



Item: **BF: A-1b**

BUDGET AND FINANCE COMMITTEE

Tuesday, May 16, 2017

SUBJECT: REQUEST FOR APPROVAL OF THE 2017-18 FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2017-18 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 April 26, 2017 FAURC Board meeting, this budget was approved.

IMPLEMENTATION PLAN/DATE

July 1, 2017.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2017-18 FAURC Operating Budget

Presented by: Mr. James Wilkie, Assistant VP for Research

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FAU Research Corporation Proposed Budget 2017/18			
	Restricted	Unrestricted ¹	Total
Revenue:			
Nongovernmental grants and contracts	10,000		10,000
Royalties	150,000	75,000	225,000
Investment Income	-	7,500	7,500
Total Revenue	160,000	82,500	242,500
Expenses:			
Contractual and program expenses	90,000 ²	82,500	172,502
Royalty expense	150,000	-	150,000
Total Expenses	240,000	82,500	322,502

Investment: To provide up to 20% of of unrestricted net assets or \$100,000 to invest into Tech Runway startup companies.

² \$80,000 from Well Fargo grand for ISENSE received in FY17 to be spent in FY18

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.

Royalties: money received from companies for royalties on patents. This money is distributed back to the inventor, 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 \$80,000 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.

Investment Income: Interest earned during the fiscal year and used to support operational of the Research Corporation and the Research goals of Florida Atlantic University.

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 (\$75,000) and the Research Corporation's operating expenditures.

FAU Research Corporation 5-year

	Budget 2013/14			Budget 2014/15			Budget 2015/16			Budget 2016/17			Budget 2017/18		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Revenue:															
Nongovernmental grants and contracts	250,000	-	250,000	250,000	-	250,000	30,000	-	30,000	10,000		10,000	10,000		10,000
Royalties	100,000	50,000	150,000	100,000	70,000	170,000	150,000	50,000	200,000	75,000	75,000	150,000	150,000	75,000	225,000
Investment Income	-	12,800	12,800	-	12,800	12,800	-	7,500	7,500	-	7,500	7,500	-	7,500	7,500
Total Revenue	350,000	62,800	412,800	350,000	82,800	432,800	180,000	57,500	237,500	85,000	82,500	167,500	160,000	82,500	242,500
Expenses:															
Contractual and program expenses	250,000	62,800	312,800	250,000	82,800	332,800	30,000	57,500	87,500	10,000	82,500	92,500	90,000	82,500	172,500
Royalty expense	100,000	-	100,000	100,000	-	100,000	150,000	-	150,000	75,000	-	75,000	150,000	-	150,000
Total Expenses	350,000	62,800	412,800	350,000	82,800	432,800	180,000	57,500	237,500	85,000	82,500	167,500	240,000	82,500	322,500