



Item: BF: A-5

BUDGET AND FINANCE COMMITTEE

Tuesday, June 4, 2019

SUBJECT: REQUEST FOR Disapproval OF THE 2019-20 FLORIDA ATLANTIC UNIVERSITY HARBOR BRANCH OCEANOGRAPHIC INSTITUTE Foundation OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Review and recommend the Board of Trustees disapprove the 2019-20 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 25, 2019 HBOIF Board meeting, this budget was approved. The budget includes over \$344,000 in payroll expenses, over \$96,000 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 and therefore recommends that this Board reject the budget and require the HBOIF to approve a revised budget.

IMPLEMENTATION PLAN/DATE

July 1, 2019.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2019-20 HBOIF Operating Budget

Presented by: Jeff Atwater, V.P. Strategic Initiatives & Chief Financial Officer **Phone:** 561-297-3007

Harbor Branch Oceanographic Institute (HBOI) Foundation Specialty License Plate Budget Proposed FY20 Budget			
		FY19 Approved Budget	Proposed FY20 Budget
Ordinary Income/Expense			
Income			
	Specialty License Plate Revenue	\$ 2,775,911	\$ 2,776,115
	Total Income	2,775,911	2,776,115
Expense			
	Pass Through to FAU Admin Fee	89,940	89,835
	Pass Through to Others Expense	171,555	174,344
	Pass Through to HBOIF Admin Fee	83,277	83,283
	Research Support	2,153,549	2,151,042
	SLP Marketing Expense	277,591	277,611
	Total Expense	2,775,911	2,776,115
	Net Income	\$ -	\$ -

Harbor Branch Oceanographic Institute (HBOI) Foundation Operating Budget Proposed FY20 Budget			
		FY19 Approved Budget	Proposed FY20 Budget
Ordinary Income/Expense			
Income			
	Operating Income	\$ 368,082	\$ 281,016
	Total Income	368,082	281,016
Expense			
	Operating Expenses	1,250,510	1,256,499
	Total Operating Expenses	1,250,510	1,256,499
	Net Operating Loss	(882,427)	(975,483)
Non-Operating			
	Special Initiatives Expense	2,161,609	2,272,201
	Total Non-Operating	2,161,609	2,272,201
	Net Income	\$ (3,044,037)	\$ (3,247,684)

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

	FY16 Revised Budget	Revised FY17 Budget	Revised FY18 Budget	Revised FY19 Budget	Proposed FY20 Budget
Ordinary Income/Expense					
Income					
Specialty License Plate Revenue	\$ 2,663,614	\$ 2,690,803	\$ 2,720,667	\$ 2,775,911	\$ 2,776,115
Total Income	2,663,614	2,690,803	2,720,667	2,775,911	2,776,115
Expense					
Pass Through to FAU Expense	66,590	107,632	88,367	89,940	89,835
Pass Through to Others Expense	154,960	161,066	162,799	171,555	174,344
Pass Through to HBOI Admin Fee	0	80,724	81,620	83,277	83,283
Research Support	2,175,703	2,072,301	2,115,815	2,153,549	2,151,042
SLP Marketing Expense	266,361	269,080	272,067	277,591	277,611
Total Expense	2,663,614	2,690,803	2,720,667	2,775,911	2,776,115
Net Income	\$ -	\$ -	-	-	\$ -

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

	FY16 Revised Budget	Revised FY17 Budget	Revised FY18 Budget	Revised FY19 Budget	Proposed FY20 Budget
Ordinary Income/Expense					
Income					
Operating Income	\$ 331,150	\$ 386,803	\$ 274,621	\$ 285,728	\$ 281,016
Total Income	331,150	386,803	274,621	285,728	281,016
Expense					
Operating Expenses	992,223	1,015,919	1,219,759	1,228,060	1,256,499
Total Operating Expense	992,223	1,015,919	1,219,759	1,228,060	1,256,499
Net Operating Loss	(661,073)	(629,116)	(945,138)	(942,332)	(975,483)
Non-operating					
Investment Income	750,000	-	-	-	-
Special Initiatives Expense	2,201,039	2,139,297	1,887,141	2,486,223	2,272,201
Total Non-operating	(1,451,039)	(2,139,297)	(1,887,141)	(2,486,223)	(2,272,201)
Net Income	\$ (2,112,112)	\$ (2,768,413)	\$ (2,832,279)	\$ (3,428,555)	\$ (3,247,684)