



Item: AF: A-3

Wednesday, June 15, 2011

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

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**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.

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**Supporting Documentation:** Proposed 2011-12 FAURC Operating Budget.

**Presented by:** Dennis Crudele, Senior Vice President for Financial Affairs

**Phone:** 561-297-3266

<b>FAU Research Corporation Budget 2011/12</b>			
	Restricted	Unrestricted	Total
<b>Revenue:</b>			
Nongovernmental grants and contracts	250,000.00		250,000.00
Royalties	125,000.00	40,000.00	165,000.00
Investment Income			-
<b>Total Revenue</b>	<b>375,000.00</b>	<b>40,000.00</b>	<b>415,000.00</b>
<b>Expenses:</b>			
Contractual and program expenses	250,000.00	40,000.00	290,000.00
Royalty expense	125,000.00		125,000.00
<b>Total Expenses</b>	<b>\$ 375,000.00</b>	<b>\$ 40,000.00</b>	<b>\$ 415,000.00</b>

**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
	<u>\$375,000.00</u>

**Unrestricted revenue**

Royalty distribution (RC share)	40,000.00
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**Unrestricted Expenses**

Audit fee	17,500.00
Food to support events	7,500.00
Other expenses	15,000.00
	<u>\$ 40,000.00</u>