation's resources and operations to support the new vision*

**a) Developing a new strategic plan**

In 2015-2016, the Foundation will take stock of its implementation of the 2010-2015 Strategic Plan and will develop and implement a new strategic plan to support its new strategic directions. Three of the elements critical to the success of that strategy, will be the alignment of the Foundation's human resources; revenue generation, especially fundraising efforts; and a flexible and bold communications and marketing plan. Resources related to these elements are discussed in the financial portion of this document, at sections 5 and following.

**b) Bumping up internal capacity**

In order to support the new vision, and as envisioned in the current strategic plan, the Foundation has established and is staffing three new positions. We hired a director of development in 2015 and are in the process of hiring a communications and marketing specialist. We are also planning to staff another program officer position in consideration of the additional workload anticipated in the wake of the adoption of the three targeted areas of inquiry and the bigger role that the Public Interaction Program will play in the Foundation's overall strategy.

**c) Acquiring reliable data on our initiatives and programs**

Management acknowledges that more complete and reliable data is required to fully assess the impact of the Foundation's programs on an ongoing basis and measure the success of the initiatives in which the Foundation is investing time and resources. This year, significant efforts will be invested in establishing nimble mechanisms to collect, aggregate, and analyze data to better inform decisions.

#### d) Administering with a new electronic tool

In parallel, the Foundation hopes that its implementation of an integrated and tailored electronic administration program will free up human resources and shift attention from administering the Foundation's programs to capturing and optimizing the programs' added value. The new program will allow staff to perform several functions electronically: from sending out calls for nominations, to receiving applications and letters of reference, assessing the files, notifying candidates, and disbursing funds electronically.

#### e) Renewing governance

The Foundation's directors and members constitute another group of resource-people who can help give shape to the Foundation's new vision. The Foundation's Nominating Committee is working on the continuous renewal of the directors and members so that the Foundation's governance reflects an intergenerational and interdisciplinary mandate that spans academia, the public sector, the business world, the arts, and NGOs, and reflects Canada's regional and cultural diversity. Ideas and expertise in finance, fundraising, and the three targeted areas of inquiry will be sought.

#### *Expected outcomes*

##### a) Mentorship Program

The Trudeau Mentorship Program continues to be a unique program that matches doctoral students in the second year of their Trudeau scholarship with seasoned practitioners renowned for their contribution to Canada's public sphere. The mentor-scholar relationship can take many forms, but typically it consists of a mix of internet and phone communications, face-to-face meetings at Foundation events, time together at the mentor's place of business, visits to the scholar's areas of interest, and introductions to other policy-makers. The mentors' attendance at Foundation events means that scholars can benefit from the experience of all the mentors, even those who are paired with other scholars. By means of their advice, networks, and experience, the mentors of the 2014 cohort, like those before them, have found a number of creative ways to be useful to their assigned scholar and to other Trudeau scholars, and their contributions have brought new depth to the discussions that take place at Foundation events. The members of the 2015 cohort spent four days with their and other scholars in May 2015 and are already adding value to the Foundation community.

In the 2015 call for nominations, the Foundation considered a total of 113 nominations, of which 106 were new nominations received that year. Prior to being submitted for the approval of the Board of Directors, the mentorship candidates were screened and selected by an external file review committee composed of three Trudeau mentors and one Trudeau scholar from various backgrounds (public service, journalism, academia, communications), as well as three members of management.

*The Foundation will name ten Trudeau mentors in 2015-2016 and will match them to the 2014 cohort of Trudeau scholars.*

## b) Scholarship Program

As of 30 June 2015, the Foundation supported 63 current scholars. The scholars come from a wide variety of disciplines and represent all regions of the country. They are recruited with the expectation that they will look with fresh eyes at crucial emerging social issues within the Foundation's four themes. The 2015 Trudeau scholarship competition attracted 287 applications from Canadian and foreign universities. Applications were reviewed by an eight-member external file review committee, which conducted screening interviews before presenting the Board of Directors with a list of sixteen finalists.

At least ten Trudeau scholars are expected to complete their doctoral degrees in 2015-2016, bringing the number of degrees obtained since the program's beginnings to over one hundred. Because of the level and depth of the support provided them, Trudeau scholars need less time on average than other doctoral students to complete their degree (5.21 years compared to 6.67 years in the field<sup>1</sup>).

Most Trudeau scholars stay in Canada after completing their PhD, opting mainly for career paths in higher education. This year, the Foundation will put mechanisms in place to acquire more data on how Trudeau scholarships impact the scholars.

*The Foundation intends to select fifteen new Trudeau scholars in 2016. The Foundation will encourage the scholars to more fully engage in the Public Interaction Program, notably by contributing to the targeted areas of inquiry.*

## c) Fellowship Program

One of the goals of the Fellowship Program is to promote commitment to public engagement and excellence in research in the social sciences and humanities by rewarding and encouraging intellectual leaders in Canadian institutions whose innovative ideas inspire others and spawn new solutions to issues of public import. Another of the program's goals is to inform discussion on subjects that matter to Canada's future, by providing members of the Foundation community—including Trudeau scholars and the practitioners whom the Foundation engages as mentors—and the public with access to some of the country's most outstanding and ground-breaking academics. By continuing the adjustments to the program implemented in 2014, the Foundation aims to further increase the fellows' commitment to work with Trudeau Foundation community members and to enhance fellows' public engagement during the tenure of their fellowship.

The Foundation typically seeks to attract two profiles of Trudeau fellows to its community. Regular Trudeau fellows are Canadian intellectuals who already have a foot in academia. Visiting Trudeau fellows are foreign academics or Canadian non-academics – journalists, policy-makers, artists – hosted by a Canadian university for one year or more.

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<sup>1</sup> King, D. (2008). *Doctoral Graduates in Canada: Findings from the Survey of Earned Doctorates, 2004/2005*. Culture, Tourism and the Centre for Education Statistics – Research papers. Statistics Canada Catalogue No. 81-595-M, No. 065. Retrieved from <http://www.statcan.gc.ca/pub/81-595-m/81-595-m2008069-eng.htm>

Since its inception, the Foundation has named 58 Trudeau fellows in eight provinces and two countries. The Foundation has received hundreds of nominations from dozens of institutions, and twenty-three Canadian universities have hosted or are presently hosting a Trudeau fellow. The disciplines in which the fellows specialize range from political science and international relations to public policy, law, history, literature, sustainable development, sociology, philosophy, public administration, international affairs, and cinema and media studies. The great majority of Trudeau fellows adopt a multidisciplinary approach to their work.

As was done for the 2014 cohort, the 2015 fellowship candidates were evaluated not only on their reputation, their record of public engagement, and the innovative quality of their work, but also on their proposal for a project that engages the Foundation community. In addition, the fellowship candidates were asked to agree, if appointed, to attend the Foundation's two major yearly events in their entirety for the first three years of their fellowship. Finally, they agreed to contribute fifteen days over three years to the Foundation's intellectual leadership – advising on conferences, taking part in committees, and performing other work where appropriate.

The 2015 fellow selection cycle consisted of a four-step process in which the Foundation, aided by a five-member external selection committee, evaluated 41 nominations in several stages before naming five regular fellows who conformed to the Foundation's new requirements. The new cohort contributes new areas of expertise to the Foundation's roster. The 2015 fellows—whose names will be publicly announced on 17 September 2015—are Jocelyn Downie, a professor of law and expert in end-of-life issues at Dalhousie University; Bessma Momani, a political scientist at the University of Waterloo and frequent media commentator on transnationals in Canada and events in the Middle East; Cleo Paskal, visiting fellow at the Université de Montréal and a geostrategic analyst affiliated with Manipal University, India; René Provost, a professor of law at McGill University who studies insurgent justice in conflict areas; and Nancy Turner, an ethnobotanist whose work has informed land claims by Indigenous communities in British Columbia.

*The Foundation will continue to apply the new engagement policy to the 2015 cohort, and will monitor and evaluate the policy's execution.*

*The Foundation intends to appoint five new Trudeau fellows in 2016, possibly including a visiting Trudeau fellow.*

#### d) Public Interaction Program

The Foundation's Public Interaction Program consists of a series of dynamic events that bring members of the Trudeau Foundation community together on their own or with specialists and members of the general public in venues across the country and abroad.

The largest event organized by the Foundation is the Annual Trudeau Foundation Conference. In 2015, the twelfth edition of this conference will take place in Ottawa, Ontario. Its focus will be on opportunities for innovation in governance institutions, conceived through the lens of current policy challenges.

In 2014, a decision was made to incorporate the Mentor-Scholar Retreat into the Summer Institute. In May 2015, the Foundation's mentors and scholars accordingly met in New Brunswick for their annual retreat immediately prior to the 2015 annual Summer Institute. The new mentors spent time with their scholars and with other mentors, fellows, and scholars. This meeting was followed by the yearly Summer Institute, which included scholars, mentors, and fellows as well as experts invited to join the group in order to discuss the institute's theme. The new format worked well and the Foundation proposes to adopt it again, with minor adjustments, in 2015-2016.

In 2014-2015, the Foundation modified its Trudeau Lecture series. The Foundation continued to bring certain fellows to universities around the country so that the campus and local community could hear the fellows' reflections on their trajectory and their contribution to Canada's social landscape. In addition, the Foundation looked for opportunities to hold events in non-university venues and to reach out to a more diversified, non-academic audience. Thus, it deepened its association with the *Big Thinking* lecture series hosted by the Federation for the Humanities and Social Sciences, holding one Trudeau Lecture at the 2015 Congress at the University of Ottawa and a second lecture on Parliament Hill. It also initiated discussions with other partners.

The Foundation will continue to support members of its community in the organization of public interaction events. The community members' proposals are numerous and varied, and the members are frequently successful at securing the support of additional partners.

As mentioned above, the Foundation has begun to reorient its Public Interaction Program around three new targeted areas of inquiry: the water-energy-food nexus; pluralism, diversity, and the future of citizenship; and Indigenous relations in Canada. The Foundation has invited its community members to submit project proposals in these areas and will support a certain number of these proposals over the year to come.

The Foundation also intends to continue to host and support public events on subjects other than the three areas. PIP events in 2015-2016 will include a series of seminars, lectures, and conferences related to the 2014 and 2015 fellows' Trudeau projects or related to the Foundation's original four themes.

Finally, the Foundation has reached out to members of its community who are not within the Ottawa-Toronto-Montréal triangle where much of its expertise is concentrated, among other things by exploring interest and partnership possibilities in Vancouver and Edmonton. The Foundation has also increased its interface with the Trudeau Foundation Society.

*A key focus for the PIP in 2015-2016 will be to engage even more with non-academic audiences. The number of PIP activities is expected to increase to reflect the Foundation's new focus on the three areas of inquiry. In addition, the Foundation expects to hold PIP events related to the Trudeau projects of the 2014 and 2015 fellows, as well as other events that fit broadly within the Foundation's four themes.*

## **5. BUDGET IMPLICATIONS**

Budget 2012-2013 and Budget 2013-2014 were austerity budgets that cut programs to offset the operating deficit caused by decreasing revenues. 2013-2014 was also a transition year in terms of leadership, and the Foundation was less visible in the Canadian public sphere. Program expenses were at an historic low and the Canada Revenue Agency (CRA) program disbursement quota went unmet for a second consecutive year. An adjustment to the cost estimates related to the scholarship program made in the 2014 audit further increased the shortfall in program expenses.

In April 2013, the Finance and Investment Committee tabled a position paper entitled “Planning for the long term, with a bridge to get there” in which it recommended maintaining spending at around \$6.5 million per year until the end of 2016 while planning and executing a capital campaign of \$30 million and raising funds annually with an initial goal of \$500,000. At its spring 2013 meeting, the Board of Directors adopted these recommendations and recognized that the Foundation was running an annual deficit caused by revenue shortfalls resulting from exceptionally low interest rates. The Board kept the course in April 2014, when an updated version of the bridging plan was tabled at its spring meeting.

A new president and executive officer arrived at the beginning of fiscal year 2014-2015, the budget for which had been approved by the Board in April 2014. After discussion with the new president, the Board and the Members agreed on a new vision for the Foundation in November 2014. This new vision aims to increase the Foundation’s impact by tapping the Foundation’s award recipients to play a more active, visible and relevant role in informing public debate and reflection on issues of importance to Canadians. The Board and Members felt that the Foundation had a niche as a neutral, credible convener of such discussions, using a multidisciplinary and cross-sectoral approach. While the new vision has impressive potential and would be instrumental to the Foundation’s raising new funds, its successful implementation will require reallocating and indeed adding financial and human resources.

This is why, in April 2015, the Foundation’s Finance and Investment Committee tabled to the Board of Directors a revised budget for 2014-2015 along with its recommendations for budget 2015-2016. These two budgets, which were adopted by the Board, included the following highlights:

- Meet all contractual and statutory requirements
- Make up for the disbursement shortfall of 2014, which according to Canada Revenue Agency rules can only be corrected this year
- Fulfil the Foundation’s engagement, taken with the auditors at the closing of the 2014 audit, to use the excess fourth-year scholarship reserve
- Restore the full number of award recipients required to implement the Board’s new vision
- Invest additional sums in the Public Interaction Program to support the new vision in favour of a more visible, open, accessible, and relevant organization

- Allow the hiring of additional staff, increasing the Foundation's capacity in fundraising, communications, and programs

This budget explains why sixteen doctoral scholarships and five fellowships were offered in 2015, whereas Business Plan 2014-2015 forecast respectively fourteen and four. The number of 2015 mentors stayed at nine, as announced in last year business plan, as they were appointed in November 2014, prior to the Board's decision on program budget adjustments.

The 2015-2016 budget framework for programs detailed below reflects the Board of Directors' conclusion that a critical mass of actively engaged scholars, mentors, and fellows is necessary to implement the new vision for the Foundation, and increase the Foundation's impact.

### ***Program costs***

#### **a) Overall budget framework for programs**

For budgetary purposes, the core programs of the Foundation are as follows.

Mentorships are active for two years, and mentors are paid an honorarium of \$20,000 for the duration of their term. An additional \$15,000 per term is available to cover approved travel and networking expenses associated with events and joint projects undertaken within the framework of the Foundation's programs. To increase mentors' participation in the Public Interaction Program beyond their formal two-year term, the Foundation imposes no expiry on mentors' travel and networking allowance.

For accounting purposes, the honorarium is reflected in the Mentorship Program budget, whereas the annual travel and networking allowance is part of the Public Interaction Program budget.

Scholarships are valid for three years, with a possible fourth-year extension to allow the scholars to complete their doctorate or undertake a dissemination project. The Foundation offers this extension only where there is strong evidence that the doctorate will be completed during the fourth year or on proof of an exceptional dissemination opportunity. Supervisors are requested to provide detailed reports on the students' progress. The current stipend per scholar is \$40,000 per year, to cover the cost of tuition and reasonable living expenses. An additional \$20,000 per year is available to support the scholar's approved research-related travel and to cover networking expenses associated with events and joint projects undertaken within the framework of the Foundation's programs. Beginning with the 2015 cohort, the Foundation will create a reserve with scholars' unused travel and networking allowance. This reserve will enable scholars who wish to continue to actively participate in the Public Interaction Program to do so beyond the formal term of their scholarship funding.

In cases where a fourth-year extension is granted for the completion of doctoral studies, the scholar receives a stipend for up to 12 months' time, the amount of which depends on the sums available for this purpose. The scholar also receives the equivalent of \$2,000 as a year's travel and research allowance. Dissemination extensions, also granted for up to 12 months, provide the

scholar with a networking and dissemination allowance of up to \$15,000. All such stipends are subject to award accumulation restrictions and the availability of funds.

For accounting purposes, the stipend is reflected in the Scholarship Program budget, whereas the annual travel and research allowance comes out of the Public Interaction Program budget.

Fellowships are valued at \$225,000 each and can be drawn on for four years. As has been the case since the nomination of the 2010 fellows, each newly named fellow receives a \$50,000 prize. Of the remaining funds, \$150,000 (\$170,000 in 2013) is transferred to the fellow's host university and is available throughout the fellow's three-year mandate with the possibility of transferring unspent funds to a fourth year. This arrangement facilitates accountability for an expansive range of eligible activities—including research, creative activities, knowledge dissemination, and professional development—while assuring the full and effective use of the fellowship funds. The remaining \$25,000 (\$5,000 in 2013) of the fellowship is retained by the Foundation to cover the cost of the fellow's travel to and participation in Foundation events. Starting with the 2014 cohort, it is possible for a fellow to continue to use this last sum to participate in the Public Interaction Program after the active term of his or her fellowship is over.

For accounting purposes, commencing with the 2013 budget, the full award net of the reserve—\$200,000 per fellow (\$220,000 in 2013)—is reflected under the Fellowship Program budget. The remaining \$25,000 (\$5,000 in 2013) is recorded in the specific event budget line in the Public Interaction Program.

In light of the mandate to build “an innovative network of study and exchange,” the annual travel, research, and networking allowance component of each of the funding programs constitutes the bulk of the **Public Interaction Program** (PIP) budget. The balance of the PIP budget consists mainly of expenses for one-time and regular annual events, the costs to maintain and update the Foundation’s website, and communication expenses for public engagement activities.

#### b) Budgeted program costs for 2015-2016

- Mentorship Program

The Mentorship Program budget reflects the costs of nine new mentors starting in January 2016. Two groups of mentors will be active in fiscal 2015-2016.<sup>2</sup> The total budget allocated to the Mentorship Program will be \$212,000 in 2015-2016 (latest estimate 2014-2015: \$187,300; audited 2013-2014: \$186,006).

- Scholarship Program

The single largest program expense is base awards to the scholars. The 2015-2016 budget anticipates fifteen new scholars, each entitled to \$180,000 paid over a period of three to four years. Fourth-year extensions for earlier cohorts will be covered by existing reserves created by

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<sup>2</sup> The nine mentors who started in January 2015 will be funded in 2015 and 2016, and the 2016 mentors will be funded in 2016 and 2017.

external awards cumulated by our scholars.<sup>3</sup> The total budget allocated to the Scholarship Program will be \$1,505,300 in 2015-2016 (latest estimate 2014-2015: \$1,604,692; audited 2013-2014: \$1,308,215).

- Fellowship Program

The Fellowship Program's budget represents the third largest budgetary envelope among the program costs, after the Scholarship Program and the Public Interaction Program, reflecting the selection costs and full award value committed to the five fellows to be appointed in 2015-2016.<sup>4</sup> The total budget allocated to the Fellowship Program will be \$1,017,000 in 2015-2016 (latest estimate 2014-2015: \$1,019,085; audited 2013-2014: \$577,044).

- Public Interaction Program

The Public Interaction Program's budget supports the use of annual travel, networking, and research allowance funds by fellows, mentors, and scholars. Starting with cohort 2015, and in order to comply with accounting standards, the scholars' research, travel and networking allowances will be expensed in a lump sum on the year of the appointment. This will increase the PIP budget in 2015-2016, but the budget will stabilize in future years, unless the number of awardees fluctuates from year to year.

The number of PIP activities is expected to increase to reflect the Foundation's new focus on its three areas of inquiry. The Foundation has committed to funding projects in the three areas of inquiry from a baseline envelope of \$180,000 in 2015-2016, and hopes that partnerships will increase this amount by as much as \$40,000 per area, for a total of \$300,000 on the three areas of inquiry in 2015-2016. In addition, the Foundation expects that PIP events related to the Trudeau projects of the 2014 and 2015 fellows, as well as other events that fit broadly within the Foundation's original four themes.

The total budget allocated to the Public Interaction Program will be \$1.717 million in 2015-2016 (latest estimate 2014-2015: \$1.507 million; audited 2013-2014: \$1,268 million).

### ***Operating costs***

The Foundation's funding agreement with the Government of Canada establishes an operating expense ceiling of no more than 1.50% of the total value of the endowment fund. The budget adopted for 2015-2016 projects expenditures of 1.44% (2014 audited: 1.35%) of net assets for

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<sup>3</sup> The scholarships are expensed in a lump sum each year in order to comply with accounting standards. In fact, five cohorts will receive funding at some time during fiscal 2015-2016. In addition to the sixteen 2016 scholars, eligible scholars from the 2012 cohort will receive the last of their fourth-year funding at the beginning of fiscal 2015-2016, at the same time that the 2013 cohort scholars receive their third-year instalments, the 2014 cohort scholars receive their second-year instalments, and the 2015 cohort scholars receive their first-year instalments.

<sup>4</sup> These fellowships are expensed in a lump sum each year in order to comply with accounting standards. In fact, four groups of fellows will receive funding during fiscal 2015-2016, each group being at a different stage of its award (the 2013 fellows receive funding from 2013 to 2016, the 2014 fellows from 2014 to 2017, and the 2015 fellows from 2015 to 2018. The 2016 fellows will receive funding from fiscal 2015-2016 through fiscal 2018-2019).

operating costs, which includes the cost of investment management, all administrative expenses, all costs related to planning and offering the programs, and all costs arising from the Foundation's obligations under federal laws, including the *Access to Information Act* and the *Privacy Act*.

The 2015-2016 budget reflects the Foundation's decision to establish a full-time communications and marketing advisor position, which the Foundation was unable to implement in 2014-2015. Among other duties, the new communications and marketing specialist will have the responsibility to develop a public outreach and visibility strategy for the Foundation, with a view to increase the Foundation's impact and fundraising capacity. In addition to this new position and that of a new director of development created and filled in 2014-2015, it is expected that the Foundation will create and staff another program officer position, in consideration of the additional workload anticipated in the wake of new focus on the three targeted areas of inquiry, the 2014 and 2015 fellows' Trudeau projects, and other initiatives related to the four themes. Consequently, the Foundation's payroll should reach ten full-time positions in fiscal 2015-2016. The Foundation will continue to rely on contract workers for specific mandates. As per Canada Revenue Agency guidelines for registered charities, and given the nature of the Foundation's activities, 89% of payroll costs will be allocated to programs and 11% to administration.

The investment management fees, which are calculated on the market value of the portfolios, are within the norm for fixed-income security portfolios. The budgeted investment counsel fees were reduced as of 2014-2015 as a result of the Board's decision to consolidate its investment portfolios with a single portfolio manager (2015-2016: \$250,000; audited 2013-2014: \$320,454).

Here are the highlights of the operating costs budgeted for 2015-2016:

- Despite the addition of new positions and related budget dedicated to corporate communications and fundraising, overall operating expenses – which were reduced by management for 2014-2015 – continue to be relatively low (2015-2016 budget: \$379,815, audited 2013-2014: \$466,665).
- The use of external professional resources is reflected in the administrative and program implementation costs, in both the latest estimate for 2014-2015 and the 2015-2016 budget.
- Following the recommendations made in the five-year evaluation on the fundraising campaign, strategic expenses related to fundraising included in the 2015-2016 administrative budget were increased to \$40,000 (audited 2014-2015: \$2,500).
- The Foundation has been subject to the *Access to Information Act* and the *Privacy Act* (ATIP) since April 2007. The Foundation recognizes its legal requirements under ATIP and put several measures in place to comply with instructions related to the legislation. Guidelines from Library and Archives Canada suggest that additional sums will have to be invested in compliance with the *Library and Archives of Canada Act*, in addition to the ATIP. The costs of administering the laws may vary considerably from one year to the next, depending on the volume of requests handled. In compliance with instructions received from Industry Canada, the costs must be absorbed in the operating budget and are therefore included in the 1.50% limit mentioned earlier. The 2015-2016 budget includes \$5,000 to administer the

Foundation's ATIP obligations. Because of considerable pressures on the operating budgets, no money was set aside to administer the *Library and Archives Canada Act* this year, but the Foundation understands that it will need to meet the specific requirements as and when they are communicated to the Foundation.

- A sum of \$25,000 has been set aside in the 2015-2016 budget under program delivery to develop and implement a strategic communications plan to support the new directions.

## 6. INVESTMENT PERFORMANCE

The Foundation's strict adherence to best practices in investment strategy and its close management of its operating expenses has helped it to mitigate the heavy pressure of historically low interest rates over the last few years, and the Foundation experienced a mild improvement in the market. In that context, the book value of the endowment fund was \$147.7 million on 31 May 2015, compared to \$146.2 million on 31 May 2014. On 31 May 2015, the market value was \$150 million versus \$149.9 million on the same date in 2014.

The total rate of return on the two portfolios (the endowment fund and the private donations fund are segregated for accountability purposes) for the 12-month period ending 31 May 2015 was 4.92%, up from 2.82% in May 2014. As *Table 1* shows below, the rate of return since the creation of the fund has been 4.95%, compared to a reference index of 5.21%. During the 12-month period ending 31 May 2015, the sum of \$4.5 million was transferred from the endowment fund to the checking account to cover the Foundation's program and operating expenses. During the same period, incoming donations of \$211,612 were transferred to grow the private donations fund. The portfolio managers expect the annual rate of return on investments for the year ending 31 August 2015 to be around 0.70% and the market value of the portfolios on 31 August 2015 to be around \$148.9 million.

The Foundation regularly monitors the work and the transactions of its portfolio managers at BMO Asset Management. In addition to constant monitoring over the reference year, a meeting between the portfolio managers and the Finance and Investment Committee was held in the spring of 2015 to assess investment alternatives available to the Foundation given the Foundation's current guidelines. Based on its counsel's advice, the Foundation green-lighted in 2014 the portfolio managers' proposal to include mortgage-backed securities guaranteed by the Canada Mortgage and Housing Corporation, in the hopes of generating higher investment income. These securities fall within the Foundation's current investment policy guidelines.

**Table 1**  
*Average annual compounded rate of return on investments (gross of fees)*  
*Market value, 31 May 2015*

	BMO Rate of return	RBC/PHN <sup>1</sup> Rate of return	Combined Rate of return
<b>Rate of return, inception to 31 May 2015</b>	<b>5,08%</b>	<b>4,69%</b>	<b>4,95%</b>
vs <b>Benchmark</b>	vs <b>5,19%</b>	vs <b>5,24%</b>	vs <b>5,21%</b>
DEX MT (50%), ST (50%) govt bond / bond			
<b>One-year Rate of return to 31 May 2015</b>	<b>4,92%</b>	-	<b>4,92%</b>
vs <b>Benchmark</b>	vs <b>5,25%</b>	-	vs <b>5,25%</b>
DEX MT (50%), ST (50%) govt bond / bond			
<b>Total funds invested, inception to 31 May 2015</b>	\$ <b>94 553 920</b>	\$ <b>31 936 913</b>	\$ <b>126 192 462</b>
<b>Investment counsel fees, inception to 31 May 2015</b>	\$ <b>2 747 831</b>	\$ <b>1 753 617</b>	\$ <b>4 501 448</b>
<b>Transferred to operating, inception to 31 May 2015</b>	\$ <b>58 169 871</b>	\$ <b>707 687</b>	\$ <b>58 877 558</b>
<b>Total cash withdrawn, inception to 31 May 2015</b>	\$ <b>60 917 702</b>	\$ <b>2 461 304</b>	\$ <b>63 379 006</b>
<b>Market value - 31 May 2015</b>	\$ <b>152 048 303</b>		\$ <b>152 048 303</b>
<b>Market value - 31 May 2014</b>	\$ <b>98 838 681</b>	\$ <b>51 089 026</b>	\$ <b>149 927 707</b>
			<b>100%</b>
<b>Benchmarks:</b>			
DEX MT (50%), ST (50%) ...	... govt bond index	... bond index	

Note 1: The RBC/PHN investment portfolio was transferred to BMO on 15 July 2014. Financial information only available on 31 May 2014.

The Foundation has been growing a private donations fund since 2002. From \$278,790 in 2007, this fund tripled to \$1,009,646 in 2014. Private donations are managed by BMO Asset Management and have always been segregated from the endowment fund's investments. Given the modest size of the donations fund portfolio compared to the Foundation's main portfolio, the private donations fund has not been invested actively and has been managed under the same rules as those governing the main portfolio. This year, however, the private donations fund reached the \$1 million threshold and BMO Asset Management expressed itself as willing to consider investing it differently from the main portfolio. Accordingly, Management requested that BMO Asset Management present different scenarios to balance annualized return and risk. An alternate investment policy for the private donations portfolio – which is not subject to the investment policy prescribed in the funding agreement on the Advanced Research in the Humanities and Human Sciences Fund – is currently in development and should be in effect early in the fall of 2015.

Given the strict investment policy rules governing the Advanced Research in the Humanities and Human Sciences Fund, a similar diversification of assets is not possible for the main portfolio. For that reason, the Foundation's fund managers have limited means to increase the return on the fund in the current financial context.

In 2014-2015, the Foundation chose to simplify its portfolio management and reduce investment counsel fees by consolidating its two main investment portfolios into a single portfolio and assigning this portfolio to the manager that has delivered the best over the years. This manager was BMO Asset Management. The Foundation's decision in this regard has reduced investment counsels fees for 2014-2015 and 2015-2016.

The portfolio transfer from Philips, Hager and North to BMO took place as per book value, in keeping with the Foundation's instructions, so as to avoid losses on the sale of securities. Management also put controls in place to ensure that the portfolio was transferred appropriately. In their audit of fiscal 2013-2014, the Foundation's auditors confirmed that the transfer complied with accounting standards.

Finally, since means to increase the return on the Foundation's assets are few, the Board of Directors, upon the recommendation of the Finance and Investment Committee, has continued to implement the bridging plan approved in 2013 to resolve current issues, protect the integrity of the Foundation's programs, and ensure the viability of the fund.

The next section describes the measures taken by the Foundation and its proactive approach under the circumstances.

## 7. FINANCIAL ISSUES

In February 2015, the Foundation's Finance and Investment Committee discussed various avenues to increase revenues. The Committee members confirmed their support for the bridging plan adopted in 2013 and reiterated that additional funding of around \$30 million was required to ensure the Foundation's sustainability.

As part of its discussion of the budget framework for 2014-2015 and 2015-2016, the Committee juggled the following requirements and challenges.

### *Statutory requirements:*

- To appoint scholars, fellows, and mentors and to disseminate knowledge among the public (funding agreement with the Government of Canada)
- To keep operating expenses below 1.5% of the fund value (funding agreement)
- To use only the income – not the capital – of the endowment fund (funding agreement)
- To protect the fund from inflation (funding agreement)

- To raise funds to complement the federal endowment (funding agreement)
- To spend at least 3.5% of assets on programs (Charity Directorate, Canada Revenue Agency)

***Additional challenges:***

- In 2014-2015, the Foundation is obliged to make up for the \$252,935 program disbursement shortfall for Audited 2014 (Canada Revenue Agency (CRA) rules allow to go forward one year to offset the deficit). To meet this obligation, the Foundation needs to exceed the 3.5% disbursement quota for 2015 by at least \$252,935 (the carryback can only be done in 2015; according to the CRA, continuous shortfalls can lead to revocation of a charity's registration).
- The Foundation ought to use the \$520,000 excess of the fourth-year scholarship reserve, as per its commitment over three years with its auditors.
- The Foundation needs to allocate resources to implement its new vision.

***Bridging plan***

Interest rates, which have been at their lowest since the Foundation's creation, continued to exert considerable pressure on the Foundation's income and cash flow in 2014-2015. Low rates of return, combined with the quasi-certitude that rates will not increase significantly for the next few years, led the Board of Directors to adopt, in 2013, a bridging plan spread over two to four years.

This bridging plan comprises three principles that have guided the development of the 2015-2016 budget:

1. Maintenance of current expenditures of about \$6.5 million per year without major cuts to programs, subject to internal and external reviews of the value of the programs, for the next four years, until the end of 2015-2016, with annual evaluations based on the transition plan.
2. In collaboration with the Fundraising Committee, development of a fundraising plan supplied with the resources required to execute three campaigns:
  - a) A capital endowment campaign with an objective of raising at least \$30 million in four years. This campaign includes two parts:
    - i) external donations
    - ii) partnerships
  - b) An annual campaign with an initial objective of \$500,000 per year for four years, increasing to \$1 million after six years.

- c) A planned giving campaign with the objective of enlisting as many contributors as are people close to the Foundation and people who believe enough in the Foundation's mission to name the Foundation in their will.
- 3. Consideration of engaging the Government of Canada on the feasibility of altering the funding agreement to give the Foundation a more open investment mandate, as opposed to the restrictive fixed-term investment mandate specified in the current agreement.

In 2015, the Board of Directors reiterated its support for this bridging plan to allow the Foundation to meet its financial needs on a sustainable and perpetual basis.

Following principle number 1 above and as explained in section 5 "Budget Implications," the Board of Directors restored the full number of award recipients required to implement the Board's new vision in 2014-2015 and 2015-2016.

The hiring of a director of development in 2014-2015 will structure and multiply the Foundation's efforts to implement principle number 2. The fundraising target for 2015-2016 has been set at \$1 million.

So far, no action is planned regarding principle number 3.

Overall, the Foundation's strategy for its financial issues involves three main vectors: implementation of a four-year transition policy, performance tracking of its investment portfolios, and strategic control of operating and program expenses.

## Appendix A

### Financial information

#### Statement of Financial Position

as at 31 August

	2016 <sup>1</sup> budget	2015 <sup>1</sup> latest estimate	2014 audited	2013 audited	2012 audited	2011 audited	2010 audited
<b>Assets</b>							
<b>Current Assets</b>							
Cash		593 685	1 179 711	494 362	458 810	406 342	
Short-term investments		1 775 680	826 445	4 218 076	5 303 084	1 738 502	
Investments in fixed-income securities (note 2)		148 447 250	147 122 213	150 250 589	148 812 289	151 764 446	
Interest receivable		1 226 721	1 212 965	1 481 050	1 585 623	1 634 735	
Other receivable		215 953	281 736	132 586	97 654	103 917	
		<b>150 623 070</b>	<b>155 576 663</b>	<b>156 257 460</b>	<b>155 647 942</b>		
Capital Assets, gross		1 228 789	1 104 245	585 529	577 443	566 852	
Capital Assets, accrued depreciation		312 072	536 919	502 802	466 412	428 840	
<b>Capital Assets, net</b>		<b>916 717</b>	<b>567 326</b>	<b>82 727</b>	<b>111 031</b>	<b>138 012</b>	
Deferred website development costs, gross		-	86 072	81 021	42 232	200 683	
Deferred website development costs, accrued amortization		-	69 778	50 843	26 496	183 831	
<b>Deferred website development costs, net</b>			<b>16 294</b>	<b>30 178</b>	<b>15 736</b>	<b>16 852</b>	
		<b>916 717</b>	<b>151 206 690</b>	<b>156 689 568</b>	<b>156 384 227</b>	<b>155 802 806</b>	
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Accounts payable and accrued liabilities		700 868	1 129 995	643 605	728 418	307 634	
Deferred revenue and donations		105 734	-	0	0	0	
Current portion of fellowship awards payable		557 959	779 749	721 491	818 774	890 022	
Current portion of scholarship awards payable (note 3)		1 336 985	1 374 125	1 643 652	1 643 382	1 686 890	
Current portion of mentorships payable		90 000	100 000	100 000	100 000	100 000	
		<b>2 791 546</b>	<b>3 383 869</b>	<b>3 108 748</b>	<b>3 290 574</b>	<b>2 984 546</b>	
<b>Long-term liabilities</b>							
Fellowship awards payable		209 768	187 650	227 057	214 468	300 886	
Scholarship awards payable		2 208 862	2 222 781	2 015 854	1 963 459	1 881 470	
		<b>2 418 630</b>	<b>2 410 431</b>	<b>2 242 911</b>	<b>2 177 927</b>	<b>2 182 356</b>	
<b>Total Liabilities</b>			<b>5 210 176</b>	<b>5 794 300</b>	<b>5 351 659</b>	<b>5 468 501</b>	<b>5 166 902</b>
<b>Net Assets</b>							
Net assets restricted for endowment purposes	125 000 000	125 000 000	125 000 000	125 000 000	125 000 000	125 000 000	125 000 000
Net assets invested in capital assets	728 543	821 543	917 543	568 151	83 552	111 031	138 012
Reserve against inflation (note 4)	18 367 041	20 304 325	20 625 000	18 750 000	18 750 000	16 875 000	15 000 000
Foundation's private donations fund (note 5)	2 564 541	1 604 398	1 009 646	867 312	637 654	556 047	557 058
Unrestricted net assets	-	-	0	0	1 033 568	1 033 568	9 940 834
Unrestricted contingency fund (note 6)	-	0	413 641	226 927	5 833 135	7 340 080	
	<b>146 660 125</b>	<b>147 730 266</b>	<b>147 965 830</b>	<b>145 412 390</b>	<b>151 337 909</b>	<b>150 915 726</b>	<b>150 635 904</b>
		<b>153 176 006</b>	<b>151 206 690</b>	<b>156 689 568</b>	<b>156 384 227</b>	<b>155 802 806</b>	

Note 1.

Years 2015 and 2016 are subject to year-end adjustments.

Note 2.

Beginning with fiscal year 2008, fair-value accounting (mark-to-market) is in effect for Investment assets. Interest revenues are calculated using the effective interest method.

Note 3.

Scholarship savings generated by external awards were previously returned to the general fund. As of 2008, any such savings are reserved to fund the respective cohort's fourth-year thesis writing or dissemination scholarship extension. The scholarship value for cohorts 2009 and later has been increased from \$105,000 to \$120,000 per scholar.

Note 4.

As per a Board resolution, an annual amount of \$1.875 million is internally restricted in order to create a reserve against inflation if the excess of revenues over expenses allows it. In 2012, the Board approved the use of the reserve to offset any excess of expenses over revenues, after the exhaustion of the contingency fund.

Note 5.

Fundraising expenses are paid out of the private donations fund.

Note 6.

In 2011, the Board of Directors approved the creation of a contingency fund, which can be used to balance the operating budget when interest income is lower than expected. The 2013 budget used up the fund to reduce the excess of expenses over revenue.

### Statement of Revenues & Expenses

for the year ended 31 August

	2016 budget	2015 latest estimate	2014 audited	2013 audited	2012 audited	2011 audited	2010 audited
<b>Revenues</b>							
Interest income (note 2)	4 084 790	4 660 226	4 618 716	5 116 942	5 629 787	5 872 013	6 180 852
Gain on disposal of fixed income securities (note 2)	0	-121 754	464 128	-873 606	-254 946	-896 738	-98 619
Unrealized gain on marketable securities	0	758 256	2 668 441	-4 496 243	1 319 984	1 299 422	4 065 486
Donations and other revenues	1 000 000	600 000	122 151	253 992	62 884	67 264	-
<b>Total Revenues</b>	<b>5 084 790</b>	<b>5 896 728</b>	<b>7 873 436</b>	<b>1 085</b>	<b>6 757 709</b>	<b>6 341 951</b>	<b>10 147 719</b>
<b>Expenses</b>							
<b>Program Costs (note 3)</b>							
Fellowship program (note 4)	1 017 000	1 019 085	577 044	880 785	930 079	944 147	1 082 416
Mentorship program	212 000	187 300	186 006	197 666	218 223	213 653	212 178
Scholarship program	1 505 300	1 604 692	1 308 215	1 471 188	1 758 662	1 677 065	1 795 070
Public interaction program (note 5)	1 717 075	1 506 751	1 267 885	1 433 227	1 589 655	1 505 926	1 345 215
sub-total, Programs:	4 451 375	4 317 828	3 339 150	3 982 866	4 496 619	4 340 791	4 434 879
<b>Operating Costs</b>							
Investment counsel fees (note 6)	250 000	249 000	320 454	346 208	333 621	295 890	379 988
Program delivery costs (note 7)	1 478 741	1 269 800	1 193 727	1 064 794	951 314	694 975	671 797
Administrative costs (notes 7 and 8)	379 815	400 659	466 665	532 736	549 992	728 482	766 984
Accountability & transparency under ATIP (note 9)	5 000	5 000	-	-	3 982	1 991	2 723
sub-total, Operating Costs:	2 113 556	1 924 459	1 980 846	1 943 738	1 838 909	1 721 338	1 821 492
<b>Total expenses, GAAP basis:</b>	<b>6 564 931</b>	<b>6 242 287</b>	<b>5 319 996</b>	<b>5 926 604</b>	<b>6 335 528</b>	<b>6 062 129</b>	<b>6 256 371</b>
<b>Excess of Revenues over Expenses (excess of expenses over revenues):</b>	<b>-1 480 141</b>	<b>-345 559</b>	<b>2 553 440</b>	<b>-5 925 519</b>	<b>422 182</b>	<b>279 822</b>	<b>3 891 348</b>

Note 1.

Years 2015 and 2016 are subject to year-end adjustments.

Note 2.

GAAP adjustments for bond premium amortization and gains/losses on disposal of securities were recorded up until fiscal year 2007 inclusive. Since the adoption of the fair value accounting standards in fiscal year 2008, investment income now includes unrealized gains & losses in lieu of bond premium amortization and the effective interest method of recording revenues is in effect.

Note 3.

Generally accepted accounting principles require that the full amount of an award be expensed in the year that the commitment is established.

2015 latest estimate and 2016 budget reflect 5 fellows, 15 scholars (16 in 2015) and 10 mentors (9 in 2015), plus ancillary selection, nomination, and recognition costs.

Note 4.

As of 2010, the full fellowship of \$225,000 per fellow is reflected under the Fellowship Program whereas the ATA portion was previously presented under PIP. (See Section 5 for more details.)

Note 5.

PIP decrease from 2010 to 2011 results from the Foundation's efforts to contract its program expenditures, combined with a transfer of the fellows' ATA from the PIP to the Fellowship Program.

Note 6.

Investment counsel fees are a percentage of the portfolio market value.

Note 7.

As of 2012, increase in program delivery costs results from a more precise distribution of administrative expenses related to programs. Administrative costs have consequently reduced for the same period.

Note 8.

In 2014 budget, the fundraising costs totalling \$25,000 (2013: \$28,922), paid from the private donations fund, are included in the Administrative costs.

Note 9.

The Foundation has been subject to the Access to Information Act and the Privacy Act since 1 April 2007.

### Operating Expenses restriction, as per Funding Agreement

	2016 budget	2015 LE	2014 audited	2013 audited	2012 audited	2011 audited	2010 audited
Total Operating Costs, as per pro-forma f/s	2 113 556	1 924 459	1 980 846	1 943 738	1 838 910	1 721 338	1 821 492
less: fundraising costs paid from Private Donations	39 857	5 248	2 500	16 242	58 774	70 714	2 900
Total Operating Costs paid from "Advanced Research... Fund"	2 073 699	1 919 211	1 978 346	1 927 496	1 780 136	1 650 624	1 818 592
Advanced Research in the Humanities and Human Sciences Fund value	144 095 584	146 125 868	146 956 184	144 545 078	150 700 255	150 359 679	150 078 846
Operating Expenses as a % of Fund value	1,439%	1,313%	1,346%	1,333%	1,181%	1,098%	1,212%