



Item: **BF: A-4**

BUDGET AND FINANCE COMMITTEE

Tuesday, June 2, 2020

SUBJECT: REVIEW AND DISAPPROVAL OF THE 2020-21 ANNUAL BUDGET FOR FAU HARBOR BRANCH OCEANOGRAPHIC INSTITUTE (HBOIF).

PROPOSED COMMITTEE ACTION

Review and recommend disapproval of the 2020-21 FAU Harbor Branch Oceanographic Institute Foundation (HBOIF) Operating Budget.

BACKGROUND INFORMATION

The HBOIF By-laws require the preparation of an annual budget. The budget must be prepared before the beginning of the University's fiscal year, approved by the HBOIF Board of Directors and recommended by the University President to the Board of Trustees each year. Pursuant to FAU Regulation 6.013, the Board of Trustees must approve the budget before it can be enacted.

During the April 30, 2020 HBOIF Board meeting, this budget was approved. The budget includes over \$98,000 in payroll expenses, over \$285,000 in contract professional services expenses, and more than \$440,000 in legal fees including \$350,000 in fees to fund the litigation that HBOIF initiated against the university. The Administration believes many of these expenses are wasteful or inappropriate therefore recommends that this Board reject the budget and require the HBOIF to approve a revised budget.

IMPLEMENTATION PLAN/DATE

July 1, 2020.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2020-21 HBOIF Operating Budget

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**Harbor Branch Oceanographic Institute (HBOI) Foundation
Specialty License Plate Budget
FY21**

	FY20 Revised Budget	Approved FY21 Budget	Explanations
Ordinary Income/Expense			
Income			
Specialty License Plate Revenue	\$ 2,776,115	\$ 2,801,967	Revenue from the 4 HBOIF Specialty License Plates
Total Income	<u>2,776,115</u>	<u>2,801,967</u>	
Expense			
Pass Through to FAU Admin Fee	89,835	90,560	FAU Admin Fee
Pass Through to Others Expense	174,343	178,722	Legislatively dictated fees to Wyland, Guy Harvey, Florida Aquaculture Assn
Pass Through to HBOIF Admin Fee	83,283	84,059	HBOIF Admin Fee
Research Support	2,151,042	2,168,430	Sponsored Research Funds
SLP Marketing Expense	277,611	280,197	SLP Marketing Expenses
Total Expense	<u>2,776,115</u>	<u>2,801,967</u>	
Net Income	\$ -	\$ -	

**Harbor Branch Oceanographic Institute (HBOI) Foundation
Operating Budget
FY21**

	FY20 Revised Budget	Approved FY21 Budget	
Ordinary Income/Expense			
Income			
Operating Income	\$ 270,031	\$ 267,811	Gross income from Love Your Lagoon event; SLP Admin Fee to HBOIF; Rental income
Total Income	<u>270,031</u>	<u>267,811</u>	
Expense			
Operating Expenses	1,276,676	1,195,603	Payroll expense, Contract Services, Legal, Investment Fees, General Operations, Love Your Lagoon Expenses
Total Operating Expense	<u>1,276,676</u>	<u>1,195,603</u>	
Net Operating Loss	<u>(1,006,646)</u>	<u>(927,792)</u>	Supported from Endowment Draws -- see below
Non-operating			
Investment Income	-	-	Beginning in FY17, Investment Income is not budgeted
Special Initiatives Expense	2,272,201	2,202,888	Grant payments
Total Non-operating	<u>(2,272,201)</u>	<u>(2,202,888)</u>	
Net Income	\$ <u>(3,278,847)</u>	\$ <u>(3,130,680)</u>	
Use of Endowment	\$ <u>3,278,847</u>	\$ <u>3,130,680</u>	
Net Income	\$ -	\$ -	

**Harbor Branch Oceanographic Institute (HBOI) Foundation
Specialty License Plate Budget
5-year Comparison**

	FY17 Revised Budget	FY18 Revised Budget	FY19 Revised Budget	FY 20 Revised Budget	FY21 Approved Budget	EXPLANATIONS
Ordinary Income/Expense						
Income						
Specialty License Plate Revenue	\$ 2,690,803	\$ 2,720,667	\$ 2,775,911	\$ 2,776,115	\$ 2,801,967	Revenue from the 4 HBOIF Specialty License Plates
Total Income	<u>2,690,803</u>	<u>2,720,667</u>	<u>2,775,911</u>	<u>2,776,115</u>	<u>2,801,967</u>	
Expense						
Pass Through to FAU Admin Fee	107,632	88,367	89,940	89,835	90,560	FAU Admin Fee
Pass Through to Others Expense	161,066	162,799	171,555	174,343	178,722	Legislatively dictated fees to Wyland, Guy Harvey, Florida Aquaculture Assn
Pass Through to HBOIF Admin Fee	80,724	81,620	83,277	83,283	84,059	HBOIF Admin Fee
Research Support	2,072,301	2,115,814	2,153,549	2,151,042	2,168,430	SLP Funds for Sponsored Research
Total Specialty License Plate Expense	269,080	272,067	277,591	277,611	280,197	SLP Marketing Expenses
Total Expense	<u>2,690,803</u>	<u>2,720,667</u>	<u>2,775,911</u>	<u>2,776,115</u>	<u>2,801,967</u>	
Net Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ -</u>	

**Harbor Branch Oceanographic Institute (HBOI) Foundation
Operating Budget
5-year Comparison**

	FY17 Revised Budget	FY18 Revised Budget	FY19 Revised Budget	FY 20 Revised Budget	FY21 Approved Budget	EXPLANATIONS
Ordinary Income/Expense						
Income						
Operating Income	\$ 386,803	\$ 274,621	\$ 285,728	\$ 270,031	\$ 267,811	Gross income from Love Your Lagoon event; SLP Admin Fee to HBOIF; Rental income
Total Income	<u>386,803</u>	<u>274,621</u>	<u>285,728</u>	<u>270,031</u>	<u>267,811</u>	
Expense						
Operating Expenses	1,015,919	1,219,759	1,228,060	1,276,676	1,195,603	Payroll expense, Contract Services, Legal, Investment Fees, Accounting, General Operations, Love Your Lagoon Expenses
Total Operating Expense	<u>1,015,919</u>	<u>1,219,759</u>	<u>1,228,060</u>	<u>1,276,676</u>	<u>1,195,603</u>	
Net Operating Loss	<u>(629,116)</u>	<u>(945,138)</u>	<u>(942,332)</u>	<u>(1,006,646)</u>	<u>(927,792)</u>	Supported from Endowment Draws -- see below
Non-operating						
Investment Income	-	-	-	-	-	Beginning in FY17, Investment Income is not budgeted
Special Initiatives Expense	2,139,297	1,887,141	2,486,223	2,272,201	2,202,888	Grant payments
Total Non-operating	<u>(2,139,297)</u>	<u>(1,887,141)</u>	<u>(2,486,223)</u>	<u>(2,272,201)</u>	<u>(2,202,888)</u>	
Net Income	<u>\$ (2,768,412)</u>	<u>\$ (2,832,279)</u>	<u>\$ (3,428,555)</u>	<u>\$ (3,278,847)</u>	<u>\$ (3,130,680)</u>	
Use of Endowment	<u>\$ 2,768,412</u>	<u>\$ 2,832,279</u>	<u>\$ 3,428,555</u>	<u>\$ 3,278,847</u>	<u>\$ 3,130,680</u>	
Net Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	