



**THE PIERRE ELLIOTT TRUDEAU FOUNDATION  
BUSINESS PLAN 2016-2017**

*Prepared for Innovation, Science and Economic Development*

**June 2016**

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## 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 \$125 million 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 Innovation, Science and Economic Development and another two for representatives of the family of the late Right Honourable Pierre Elliott Trudeau. The Board and its committees oversee the Foundation's \$152 million in assets and annual operating budget of \$6.5 million. They also set the Foundation's policies and directions for its programs.

The mission statement adopted by the Board of Directors guides the work of the Foundation and its Business Plan for 2016-2017:

### *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 ACTIVITIES

The Foundation is dedicated to the delivery of four core programs: three funding programs to support scholars, fellows, and mentors, and an expanding Public Interaction Program that nurtures 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.

### *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 students who are actively engaged in their field and who demonstrate strong leadership potential. A core component of the Scholarship Program is the development of the scholars' ability to apply their expertise in non-academic spheres and to engage with the diverse members of the Pierre Elliott Trudeau Foundation community and with the public at large.

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 2016 doctoral scholarship competition attracted 208 applications from Canadian and foreign universities (287 in 2015). Applications were reviewed by an eight-member external file review committee, which conducted screening interviews with semi-finalists before presenting the Board of Directors with a list of fifteen finalists.

Around a dozen Trudeau scholars are expected to complete their doctorate in 2016-2017, bringing the number of degrees obtained since the program's beginnings close to one hundred and twenty.

### *Mentorships*

The Mentorship Program forges intellectual and personal bonds between talented doctoral students and renowned Canadians with extensive experience in public life. Up to eleven mentors have been appointed each year. Trudeau mentors are drawn from an array of professional backgrounds in business, the public service, law, the arts, journalism, and community organizations. Mentors' achievements have allowed the mentors to build extensive national and international networks, that they share readily with the Foundation's community.

In the 2016 call for nominations, the Foundation considered a total of 61 nominations (62 in 2015), of which 49 were new nominations received that year. Before being submitted to the Board for approval, the mentorship candidates were screened and selected by a file review committee composed of one member of the Foundation, one mentor, three scholars, a friend of the Foundation, and three staff members. The members of the file review committee had various backgrounds, including the judiciary, philanthropy, the public service, and the arts.

In 2016, the Foundation appointed eleven mentors to help compensate for a lower number of mentors in the prior two years (the 2015 cohort counted nine mentors, instead of ten, and one of the 2014 mentors withdrew because of a lack of time).

### *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. Since 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 allows 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 public issues.

The disciplines in which the fellows specialize range from political science and international relations to public policy, law, geography, history, literature, sustainable development, sociology, philosophy, public administration, international affairs, and cinema and media studies. Most Trudeau fellows adopt a multidisciplinary approach to their work.

The 2016 fellow selection cycle consisted of a four-step process in which the Foundation, aided by a five-member external selection committee, assessed 31 nominations (49 in 2015) in several stages before naming five regular fellows.

### *Engagement and Public Interaction*

The Public Interaction Program builds on the expertise of the international network of individuals selected by the Foundation through its three grant-giving programs. Public interaction 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. Through varied formats – an annual conference, occasional seminars and workshops, publications, and targeted-area-of-inquiry projects – the Public Interaction Program is the vehicle through which the Foundation enables its scholars, fellows and mentors to engage together and with other individuals and organizations to deepen our collective understanding of major issues that affect Canadians and global society. (See details of 2015-2016 events in section 3.)

To date, the Foundation has disbursed \$52 million through its programs. Of this sum, transfers to individuals account for \$35 million. More specifically, the Foundation has so far granted 202 doctoral scholarships, attracting and retaining the brightest minds in Canada and around the world; encouraged 117 eminent Canadian public and private sector leaders to become mentors to Trudeau scholars, exposing the scholars to a balanced approach; and recognized the research and creative work of 63 fellows, to tap some of Canada's top intellectuals.

### 3. ACHIEVEMENTS IN 2015-2016

#### *Delivering results*

The Foundation successfully delivered on all the commitments in its business plan for 2015-2016. Notably, the Foundation:

- ✓ **Selected fifteen new 2016 Trudeau scholars** – a \$2.7 million commitment over up to four years to support fifteen outstanding PhD students studying in Canada and abroad. All of the scholars are actively engaged in their fields and are expected to become leading figures within and beyond academia. The Foundation currently funds fifty-nine scholars. In 2015-2016, the Foundation invested \$1.6 million in the Scholarship Program.
- ✓ **Appointed eleven 2016 mentors** – offering \$385,000 for twenty-four months to eleven highly accomplished Canadians from diverse backgrounds who were paired with 2014 Trudeau scholars to help the doctoral students connect to networks in the realms of policy, human rights activism, international development, and journalism. Twenty mentors are currently enrolled in the mentoring program. In 2015-2016, the Foundation invested more than \$240,000 in the Mentorship Program.
- ✓ **Appointed five 2016 Trudeau fellows** – an investment of \$1.1 million over three years in five outstanding Canadian intellectuals who have set themselves apart through their research achievements, their creativity, and their public engagement. The 2016 fellowship appointments will be announced on 20 September 2016.
- ✓ **Hosted seven public interaction events and supported four other events** organized by Foundation community members. In 2015-2016, the Foundation invested \$1.4 million in the Public Interaction Program.

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

- Announcement of the 2015 Trudeau fellows, Montréal, QC, 17 September 2015 (80 participants).
- Twelfth Annual Pierre Elliott Trudeau Foundation Conference, “Fail, Adapt, Innovate: Institutions for a Changing Society,” Ottawa, Ontario, 12-14 November 2015 (300 participants). Partners: BMO Financial Group, Google, Air Canada.
- Trudeau / Big Thinking Lecture by Jocelyn Downie, 2015 fellow (Dalhousie University), “Why We Need To Remove the Uncertainty Around Assisted Dying,” Ottawa, Ontario, 23 February 2016 (150 participants). Partner: Federation for the Humanities and Social Sciences.
- International seminar “Borders and Belonging: Citizenship in an Age of Transition,” London, United Kingdom, 29 February – 1 March 2016 (120 participants). Partner: Goodenough College.

- International workshop on countering violent extremism, London, United Kingdom, 2 March 2016 (25 participants). Partner: Goodenough College.
- Summer Institute, Whitehorse, Yukon, 15-20 May 2016 (120 participants).
- Trudeau / Big Thinking Lecture by Jennifer Clapp, 2013 fellow (University of Waterloo), “Navigating the Global Food Fight,” Calgary, Alberta, 2 June 2016 (120 participants). Partners: University of Calgary, Federation for the Humanities and Social Sciences.

*Events supported by the Foundation:*

- Conference, “Religion and the Ethics of Citizenship in a Post-Secular Society,” organized in part by Trudeau scholar Geoffrey Cameron, 2 October 2015 (60 participants). Partners: Centre for Ethics, Institute for Studies in Global Prosperity, Institute of Christian Studies, University of Toronto.
  - Collective book launch, Ottawa, Ontario, 13 November 2015, organized by the Pierre Elliott Trudeau Foundation Society (100 participants). Partners: Ten university publishers, two universities, one university co-op, and MAtv Outaouais.
  - LGBTI roundtable, “The Dignity Initiative,” organized in part by Trudeau scholar Erin Aylward, Ottawa, Ontario, 1-2 June 2016 (80 participants). Partners: The Dignity Initiative, the International Development Research Centre.
  - Trudeau Scholars’ Workshop, “Canada’s Role in Democracy Promotion,” organized by Trudeau scholar Gabrielle Bardall, Ottawa, Ontario, 13 June 2016 (50 participants). Partner: Centre for International Policy Studies, University of Ottawa.
- ✓ **Supported three targeted-area-of-inquiry projects** and received nine new project proposals requesting support in 2016-2017.
  - ✓ **Started to develop a new leadership curriculum** and to implement **alternative ways of learning, knowledge-sharing, and collaboration.**
  - ✓ **Reorganized human resources and hired three new staff members** to reflect the emphasis on leveraging knowledge and increased engagement.
  - ✓ **Started to review the selection process and the selection criteria for Foundation awardees** to align with the Foundation’s new strategic directions.
  - ✓ Pursued the implementation of the **bridging plan to support the Foundation’s sustainability.**
  - ✓ **Redoubled fundraising efforts**, resulting in major gift pledges totalling \$3.2 million.
  - ✓ **Implemented a new online platform** to streamline the selection and granting processes of Trudeau scholarships, fellowships, and mentorships.
  - ✓ Continued to implement the governance renewal plan, **recruiting three new directors.**

### *Working together on critical issues*

Since 2001, the mission of the Pierre Elliott Trudeau Foundation has been to support a community of people whose research and public engagement advances one or more of the Foundation's four themes: human rights and dignity, responsible citizenship, Canada in the world, and people in their natural environment.

But the Foundation does more than disburse funds. What is unique about the Foundation's mission is its dedication to helping the two components of its community's work – research and engagement – function together. So while the Foundation always seeks to support research of the highest quality, the Foundation does not accept that excellence in research is enough. Rather, it holds that research findings must be made accessible to citizens, to governments, to civil society, and to the private sector with a view to addressing some of the complex problems facing Canada and the world. This is why the Foundation prizes the calibre of the research it supports no more than it does the civic engagement of its growing network of more than 380 scholars, fellows, and mentors, of which some 280 are alumni. These people form an intergenerational community of intellectuals and practitioners who are passionate about promoting enlightened dialogue on issues of public importance for our collective future.

The Foundation has dedicated \$17 million over the years to engaging the public and informing the public discourse in Canada. And it continues to be our view that good scientific knowledge should be shared beyond academic circles so as to deepen our collective knowledge on important issues, to inform decision-making, and to improve Canadians' lives.

For the next three to five years, the Foundation intends to devote significant energy and resources to gaining fuller understanding of three areas of inquiry that are critical to Canada's future: (1) pluralism, diversity, and the future of citizenship; (2) Indigenous relations in Canada; and (3) water, energy, and food security. Not only are these areas central to the well-being of Canadians and other citizens of the world, they are also areas where the Foundation has developed considerable expertise. Moreover, they are areas that require multi-disciplinary and multisectoral perspectives and would benefit from sustained work over the next few years.

In 2015-2016, the Foundation invested \$130,000 (\$150,000 in 2016-2017) of its Public Interaction Program envelope in three targeted-area-of-inquiry projects that address compelling issues of public interest: the economic benefits of diversity, food security in the North, and non-medicinal drug policy in Canada. While the Foundation will continue to support initiatives proposed by its community around the Foundation's four themes, it will also devote an important part of its Public Interaction Program to its new areas of inquiry over the next few years.

#### 4. THE YEAR AHEAD: LEVERAGING OUR NETWORK'S EXPERTISE

The Foundation believes in the importance of the social sciences and the humanities to the lives of Canadians. Well beyond funding research, the Foundation's goals are to encourage engagement by its community members and to generate and enhance public debate on society's major issues.

In the year ahead, the Foundation will work on two major goals: (a) enhancing, measuring, and promoting impact, and (b) optimizing resources to support current and future initiatives.

This is a multi-year endeavour, and the Foundation has already embarked upon changes to leverage the value of its programs. This business plan outlines a few of the steps that the Foundation will take in that direction in 2016-2017.

##### *Our goals*

##### a) **Boosting impact**

The creation and dissemination of knowledge are central to the Foundation's mission. It is by encouraging these functions that the Foundation constantly seeks to increase its community's long-term impact on issues and ideas that are key to our collective future. Increasing, measuring, and demonstrating our impact are among our everyday concerns.

Among the strategies we will be using this year are the following:

- **Deepening our understanding of the three targeted areas of inquiry and the four original themes** by funding new research projects and supporting events held by the Foundation and events organized by Foundation awardees.
- **Offering a curriculum based on our existing program cycle that fosters and maximizes awardees' individual and collective engagement and develops awardees' leadership skills.** These skills include sharing knowledge outside the academy, conducting collaborative and cross-sectorial work, working with governments, acquiring a deeper understanding of Canada and the world, and developing a softer set of skills essential to non-hierarchical leadership.
- **Better measuring our impact** by using more comprehensive mechanisms to collect, aggregate, and analyze data.
- **Communicating more robustly** about the work of Trudeau scholars, fellows, and mentors and their collective efforts on our targeted-area-of-inquiry projects; sharing how community members' efforts benefit the country.

##### b) **Optimizing resources**

To realize such an ambitious program, the Foundation must allocate resources wisely and maximize revenues. These goals will be realized in part by implementing the bridging plan (see

section 7 for more information); they will also be furthered by Management's plans to increase productivity and innovation more generally.

**In terms of resource allocation**, the Foundation has reorganized human resources so as to have the right staff to deliver its mission. In addition, last year, the Foundation implemented an electronic system for managing applications, nominations, and selections. This year, the Foundation will use the same tool to disburse awards. Other efficiencies, such as electronic payments, are under consideration. At the same time, the Foundation is multiplying opportunities to collaborate with others to share the cost of current and future initiatives.

**Revenue maximization** implies augmenting investment returns and increasing donations. As regards higher returns, the Foundation is currently negotiating a long-overdue change to its investment policy statement that it hopes will materialize this year. As for increasing donations, current development activities are laying the groundwork for a successful capital campaign to be launched in the near future. While it is evident that new partnerships for funding targeted-area-of-inquiry projects hold promise, we expect that significant contributions to the endowment will take time to materialize and indeed may be realized primarily through bequests. The development program is thus expected to continue to build a robust donor pipeline throughout 2016-2017, with more opportunities to engage and cultivate prospective donors as time goes on.

### *Expected outcomes*

#### **a) Scholarship Program**

- The Foundation intends to select fifteen new Trudeau scholars in 2017.
- The Foundation will encourage scholars to more fully engage in the Public Interaction Program, notably by organizing scholars' workshops, by helping to organize the annual conference and the summer institute, and by contributing to the targeted areas of inquiry.

#### **b) Mentorship Program**

- The Foundation will name ten Trudeau mentors in 2016-2017 and will match them to the 2015 cohort of Trudeau scholars.
- The Foundation will encourage mentors to more fully engage in the Public Interaction Program, notably by helping to organize the annual conference and the summer institute and by contributing to the targeted areas of inquiry.

#### **c) Fellowship Program**

- The Foundation intends to appoint five new Trudeau fellows in 2017.
- The Foundation will encourage fellows to more fully engage in the Public Interaction Program, notably by helping to plan public interaction events and by contributing to the targeted areas of inquiry.

#### d) **Public Interaction Program**

- The Foundation will hold its 2016 annual conference in Vancouver on the theme of pluralism, diversity, and the future of citizenship, one of our three targeted areas of inquiry.
- In 2016-2017, the Foundation intends to continue to innovate on the format and content of its recurring events in order to make them more experiential and transformative.
- The Foundation also intends to involve Trudeau scholars, mentors, and fellows closely in the organization and execution of its public events, with a view to building scholars' skills and drawing on the strengths and insights of the community as a whole.
- The Foundation will emphasize its awardees' engagement with governments, civil society, and the private sector.
- The Foundation will use its public interaction events to continue to build leadership capacity.

### 5. **BUDGET IMPLICATIONS**

This year's budgeting exercise took place from January to March 2016. Management and the program leads assembled a latest estimate for the current year 2015-2016 and developed a budget for the year 2016-2017, which begins on 1 September 2016. Both budgets apply three principles of the bridging plan, which is detailed in section 7. The budgets were examined and discussed in detail by the Finance and Investment Committee in January and February 2016, and the 2016-2017 budget was approved by the Board of Directors at its meeting of 7 March 2016. The following paragraphs capture the highlights of the coming year's budget.

#### *Program costs*

##### a) **Overall budget framework for the Foundation's programs**

For budgetary purposes, the core programs of the Foundation comprise the following provisions:

**Scholarships** are valid for three years. A fourth-year extension is possible to allow 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 where it is satisfied of an exceptional dissemination opportunity. Supervisors are requested to provide detailed reports on their 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 has created a reserve with unused scholars' research, travel, and networking allowances. This reserve will enable scholars who wish to continue actively participating 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 thesis writing or dissemination of a scholar's doctoral research, a scholar receives a stipend for up to twelve months' time, the amount of which depends on the amount of the sums reserved for this purpose. For instance, in 2016, scholars of the 2013 cohort applying for a fourth-year funding were offered a stipend of \$40,000 and the equivalent of up to \$15,000 as a year's travel and research allowance. The fourth-year funding principle was renewed by the Board in April 2016 for four more years (until cohort 2017) and is subject to award accumulation restrictions and the availability of funds within a given cohort.

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

**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 date on mentors' travel and networking allowance.

For accounting purposes, mentors' honorarium is reflected in the Mentorship Program budget. Mentors' annual travel and networking allowance is part 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 appointment of the 2010 fellows, each new 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 ensuring a fulsome and effective use of the fellowship funds. The Foundation retains the remaining \$25,000 (\$5,000 in 2013) of the fellowship 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.

**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 recurring events, funding for targeted-areas-of-inquiry projects, the cost of maintaining and updating the Foundation's website, and communication expenses for public engagement activities.

## b) Budgeted program costs for 2016-2017

### ▪ Mentorship Program

The Mentorship Program budget reflects the costs of ten new mentors starting in January 2017. Two groups of mentors will be active in fiscal 2016-2017.<sup>1</sup> The total budget allocated to the Mentorship Program will be \$210,000 in 2016-2017 (latest estimate 2015-2016: \$240,054; audited 2014-2015: \$169,823).

### ▪ Scholarship Program

The second largest program expense is base awards to the scholars. The 2016-2017 budget anticipates fifteen new scholars, each entitled to a scholarship of \$120,000 paid over a period of three to four years (scholars' annual research, travel and networking allowances will be covered by the Public Interaction Program). Fourth-year extensions for earlier cohorts will be covered by existing reserves created by external awards cumulated by existing scholars.<sup>2</sup> The total budget allocated to the Scholarship Program will be \$1,538,500 in 2016-2017 (latest estimate 2015-2016: \$1,278,097; audited 2014-2015: \$1,188,420).

### ▪ 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. This budget reflects the selection costs and the full award value committed to the five fellows to be appointed in 2016-2017.<sup>3</sup> The total budget allocated to the Fellowship Program will be \$1,042,400 in 2016-2017 (latest estimate 2015-2016: \$1,040,084; audited 2014-2015: \$988,758).

### ▪ Public Interaction Program

The Public Interaction Program budget supports fellows', mentors', and scholar's use of their annual research, travel, and networking allowances. Starting with the 2015 cohort, and in order to comply with accounting standards, scholars', fellows', and mentors' research, travel, and networking allowances have been expensed in a lump sum in the year of each person's appointment. This practice increased the Public Interaction Program budget in 2015-2016. The budget stabilized in 2015-2016 and 2016-2017 and will continue thus in future years, unless the number of awardees fluctuates from year to year. In 2016-2017, the annual research, travel and

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<sup>1</sup> The eleven mentors who started in January 2016 will be funded in 2016 and 2017, and the 2017 mentors will be funded in 2017 and 2018.

<sup>2</sup> The scholarships are expensed in a lump sum each year in order to comply with accounting standards. Thus, five cohorts will receive funding at some time during fiscal 2016-2017: in addition to the fifteen 2017 scholars, eligible scholars from the 2013 cohort will receive the last of their fourth-year funding at the beginning of fiscal 2016-2017, at the same time that the 2014 scholars receive their third-year instalments, the 2015 scholars receive their second-year instalments, and the 2016 scholars receive their first-year instalments.

<sup>3</sup> The fellowships are expensed in a lump sum each year in order to comply with accounting standards. Thus, four groups of fellows will receive funding during fiscal 2016-2017, each group being at a different stage of its award (the 2014 fellows receive funding from 2015 to 2017, the 2015 fellows from 2016 to 2018, and the 2016 fellows from 2017 to 2019. The 2017 fellows will receive funding from fiscal 2017-2018 through fiscal 2019-2020).

networking allowance amounts to \$979,000 (latest estimate 2015-2016: \$994,000; audited 2014-2015: \$1.99 million, covering five cohorts instead of three, as per the change in accounting policy).

Beginning with fiscal year 2015, the number of Public Interaction Program activities increased to reflect the Foundation's new vision for increased engagement and impact, including a new focus on three areas of inquiry. The Foundation has committed to funding new projects, various public interaction events, its three areas of inquiry, and leadership development activities from an envelope of \$660,050 in 2016-2017.

The Public Interaction Program now represents the largest budgetary envelope of the Foundation. The total budget allocated to the Public Interaction Program will be \$1.64 million in 2016-2017 (latest estimate 2015-2016: \$1.62 million; audited 2014-2015: \$2.36 million).

### *Operating costs*

The Foundation's funding agreement with the Government of Canada establishes a ceiling for operating expenses net of fundraising costs of no more than 1.50% of the total value of the endowment fund. The budget adopted for 2016-2017 projects operating costs of 1.48% of net assets (latest estimate 2015-2016: 1.41%; 2015 audited: 1.27%). Operating costs include investment management fees, administrative expenses, costs associated with planning and delivering programs, and all costs arising from the Foundation's obligations under federal legislation, including the *Access to Information Act* and the *Privacy Act*.

The Foundation's investment management fees, which are calculated on the market value of the portfolios, are within the norms for fixed-income security portfolios. The investment management fees have stabilized to approximately \$257,000 per year as a result of the Board's decision in 2014 to consolidate its investment portfolios with one portfolio manager (budget 2016-2017: \$256,978; latest estimate 2015-2016: \$256,978; audited 2014-2015: \$252,592; audited 2013-2014: \$320,454).

Here are some highlights of the operating costs budgeted for 2016-2017:

- Beginning with fiscal year 2015-2016, an increase in overall operating expenses reflects the addition of new positions dedicated to program delivery and to development. The Foundation now counts ten full-time positions (budget 2016-2017: \$2.23 million; latest estimate 2015-2016: \$2.15 million, audited 2014-2015: \$1.89 million).
- Administrative costs, which have been strictly controlled since 2014-2015, continue to be relatively low, with a budget of \$370,000 for 2016-2017 (latest estimate 2015-2016: \$366,583; audited 2014-2015: \$424,499).
- The Foundation has been subject to the *Access to Information Act* and the *Privacy Act* (ATIP) since April 2007. The cost of administering these acts varies considerably from year to year, depending on the volume of requests. As per instructions from Industry Canada (now Innovation, Science and Economic Development), these costs are included in the operating budget and the 1.50% limit mentioned earlier. As in previous years, the 2016-2017 budget sets \$5,000 aside to administer the Foundation's ATIP obligations.

- The budget related to fundraising has increased to \$241,000 for 2016-2017. In 2014-2015 and previous years, these expenses were included in the administrative budget (latest estimate 2015-2016: \$180,680, audited 2014-2015: \$5,918). They are now presented under Development and Outreach. As per the funding agreement, these costs are not covered by the Fund, but by the private donations portfolio.

## 6. INVESTMENT PERFORMANCE

Over the past few years, historically low interest rates have significantly diminished the Foundation's revenues from its fixed-income investments. Despite tight control of operating expenses, strict adherence to the best practices in investment strategy, and the reception of more donations, revenues were insufficient to cover the Foundation's expenses over the last 12-month period. In that context, the book value of the Advanced Research on the Humanities and Human Sciences Fund (Endowment Fund) remained stable at \$147.7 million on 31 May 2016 (\$147.7 million on 31 May 2015).

Likewise, on 31 May 2016, the total market value of all the Foundation's investments – including both the Endowment Fund and the Private Donation Fund portfolios managed by BMO Asset Management – came to \$151.9 million versus \$152.0 million on the same date in 2015. The Endowment Fund portfolio held \$150,217,407, while the Private Donations Fund portfolio held \$1,712,676.

The total rate of return on the two portfolios – invested separately but according to similar investment policy guidelines – for the 12-month period ended 31 May 2016 was 2.95% (Endowment Fund: 2.95%, Private Donations Fund: 2.58%), down from 4.92% in May 2015. As shown in *Table 1*, the rate of return since the inception of the Endowment Fund in 2002 has been 4.92% (Donations Fund: 4.38%), which aligns with the blended benchmark<sup>4</sup> index of 5%.

During the 12-month period ended 31 May 2016, \$5 million was transferred from the Endowment Fund investment portfolio to the bank account to cover the Foundation's program and operating expenses. During the same period, net incoming donations of \$631,978 were deposited to the private donation portfolio.

The Foundation monitors the work and transactions of its portfolio manager, BMO Asset Management, and the custodian, BMO Trust, monthly and quarterly. The most recent annual face-to-face meeting between the portfolio manager and the Finance and Investment Committee took place on 21 January 2016. At that meeting, the Committee confirmed the Endowment Fund's compliance with Schedule III of the funding agreement's investment policy guidelines, reviewed the portfolio's performance, discussed the market outlook and the portfolio performance forecast for the current year ending on 31 August 2016, and went over the assumptions for 2016-2017.

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<sup>4</sup> Benchmark is a 50/50 blend of the FTSE TMX Canada Short-Term Bond Government Index and the FTSE TMX Canada Mid-Term Bond Government Index.

The Foundation has been growing its Private Donations Fund since 2002. From \$278,790 in 2007, this fund reached a market value of \$1,712,676 on May 31, 2016. Based on current donation pledges, the value of this fund is expected to grow to \$2.2 million by 31 August 2016. The Private Donations Fund portfolio is managed by BMO Asset Management and has always been segregated from the Endowment Fund investment portfolio. Until recently, the modest size of the Private Donations Fund portfolio did not call for a distinct investment policy; the portfolio was managed according to the same investment policy guidelines as guided the endowment fund investment portfolio. Now that the Private Donations Fund has exceeded its minimum threshold, the portfolio manager, BMO Asset Management, is open to managing it according to a different investment policy. Accordingly, the Finance and Investment Committee is considering various investment scenarios suggested by BMO Asset Management as a means of balancing annualized return and risk. An alternate investment policy for the Private Donations Fund portfolio – not subject to the investment policy prescribed in the funding agreement on the Advanced Research in the Humanities and Human Sciences Fund – could be implemented in the coming year.

The restrictive investment policy guidelines that currently govern the Advanced Research in the Humanities and Human Sciences Fund mean that a similar diversification of assets is not possible for the Endowment Fund portfolio at this time. For that reason, the Foundation's investment managers have limited means to increase the return on the fund in the current challenging financial and economic context.

Over the last decade, the Foundation has brought this situation to the attention of the Government of Canada repeatedly. The investment restrictions constitute a significant risk to the Fund's sustainability and to the Foundation's ability to continue to deliver the programs necessary to reach the objectives for which the perpetual Fund was established. In February 2016, the Department of Innovation, Science and Economic Development heard the Foundation's call and offered its collaboration in amending the 2004 funding agreement for the Advanced Research in the Humanities and Human Sciences Fund so as to reflect the more flexible investment framework adopted by the Department of Finance in 2009. Such an amendment would allow the Foundation to avail itself of investment options that would provide modestly higher returns. Given current market conditions, such higher returns are necessary to enable the Foundation to maintain its current level of activity. This work is essential to the sustainability of the Foundation. It is described more fully in section 7.

In the meantime, on 7 March 2016, the Board of Directors extended until 2018 the implementation of the bridging plan approved in 2013 to manage current financial issues, protect the integrity of the Foundation's programs, and ensure the viability of the fund. The next section describes measures taken by the Foundation and its proactive approach under the circumstances.

*Table 1*  
*Average annual compounded rate of return on investments (gross of fees)*  
*Market value, 31 May 2016*

	<b>Endowment Fund<sup>1</sup></b> <b>Rate of return</b>	<b>Private Donations Fund</b> <b>Rate of return</b>	<b>Combined</b> <b>Rate of return</b>
<b>Rate of return, inception to 31 May 2016<sup>2</sup></b>	<b>4.92%</b>	<b>4.38%</b>	<b>4.91%</b>
vs	vs	vs	vs
Benchmark <sup>3</sup>	5.00%	5.00%	5.00%
<b>One-year Rate of return to 31 May 2016</b>	<b>2.95%</b>	<b>2.58%</b>	<b>2.95%</b>
vs	vs	vs	vs
Benchmark <sup>3</sup>	2.54%	2.54%	2.54%
<b>Three-year Rate of return to 31 May 2016</b>	<b>3.52%</b>	<b>3.56%</b>	<b>3.52%</b>
vs	vs	vs	vs
Benchmark <sup>3</sup>	3.47%	3.47%	3.47%
<b>Five-year Rate of return to 31 May 2016</b>	<b>3.75%</b>	<b>3.92%</b>	<b>3.75%</b>
vs	vs	vs	vs
Benchmark <sup>3</sup>	3.87%	3.87%	3.87%
<b>Projected yields as of August 31, 2017</b>			
Current yield <sup>4</sup>	<b>2.80%</b>	<b>2.80%</b>	<b>2.80%</b>
Maturity yield <sup>5</sup>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>
Performance yield <sup>6</sup>	<b>0.30%</b>	<b>0.30%</b>	<b>0.30%</b>
<b>Total funds invested, inception to 31 May 2016</b>	<b>\$ 125 806 095</b>	<b>\$ 1 565 506</b>	<b>\$ 127 371 601</b>
<b>Book value - 31 May 2016</b>	<b>\$ 145 984 598</b>	<b>\$ 1 697 433</b>	<b>\$ 147 682 031</b>
<b>Book value - 31 May 2015</b>	<b>\$ 146 647 454</b>	<b>\$ 1 052 742</b>	<b>\$ 147 700 196</b>
<b>Investment counsel fees, inception to 31 May 2016<sup>7</sup></b>	<b>\$ 4 500 826</b>	<b>\$ 3 914</b>	<b>\$ 4 504 741</b>
<b>Transferred to bank account, inception to 31 May 2016</b>	<b>\$ 63 882 558</b>	<b>\$ -</b>	<b>\$ 63 882 558</b>
<b>Total cash withdrawn, inception to 31 May 2016</b>	<b>\$ 68 383 384</b>	<b>\$ 3 914</b>	<b>\$ 68 387 299</b>
<b>Market value - 31 May 2016</b>	<b>\$ 150 217 407</b>	<b>\$ 1 712 676</b>	<b>\$ 151 930 083</b>
<b>Market value - 31 May 2015</b>	<b>\$ 150 992 925</b>	<b>\$ 1 055 378</b>	<b>\$ 152 048 303</b>
	<b>99%</b>	<b>1%</b>	<b>100%</b>

Note 1: Prior to mid-2014, the Endowment Fund was split between two portfolios. The RBC Phillips, Hager and North investment portfolio was transferred to BMO Asset Management on 15 July 2014.

Note 2: Dates of inception are 31 May 2002 for the Endowment Fund and 22 October 2004 for the Private Donations Fund.

Note 3: The benchmark is a 50/50 blend of the FTSE TMX Canada Short-Term Bond Government Index and the FTSE TMX Canada Mid-Term Bond Government Index.

Note 4: The current yield is the result of the coupon interest divided by the market value. The current yield is used to calculate projected revenue income.

Note 5: The maturity yield reflects the combined effect of coupon interest and the write-down of our bonds toward par values during the year. Bonds maturing during the year are expected to be reinvested at the maturity yield.

Note 6: The performance yield represents the anticipated growth in the portfolio's market value.

Note 7: Investment counsel fees do not include other fees within investment securities, such as exchange-traded funds.

## 7. FINANCIAL ISSUES

In March 2016, the Board of Directors extended to 2018 the bridging plan adopted in 2013 and reiterated its support for a three-pronged approach – targeting both revenues and expenses – to ensure the Foundation’s sustainability. The three prongs, or principles, of the bridging plan guided the development of the 2016-2017 budget as follows:

1. **Expenditures.** Maintenance of expenditures of about \$6.5 million per year without major cuts to programs until the end of 2018, subject to internal and external reviews of the value of the programs, with annual evaluations based on the transition plan.
2. **Fundraising.** 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.
  - 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. **Investment mandate.** Engage the Government of Canada on the feasibility of altering the funding agreement for the Advanced Research in the Humanities and Human Sciences Fund, in order to give the Foundation an investment mandate that is less restrictive than the fixed-term investment mandate currently specified.

These principles will continue to apply in 2016-2017. At the same time, as part of its discussions of the budget framework for 2015-2016 and 2016-2017, the Finance and Investment Committee was also mindful of complying with the following considerations:

### *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 addition to its statutory requirements, the Foundation faced additional challenges this year:

- It needed to use the remaining \$272,000 excess of the fourth-year scholarship reserve (as per the three-year commitment made with the independent auditor in 2015).

- It needed to allocate resources to implement the institution’s new vision.
- Whereas past budgets had been mainly composed of award payments and selection costs, which are predictable, the current budget allows more room for spending on public interaction – an element of the Foundation’s programming that is collaborative and still experimental, and hence, less amenable to advance planning.
- The Foundation’s team is being transformed in order to deliver on the new vision. New positions were created in 2015 and 2016 and the associated costs affect both program and operating costs.
- While the implementation of the new vision causes the Foundation to exceed the 3.5% charitable disbursement quota, the Fund’s erosion from \$150.0 million in 2015 to \$147.4 million in 2016 and \$145.4 million in 2017 due to historically low revenues increases the pressure on the 1.5% operating cost threshold funded from the endowment fund.

### *Responses in 2015–2016*

Consistent with principle number 1 (Expenditures), above, and as reflected in section 5 (Budget Implications), the Board of Directors maintained the full number of award recipients required to implement the Board’s new vision in 2016–2017.

As for principle number 2 (fundraising), in 2015, a director of development was hired to implement the infrastructure necessary to run a comprehensive fundraising program. In 2015–2016, this director helped finalize agreements for \$3.25 million in major gift pledges to be paid in the next few years. Additionally, the director has been cultivating prospective donors with a view to securing gifts toward a target of \$687,000 for 2016–2017. Over the course of 2016–2017, Management will explore new major gift avenues that could help Foundation achieve its fundraising campaign goal of \$30 million.

Finally, the Foundation experienced new developments as regards principle number 3 (investment mandate). In February 2016, the Department of Innovation, Sciences and Economic Development Canada provided the Foundation with a copy of the 2009 “Minister of Finance Investment Management Framework for Up-front Funding.” Since 2009, this framework has served as the investment policy guidelines for new funding agreements between federally-endowed foundations and the Government of Canada; still current today, it may have significant implications in terms of avenues for implementing a more flexible investment policy for the endowment fund. More specifically, if this framework were to apply to the Advanced Research in the Humanities and Human Sciences Fund, it would supply the Foundation with a significantly less restrictive investment policy than that which presently governs the Endowment Fund.

For this reason, the Foundation retained the service of consultants and actuaries at Eckler Ltd. and in May 2016 submitted a proposed Statement of Investment Policy and Procedures based on the 2009 framework to the Department of Innovation, Sciences and Economic Development Canada. The Foundation and its advisors are now working on alternate investment strategies and in particular the optimal asset-mix allocation to reflect the Fund’s investment objectives, with a view to balancing target returns and risk diversification.

The Foundation and the Department are in ongoing communication to agree on amendments to the funding agreement that could lead to the implementation of a new investment strategy within the next year. In the current financial context, however, it should be noted that while necessary, this adjustment to the investment policy will not be a panacea. Indeed, even national pension plans struggle with a “new normal” of low yields on high-quality investments. Still, a more flexible investment policy would be one more tool that the Foundation could use to better fulfill the Funds’ mission today and for the generations to come.

*Appendix 1*  
*Financial information*

	2017 <sup>1</sup> budget	2016 <sup>1</sup> latest estimate	2015 audited	2014 audited	2013 audited
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents			585 694	593 685	1 179 711
Short-term investments			299 755	1 775 680	826 445
Investments at fair value (note 2)			153 448 708	148 447 250	147 122 213
Interest receivable			939 920	1 226 721	1 212 965
Prepays and other receivable			595 712	215 953	281 736
			<b>155 869 789</b>	<b>152 259 289</b>	<b>150 623 070</b>
Property and equipment and Intangible assets, cost			1 235 940	1 228 789	1 104 245
Property and equipment and Intangible assets, accumulated amortization			422 628	312 072	536 919
<b>Property and equipment and Intangible assets, net</b>			<b>813 312</b>	<b>916 717</b>	<b>567 326</b>
Deferred website development costs, gross			-	-	86 072
Deferred website development costs, accrued amortization			-	-	69 778
<b>Deferred website development costs, net</b>			<b>-</b>	<b>-</b>	<b>16 294</b>
			<b>156 683 101</b>	<b>153 176 006</b>	<b>151 206 690</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities (note 3)			1 900 616	700 868	1 129 995
Deferred donations			104 241	105 734	-
Current portion of fellowships payable			780 849	557 959	779 749
Current portion of scholarships payable (note 4)			1 348 751	1 336 985	1 374 125
Current portion of mentorships payable			82 965	90 000	100 000
			<b>4 217 422</b>	<b>2 791 546</b>	<b>3 383 869</b>
<b>Long-term liabilities</b>					
Fellowships payable			425 292	209 768	187 650
Scholarships payable			2 009 915	2 208 862	2 222 781
Mentorships payable			42 871	-	-
			<b>2 478 078</b>	<b>2 418 630</b>	<b>2 410 431</b>
<b>Total Liabilities</b>			<b>6 695 500</b>	<b>5 210 176</b>	<b>5 794 300</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
Net assets invested in property and equipment and intangible assets	728 543	821 543	814 138	917 543	568 151
Internally restricted net assets (note 5)	18 367 041	20 304 325	22 500 000	20 625 000	18 750 000
Private donations fund (note 6)	2 564 541	1 604 398	1 631 659	1 009 646	867 312
Unrestricted contingency fund (note 7)	-	-	-	-	-
Unrestricted net assets	-	-	41 804	413 641	226 927
	<b>146 660 125</b>	<b>147 730 266</b>	<b>149 987 601</b>	<b>147 965 830</b>	<b>145 412 390</b>
			<b>156 683 101</b>	<b>153 176 006</b>	<b>151 206 690</b>

Note 1: Years 2016 and 2017 are subject to year-end adjustments.

Note 2: As of 2008, assets are recorded at their fair value. Interest revenues are calculated using the effective interest method.

Note 3: An increase in accounts payable and accrued liabilities resulted from the reserves created from unused research, travel and networking expenses for scholars (as of 2015 cohort) and fellows (as of 2014 cohort). This will allow scholars and fellows to continue to participate in the Public Interaction Program after their formal term with the Foundation is over.

Note 4: As of 2008, scholarship savings generated by external awards are reserved to fund the respective cohort's fourth-year thesis writing or dissemination scholarship extension. The decrease since fiscal year 2014 is due to a change in accounting estimates for the scholars fourth-year reserve. The auditors determined that the reserve for the fourth-year was overstated by \$520,000. By the end of fiscal year 2016, this overstatement will be resolved.

Note 5: 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 6: Development and Outreach expenses are paid out of the private donations fund. The amounts recorded here are net of these costs.

Note 7: In 2011, the Board approved the creation of a contingency fund 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.

	2017 <sup>1</sup> budget	2016 <sup>1</sup> latest estimate	2015 audited	2014 audited	2013 audited
<b>Revenues</b>					
Interest (note 2)	4 165 465	3 898 039	4 188 165	4 618 716	5 116 942
Net gain on disposal of investments at fair value (note 2)	0	-199 032	514 297	464 128	-873 606
Net unrealized gain on investments at fair value (note 2)	0	-554 061	3 275 160	2 668 441	-4 496 243
Donations and sponsorships(held in Private donations fund)	687 000	680 818	634 461	122 151	253 992
<b>Total Revenues</b>	<b>4 852 465</b>	<b>3 825 764</b>	<b>8 612 083</b>	<b>7 873 436</b>	<b>1 085</b>

#### Expenses

<b>Program Costs (note 3)</b>					
Fellowship program (note 4)	1 042 400	1 040 084	988 758	577 044	880 785
Mentorship program	210 000	240 054	169 823	186 006	197 666
Scholarship program (note 5)	1 538 500	1 278 097	1 188 420	1 308 215	1 471 188
Public interaction program (note 6)	1 639 050	1 621 930	2 357 197	1 267 885	1 433 227
Development and Outreach (covered by Private donations fund) (note 9)	123 450	77 950	-	-	-
sub-total, Programs:	4 553 400	4 258 116	4 704 198	3 339 150	3 982 866
<b>Operating Costs</b>					
Investment counsel fees (note 7)	256 978	256 978	252 592	320 454	346 208
Program delivery costs (note 8)	1 478 470	1 422 562	1 203 105	1 193 727	1 064 794
Administrative costs (notes 8 and 9)	370 241	366 583	424 499	466 665	532 736
Accountability & transparency under ATIP (note 10)	5 000	5 000	-	-	-
Development and Outreach (covered by Private donations fund) (note 9)	117 573	102 730	5 918	-	-
sub-total, Operating Costs:	2 228 262	2 153 853	1 886 114	1 980 846	1 943 738
<b>Total expenses, GAAP basis:</b>	<b>6 781 662</b>	<b>6 411 969</b>	<b>6 590 312</b>	<b>5 319 996</b>	<b>5 926 604</b>
<b>Excess of Revenues over Expenses (excess of expenses over revenues):</b>	<b>-1 929 197</b>	<b>-2 586 205</b>	<b>2 021 771</b>	<b>2 553 440</b>	<b>-5 925 519</b>

#### Operating Expenses restriction, as per Funding Agreement

	2017 <sup>1</sup> budget	2016 <sup>1</sup> latest estimate	2015 audited	2014 audited	2013 audited
Total Operating Costs, as per pro-forma f/s	2 228 262	2 153 853	1 886 114	1 980 846	1 943 738
less: development and outreach costs covered by Private donations fund	117 573	102 730	5 918	2 500	16 242
<b>Total Operating Costs paid from the Endowment fund</b>	<b>2 110 689</b>	<b>2 051 123</b>	<b>1 880 196</b>	<b>1 978 346</b>	<b>1 927 496</b>
Endowment fund value	142 774 426	145 239 600	148 355 942	146 956 184	144 545 078
<b>Operating Expenses as a % of the Endowment fund value</b>	<b>1.478%</b>	<b>1.412%</b>	<b>1.267%</b>	<b>1.346%</b>	<b>1.333%</b>

Note 1: Years 2016 and 2017 are subject to year-end adjustments.

Note 2: Since the adoption of the fair value accounting 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. Net gain on disposal of investments at fair value and net unrealized gain on investments at fair value for fiscal year 2016 estimate are based on actual results on 31 December 2015 and assuming no transaction or change in the credit and interest rate until the end 31 August 2016.

Note 3: Canadian accounting standards for not-for-profit organizations require that the full amount of an award be expensed in the year that the commitment is established. Latest estimate 2016 reflects 5 fellows (5 in 2015), 15 scholars (16 in 2015) and 11 mentors (9 in 2015), plus ancillary selection, nomination, and publicity costs. Budget 2017 reflects 5 fellows, 15 scholars and 10 mentors, plus ancillary selection, nomination, and publicity costs.

Note 4: Since 2014, the full award of \$225,000 net of an allowance for research, travel and networking of \$25,000 per fellow (\$5,000 in 2013) is reflected under Fellowship Program whereas the allowance portion is presented under Public Interaction Program. Following a 2014 Board decision, and starting with cohort 2014, a fellow can continue to use his or her allowance to participate in the Public Interaction Program after the formal term is over. The full amount of the allowance is recorded in the year of the nomination. A reserve is created for unused allowances and recorded under Accounts payables and accrued liabilities.

Note 5: The decrease in the Scholarship program expenses between 2014 and 2015 resulted from a change in accounting estimate reducing by \$272,000 the overall provision for the fourth-year reserve.

Note 6: The increase in the Public Interaction Program expenses reflects the Board decision to allow each scholar, beginning with the 2015 cohort, to use his or her allowance for research, travel and networking to participate in Foundation events beyond the formal term of their funding. In addition, Program planning and delivery presents higher costs starting in 2015, reflecting the Board's wishes to increase the number of Public interaction program activities to promote understanding of major issues that affect Canadian and global society.

Note 7: Investment counsel fees are charged by the portfolio manager based on market value. The decrease between years 2014 and 2015 reflects the Board's decision to consolidate the two portfolios with only one investment manager.

Note 8: The increase in Program and delivery costs since 2012 results from a better allocation of administration expenses between Administration and Program planning and delivery. Salaries and benefits, rent and occupancy costs, office expenses, depreciation, bank charges and recruitment costs are allocated in proportion to related labour.