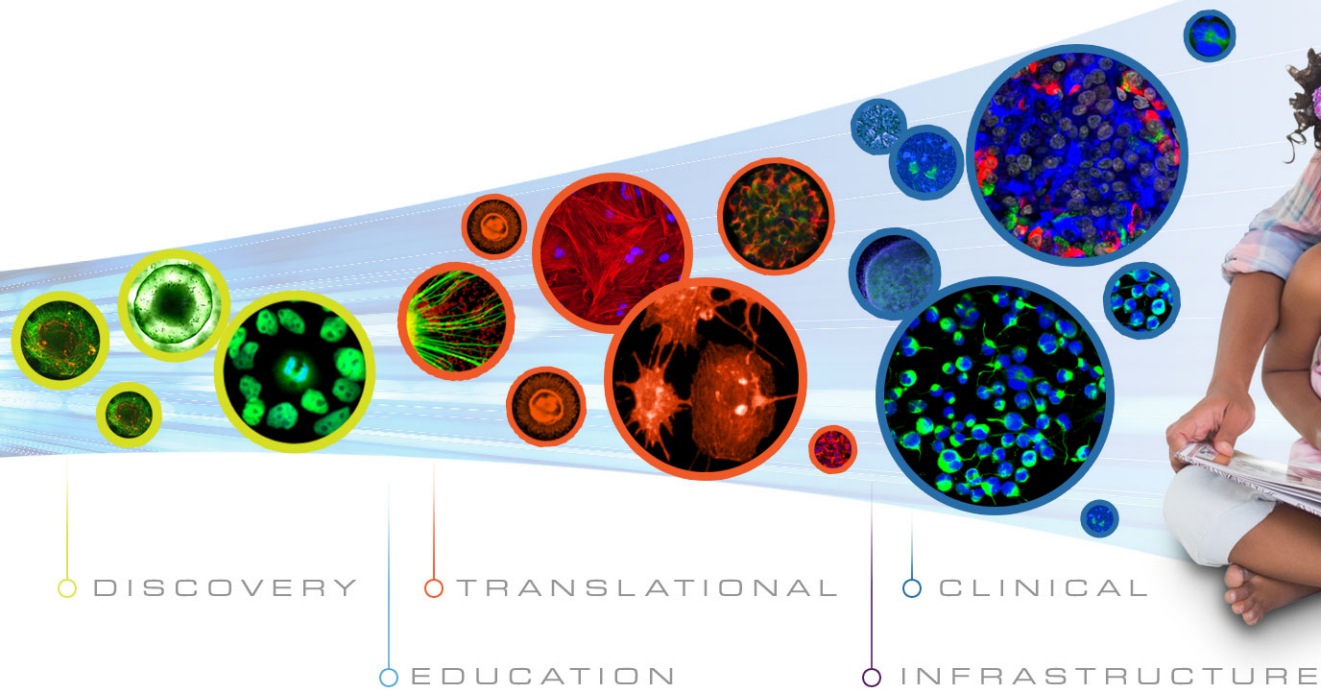


May 21, 2015

CIRM

CALIFORNIA'S STEM CELL AGENCY



Proposed Budget for Fiscal Year 2015/2016

Chila Silva-Martin
Director of Finance
California Institute for Regenerative Medicine

Agenda

- **2014/15 Budget**
 - Financial Results
 - Major Drivers
- **2015/16 Proposed Budget**
 - Key Goals
 - Major Drivers
 - Risks



2014/15 FINANCIAL RESULTS AND DISCUSSION

FY 2014/15 Projected Financial Results

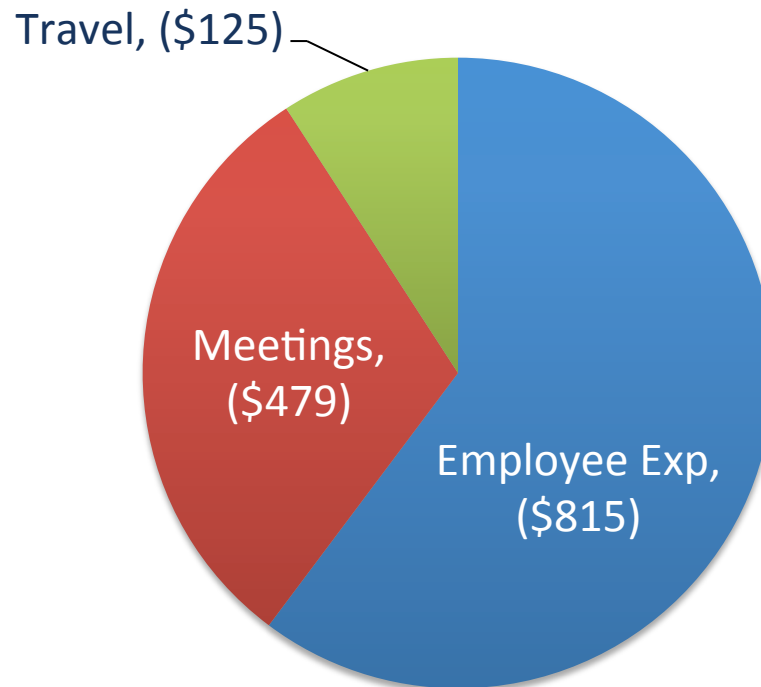
Category	FY 14/15 Budget	FY 14/15 ETF	Variance (%)
Employee Expense	12,118	11,303	-815 (-7)
External Services	1,855	1,867	12 (1)
Reviews, Meetings and Workshops	2,143	1,729	-414 (-19)
Memberships & Training	197	190	-7 (-4)
Travel	474	350	-124 (-26)
Equipment & Supplies	506	504	-2 (0)
Total	17,293	15,943	-1,350 (-8)

- ETF: Estimated to Finish. Current year-end budget projection for the still ongoing fiscal year ending June 30 2015.
- Numbers are in thousands of dollars (\$000).

The Variance is Attributable to Three Drivers

Drivers of Why CIRM is \$1.35 Million Under Budget

Numbers in (000)





2015/16 PROPOSED BUDGET

Key Goals for FY2015/16

- Complete the build out of the CIRM team through the addition of several key positions.
- Increase the capacity and efficiency of the CIRM 2.0 Clinical program to be capable of reviewing 36 unique programs per year.
- Launch CIRM 2.0 for Discovery and Translational programs.
- Launch revamped Creativity and Bridges educational programs.
- Complete the initial phase of the Alpha Clinics network with the launch of the Accelerating Center.
- Complete the CIRM 2.0 makeover by overhauling our operational activities.
- Invest in CIRM Team member training and development.
- Complete the relocation of CIRM without service disruption.

FY 2015/16 Budget Overview

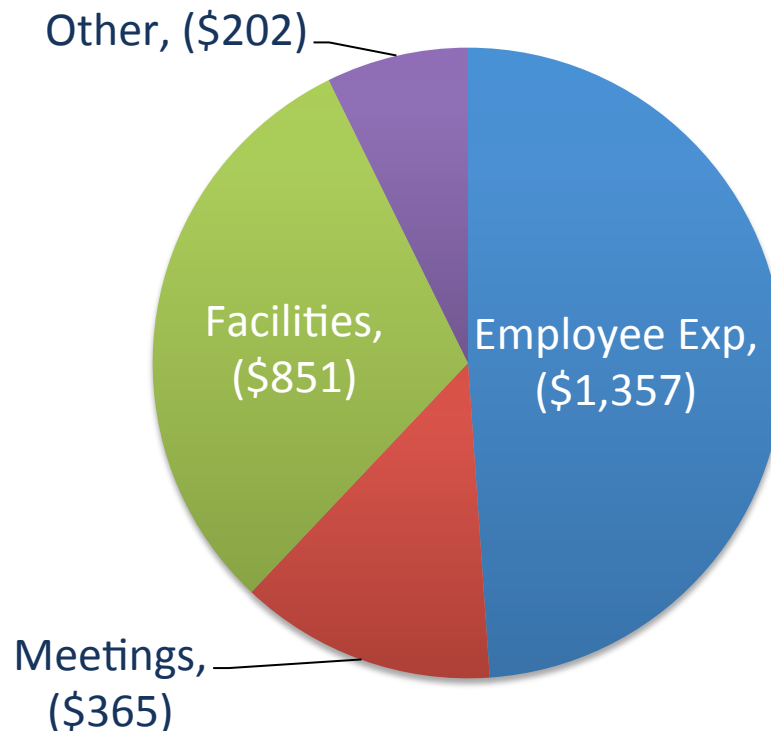
Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	12,118	11,303	12,660
External Services	1,855	1,867	1,909
Reviews, Meetings and Workshops	2,143	1,729	2,094
Memberships & Training	197	190	199
Travel	474	350	490
Equipment & Supplies	506	504	515
Facilities	0	0	851
Total	17,293	15,943	18,718

- ETF: Estimated to Finish. Current year-end budget projection for the still ongoing fiscal year ending June 30 2015.
- Numbers are in thousands of dollars (\$000).

93% of the Variance is Attributable to Three Drivers

Drivers of Why CIRM's Budget is \$2.78 Million Higher than FY 14/15

Numbers in (000)



Major Drivers of the 2015/16 Budget

Increased Employee Expenses:

There are two main reasons behind the significant increase in employee expense over FY 14/15 estimates. First, for most of FY 14/15 CIRM had significant vacancies (\$815,000 below budget). CIRM anticipates being at or near full staff for the entire fiscal year, eliminating these savings.

Second, State mandated employer contributions for retirement, health, and other benefits are being increased 10.5% resulting in an estimated \$330,000 in additional expense.

Estimated Financial Impact: Increase of \$1.36M (12%) over FY 14/15

Major Drivers of the 2015/16 Budget

Addition of Facilities Cost:

CIRM has benefited from free rent for its first 11 years of existence. In FY 15/16 that benefit will expire and CIRM will start to experience recurring facility lease expense. Additionally, CIRM will incur one time costs associated with the relocation.

Estimated Financial Impact: Increase of \$851,000 over FY 14/15

Major Drivers of the 2015/16 Budget

Significantly Increased Review Activity:

In FY 14/15 CIRM experienced lower than anticipated grant review and grant oversight (CDAP) activity. With the implementation of CIRM 2.0 throughout all phases of development (Discovery, Translational, and Clinical), CIRM review and oversight activities will increase significantly resulting in added cost over the prior year.

Estimated Financial Impact: Increase of \$365,000 over FY 14/15

Risk Factors for the FY2015/16 Financial Results

Application Volume

We are unable to completely control the number of applications that need to be reviewed for open RFA/PA's, notably PA's 15-01, 15-02, and 15-03. If unusually high numbers of applications are received, the variable costs associated with reviewing those applications could be higher than budgeted.

Risk Factors for the FY2015/16 Financial Results

Relocation and Rent

We have not yet entered into an agreement for leasing office space for next year, nor have we obtained final costs associated with the physical move. If the actual costs for rent or moving are higher than anticipated, the budget could be materially impacted.

Risk Factors for the FY2015/16 Financial Results

Unfilled Positions

We may be unable to attract qualified candidates to fill open positions or may experience higher than expected turnover. If so, spending on employee related expenses may be under budget.

Risk Factors for the FY2015/16 Financial Results

State Imposed Contributions

CIRM is required to contribute an employer share for retirement and health benefits. The rates are established by the State's control agencies, and are not subject to negotiation by State agencies. CIRM has budgeted these costs at the projected 15/16 rate, however, those rates are subject to further adjustment in the fall. If additional increases are implemented, CIRM's budget may be significantly impacted.

Requested Action:

Approve 15/16 Budget

- Finance sub-committee reviewed and voted unanimously to recommend approval of 15/16 budget at its May 2015 meeting
- CIRM team requests board approval of the 15/16 Budget

Questions?