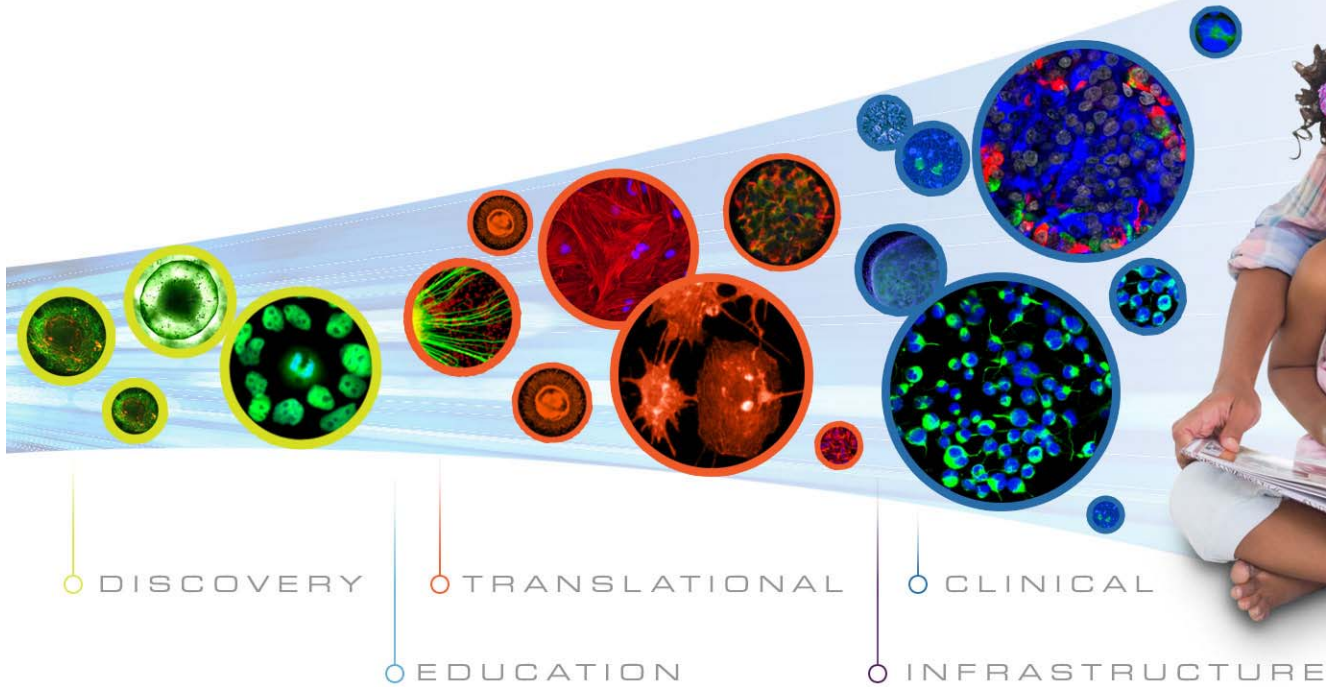


November 9, 2017

CIRM

CALIFORNIA'S STEM CELL AGENCY



Financial Update

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Vice President, Finance

California Institute for Regenerative Medicine

Agenda

- **2016/17 Budget**
 - Financial Results
 - Major Drivers

- **2017/18 Proposed Budget**
 - Major Drivers
 - Risks



2016/17 FINANCIAL RESULTS AND DISCUSSION

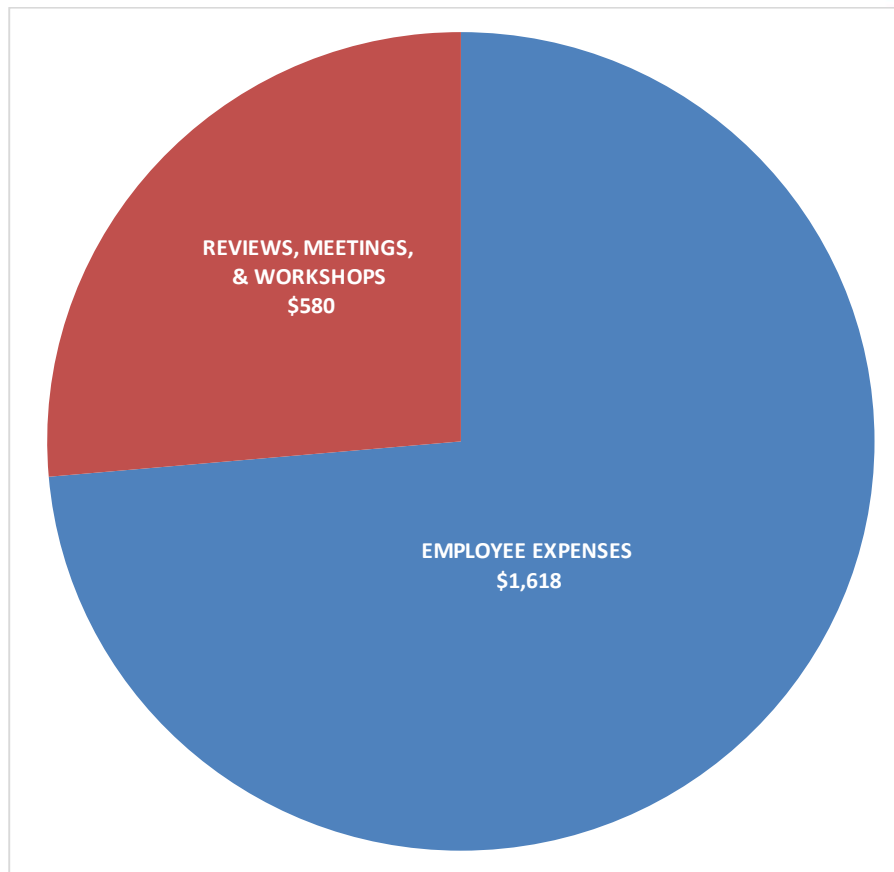
FY 2016/17 Financial Results

Category	FY 16/17 Budget	FY 16/17 Final Expenses	Variance (%)
Employee Expense	13,259	11,641	-1,618 (-12)
External Services	1,965	2,131	166 (8)
Reviews, Meetings and Workshops	1,718	1,138	-580 (-34)
Memberships & Training	154	60	-94 (-61)
Travel	494	314	-180 (-37)
Equipment & Supplies	606	522	-84 (-14)
Facilities	710	740	30 (5)
Total	18,906	16,546	-2,360 (-12)

- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

The Variance is Attributable to Two Major Drivers

Numbers in (000)



Major Drivers of 2016/17 Budget Variance

Lower Employee Expense:

- 16/17 budget included 57 positions to support the approved Strategic Plan.
- Of the 57 positions, 5 vacancies existed in Therapeutics and 1 in CIRM's Strategic Infrastructure (CSI).
- Dr. Maria Millan was appointed to lead the Therapeutics team in July and delayed filling the vacancies.
- Neil Littman was appointed to Dr. Millan's old position and we did not backfill his position.
- For the 17/18 FY, three of the positions are retained to meet increased workload.

Estimated Financial Impact: Under budget \$1,618,000 (-12%)

Major Drivers of 2016/17 Budget Variance

Fewer Meetings/Implemented Additional Process Improvements:

- Held ICOC Board meetings at CIRM headquarters to reduce costs.
- Combined Alpha Clinic oversight with Therapeutic responsibilities to increase efficiencies and reduce costs.
- Combined reviews resulted in lower costs.
- ATP3 review did not materialize.

Estimated Financial Impact: Under budget \$580,000 (-34%)



2017/18 PROPOSED BUDGET

FY 2017/18 Budget Overview

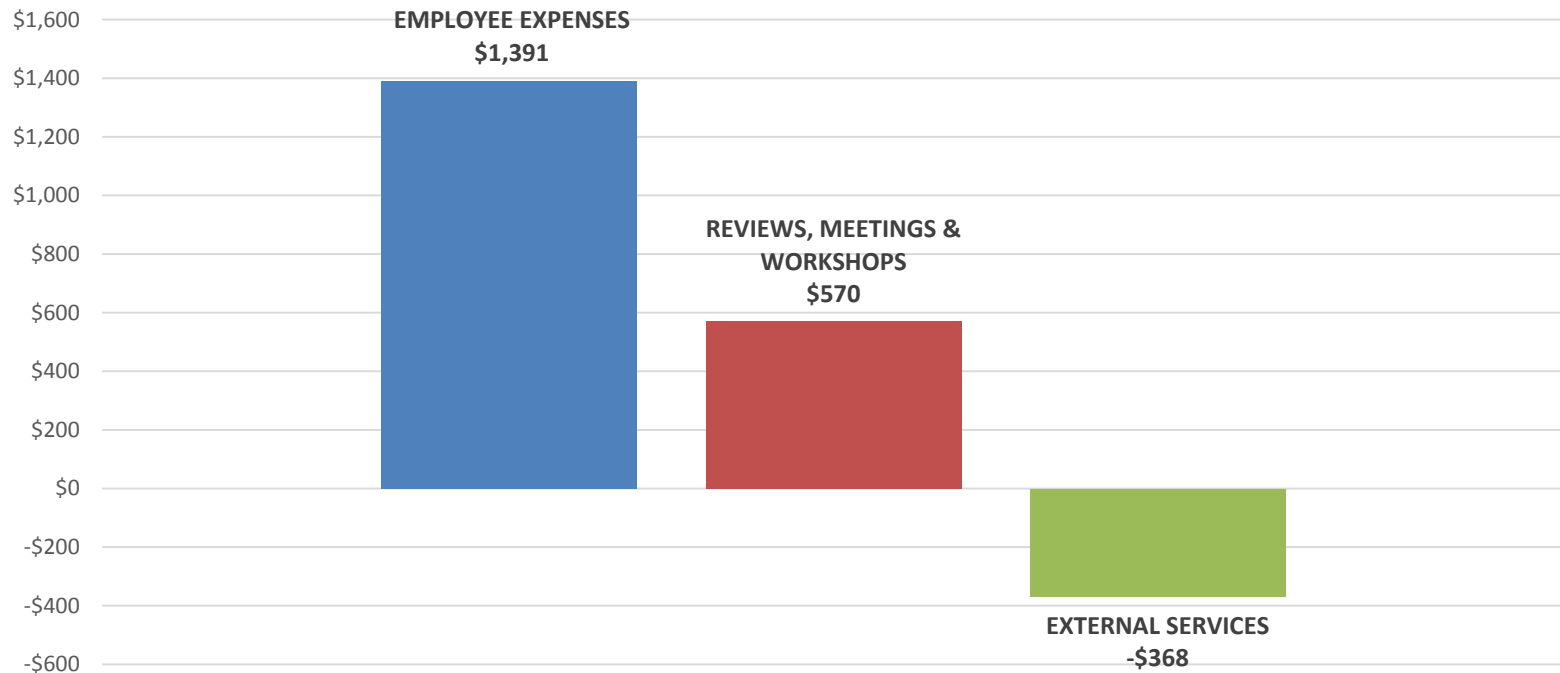
Category	FY 16/17 Budget	FY 16/17 Final Expenses	FY 17/18 Budget
Employee Expense	13,259	11,641	13,032
External Services	1,965	2,131	1,763
Reviews, Meetings and Workshops	1,718	1,138	1,708
Memberships & Training	154	60	173
Travel	494	314	404
Equipment & Supplies	606	522	696
Facilities	710	740	805
Total	18,906	16,546	18,581

- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

The Variance is Attributable to Three Drivers

Drivers of Why CIRM's 17/18 Budget is \$2 Million Higher than FY 16/17 Final Expenses

Numbers in (000)



Major Drivers of the 2017/18 Budget

Increased Employee Expenses:

- General Counsel functions converted from external services to employee expenses; added a legal position to support this effort.
- Maintained 3 vacant positions to support additional clinical activity.
- State mandated employer contributions for retirement, health, and other benefits will increase 9% resulting in additional expenses.

Estimated Financial Impact: Increase of \$1,391,000 over FY 16/17

Major Drivers of the 2017/18 Budget

Increased Meeting Activity:

- Clinical Advisory Panel (CAP) Activity (\$245K)
 - Under CIRM 2.0, CAP activity has increased dramatically and we expect continued increases
 - 2016 Activity - 9 CAPs
 - 2017 Forecast - 38 CAPs

Estimated Financial Impact: Increase of 570,000 over FY 16/17

Major Drivers of the 2017/18 Budget

Decreased External Services:

- Major decreases include:
 - Conversion of General Counsel functions from consulting services to employee expenses (\$325K)
 - Lower web development and programmer costs (\$235K)
 - 2016 One-time external services (\$130)
- Budget decreases are partially offset by:
 - Tri-annual legislatively mandated performance audit (\$300K)
 - Increased Department of General Services costs (\$82K)

Estimated Financial Impact: Decrease of \$368,000 over FY 16/17

Risk Factors for the FY 2017/18 Financial Results

Over the last 3 years, CIRM has shown that we are actively managing our costs, but some things are difficult to control:

- Application Volume
- Employee Turnover
- Benefit Costs