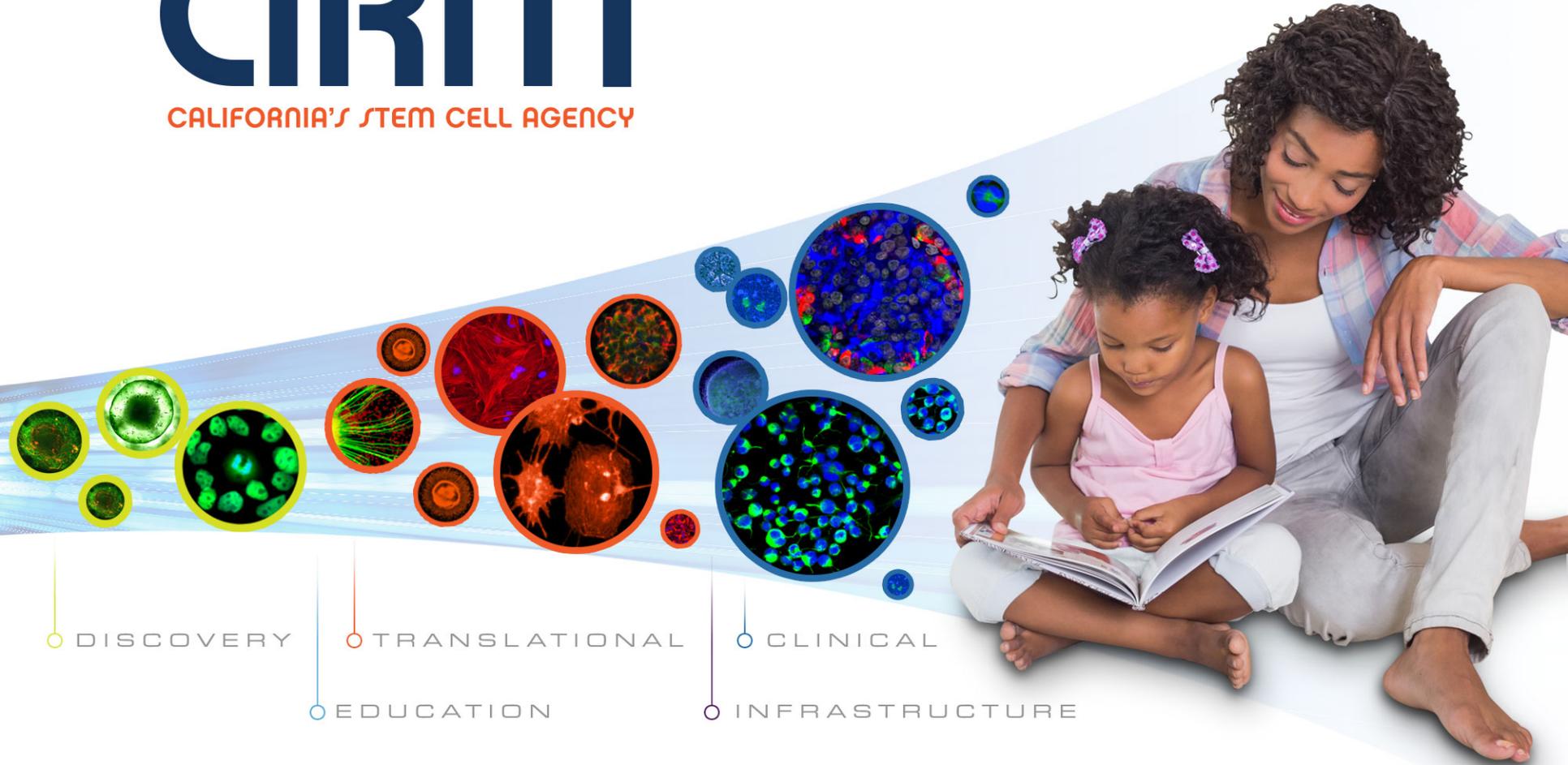


CIRM

CALIFORNIA'S STEM CELL AGENCY



○ DISCOVERY

○ TRANSLATIONAL

○ CLINICAL

○ EDUCATION

○ INFRASTRUCTURE

Proposed Budget for Fiscal Year 2016/2017

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

Agenda

- **2015/16 Budget**
 - Financial Results
 - Major Drivers
- **2016/17 Proposed Budget**
 - Key Goals
 - Major Drivers
 - Risks



2015/16 FINANCIAL RESULTS AND DISCUSSION

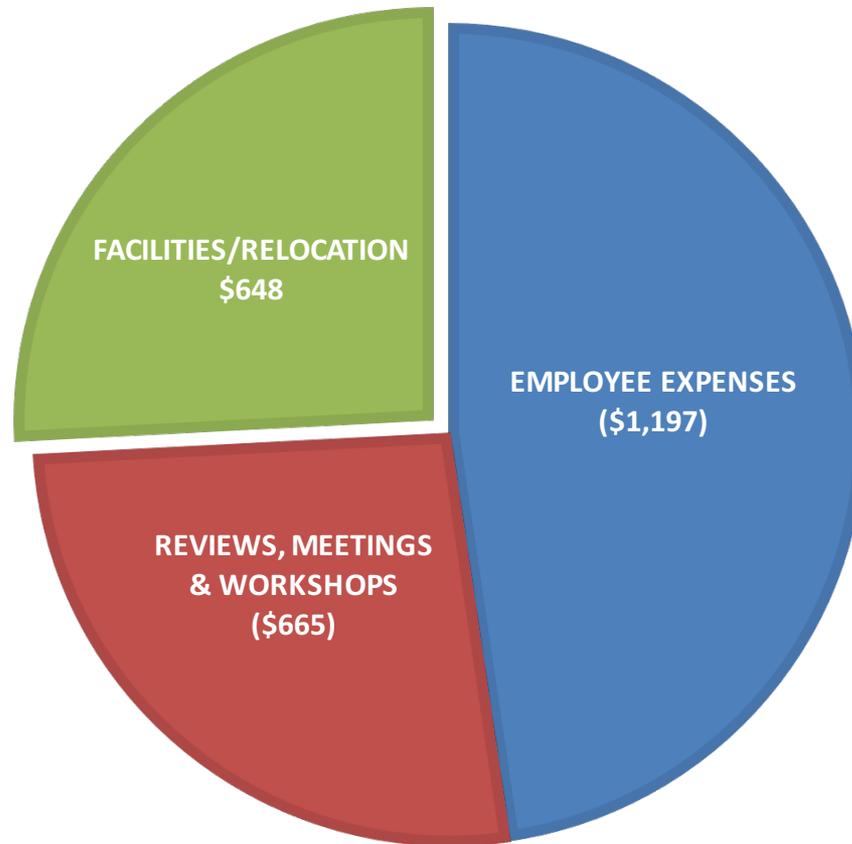
FY 2015/16 Projected Financial Results

Category	FY 15/16 Budget	FY 15/16 ETF	Variance (%)
Employee Expense	12,660	11,462	-1,197 (-10)
External Services	1,909	1,807	-102 (-5)
Reviews, Meetings and Workshops	2,094	1,429	-665 (-32)
Memberships & Training	199	85	-114 (-57)
Travel	490	371	-119 (-24)
Equipment & Supplies	515	514	-1 (0)
Facilities	851	1,499	648 (76)
Total	18,718	17,167	-1,551 (-8)

- ETF: Estimated to Finish. Current year-end budget projection for the still ongoing fiscal year ending June 30, 2016.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding

The Variance is Attributable to Three Major Drivers

Numbers in (000)





2016/17 PROPOSED BUDGET

FY 2016/17 Budget Overview

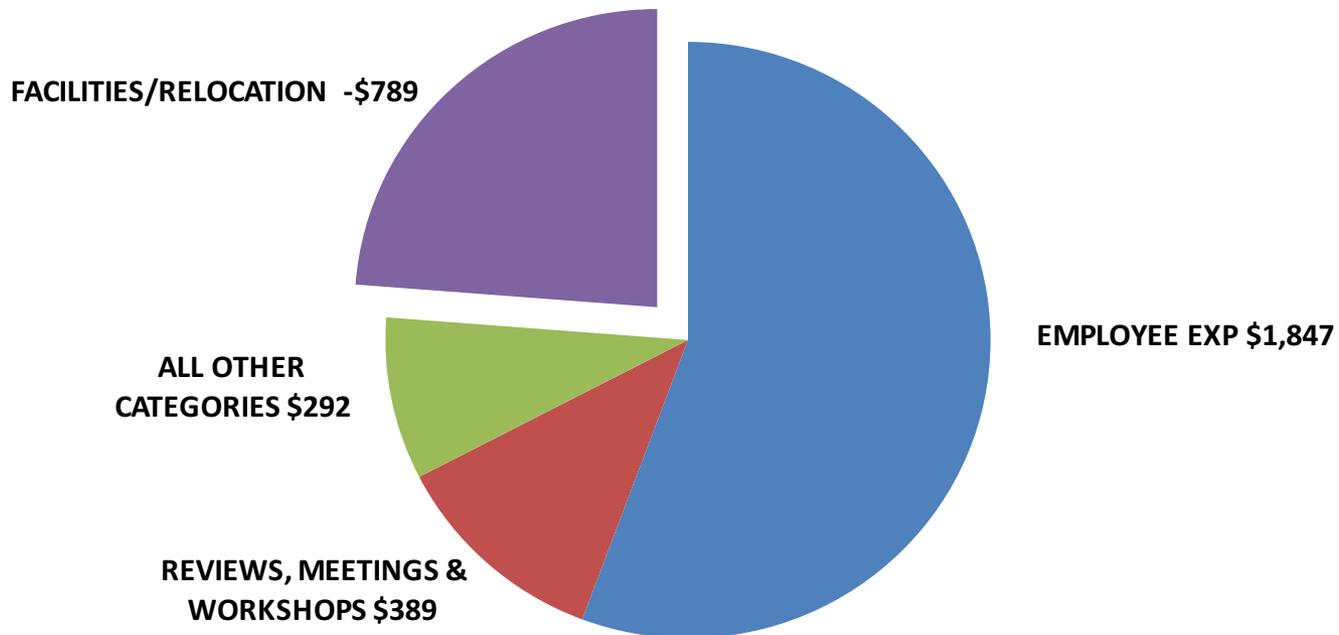
Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	12,660	11,462	13,309
External Services	1,909	1,807	1,815
Reviews, Meetings and Workshops	2,094	1,429	1,818
Memberships & Training	199	85	154
Travel	490	371	494
Equipment & Supplies	515	514	606
Facilities	851	1,499	710
Total	18,718	17,167	18,906

- ETF: Estimated to Finish. Current year-end budget projection for the still ongoing fiscal year ending June 30, 2016.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

The Variance is Attributable to Three Drivers

Drivers of Why CIRM's 16/17 Budget is \$1.7 Million Higher than FY 15/16
Estimated to Finish (ETF)

Numbers in (000)



Major Drivers of the 2016/17 Budget

Increased Employee Expenses:

There are two main reasons behind the increase in employee expenses over FY 15/16 ETF. First, for most of FY 15/16 CIRM had significant vacancies. CIRM anticipates being at or near full staff for the entire fiscal year, eliminating these savings.

Lastly, State mandated employer contributions for retirement, health, and other benefits will increase 7% resulting in additional expenses.

Estimated Financial Impact: Increase of \$1.85M over FY 15/16 ETF

Major Drivers of the 2016/17 Budget

Significantly Increased Review Activity:

In FY 15/16 CIRM experienced lower than anticipated grant review and grant oversight (CAP) activity. With the implementation of CIRM 2.0 throughout all phases of development (Discovery, Translational, and Clinical), CIRM review and oversight activities will increase resulting in added cost over the prior year.

Estimated Financial Impact: Increase of \$389,000 over FY 15/16
ETF

Major Drivers of the 2016/17 Budget

Facilities Cost:

Now that CIRM has relocated to its new office, it has an annual rent obligation of \$710,000. The FY 16/17 rent obligation is \$789,000 lower than the FY15/16 ETF due to the one-time costs associated with the move.

Estimated Financial Impact: Decrease of \$789,000 over FY 15/16 ETF

Risk Factors for the FY2016/17 Financial Results

Application Volume

We are unable to completely control the number of applications that need to be reviewed for open RFA/PA's. 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 FY2016/17 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 FY2016/17 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 16/17 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 16/17 Budget

- Finance sub-committee reviewed and voted unanimously to recommend approval of 16/17 budget at its June 2016 meeting
- CIRM team requests board approval of the 16/17 Budget

Questions?