

# ANNUAL REPORT 2008

## GENERAL

The Jane and Aatos Erkko Foundation was established in 2002 to support high-level international medical, technological and economical research. The Foundation also supports the arts and culture as well as mental and physical wellbeing in order to promote the interests of Finland.

The year 2008 was the sixth financial year of the Jane and Aatos Erkko Foundation, and its activity was further consolidated during the period under review. In terms of donations, the year can be called a gap year, with the total amount granted falling considerably below the three preceding years. This was mainly due to the processing and preparation of major projects postponing funding decisions until 2009 or major projects receiving sufficient funding from other sources.

In line with previous years, the focus of the Foundation's activity was on the processing of donations: preparing future donations, monitoring donations previously granted, surveying new donation recipients and conducting background studies.

There was a considerable increase in the number of contacts with the Foundation in 2008. In 2007 the Foundation received 62 applications, while in 2008 the number went up to 131. In addition to written applications, several people contacted the Foundation by phone and email. The number of applications and contacts is affected by awareness of the Foundation increasing due to the funding decisions made and published. Awareness has also improved due to contacts with universities and other foundations. The Foundation's website has proven to be an important tool for information provision about the Foundation's activity, and the website is the primary source of information for those applying for donations and scholarships.

## ADMINISTRATION

### Board of Trustees

In 2008 the Board of Trustees consisted of the following persons: Chairman Aatos Erkko, Vice Chairman Jane Erkko and members Jaakko Rauramo, Marja Leskinen, Sakari Alhopuro and Nils Ittonen. The Board met three times during the year under review.

### Financial Committee

In the annual Board meeting of 29 May 2008, the Board of the Foundation appointed a Financial Committee. The Chairman of the Committee was Nils Ittonen and the other members were Heli Rahka and Karl Tujulin, with the latter also acting as the Secretary of the Committee. The Financial Committee met four times during the year under review.

### Secretary General

The Secretary General of the Foundation is Heli Rahka.

## INVESTMENT AND FINANCING ACTIVITIES

In early 2008 the Foundation received a donation of EUR 20 million, which enables it to continue to focus on the expansion of activity in accordance with the Foundation's bylaws. The donation will be invested gradually in the stock and interest rate markets in accordance with the investment plan. The investment process began during the period under review and will continue in 2009.

Net income received from investments made by the Foundation totalled EUR 9,447,088.33 during the year (EUR 2,745,635.57 in 2007). The majority of expenses, EUR -11,824,122.85, consisted of investment write-offs (EUR -147,945.55) and investment sales losses of EUR -48,664.16 (sales profit EUR 1,082,123.88 in 2007). Profit shares in funds accounted for most of the income received from investments, EUR 2,337,933.12 (EUR 1,727,698.98). Surplus for the period totalled EUR 10,207,183.00 (deficit EUR 825,712.70 in 2007). Short-term creditors in the balance sheet, totalling EUR 3,197,500.00, consisted of donations already decided upon but yet to be paid.

At the turn of the year the market value of the Foundation's assets totalled EUR 46.0 million (EUR 43.3 million). Share investments accounted for 51% (73%) and interest rate investments 49% (27%) of the total. Computed as market values, return on investment in 2008 was -24% or EUR -13.9 million (2.3% or EUR 1.0 million).

Asset management and investments were performed in accordance with the investment policy approved by the Board, and issues related to investment activity were reviewed by the Foundation's Financial Committee.

## DONATIONS

During the period under review, the Foundation granted a total of EUR 283,550.00 in donations (EUR 3,541,339.42 in 2007). Operating expenses totalled EUR 62,178.67 (EUR 30,008.85).

The following donations were granted:

Acquisition of scanning laser for the treatment of retinal disorders, Department of Ophthalmology, Helsinki University Hospital, EUR 92,700.

Dissertation by Kaarina Marianne Wargelin, MA, on the development of the Finnish-American identity, its preservation and changes between 1850 and 2000, EUR 10,850.

Reconstruction of the port icebreaker S/S Turso, EUR 80,000.

Upgrading of computer equipment, Helsinki Mother and Child Home Association, EUR 20,000.

Gallery Norsu, for costs incurred in participating in the Sofa Chicago Art Fair, EUR 5,000.

Restoration of Erkkola, the home of poet JH Erkko, by the municipality of Tuusula, EUR 75,000.

## AUDITING

In its annual meeting on 29 May 2008, the Board of the Foundation appointed Johanna Perälä, MSc (Econ.), APA, and Samuli Perälä, MSc (Econ.), APA, as the Foundation's auditors and Sari Airola, MSc (Econ.), APA, and Henrik Sormunen, MSc (Econ.), APA, as deputy auditors.

## OUTLOOK ON 2009

The Foundation will continue with its chosen policy, looking for opportunities to support high-class international scientific research, with a focus on fairly large projects, in accordance with the Foundation's objectives. The Foundation will continue to focus on the sustained development of its activity to enable the granting of donations in line with its Bylaws.

This Annual Report is an annual report as required by the Foundations Act.