Wednesday, June 15, 2011

SUBJECT: REQUEST FOR APPROVAL OF THE FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION’S 2011-12 OPERATING BUDGET.

PROPOSED BOARD ACTION

Provide approval of the 2011-12 Florida Atlantic University Research Corporation’s (FAURC) Operating Budget; and, authorize the University President to amend this budget as appropriate during the fiscal year consistent with the FAURC’s directives and guidelines.

BACKGROUND INFORMATION

The FAURC By-laws, amended May 18, 2011, require the preparation of an annual budget. The budget must be prepared annually and be approved by the FAURC Board of Directors and the University President, a member of the FAURC Board of Directors. The Board of Trustees must approve the Corporation’s budget before it can be enacted.

During the May 26, 2011 FAURC Board meeting this budget was approved for the fiscal year.

This issue was reviewed and approved by the BOT Audit and Finance Committee on June 15, 2011.

IMPLEMENTATION PLAN/DATE

July 1, 2011.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2011-12 FAURC Operating Budget.

Presented by: Dennis Crudele, Senior Vice President for Financial Affairs  Phone: 561-297-3266
<table>
<thead>
<tr>
<th>FAU Research Corporation</th>
<th>Budget 2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
</tr>
<tr>
<td></td>
<td>Restricted</td>
</tr>
<tr>
<td>Nongovernmental grants and contracts</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Royalties</td>
<td>125,000.00</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>375,000.00</td>
</tr>
<tr>
<td>Contractual and program expenses</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Royalty expense</td>
<td>125,000.00</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>375,000.00</td>
</tr>
</tbody>
</table>

**Nongovernmental grants and contracts**: Certain contracts and grants are administered through the Research Corporation. These are typically small awards for research projects that needed to be awarded to a 501 c (3) organization. The revenue and related expenditures are from the existing awards. Included is also the wholly owned HOOT WISDOM.

**Royalties**: money received from companies for royalties on patents. This money is distributed back to the inventor, FAU and the Research Corporation based on the distribution formula. The restricted portion consists of the total royalty payments received and distributed back. Of this total, an estimated $40,000 remains in the Research Corporation which is then classified as unrestricted revenue. This money is used to cover the operating expenses of the Research Corporation including the annual audit and other operating expenses.

**Restricted**: revenues and expenditures that have specific deliverables or guidelines. This includes the revenues and expenditures for grant and contract awards made through the Research Corporation and the royalty income and distributions.

**Unrestricted**: revenues and expenditures that do not have specific deliverables or guidelines. This includes the Research Corporation’s share of the royalty income ($40,000) and the Research Corporation’s operating expenditures.
**Nongovernmental grants and contracts:**
- Research commercialization, CHS Resources, LLC
- Ashwanden Family Sea turtle support
- Gene chip core facility
- Romer - FAU center for rare & neurological diseases, Romer Foundation
- Hoot/Wisdom Music Publishing LLC/AS
- Hoot/Wisdom Music Publishing LLC/BM
- Hoot/Wisdom Music Recording LLC

**Restricted Expenses:**
- Food services: 20,000.00
- Lab and office supplies: 30,000.00
- Labor cost (transfer to FAU): 200,000.00
- Royalty distributions: 125,000.00

**Total Restricted Expenses:** $375,000.00

**Unrestricted revenue**
- Royalty distribution (RC share): 40,000.00

**Unrestricted Expenses**
- Audit fee: 17,500.00
- Food to support events: 7,500.00
- Other expenses: 15,000.00

**Total Unrestricted Expenses:** $40,000.00