



2015-2017 Financial Plan Canada

Children's Miracle Network | Réseau Enfants-Santé

Version 3: January 31, 2014

The Need

While the government pays for basic support and services, children's hospitals across Canada need equipment and care models that are not fully covered. Expenses are continuously increasing, just as they are for virtually every enterprise in Canada. The rate of growth in the expenses for many is exceeding the rate of growth in revenues creating pressure on hospital budgets. Philanthropy helps close the gap and is important in attracting leading edge researchers; getting to the next level of cure and discovery; helping fund the extras such as Child Life experts and hospital school programs.

Children's Miracle Network's partnerships and programs generate significant unrestricted funding to help fill the gap as well. Member hospitals have shared the need for more funding from Children's Miracle Network. We believe the opportunity to significantly grow fundraising and awareness is before us.

Children's Miracle Network is in the midst of significant and positive change. It began in 2011 with the Five-Year Strategic Plan developed through a collaborative effort of member hospitals and foundations, corporate partners, boards and staff. We identified many opportunities to improve, streamline and grow fundraising for local hospitals. We are not finished nor are we standing still. We have embraced our cultural values and beliefs and they are making a difference in our business.

To meet the goals outlined in the Five Year Strategic Plan, we need to increase the overall capacity of the network. Along with each new fund raising partner comes the inherent cost of additional materials and staff support. More people and infrastructure will be needed to support new partners, programs and events. The plan also calls for innovation – research and development, market testing and new concept launches. Another critical ingredient required to increase fund raising is an awareness campaign with unified messaging that helps both the public understand the philanthropic needs of children's hospitals and also establishes a defined call to action.

We now have a strong strategic plan and annual operating plans in place that have produced growth in fundraising for hospitals for the past two years. The opportunities to grow have never been greater.

We recognize the plan for Canada must be viewed through a lens appropriate to the Canadian milieu, as fundraising does not always fit neatly into a single North American approach. As such, we would like to share a top-line view with you of where we believe fundraising growth will come from starting with an overview of the network and then bringing into focus a more specific plan for working with our Canadian Children's Hospitals' Foundations.

Fundraising Growth

North American fundraising is expected to grow from \$300 million in 2012 to \$454 million in 2017 (a compound annual growth rate of 8.6%) and achieving our \$1 billion goal by 2022. In Canada, fundraising is anticipated to grow from \$48.2 million in 2012 to \$61.4 million by the end of 2017 (5.0% CAGR) and \$107.9M by 2022.

- North American Corporate Partnerships will grow from \$187.6M in 2012 to \$266M in 2017 to \$416M by 2022. Canadian corporate partnerships will grow from \$31.9 million in 2012 to \$42.6 million in 2017 and to an estimated \$68.8M by 2022. Most of the growth will come from existing corporate partners and by adding one or two high-value partners each year—the caliber of KFC, Subway or Procter & Gamble and those that emerge from Canada's New Business Working group, foundation leads and new North American partners doing business in Canada such as Brooks Brothers, LIDs and GNC.
- North American Program & Event Fundraising—including Telethon, Radiothon, Hispanic Initiatives, Dance Marathon and Extra Life will grow from \$75M in 2012 to \$125M by 2017 and achieve a target of \$279M by 2022. In Canada, Program & Event Fundraising will grow from \$16.2M in 2012 to \$17.6M in 2017 and an estimated \$30.8M by 2022.
- New Initiatives & Innovation – Across North America new national events (i.e. Miracle Marathon, Dance Dash) and new innovation concepts (i.e. Give Miracles, Miracle Harvest, digital canister)—is expected to grow from \$1.6M in 2013 to \$37.8M in 2017 to \$254.6M by 2022. New ideas must be developed, tested and proven before launching nationally or regionally. In Canada, new initiatives and innovation will grow from \$0 in 2012 to \$1.2 in 2017 and to a forecast of \$8.2 million by 2022. New ideas will be tested in Canada in markets, which meet the need to embrace our history of start-ups.
- The development of a national recognition, marketing/branding campaign to overcome the notion that two-thirds of Americans and half of Canadians don't believe children's hospitals need philanthropic support will also significantly impact fundraising. We will continue to work with Children's Miracle Network members in Canada and test the concept of "Put Your Money Where The Miracles Are". Canadian-based research will provide insights into what is applicable; what will fit with international partners; and should be aligned to the recommendations of the CCHFE Task Force. A successful test in 2014 could lead to a national launch in 2015. These efforts combined with a strong new recognition and stewardship platform built with our Canadian foundation partners will help lift brand and awareness across Canada.

We believe we have the momentum to create significant fundraising growth for our local hospitals. We will need to invest in order to keep the momentum going and to establish the roots of the partnerships and programs that will grow and mature over a three to five year period and set the stage for our 2022 goal.

North American Fundraising Projections

	ACTUAL		ACTUAL		FORECAST								* Values in Millions
Fundraising Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Corporate Partnerships	\$ 148.8	\$ 178.1	\$ 190.5	\$ 200.9	\$ 218.0	\$ 236.6	\$ 256.6	\$ 280.7	\$ 307.1	\$ 335.8	\$ 367.1	\$ 401.3	
Corporate Underwriting	\$ 8.5	\$ 9.5	\$ 7.3	\$ 7.4	\$ 8.1	\$ 8.8	\$ 9.5	\$ 10.4	\$ 11.4	\$ 12.4	\$ 13.6	\$ 14.8	
Radiothon	\$ 41.6	\$ 39.3	\$ 40.1	\$ 40.9	\$ 41.7	\$ 42.6	\$ 43.4	\$ 44.5	\$ 45.6	\$ 46.8	\$ 48.0	\$ 49.2	
Unique Market Segments	\$ 6.5	\$ 8.2	\$ 10.0	\$ 9.0	\$ 10.8	\$ 13.0	\$ 15.6	\$ 18.7	\$ 22.4	\$ 26.9	\$ 32.2	\$ 38.7	
Dance Marathon	\$ 10.7	\$ 13.3	\$ 16.1	\$ 19.9	\$ 24.3	\$ 29.6	\$ 36.1	\$ 45.1	\$ 56.4	\$ 70.5	\$ 88.2	\$ 110.2	
Digital/Extra Life	\$ 1.2	\$ 2.1	\$ 3.0	\$ 6.8	\$ 9.0	\$ 12.0	\$ 16.0	\$ 21.2	\$ 28.2	\$ 37.5	\$ 49.9	\$ 66.4	
National Events	\$ 2.3	\$ 1.6	\$ 2.3	\$ 2.1	\$ 2.3	\$ 2.5	\$ 2.8	\$ 3.1	\$ 3.4	\$ 3.7	\$ 4.1	\$ 4.5	
Telethon	\$ 10.4	\$ 11.9	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.3	
Direct Mail	\$ 4.5	\$ 5.9	\$ 6.5	\$ 6.8	\$ 7.1	\$ 7.5	\$ 7.8	\$ 8.2	\$ 8.6	\$ 9.1	\$ 9.5	\$ 10.0	
Cause Innovation				\$ 5.0	\$ 8.5	\$ 14.5	\$ 35.0	\$ 51.8	\$ 76.8	\$ 113.9	\$ 168.8	\$ 250.1	
Local	\$ 29.7	\$ 30.9	\$ 33.9	\$ 34.6	\$ 35.3	\$ 36.0	\$ 36.7	\$ 37.4	\$ 38.2	\$ 38.9	\$ 39.7	\$ 40.5	
Total Fundraising	\$ 264.1	\$ 300.8	\$ 324.0	\$ 341.2	\$ 369.8	\$ 402.7	\$ 454.4	\$ 520.1	\$ 599.6	\$ 700.4	\$ 830.2	\$ 1,000.0	
Annual \$ Change	\$ 29.6	\$ 36.7	\$ 23.2	\$ 17.2	\$ 28.6	\$ 32.9	\$ 51.7	\$ 65.7	\$ 79.5	\$ 100.8	\$ 129.8	\$ 169.8	
Annual Growth Rate	12.6%	13.9%	7.7%	5.3%	8.4%	8.9%	12.8%	14.5%	15.3%	16.8%	18.5%	20.5%	

Over the past 18 months, Children's Miracle Network Hospitals engaged in a review of the our current operating model to determine how to fund the aggressive growth mentioned above. The Board of Trustees assembled a committee of hospital CEO's, development officers, financial officers and corporate partners to study the issue and come back with a recommendation. The recommended 2015-17 Financial Plan developed by the North American work group can be accessed at: <http://www.cmnhospitals.org/operatingmodel>. The U.S. Plan was approved unanimously by the Board of Trustees in January 2014.

Distinct Canadian Model Needed

Through the development of the new operating model, it became apparent a distinct Canadian operating model would be needed. The Canadian model would need to take into account the unique culture, historical fundraising trends, future investment and operational support required. The Canadian plan will continue to be linked to a framework, which is consistent across the membership of Children's Miracle Network Hospitals. The Canadian Plan would also support the majority of functions within Canada and yet continue to heavily draw upon the internal resources of Children's Miracle Network Hospitals (legal, finance, IT, creative services, HR, processing, data entry, Board, etc.)

In October 2013, a working group was formed for the purpose of developing a Canadian model. Members included Children's Miracle Network members from Stollery, SickKids, MacKids and OES as well as key Children's Miracle Network Hospitals and Children's Miracle Network Canadian staff members.

We reviewed and analyzed the historical data for Children's Miracle Network Canada and reached a view of the future which is represented below.

Canada Fundraising Projections

	ACTUAL		ACTUAL		FORECAST								*Values In Millions
Fundraising Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Corporate Partnerships	\$ 29.3	\$ 30.8	\$ 33.7	\$ 35.6	\$ 37.5	\$ 39.6	\$ 41.7	\$ 46.0	\$ 50.7	\$ 55.9	\$ 61.9	\$ 67.8	
Corporate Underwriting	\$ 0.8	\$ 1.1	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0	
Radiothon	\$ 10.5	\$ 9.4	\$ 9.5	\$ 9.7	\$ 9.9	\$ 10.1	\$ 10.4	\$ 10.6	\$ 10.8	\$ 11.1	\$ 11.3	\$ 11.6	
Unique Market Segments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Dance Marathon	\$ -	\$ -	\$ 0.02	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.4	\$ 0.8	\$ 1.60	\$ 3.2	\$ 4.5	\$ 6.3	
Digital/Extra Life	\$ 0.1	\$ 0.3	\$ 0.6	\$ 1.0	\$ 1.3	\$ 1.8	\$ 2.4	\$ 3.1	\$ 4.2	\$ 5.5	\$ 7.4	\$ 9.8	
National Events	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.6	\$ 0.7	
Telethon	\$ 5.2	\$ 6.5	\$ 6.0	\$ 5.6	\$ 5.2	\$ 4.8	\$ 4.5	\$ 4.2	\$ 3.9	\$ 3.6	\$ 3.4	\$ 3.1	
Direct Mail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cause Innovation	\$ -	\$ -	\$ -	\$ -	\$ 0.5	\$ 0.8	\$ 1.0	\$ 1.5	\$ 2.0	\$ 3.0	\$ 4.5	\$ 7.5	
Local	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	
Total Fundraising	\$ 45.9	\$ 48.2	\$ 50.6	\$ 52.7	\$ 55.5	\$ 58.3	\$ 61.4	\$ 67.3	\$ 74.5	\$ 83.7	\$ 94.6	\$ 107.9	
Annual \$ Change	\$ 6.1	\$ 2.3	\$ 2.4	\$ 2.2	\$ 2.8	\$ 2.8	\$ 3.2	\$ 5.9	\$ 7.2	\$ 9.2	\$ 10.9	\$ 13.3	
Annual Growth Rate	15.3%	5.0%	4.9%	4.3%	5.3%	5.0%	5.4%	9.5%	10.7%	12.4%	13.0%	14.1%	

Guiding Principles

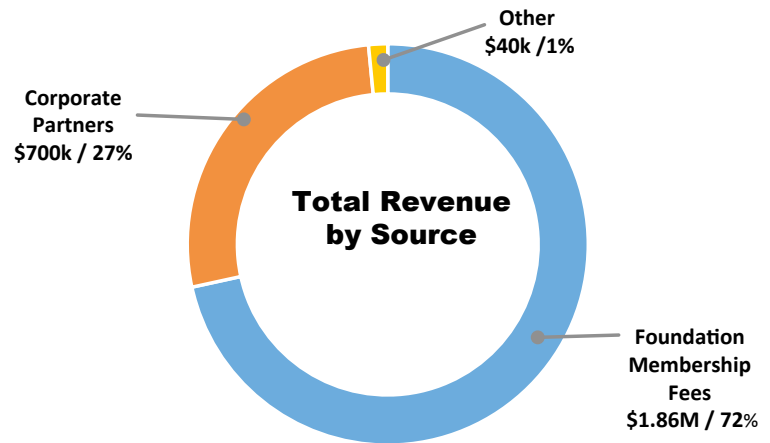
Based on the discussions with the working group, the following guiding principles were identified for developing the Canadian model.

- One size does not fit all—separate U.S. and Canadian models are needed.
- The model needs to be scalable, understandable and predictable.
- Accountability and transparency are key considerations in all new model.
- A reasonable cost per dollar raised must be maintained.
- Cash flow to maintain operations and reduce risk are important
- A reduced base fee and a higher variable/performance rate is preferred.
- Increasing investment needs to focus on supporting growth in corporate partnerships, enhanced awareness & national recognition, and support to new ideas and innovation.

Current Canadian Operating Model

The current Canadian operating model depicted in the chart to the right does not provide adequate funding to achieve the growth in fundraising and awareness mentioned above.

The total current budget (including corporate underwriting, other gifts and direct costs reimbursements) is \$2.6 million in 2013. A detailed budget is included in Appendix A.



CCHFE recommended Children's Miracle Network Hospitals provide three funding scenarios from 2015 to 2017.

- Year One \$3.0 million
- Year Two \$3.5 million
- Year Three \$4.0 million

The comparison data for each of the three funding scenarios is shown in Appendix B.



Elements of a New Canadian Operating Model

The Canadian working group reached agreement the new model should include the following elements.

- Investments to support, enhance and drive three strategic pillars:
 - Corporate Partnerships
 - Recognition, Stewardship and Brand Awareness
 - Innovation and New Initiatives
- Balancing the fixed base component and variable performance-based component of the fee is important in a Canadian model. A higher performance component and a reduced fixed base amount may be needed initially to ensure Canadian members maintain positive growth in net proceeds. At this same time, the new fee structure must balance Children's Miracle Network's operating cash flow needs and associated operational risks.
- Calculating the annual membership fee must be simplified. A formula that eliminates all exceptions in Corporate Partnerships is critical to a new model.
- Membership fees will include direct costs of fundraising such as fundraising campaign kit costs, incentives, and awards, which were invoiced separately in the past. Celebration registration fees for one foundation representative will be included in the new membership fee structure.
- Based on historical precedent, Radiothon and Telethon results will not be included in fee calculations. Children's Miracle Network will continue to collect announced off air totals for Radiothon, as well as online/phone and walk-in revenues for Telethon. We will continue to invest & share in market research (Coleman Research) and best practice models on acquisition and collection rates if funding permits.
- Local fundraising, as in the U.S. model, will not be included in fee calculations. Local fundraising is defined as fundraising activities, which bear the Children's Miracle Network brand, but are not Children's Miracle Network national programs and events and are not conducted with or through Children's Miracle Network national or North American corporate partners.
- Collaboration on marketing, branding, recognition and new business development will be more important than ever going forward. Collaborative work groups will be needed to achieve optimal results.
- We will work within and include in Children's Miracle Network annual plans the CCHFE recommendations from its Internal Communications Task Force, Communications/Brand Task Force and New Business Task Force.

Fixed Population-Based Rate 2015-2017

As we reviewed the cash flow needs and risks in staffing the Canadian operation, it was determined that the minimum total base fees needed is \$890,000. The amounts shown below represent a significant reduction in base fees for Canadian foundation members. These are 40 – 50% less than the amounts paid by U.S. hospitals under the new operating model. This is the minimum amount needed to operate the Canadian office for the months between September and April during which time critical fundraising planning and implementation occurs. Reducing the fees any further would mean a reduction in services or staffing from the Canadian office and could have a significant impact on fundraising growth.

The fixed fee of \$890,000 accounts for only 29% of total annual revenue, which is significantly lower than the U.S. Operating Model. Under the new model, Children's Miracle Network assumes the risk of fundraising kits and materials, which in 2013 accounted for about \$350,000. The remainder would be used to cover staffing, office space and other fixed expenses.

Population	Base Amount	Members
0 to 1 million	\$ 35,000	(Janeway, MacKids, SKCHF)
1 million to 2 million	\$ 65,000	(IWK, ACHF, MCHF, Stollery, CHEO)
2 million to 3 million	\$ 85,000	(CHF London)
3 million to 4 million	\$ 90,000	None
4 million +	\$125,000	(SickKids, BCCHF, OES)
Total Annual Base Fees	\$890,000*	

** Base fees will be invoiced annually beginning in September 2014.*

Performance-Based Variable Rate 2015-2017

Fundraising Year	Estimated Total Results	Fee-Related Results	Variable Fee Rate
2015	\$55.5 million	\$39.5 million	5.5% Proposed Model
2016	\$58.3 million	\$42.5 million	6.0%
2017	\$61.4 million	\$45.7 million	7.0%

** Variable fees will be invoiced quarterly beginning in April 2015.*

Radiothon, Telethon, Local and Corporate Underwriting are **not** included in fee calculations. No other exceptions are included.

Proposed Membership Fees 2015-17

Fundraising Year	Total Fixed Amount	Total Variable Amount		Direct Costs	Total
2015	\$890,000	(5.5% x 39.5M)	\$2.17 M	Included	\$3,078,448
2016	\$890,000	(6.0% x 42.5M)	\$2.55 M	Included	\$3,555,966
2017	\$890,000	(7.0% x 45.7M)	\$3.19 M	Included	\$4,103,661

Investing In Growth

This Financial Plan focuses on three core strategies to support fundraising and awareness:

- Growth in Corporate Partnerships
- Innovation (R&D) and New Initiatives
- Recognition, Stewardship & Awareness

Growth in Corporate Partnerships

Fundraising Category	2013	2017	2022
Corporate Partnerships	\$ 33.7	\$ 41.7	\$ 67.8

To drive growth in this area a strong foundation of expertise, tools and resources must be available. Our current staffing and structure levels do not provide adequate resourcing. As existing partnership potential grow as demonstrated in market PVRs (big five by over \$6M by 2017), and new partnerships emerge – staffing and recognition models must grow to meet the needs. At the end of 2013, the Canadian operations had eleven full-time staff.

The objective in adding staff and making structural changes will be to grow fundraising and align to the Children's Miracle Network Hospitals strategic plan and be able to deliver on results in core growth areas. One of the key drivers will be the recruitment and deployment of staff in areas of corporate partnership potential (market PVRs) and operational excellence.

Without adequate and sustainable funding, staffing becomes a higher risk investment. Most leaders appreciate it takes time to realize a strong ROI in new business and testing concepts. Thus without adequate funding – recruitment and growth will be delayed.

To achieve growth, we will invest in the following support for corporate partnerships:

- Develop key staff resources to focus on driving fundraising through national/regional corporate partnerships with a high ROI and potential (Walmart, REMAX, Costco, TD, Dairy Queen and new relationships such as Subway, KFC/YUM and Procter & Gamble). Based on PVR and market performance these accounts could grow by \$5 to \$7 million by 2017 if core markets achieve national potential.
- Add a dedicated staff member to drive fundraising through our largest corporate partner, Walmart. This staff member would also increase support from vendors and in-store fundraising performance, as well as recognition integration with foundations.
- Add a dedicated staff member to support hospital foundations in developing market level and regional support with national corporate partners to drive more fundraising and awareness. This staff member would also be responsible for supporting and implementing CCHFE Task Force recommendations, developing market insights and supporting hospital foundations with fundraising tools and resources.
- Invest in staff in Children's Miracle Network Hospitals to serve as a strategic link to help support Canada – development, new business and marketing support.
 - Examine needs to have a direct staff resource implanted in SLC operations to improve efficiencies, facilitate Canadian requests (data, web, insights, creative services, IT and
 - Expand current level of “insights” and analytics within CMNH
- Focus resources on recognition and stewardship of all Children's Miracle Network partners in collaboration with CCHFE and Children's Miracle Network Hospitals. Investment in this area is the biggest variable. It is difficult to predict specific ROI and yet feedback from top corporate partners clearly indicates that CMN and local foundations are lacking in this area.
- Enhance the delivery of services for bilingual/OES/CHEO and partner needs.
- Review needs for administration support for office

The addition of staff and infrastructure in Canada will be phased in over 2015 through 2017. Delays in investment will impact ROI. Appendix C shows what the organizational chart may look like through to 2017.

Year One – 2015

- Priority – Walmart growth – icons, walk, vendors, collaboration, e-commerce & associate engagement.
 - 1 FTE – dedicated to Walmart Canada (Director)
 - Focus on low performing markets, leadership engagement within Walmart and vendors; examine and test options to expand Walk beyond Walmart only; work with Walmart e-commerce team to develop new emerging opportunities for fund raising
 - Drive synergies with US
 - Coordinate needed recognition/stewardship in collaboration with foundations
- Priority - Hospital Relations – Proud partner standards, agreement, growth and analytics (PVR, PMR, etc.)
 - 1 FTE – dedicated to Hospital Relations (reallocate current FTE)
 - Drive recommendations from CCHFE Task Forces
 - Provide insights to improve low performing sponsors and markets
 - Develop regional plans in partnership with Foundations – focus on Costco, REMAX, TD and new partners
 - Enhance service standards in key areas such as data integrity
 - Create training and meeting development with Foundations – CAMs, Celebration and possible revised corporate partner summit
- Priority – drive the implementation in partnership innovative ideas and tests for the Canadian marketplace. Note staffing and support will only be provided if this area is part of the Financial Plan
 - 1 FTE – manager/coordinator, Innovation
 - Support specific “made in” Canada tests with foundations
 - Research, tools and resources required for individual markets
 - Work with US teams to share best practices
- Priority – expand support to youth, dance and extra life through community engagement models.
 - 1 FTE – Coordinator, Program and Events
 - Support the rapid growth & potential of “dance marathons” (1 event in 2013 and currently 6 scheduled for 2014)
 - Support the development of communications, models and materials to maintain rapid growth of Extra Life in Canada
 - Examine and test “program & events” initiatives in willing markets.

Assess the needs of Communications & Marketing 1 FTE – Director, Marketing & Communications and have current manager position report to that new role. Expand support to recognition, stewardship and brand management.

Assess the need of a senior staff leading corporate development/partnerships. This role could be a VP, Corporate Partnerships

Year Two - 2016

- Priority – Recognition & Stewardship of corporate partners
 - 1 FTE – Manager, Corporate Partnerships
 - Enhance and expand efforts based on CCHFE recommendations, progress and learning from 2015
 - Design and deliver stewardship and impact reports for partners
 - Work with foundations to integrate programs
 - Continue to integrate brand messaging in all platforms
- Priority - **Assess** - staffing needs within Canadian Operations support especially around project coordination/administration support (1 FTE) or placement of a FTE within Children's Miracle Network Hospitals (SLC) to serve as a liaison agent between operations.

Corporate Partnerships Investments

Fundraising Year	Amount	Staffing	Purpose
2015	\$320,000*	2-3 FTE	Corporate Partnerships Support, Hospital Support to drive fundraising
2016	\$200,000*	1 FTE	Partner Recognition & Stewardship
2016	\$80,000*	1 FTE	Administrative Staff Support

**Amount includes compensation, benefits, overhead, and travel*



Innovation and New Initiatives

Fundraising Category	2013	2017	2022
Dance Marathon	\$ 0.02	\$ 0.4	\$ 6.3
Digital/Extra Life	\$ 0.6	\$ 2.4	\$ 9.8
National Events	\$ -	\$ 0.2	\$ 0.7
Cause Innovation	\$ -	\$ 1.0	\$ 7.5

Much of our future depends on the successful testing (and failing forward) of new ideas. Canisters, Radiothon, dance marathons and even our paper “balloon” are historical examples that have generated hundreds of millions of dollars due to investment (Foresters) or ideations that proved worthwhile (icons). Recent examples include Extra Life, which has grown to over \$4m in five years and is poised in Canada to grow from \$500,000 to \$700,000 in 2014 alone.

It is a necessity to support the required levels of research and testing of new ideas in the Canadian marketplace. Innovation platforms should be inclusive of early support of Foundations and Canadian realities. Our plan is to work in partnership within total “network” of developing opportunities within the digital platforms (Extra Life, Miracle Marathon, Miracle Harvest, McCanister, FedEx Coin Box, TD Coinstar, etc.) and assess potential national events.

- Immediately create a Canadian forum for input and sharing at ideation stage.
- Create an active funnel to share ideas and findings by investing in markets that wish to work with Children's Miracle Network Hospitals.
- Fund tests in those markets who are supportive and have created the right conditions for success/modeling.
- Continue to fund national donor research and donor discovery information (Overlap).
- Ensure screen filter includes Canadian variables (based on investments)
- Examine a broader test range with Canadian markets as ideas emerge – and look to having at least two-three ideas being tested each year with implementation/execution of at least one new idea every year in 2015, 2016 and 2017. CMNH testing or pilots will be delayed in Canada if investments are limited.

- Drive the implementation in partnership innovative ideas and tests for the Canadian marketplace.
- 1 FTE – manager/coordinator, Innovation (noted and budgeted in staffing summary)
 - Support specific “made in” Canada tests with foundations
 - Research, tools and resources required for individual markets
 - Work with US teams to share best practices
- Expand staff to grow fundraising through Program and Events (Extra Life, media, youth, Dance).
 - Our current staffing is at capacity to support Dance marathon events.
 - Extra life has doubled year-over-year three consecutive years since 2011.
 - Staff will be able to expand social communities interest in fundraising for local hospitals (i.e. Stollery);
 - Invest in collateral and digital platforms (French, gamer engagement) that can lead to increased fundraising opportunities.
- Invest in the staffing of innovation and testing.

Innovation and New Initiatives Investment

Fundraising Year	Amount	Purpose
2015	\$100,000	1-2 FTE to support Innovation & New Initiatives in Programs & Events Concept Testing in Canada
2016	\$150,000	Concept Testing in Canada New Idea Launch
2017	\$200,000	Concept Testing in Canada New idea launch

Recognition, Stewardship & Brand support

Over the past several years, CMN has had limited resources and ability to support strategic recognition & stewardship initiatives, leverage resources with corporate partners or align and integrate with local foundations in managing our overall recognition plan. Direct feedback from partners (Walmart, TD and RE/MAX) suggests we are not doing enough in this area. They have also suggested that our failure to improve in this area may impact fund raising results. In addition, recent recommendations approved by the CCHFE will not be implemented under such current funding models.

We believe we need to continue to develop and expand on recommendations of Children's Miracle Network & CCHFE Task Force as they relate to dramatically improving the various systems and mechanics for national/regional recognition and stewardship.

- Maintain the internal committee in partnership with Foundations to embrace co and tri-branding initiatives “Put Your Money Where The Miracles Are”, recognition and stewardship platforms.
- Focus on brand awareness and target audiences as outlined in recommendations (Children's Miracle Network/CCHFE)
- Support the balance of key relationships and milestones (Walmart, DQ, TD, Costco and REMAX) as well as growing need to recognize all Children's Miracle Network partners.
- Develop the key tools to attract and retain new partners.
- Ensure balance of deliver and channels – print, radio and social media – to be defined in collaboration of internal committee and Children's Miracle Network Hospitals.
- Invest in measurement tools and support to show measurable value and impact.
- Work with Children's Miracle Network Hospitals to ensure consistency in message, strategic alignment and adaptation to Canadian market place of new materials.
- Adopt the recommendations of \$375,000 (2015) to \$425,000 (2016) and \$500,000 in 2017 on a national buy to support recognition and awareness plans for Canada. Look at a test model with a focus on Walmart (20 years) and DQ (100 million in North America) in 2014 and TD programs.

- Look at the needs of communications & marketing program in 2015 and assess resource requirements. Expand support to recognition, stewardship and brand management. (Staffing as noted above in 2015)
 - Priority – Recognition & Stewardship of corporate partners
 - Enhance and expand efforts based on CCHFE recommendations, progress and learning from 2015
 - Design and deliver stewardship and impact reports for partners
 - Work with foundations to integrate programs
 - Continue to integrate brand messaging in all platforms

Recognition, Stewardship & Brand Investment

Fundraising Year	Amount	Purpose
2014	\$100,000	Children's Miracle Network Corporate Partner Recognition/Stewardship (Additional investment by CCHFE)
2015 Q1	\$375,000	National media buys based on well-developed, tested collaborative plan
2016 Q1	\$425,000	Increase investment in the plan
2017 Q1	\$500,000	Increase investment in the plan; review and evaluate results in 2017 to determine next steps in 2018

The investments above are in line with the CCHFE Task Force (Tamara Pope, Chair) and the collaborative approach emerging from the group. Creative, positioning, media being developed by the group and driven by CMN Creative Services.

Other Investments

- It is anticipated that a contingency fund will be needed each year from 2015 to 2017 to support new or emerging ideas and operational growth.
- In 2015 it is likely that Children's Miracle Network will need a different location due to increased staffing. Current (2013 budget is \$81,000 for occupancy). Preliminary numbers indicate a doubling of lease.

Accountability

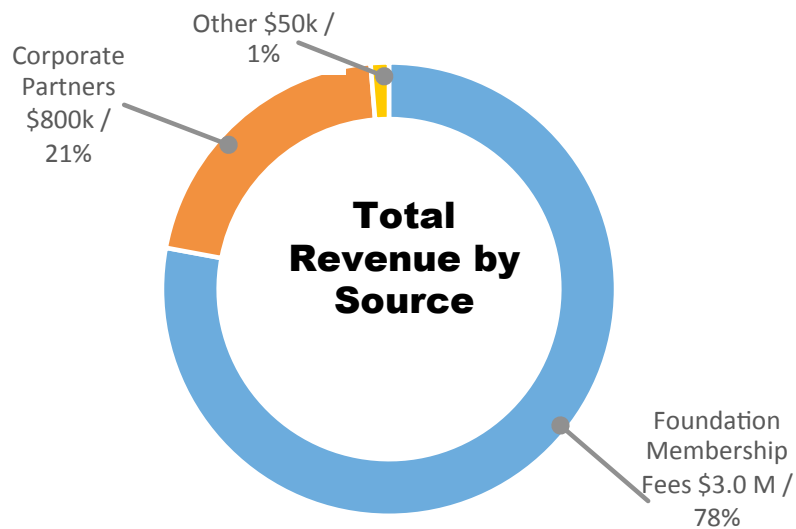
We are committed to ensuring that Children's Miracle Network stays on track and task within the Operating Plan and our attention to growth. To support this we will:

- Provide Children's Miracle Network Hospitals Board of Trustees with regular progress reports against stated goals.
- Encourage views and opinions of all Canadian members be shared through the two Canadian members on the Children's Miracle Network Hospitals Board of Trustees—Ted Garrard, SickKids Foundation (2014) & Jim Thompson, Walmart Canada (2017).
- Carefully manage the activities of Children's Miracle Network to keep focused on areas of high ROI for undesignated funds to foundations and the performance metrics of this plan.
- Provide performance progress updates to Canadian Children's Hospital Foundations' Leadership through our annual Partnership Value Reports (PVR).
- Work closely with the two existing sub-committees of the CCHF – Internal Communication and Brand/Communications, especially as it we look to investing in the recommendations for deeper recognition and stewardship executions.
- Make available any reporting and growth forecasts as related to our Annual Operating Plan, Account Plans or new business.

Summary New Investments 2015-2017

Year	Staff	Advertising	Innovation/Digital	Other	Total Investments
2015	\$440,000	\$375,000	\$100,000	\$100,000	\$1,015,000
2016	\$640,000	\$425,000	\$150,000	\$100,000	\$1,315,000
2017	\$720,000	\$500,000	\$200,000	\$100,000	\$1,520,000

2015 Operating Model



Implementation Overview

Year	Investment	Fundraising Total	CPDR	ROI
2014	\$3 M	\$55.5M	\$0.05	1750%
2015	\$3.5 M	\$58.3M	\$0.06	1565%
2016	\$4 M	\$61.4M	\$0.065	1436%

Appendix A

Children's Miracle Network Canadian Operating Budget

	2013	2014
<u>Revenues</u>		
Membership Fees	\$ 1,535,000 (57%)	\$ 1,590,982
Underwriting	\$ 619,000 (23%)	\$ 640,000
Licencing Fees	\$ 75,000 (3%)	\$ 0
Total Cost Reimbursements (Kits)	\$ 403,000 (15%)	\$ 413,000
Interest	\$ 35,600 (1.5%)	\$ 37,000
Cost reimbursement – Meetings	\$ 12,000 (0.5%)	\$ 10,000
Total Revenues	\$ 2,679,600 (100%)	\$ 2,690,982

	2013	2014
<u>Direct Expenses</u>		
Direct Costs (Kits)	\$ 403,000	\$ 413,000
Revenues Net of costs	\$ 2,276,600	\$ 2,277,982

Operating Expenses

Personnel (all in – 11 FTE)	\$ 1,452,233 (63.5%)	\$ 1,362,413
Travel Staff	\$ 180,000 (8%)	\$ 200,480
Champions Travel	\$ 85,000 (4%)	\$ 124,070
Contract Services	\$ 206,000 (9%)	\$ 209,840
Occupancy	\$ 78,000 (3.5%)	\$ 79,000
Recognition	\$ 75,000 (3%)	\$ 100,000
Supplies	\$ 50,000 (2%)	\$ 18,475
Other	\$ 154,000 (7%)	\$ 180,530
Total Expenses	\$ 2,284,703	\$ 2,274,808

Appendix B

Cost Projections - Canada Hybrid A Model - NO TELETHON, RADIOTHON							Base Fee + Variable		5.50%
FINANCIAL ESTIMATES	2014						2014 Net	2015 Net	
	Fundraising	2015 Fundraising	% Change	2014 Cost	2015 Cost	% Change	Proceeds	Proceeds	% Change
CALGARY-ALBERTA	4,782,184	4,987,288	4.3%	152,952	229,791	50.2%	4,629,232	4,757,497	2.8%
EDMONTON-NORTHERN ALBERTA	4,915,635	4,983,736	1.4%	178,711	252,667	41.4%	4,736,923	4,731,068	-0.1%
HALIFAX NS-MARITIMES	3,137,858	3,304,606	5.3%	137,338	195,539	42.4%	3,000,521	3,109,067	3.6%
HAMILTON	1,269,237	1,368,343	7.8%	72,656	109,857	51.2%	1,196,581	1,258,486	5.2%
LONDON-WESTERN ONTARIO	2,271,153	2,435,619	7.2%	113,543	209,980	84.9%	2,157,610	2,225,640	3.2%
MANITOBA	1,555,107	1,639,013	5.4%	62,070	130,577	110.4%	1,493,037	1,508,436	1.0%
NEWFOUNDLAND	1,604,017	1,674,687	4.4%	56,817	91,579	61.2%	1,547,200	1,583,107	2.3%
OTTAWA-EASTERN ONTARIO	4,137,817	4,378,107	5.8%	158,309	251,353	58.8%	3,979,508	4,126,754	3.7%
QUEBEC	11,362,201	11,777,048	3.7%	286,576	466,047	62.6%	11,075,625	11,311,000	2.1%
SASKATCHEWAN	1,947,926	2,040,129	4.7%	74,558	108,157	45.1%	1,873,368	1,931,973	3.1%
TORONTO-NORTH & CENTRAL ONTARIO	9,397,149	9,962,273	6.0%	411,745	561,741	36.4%	8,985,404	9,400,532	4.6%
VANCOUVER-PROVINCE OF BC	6,489,677	6,943,894	7.0%	307,955	471,160	53.0%	6,181,722	6,472,734	4.7%
GRAND TOTAL	52,869,961	55,494,744	5.0%	2,013,231	3,078,448	52.9%	50,856,730	52,416,296	3.1%

Cost Projections - Canada Hybrid B Model - NO TELETHON, RADIOTHON							Base Fee + Variable		6.00%
FINANCIAL ESTIMATES	2015						2014 Net	2015 Net	
	Fundraising	2016 Fundraising	% Change	2015 Cost	2016 Cost	% Change	Proceeds	Proceeds	% Change
CALGARY-ALBERTA	4,987,288	5,195,949	4.2%	229,791	257,769	12.2%	4,757,497	4,938,179	3.8%
EDMONTON-NORTHERN ALBERTA	4,983,736	5,224,146	4.8%	252,667	284,530	12.6%	4,731,068	4,939,617	4.4%
HALIFAX NS-MARITIMES	3,304,606	3,472,480	5.1%	195,539	217,702	11.3%	3,109,067	3,254,779	4.7%
HAMILTON	1,368,343	1,466,717	7.2%	109,857	122,567	11.6%	1,258,486	1,344,151	6.8%
LONDON-WESTERN ONTARIO	2,435,619	2,599,258	6.7%	209,980	231,199	10.1%	2,225,640	2,368,059	6.4%
MANITOBA	1,639,013	1,723,431	5.2%	130,577	141,711	8.5%	1,508,436	1,581,720	4.9%
NEWFOUNDLAND	1,674,687	1,746,479	4.3%	91,579	101,185	10.5%	1,583,107	1,645,293	3.9%
OTTAWA-EASTERN ONTARIO	4,378,107	4,619,117	5.5%	251,353	282,992	12.6%	4,126,754	4,336,125	5.1%
QUEBEC	11,777,048	12,203,065	3.6%	466,047	523,951	12.4%	11,311,000	11,679,114	3.3%
SASKATCHEWAN	2,040,129	2,133,457	4.6%	108,157	120,577	11.5%	1,931,973	2,012,880	4.2%
TORONTO-NORTH & CENTRAL ONTARIO	9,962,273	10,528,303	5.7%	561,741	635,892	13.2%	9,400,532	9,892,411	5.2%
VANCOUVER-PROVINCE OF BC	6,943,894	7,396,337	6.5%	471,160	529,932	12.5%	6,472,734	6,866,405	6.1%
GRAND TOTAL	55,494,744	58,308,739	5.1%	3,078,448	3,450,006	12.1%	52,416,296	54,858,732	4.7%

Cost Projections - Canada Hybrid C Model - NO TELETHON, RADIOTHON							Base Fee + Variable		7.00%
FINANCIAL ESTIMATES	2016						2014 Net	2015 Net	
	Fundraising	2017 Fundraising	% Change	2016 Cost	2017 Cost	% Change	Proceeds	Proceeds	% Change
CALGARY-ALBERTA	5,195,949	5,420,292	4.3%	257,769	306,990	19.1%	4,938,179	5,113,302	3.5%
EDMONTON-NORTHERN ALBERTA	5,224,146	5,486,564	5.0%	284,530	340,583	19.7%	4,939,617	5,145,981	4.2%
HALIFAX NS-MARITIMES	3,472,480	3,656,628	5.3%	217,702	256,692	17.9%	3,254,779	3,399,936	4.5%
HAMILTON	1,466,717	1,577,562	7.6%	122,567	144,925	18.2%	1,344,151	1,432,637	6.6%
LONDON-WESTERN ONTARIO	2,599,258	2,782,817	7.1%	231,199	268,529	16.1%	2,368,059	2,514,289	6.2%
MANITOBA	1,723,431	1,816,149	5.4%	141,711	161,298	13.8%	1,581,720	1,654,851	4.6%
NEWFOUNDLAND	1,746,479	1,823,880	4.4%	101,185	118,085	16.7%	1,645,293	1,705,795	3.7%
OTTAWA-EASTERN ONTARIO	4,619,117	4,885,382	5.8%	282,992	338,653	19.7%	4,336,125	4,546,729	4.9%
QUEBEC	12,203,065	12,652,864	3.7%	523,951	625,816	19.4%	11,679,114	12,027,048	3.0%
SASKATCHEWAN	2,133,457	2,234,784	4.7%	120,577	142,428	18.1%	2,012,880	2,092,355	3.9%
TORONTO-NORTH & CENTRAL ONTARIO	10,528,303	11,155,297	6.0%	635,892	766,339	20.5%	9,892,411	10,388,958	5.0%
VANCOUVER-PROVINCE OF BC	7,396,337	7,902,775	6.8%	529,932	633,324	19.5%	6,866,405	7,269,451	5.9%
GRAND TOTAL	58,308,739	61,394,994	5.3%	3,450,006	4,103,661	18.9%	54,858,732	57,291,332	4.4%

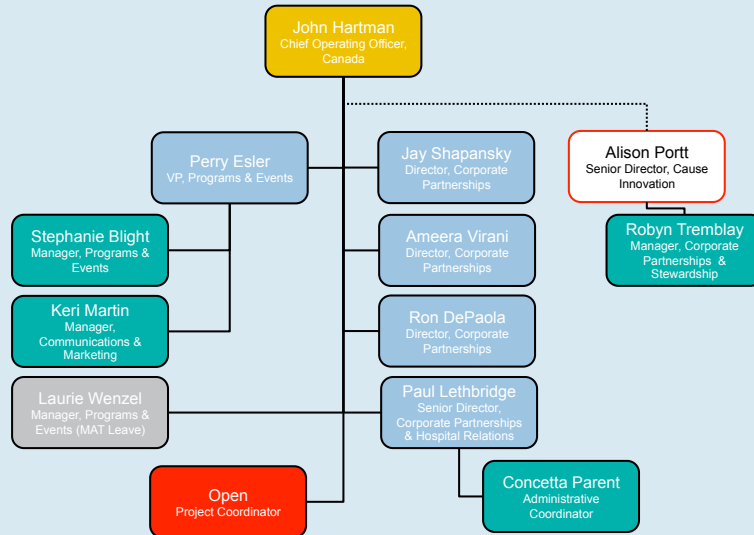
Notes:

1) Foundations will be invoiced for 2015 Costs beginning in September 2014.

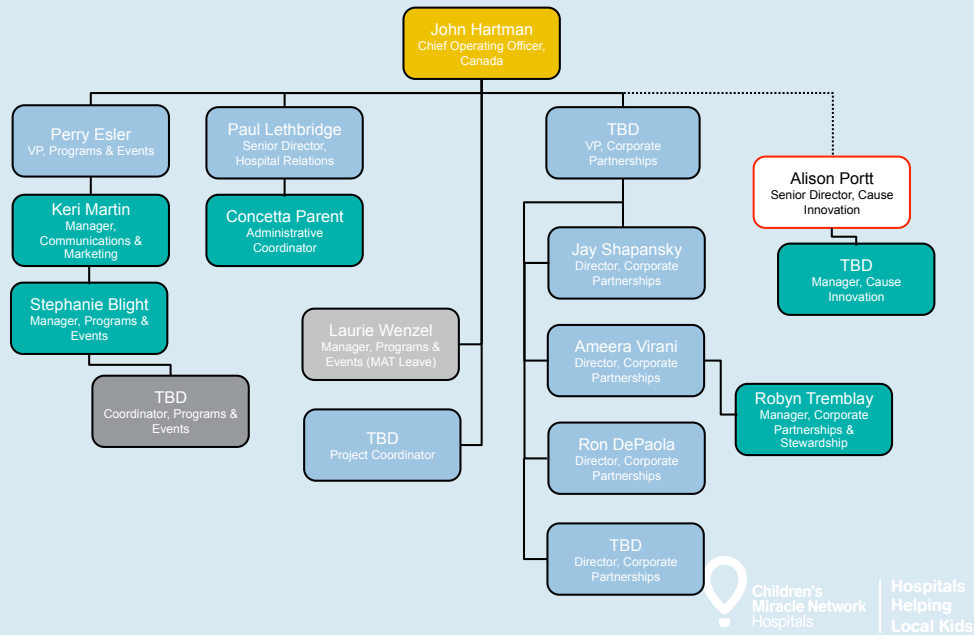
2) Costs include direct costs of fundraising such as fundraising kit costs, incentives and awards which were invoiced separately in the past. Celebration registration fees for one foundation representative will be included in the cost beginning in 2015.

Appendix C

Canada – Current 11/2013

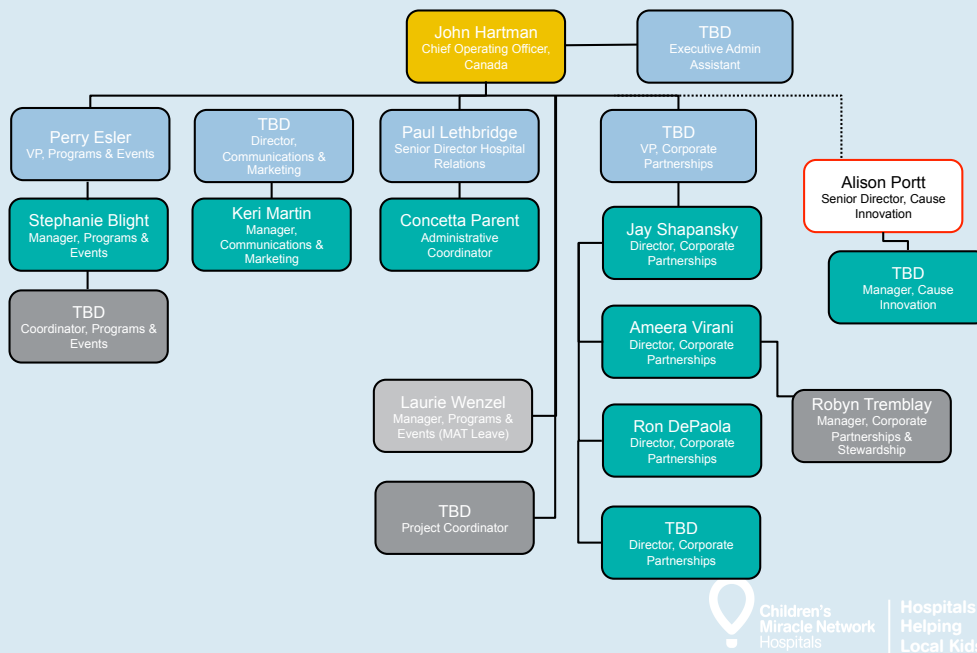


Canada – Q1 2015



Appendix C (cont.)

Canada – Q1 2016



February 21, 2014

Mr. John Lauck
President & CEO
Children's Miracle Network Hospitals
205 West 700 South
Salt Lake City, Utah 84101

Dear John,

On behalf of the Canadian Council of Hospital Foundation Executives I am pleased to confirm our support for the proposed Children's Miracle Network Operating Model. The terms of our support are as follows:

- We accept the fixed fee recommendation, which we understand is inclusive of the direct costs of fundraising such as fundraising campaign kit costs, incentives and awards, all of which were funded separately in the past;
- We agree to the variable fee recommendation of 5.5% in 2015 and 6% in 2016;
- We will conditionally support the 7% variable fee request for 2017, subject to the following:
 - Revenue targets outlined in the Operating Plan have been met;
 - One major new corporate partner, with benefits experienced across the country has been added at a minimum level of \$250,000 in revenue;
 - There has been demonstrated progress in identifying new innovative fundraising programs/approaches;
 - Satisfactory service levels have been maintained by Children's Miracle Network staff to our Hospital Foundations and corporate partners;
 - There has been demonstrated alignment of Children's Miracle Network Canadian staffing to the areas of greatest growth and future potential.

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Toronto, ON M5G 2L3
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www.sickkidsfoundation.com

We believe that a formal annual review of the Operating Plan will be beneficial to both parties to ensure our mutual objectives and expectations are being achieved.

We are very grateful to you and your team for allowing a Canada-specific Operating Model and for providing us with the necessary information to come to this decision. We are also committed to work as hard as we can to advance Children's Miracle Network and to achieving the Operating Model goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Garrard". The signature is fluid and cursive, with the first name "Ted" and last name "Garrard" clearly distinguishable.

Ted Garrard
Chair, CCHFE

c.c. John Hartman, CIO, Children's Miracle Network
CCHFE CEO's