



Item: AF: A-4

AUDIT AND FINANCE COMMITTEE

Tuesday, June 19, 2012

SUBJECT: REQUEST FOR APPROVAL OF THE FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION'S 2012-13 OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Review and recommend approval to the Board of Trustees of the 2012-13 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 16, 2012 FAURC Board meeting this budget was approved for the fiscal year.

IMPLEMENTATION PLAN/DATE

July 1, 2012.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2012-13 FAURC Operating Budget.

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

Phone: 561-297-3266

**FAU Research Corporation
Budget 2012/13**

	Restricted	Unrestricted	Total
Revenue:			
Nongovernmental grants and contracts	250,000.00		250,000.00
Royalties	100,000.00	50,000.00	150,000.00
Investment Income		12,800.00	12,800.00
Total Revenue	350,000.00	62,800.00	412,800.00
Expenses:			
Contractual and program expenses	250,000.00	62,800.00	312,800.00
Royalty expense	100,000.00		100,000.00
Total Expenses	\$ 350,000.00	\$ 62,800.00	\$ 412,800.00

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. Currently there are two contracts in the FAURC totaling approximately \$136,000.

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 \$50,000 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 (\$50,000) and the Research Corporation's operating expenditures.

Nongovernmental grants and contracts:

Ashwanden Sea Turtle Support
Community Foundation Palm Beach and Martin County Biomedical Outreach Program
Domaine Associates, LLC
EdgeOne LLC dba Edge Tech
Panavision International, L.P.

Restricted Expenses:

Expense and Labor cost related to contracts and grants (transfer to FAU)	250,000.00
Royalty distributions	<u>100,000.00</u>
	<u><u>\$350,000.00</u></u>

Unrestricted revenue

Royalty distribution (RC share)	50,000.00
Interest Income from FAU investment	<u>12,800.00</u>
	<u><u>62,800.00</u></u>

Unrestricted Expenses

Audit fee	17,500.00
Food to support events	7,500.00
Other expenses	<u>37,800.00</u>
	<u><u>\$ 62,800.00</u></u>