



Proposed Budget for Fiscal Year 2018/2019

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TRANSFORMING

*medicine
lives
futures*

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CIRM's Mission

Accelerate stem cell treatments to patients with unmet medical needs.

Agenda

- **2017/18 Budget**
 - Financial Results
 - Major Drivers
- **2018/19 Proposed Budget**
 - Major Drivers
 - Risks
- **Comparison to November 2017 “Transition Plan” Forecast**
- **Appendix**
 - Department Level Budget Detail

2017/18 FINANCIAL RESULTS AND DISCUSSION

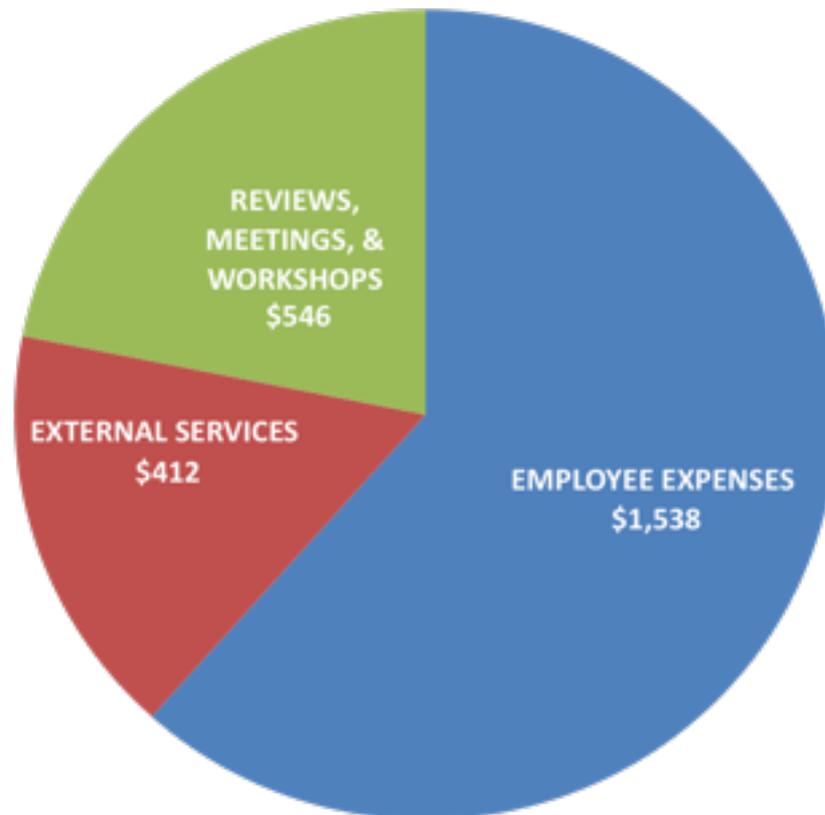
FY 2017/18 Projected Financial Results

| Category | FY 17/18 Budget | FY 17/18 ETF | Variance (%) |
|---------------------------------|-----------------|---------------|---------------------|
| Employee Expense | 13,032 | 11,494 | -1,538 (-12) |
| External Services | 1,763 | 1,351 | -412 (-23) |
| Reviews, Meetings and Workshops | 1,708 | 1,162 | -546 (-32) |
| Memberships & Training | 173 | 81 | -92 (-53) |
| Travel | 404 | 251 | -152 (-38) |
| Equipment & Supplies | 696 | 553 | -143 (-21) |
| Facilities | 805 | 807 | 2 (0) |
| Total | 18,581 | 15,699 | -2,882 (-16) |

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2018.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

The Variance (\$2.9M Unspent) is Attributable to Three Major Drivers

Numbers in (000)



Major Drivers of 2017/18 Budget Variance

Lower Employee Expense:

- 17/18 budget included 52 positions to support the approved Strategic Plan
- 5 vacancies existed on July 1, 2017. CIRM anticipated filling these positions to address increased workload
- New Leadership effective July 1, 2017. Positions held vacant. CIRM's was able meet the yearly operational milestones/goals with the its existing team

Estimated Financial Impact: Under budget \$1,538,000 (-12%)

Major Drivers of 2017/18 Budget Variance

Lower External Services:

- Expenses lower than budgeted
- Budgeted external services did not occur

Estimated Financial Impact: Under budget \$412,000 (-23%)

Major Drivers of 2017/18 Budget Variance

Lower Reviews/Meetings/Workshops Expenses:

- CIRM continued to implement process improvements across the organization, resulting in lower cost

Estimated Financial Impact: Under budget \$546,000 (-32%)

2018/19 PROPOSED BUDGET

FY 2018/19 Budget Overview

| Category | FY 17/18 Budget | FY 17/18 ETF | FY 18/19 Budget |
|---------------------------------|-----------------|---------------|-----------------|
| Employee Expense | 13,032 | 11,494 | 12,030 |
| External Services | 1,763 | 1,351 | 1,475 |
| Reviews, Meetings and Workshops | 1,708 | 1,162 | 1,273 |
| Memberships & Training | 173 | 81 | 184 |
| Travel | 404 | 251 | 375 |
| Equipment & Supplies | 696 | 553 | 717 |
| Facilities | 805 | 807 | 773 |
| Total | 18,581 | 15,699 | 16,826 |

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2018.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

Year-to-Year Comparison

- 17/18 Fiscal Year
 - Authorized Budget: \$18.6M
 - Year-End Forecast: \$15.7M
- 18/19 Fiscal Year
 - 18/19 Budget Request - \$16.8M
 - \$1.8M lower than 17/18 Budget
 - \$1.1M higher than 17/18 Year-End Forecast

Major Drivers of the 2018/19 Budget

Increased Employee Expenses:

State mandated employer contributions for retirement, health, and other benefits will increase 6% resulting in additional expenses

Annual salary adjustments for CIRM team

Estimated Financial Impact: Increase of \$536,000 over FY 17/18 ETF

Other drivers:

Operating expense increases due to increased portfolio activity, implementation of advisory panels for Translational portfolio, general cost of living increases for services/supplies.

Estimated Financial Impact: Increase of \$592,000 over FY 17/18 ETF

Risk Factors for the FY 2018/19 Financial Results

CIRM continue to actively manage costs, however, some factors are difficult to control:

- Mandated Employee Costs
- Turnover
- Portfolio Activity

18/19 Budget Request Compared to “Transition Plan” Forecast

(Nov 2017 Transition Presentation)

- 18/19 Total Operational Budget
 - “Transition Plan” 18/19 Budget Forecast: *\$17.1M
 - Budget Request: \$16.8M

**\$17.1M= \$14.1M little bucket + \$2.3M big bucket + \$0.7M interest funds (rent)*

*CIRMs operational budget reflects all costs and is supported from General and Grant Funds (Little Bucket), Research Funds (Big Bucket for Legal expenses), and Interest earnings (for Rent expenses). The November 2017 Transition presentation only reflected the wind-down forecast for the little bucket (general and grant administration).