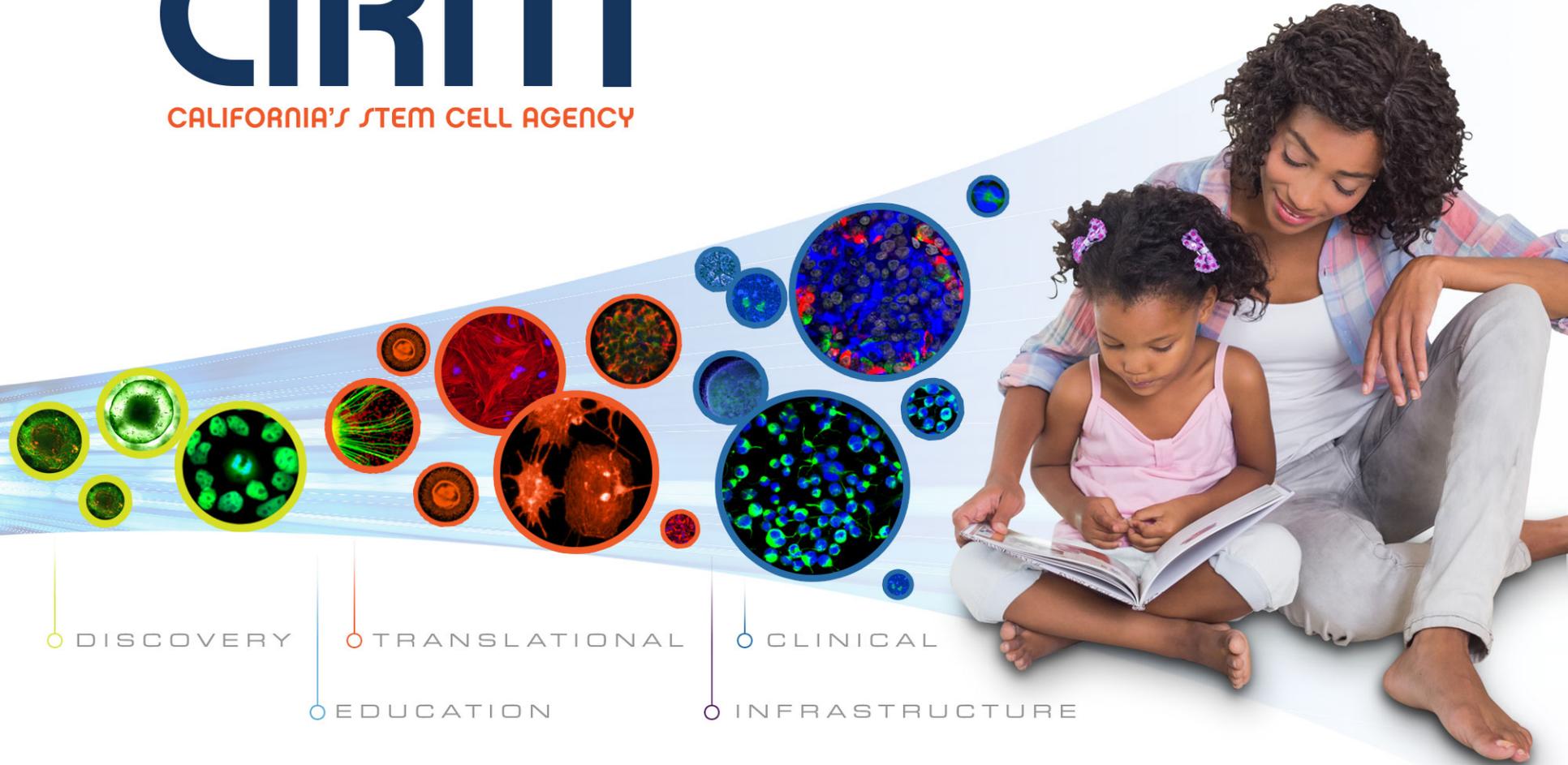


CIRM

CALIFORNIA'S STEM CELL AGENCY



○ DISCOVERY

○ TRANSLATIONAL

○ CLINICAL

○ EDUCATION

○ INFRASTRUCTURE

Finance Presentation

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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 Final Financial Results

Category	FY 14/15 Budget	FY 14/15 Final	Variance
Employee Expense	12,118	10,739	-1,379
External Services	1,855	2,433	578
Reviews, Meetings and Workshops	2,143	1,187	-956
Memberships & Training	197	194	-3
Travel	474	322	-152
Equipment, Supplies, & Office Relocation	506	893	387
Total	17,293	15,768	-1,525

- Numbers are in thousands of dollars (\$000).

Variance: Final to Budget

- Employee Expense
- External Services
- Reviews, Meetings, & Workshops
- Office Relocation



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 Final	FY 15/16 Budget
Employee Expense	12,118	10,739	12,660
External Services	1,855	2,433	1,909
Reviews, Meetings and Workshops	2,143	1,187	2,094
Memberships & Training	197	194	199
Travel	474	322	490
Equipment & Supplies	506	893	515
Facilities	0	0	851
Total	17,293	15,768	18,718

- Numbers are in thousands of dollars (\$000).

The Variance is Attributable to Four Major Drivers

Increases:

- Employee Expense
- Reviews
- Facilities

Reduction:

- External Services

Major Drivers of the 2015/16 Budget

Increased Employee Expense:

There are two main reasons behind the significant increase in employee expense over FY 14/15 final expenditures. First, for most of FY 14/15 CIRM had significant vacancies. 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 continue to increase.

Estimated Financial Impact: Increase of \$1.9M 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 \$907,000 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

Reduced External Services:

During the FY 14/15 CIRM incurred consulting services costs related to the office relocation.

Estimated Financial Impact: Decrease of \$524,000 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

While we have entered into an agreement for office space, we have not obtained final costs associated with the relocation. If the actual costs for the office move 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.

CIRM BUDGET APPROVAL PROCESS

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

Questions?