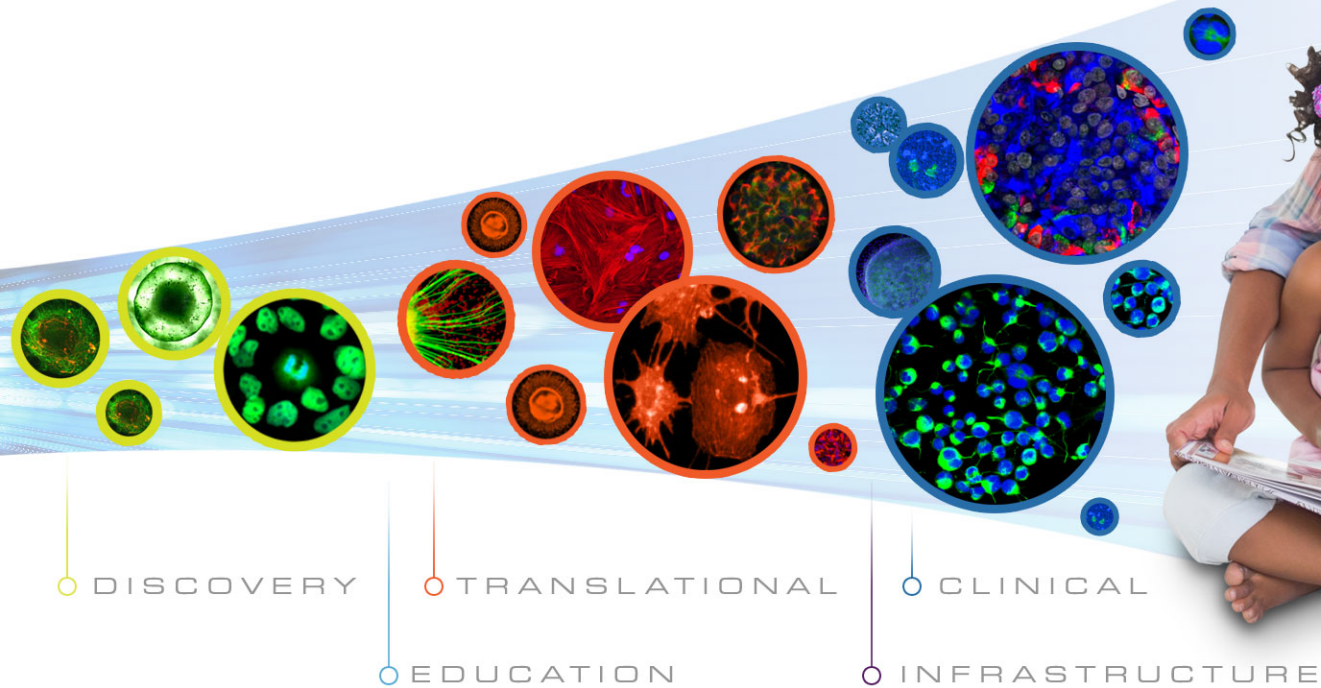


May 5, 2015

CIRM

CALIFORNIA'S STEM CELL AGENCY



Proposed Budget for Fiscal Year 2015/2016

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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
- **Appendix**
 - Department Level Budget Detail



2014/15 FINANCIAL RESULTS AND DISCUSSION

FY 2014/15 Projected Financial Results

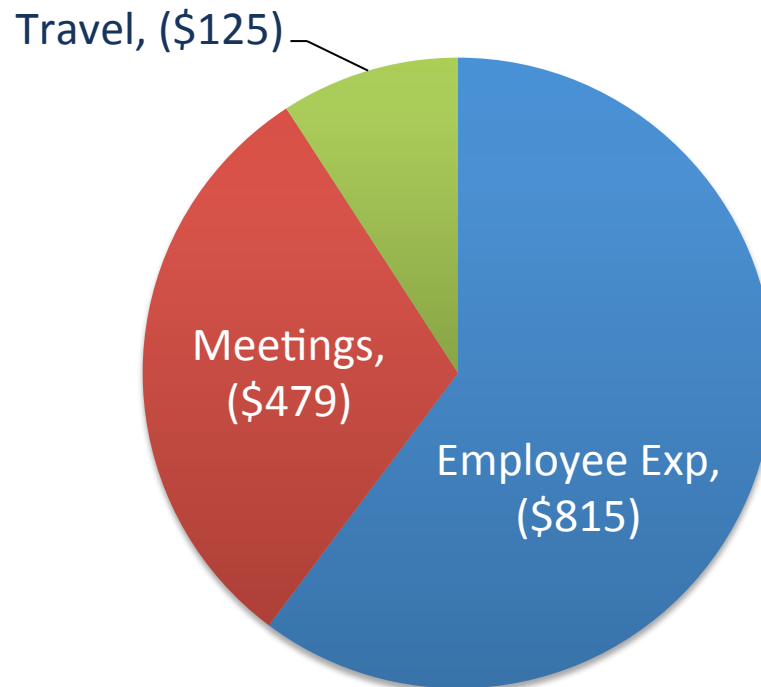
Category	FY 14/15 Budget	FY 14/15 ETF	Variance (%)
Employee Expense	12,118	11,303	-815 (-7)
External Services	1,855	1,867	12 (1)
Reviews, Meetings and Workshops	2,143	1,729	-414 (-19)
Memberships & Training	197	190	-7 (-4)
Travel	474	350	-124 (-26)
Equipment & Supplies	506	504	-2 (0)
Total	17,293	15,943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



Major Drivers of 2014/15 Budget Variance

Lower Employee Expense:

In 2014 CIRM enacted a reorganization of the Institute that resulted in the permanent elimination of vacant but budgeted positions. Due to the time associated with recruiting and hiring, the cost of the new positions that were created from the reorganization will not meaningfully impact the budget until FY 2015/16. The resulting vacant positions produced a one-time savings to the 2014/15 budget. These positions are projected to be filled by the start of FY2015/16.

Estimated Financial Impact: Under budget \$815,000 (-7%)

Major Drivers of 2014/15 Budget Variance

Fewer Meetings:

Due to the implementation of CIRM 2.0, only 2 of 8 budgeted Clinical Development Advisory Panel meetings were held. Additionally, 2 budgeted grant reviews were eliminated from the 14/15 review plan.

Estimated Financial Impact: Under budget \$414,000 (-19%)

Major Drivers of 2014/15 Budget Variance

Actual Travel Occurred at Lower Rate:

Several vacancies materialized at the beginning of FY 14/15. Since these positions were not immediately filled, travel that was previously planned by individuals in these positions did not take place.

Additionally, during the 14/15 FY there was a significant focus on improving internal processes (resulting in CIRM 2.0) which also contributed to lower amounts of travel.

Estimated Financial Impact: Under budget \$124,000 (-26%)



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

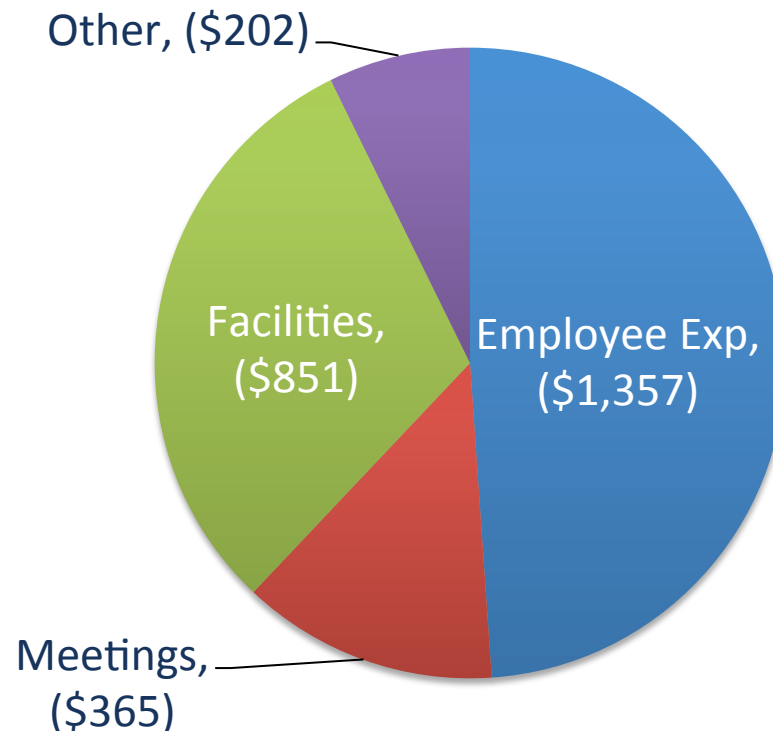
Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	12,118	11,303	12,660
External Services	1,855	1,867	1,909
Reviews, Meetings and Workshops	2,143	1,729	2,094
Memberships & Training	197	190	199
Travel	474	350	490
Equipment & Supplies	506	504	515
Facilities	0	0	851
Total	17,293	15,943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



APPENDIX – DEPARTMENT LEVEL DETAIL

FY 2015/16 Budget - Department Level

President's Office

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	1,466	918	908
External Services	22	95	97
Reviews, Meetings and Workshops	149	166	135
Memberships & Training	85	144	58
Travel	92	53	89
Equipment & Supplies	3	1	3
Total	1,817	1,377	1,290

- 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).

FY 2015/16 Budget - Department Level

Chairman's Office

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	1,152	1,151	1,182
External Services	70	14	60
Reviews, Meetings and Workshops	230	220	245
Memberships & Training	6	6	19
Travel	122	95	100
Equipment & Supplies	20	13	20
Total	1,600	1,499	1,626

- 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).

FY 2015/16 Budget - Department Level

Portfolio Development & Review

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	940	990	1,112
External Services	65	49	170
Reviews, Meetings and Workshops	1,064	946	959
Memberships & Training	21	6	28
Travel	36	22	32
Equipment & Supplies	12	8	10
Total	2,138	2,021	2,311

- 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).

FY 2015/16 Budget - Department Level

Discovery

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	973	1,030	1,219
External Services	2	0	2
Reviews, Meetings and Workshops	256	162	171
Memberships & Training	11	5	12
Travel	32	27	38
Equipment & Supplies	39	36	40
Total	1,313	1,260	1,482

- 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).

FY 2015/16 Budget - Department Level

Neuro Therapeutic Area

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	1,034	1,049	1,427
External Services	40	36	18
Reviews, Meetings and Workshops	332	112	295
Memberships & Training	11	5	14
Travel	33	29	41
Equipment & Supplies	0	0	0
Total	1,450	1,231	1,795

- 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).

FY 2015/16 Budget - Department Level

Blood & Cancer Therapeutic Area

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	805	895	1,336
External Services	0	0	0
Reviews, Meetings and Workshops	10	0	33
Memberships & Training	9	5	13
Travel	25	24	41
Equipment & Supplies	0	0	0
Total	849	924	1,423

- 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).

FY 2015/16 Budget - Department Level

Organ Systems Therapeutic Area

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	934	826	1,191
External Services	0	0	0
Reviews, Meetings and Workshops	20	0	12
Memberships & Training	10	6	12
Travel	34	27	38
Equipment & Supplies	0	0	0
Total	998	859	1,253

- 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).

FY 2015/16 Budget - Department Level

Medical Affairs, Projects, & Centers

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	655	660	728
External Services	0	0	30
Reviews, Meetings and Workshops	40	120	239
Memberships & Training	7	3	7
Travel	25	21	51
Equipment & Supplies	0	0	0
Total	727	804	1,055

- 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).

FY 2015/16 Budget - Department Level

General Counsel

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	1,183	846	871
External Services	656	661	715
Reviews, Meetings and Workshops	8	0	0
Memberships & Training	13	2	9
Travel	41	3	11
Equipment & Supplies	7	2	8
Total	1,908	1,514	1,614

- 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).

FY 2015/16 Budget - Department Level

Administration

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	1,952	1,969	2,135
External Services	670	682	424
Reviews, Meetings and Workshops	34	4	5
Memberships & Training	13	8	21
Travel	25	36	42
Equipment & Supplies	308	296	332
Facilities	0	0	851
Total	3,002	2,995	3,810

- 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).

FY 2015/16 Budget - Department Level

Finance

Category	FY 14/15 Budget	FY 14/15 ETF	FY 15/16 Budget
Employee Expense	519	603	551
External Services	330	330	394
Reviews, Meetings and Workshops	0	0	0
Memberships & Training	8	1	5
Travel	10	13	8
Equipment & Supplies	117	147	102
Total	984	1,094	1,060

- 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).