

# NuStem

## Uses of Cash

### Analysis of Initial \$5 Million Investment

The financial projections show that an initial \$5 million investment will be sufficient to fund the build-up of operations and inventory through the first seven (7) months. A detail analysis of the use of funds is listed starting on the 2<sup>nd</sup> page.

### SYNOPSIS – 7 months of Operations

Collection Centers		\$ 232,505
Personnel (2)	121,670	
Expenses	110,835	
Sample Collections Processing – 200 samples		\$160,000
Laboratory		\$419,901
Personnel (4)	243,686	
Facility Expenses	88,925	
Misc. Expenses	86,480	
Data Operations & Database		\$776,468
Personnel (3)	190,718	
Database Develop	577,550	
Marketing & Sales		\$491,909
Personnel (5)	272,534	
Expenses	219,375	
Administration		\$1,463,652
Personnel (7)	906,356	
Facility Expenses	164,652	
Misc. Expenses	392,644	
Capital Expenses		\$750,000
Fund Raising Commission – 12% of \$5,300,000		\$636,000
	<b>TOTAL</b>	<b>\$4,930,435.00</b>

# NuStem

## USES OF CASH DETAILS

### Analysis of Initial \$5 Million Investment

NOTE: *Line numbers shown with each expense reference the line numbers for expenses that are shown in the left most column of the financial projections.*

- ◆ [MILESTONES ACCOMPLISHED: To clarify what is accomplished with the funds to build the operational infrastructure of the company, non-financial milestones are included for each area to show what is expected to be accomplished by the 7<sup>th</sup> month of operation]

All personnel expenses shown include allocations for taxes, benefits, and travel appropriate to the positions.

### **Collection Centers** **\$ 232,505**

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First collection center funded and operational. Ready to expand to additional centers.

**Personnel Expenses** \$121,670  
*Line 23*  
Nurse Coordinator, Assistant, and Training

**Expenses** \$110,835  
*Line 24*  
\$50,000 Grant to Residents, Setup, and Overhead

#### **Milestones Completed**

- ◆ Ready to bring additional collection centers online beginning in 8th month, including:
- ◆ Standard Operating Procedures finalized and published for Collection Centers
- ◆ Audio Visual Training materials for Collection Center SOP completed
- ◆ Data collection processes completed - integrated with sample tracking and patient data collection
- ◆ Shipping & Handling processes defined and documented
- ◆ Detailed startup plan for Collection Centers completed
- ◆ Finalized agreements with 12 Collection Centers

### **Sample Collections Processing – 200 samples** **\$160,000**

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200 CB units collected and inventoried. *Line 5*

**Processing Expenses** \$160,000  
*Line 15*  
All testing required for samples @ \$800 per sample

#### **Milestones Completed**

- ◆ All collection, testing, and storing processing prototyped, proven, finalized, and documented

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**Laboratory** **\$419,901**

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First processing lab funded and operational.

**Personnel Expenses** *Line 30* \$243,686

Blood Banker / National Lab Director, Operations Director, Technician, Clerical

**Lab Facility Expenses** *Line 33* \$88,925

Rent, Build out for certification

**Misc. Expenses** *Line 36* \$86,480

Lab Supplies & Data Processing Overhead

**Milestones Completed**

- ◆ Lab facility in Reno finished out to Certification Specifications
- ◆ Lab Certification in process
- ◆ Standard Operating Procedures updated and published for Laboratory
- ◆ Audio Visual Training materials for Lab SOP completed
- ◆ Data Collection completed – automated tracking of receipt and processing steps for each sample
- ◆ 2<sup>nd</sup> Laboratory under development for opening in 9<sup>th</sup> month

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**Data Operations & Database** **\$776,468**

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Data infrastructure and initial operations established. Included in this total is \$577,550 to fund initial development of the tracking database containing detailed data on all samples from first patient contact through delivery to transplant center.

**Personnel Expenses** *Line 41* \$190,718

Data Manager, Technician, Coordinator

**Database Development** *Line 45* \$577,550

Cost of developing database system & website

**Milestones Completed**

- ◆ Data management specifications completed for all functional areas of the company.
- ◆ Automated database tracking of all samples completed – including time/date tracking of all status and detailed genetic reference data on each sample
- ◆ Management IT systems in place ready for expansion of operations

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**Marketing & Sales** **\$491,909**

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Complete detailed marketing plan. Creation of marketing materials, manuals, advertising, and publicity.

**Personnel Expenses** *Line 50* \$272,534

Director of Marketing, Collection Center Rep, 3-Patient Marketing Reps

**Expenses** *Line 57* \$219,375

Cost of developing database system & website

### **Milestones Completed**

- ◆ Design and printing of marketing materials for patient contact at collection centers
- ◆ Design and printing of marketing materials for transplant center contacts
- ◆ Relationships established with multiple transplant centers
- ◆ Publicity program under development

### **Administration**

**\$1,463,652**

Administrative department funded and operational.

**Personnel Expenses** *Line 62* \$906,356

President/CEO, Chief Scientific Officer, Chief Medical Officer, VP of Business Development, CFO (part-time), 2 Clerical

**Facility Expenses** *Line 65* \$ 164,652

Rent, Build out, Utilities

**Misc. Expenses** *Line 73* \$392,644

Includes professional services, legal, patent, and accounting

### **Milestones Completed**

- ◆ Headquarters facility established
- ◆ Administrative functions and processes defined
- ◆ IT implemented for secure distributed operations
- ◆ Detailed plans developed for expansion of operations

### **Capital Expenses**

**\$750,000**

Employee setup expense for all employees includes: computers, software, office furniture and equipment requirements, etc.

**Intellectual Property** *Line A1* \$250,000

Payment to Dr. Zanjani for intellectual property rights.

**Processing Lab** *Lines A2 and A3* \$350,000

Purchase of additional processing lab equipment. Includes \$125,000 down payment for ordering BioArchive freezer for 2<sup>nd</sup> Processing Lab. Employee setup.

- ◆ First BioArchive freezer is already in place in Reno Lab
- ◆ Additional lab processing equipment purchased to meet certification requirements

**Data Processing Equipment** *Lines A4 and A5* \$ 42,500

Purchase of Data Processing equipment. Employee setup.

**Marketing & Sales** *Line A6* \$35,000

Employee setup expenses for all Marketing & Sales employees.

**Administrative** *Line A7* \$115,000

Employee setup expenses for all Administrative employees.