



FLORIDA ATLANTIC UNIVERSITY

Foundation Board

Finance Committee Meeting

Wednesday, April 10, 2024 at 9:00 a.m.

Advancement Conference Room 10/247 or Via Zoom

Agenda

I. Call to Order and Opening Remarks

Chair Miller

A. Roll Call

J. Camacho

B. Public Comments

II. Approval of Minutes from the February 28, 2024 Meeting*

Chair Miller

III. New Business

A. Proposed 2025 Budget*

M. DePalma

B. FY24 Budget Update

M. DePalma

C. Schedule of Pledge Write-offs

M. DePalma

IV. Adjourn

**Approval Items*

Minutes for Approval



FLORIDA ATLANTIC UNIVERSITY

Foundation Board

Finance Committee Meeting

Wednesday, February 28, 2024 at 9:00am
Advancement Conference Room 246 and via Zoom

MINUTES – *for committee approval*

MEMBERS PRESENT: None [virtual]

MEMBERS PRESENT VIA ZOOM: M. Miller (Chair), B. Poulin, C. Cartwright, E. Ventrice

STAFF PRESENT: D. Kian, D. Green, M. DePalma, J. Camacho

STAFF PRESENT VIA ZOOM: K. Raattama

I. CALL TO ORDER, OPENING REMARKS, AND ROLL CALL:

Chair Miller called the meeting to order at 9:00 a.m, quorum was met.

A. **PUBLIC COMMENTS:** None

II. APPROVAL OF MINUTES:

Chair Miller asked for a motion to approve the December 6, 2023 Finance Committee Minutes. **A motion was made, seconded, and passed unanimously.**

III. NEW BUSINESS:

A. Unaudited Budget to Actual Comparison, December 31, 2023

M. DePalma presented the budget to actual operational snapshot for the first six months of the fiscal year and provided context for budget to actual variances. Current Advancement department staffing was discussed and 39% of the salaries/benefits budget has been utilized to date used to date.

B. Unaudited Balance Sheet and Income Statement, December 31, 2023

M. DePalma presented the statement of net position through December 2023, noting total current and noncurrent assets, liabilities, as well as operating revenues and expenses.

C. Endowment Investment Analysis, December 31, 2023

M. DePalma reviewed the pooled market value beginning and ending balances including the long term and medium term reserve pools managed by JP Morgan. Discussion regarding medium term pool ensued.

D. Scholarship Funding from University Commons*

M. DePalma presented the memorandum of request from Financial Aid for match funding for first-generation students and scholarship funding from the University Commons lease fund. M. DePalma informed the board that the lease payments total around \$1.2M annually and scholarship funding would be \$850k. **Chair Miller asked for a motion to approve the request. A motion was made, seconded, and passed unanimously.**

IV. **ADJOURN:**

The Meeting was adjourned at approximately 9:22 a.m.

FY25 Proposed Budget



Agenda Item: Proposed Foundation Budget - Fiscal Year July 1, 2024 to June 30, 2025

Background:

Pursuant to the Foundation bylaws, management annually prepares a budget for the fiscal year. Management is proposing the following annual budget to provide philanthropic resources to Florida Atlantic University. As the Foundation enters the third year of the public phase of the campaign, the proposed budget reflects a 14% increase from fiscal year 23/24 budget based on the following highlights and assumptions:

1. *Endowment Management Fee* – The proposed budget endowment management fee remains at 2.65%. The EMF was reduced by one 1 basis point (.1%) last fiscal year, from the 22/23 rate of 2.75%.
2. *Endowment Pool Market Value Assumption* – Per the Foundation Endowment Spending Policy, dated November 11, 2022, “the annual spending distribution is based on the average of the previous 20 quarter market values of the total endowed pool as of June 30”. The market value of the endowed pool is estimated at \$285,000,000 at June 30, which is consistent with the current market value at February 29, 2024.
3. *Interest on Expendable Funds* – Foundation management, with the Finance Committee approval, has revised the investment strategy for short-term and medium-term investments. We continue to capitalize on increased fixed interest rates and have funded medium term and long-term reserve pools managed by JP Morgan. This estimate is conservative based on the earnings to-date in the current fiscal year.
4. *Salaries and Benefits* – In consultation with FAU Financial Affairs, we are re-purposing funds from salaries and increasing institutional support/scholarships to provide needed resources to the University. This change will be offset by a 20% increase in divisional funding from University sources to support the personnel structure that has been implemented in the past two years.

	2024	2025 Proposed Budget		
Foundation Only	Budget (EMF 2.65%)	Budget (EMF 2.65%)	Variance - Increase/(Decrease)	% Variance - Increase/(Decrease)
Sources:				
Foundation:				
Endowment Management Distribution	6,420,780	6,763,694	342,914	5%
Unrestricted Gifts	25,000	25,000	-	0%
Interest on Expendable Funds	1,250,000	2,000,000	750,000	60%
Gift and Non-Gift fees	100,000	120,000	20,000	20%
Credit Card Fees and other income	70,000	78,000	8,000	11%
Foundation Sub-Total	7,865,780	8,986,694	1,120,914	14%
Uses:				
Foundation:				
Salaries and Benefits - FAU Advancement Staff	1,500,000	-	(1,500,000)	-100%
Operating Expenses	2,283,572	2,289,894	6,322	0%
FAU Government Relations and Leadership Support	1,482,208	1,246,800	(235,408)	-16%
Institutional Support/Scholarships	2,600,000	5,450,000	2,850,000	110%
Foundation Sub-Total	7,865,780	8,986,694	1,120,914	14%
Net Sources Over or (Under) Uses	-	-	-	-

Conclusion:

The 24/25 budget proposed, presented for Committee approval, represents the Foundation resources, in addition to University funding, to support the Advancement team in meeting the campaign goal for the fiscal year, as well as provide additional critical resources to the University.

Florida Atlantic University Foundation, Inc.
Proposed Budget Summary
Fiscal Year 24/25

	2024	2025 Proposed Budget		
	Budget (EMF 2.65%)	Budget (EMF 2.65%)	Variance - Increase/(Decrease)	% Variance - Increase/(Decrease)
Sources:				
Foundation:				
Endowment Management Fee (EMF) Distribution	6,420,780	6,763,694	342,914	5%
Unrestricted Gifts	25,000	25,000	-	0%
Interest on Expendable Funds	1,250,000	2,000,000	750,000	60%
Gift and Non-Gift fees	100,000	120,000	20,000	20%
Credit Card Fees and other income	70,000	78,000	8,000	11%
Foundation Sub-Total	7,865,780	8,986,694	1,120,914	14%
University:				
Auxiliary	3,755,575	2,000,000	(1,755,575)	-47%
E&G	4,773,686	5,092,312	318,626	7%
Performance Funding	2,881,500	2,881,500	-	0%
Carryforward	2,000,000	6,159,205	4,159,205	208%
Concession/HERF	3,000	3,000	-	0%
University Sub-Total	13,413,761	16,136,017	2,722,256	20%
Total Sources	21,279,541	25,122,711	3,843,170	18%
Uses:				
Foundation:				
Salaries and Benefits - FAU Advancement Staff	1,500,000	-	(1,500,000)	-100%
Operating Expenses	2,283,572	2,289,894	6,322	0%
FAU Government Relations and Leadership Support	1,482,208	1,246,800	(235,408)	-16%
Institutional Support/Scholarships	2,600,000	5,450,000	2,850,000	110%
Foundation Sub-Total	7,865,780	8,986,694	1,120,914	14%
University:				
Salaries and Benefits	9,781,132	12,085,250	2,304,118	24%
Operating Expenses	3,632,629	4,050,767	418,138	12%
University Sub-Total	13,413,761	16,136,017	2,722,256	20%
Total Uses	21,279,541	25,122,711	3,843,170	18%
Net Sources Over or (Under) Uses	-	-	-	-

	2024 Approved Budget (EMF Fee 2.65%)	2025 Proposed Budget (EMF Fee 2.65%)	Increase/ (Decrease) - FY24 to FY25
Revenues:			
Endowment Fees	6,420,780	6,763,694	342,914
Unrestricted Gifts	25,000	25,000	-
Interest from expenable gifts	1,250,000	2,000,000	750,000
Gift Processing Recovery	100,000	120,000	20,000
Credit Card Fees	70,000	70,000	-
Loan Repayment/Interfund	-	8,000	8,000
Total Revenues:	7,865,780	8,986,694	1,120,914
Expenses:			
Salaries and Benefits:			
Salaries and benefits	1,500,000	-	(1,500,000)
Total Salaries and Benefits	1,500,000	-	(1,500,000)
Operating Expenses:			
Foundation operations	431,146	537,697	106,551
Board Operations	26,470	8,820	(17,650)
Institutional Advancement Administration	69,950	76,000	6,050
Events	529,000	529,000	-
Publications/communications	53,000	64,000	11,000
Prospect research	56,595	42,110	(14,485)
Annual giving	153,296	69,200	(84,096)
Advancement services	276,520	357,817	81,297
Principal Gifts	22,100	22,100	-
Gift planning	63,650	63,650	-
Donor relations	17,750	20,400	2,650
General development	159,000	160,000	1,000
Partnerships/Community Engagement	150,000	150,000	-
Chief Executive Officer	25,000	25,000	-
Professional Development	51,100	51,100	-
Alumni Affairs	198,995	113,000	(85,995)
Total Operating Expenses	2,283,572	2,289,894	6,322
Foundation Support to University:			
Institutional Support/Scholarships	2,600,000	5,200,000	2,600,000
University Initiatives/Priorities	264,158	250,000	(14,158)
President's Discretionary Fund	21,250	50,000	28,750
Provost's travel and entertainment	20,000	20,000	-
Government relations	20,000	20,000	-
President's salary and benefits	800,000	800,000	-
President's home and events	32,300	32,300	-
Lobbyist	300,000	300,000	-
University Art Committee Support	24,500	24,500	-
Total Foundation Support to University	4,082,208	6,696,800	2,614,592
Total Expenses	7,865,780	8,986,694	1,120,914
Revenue Over/(Under) Expenses	0	(0)	(0)

FY24 Budget Update

Florida Atlantic University Foundation, Inc.
Budget to Actual - Institutional Advancement/Foundation Summary
For the Period Ending February 29, 2024

<i>Total (Foundation & University)</i>	<i>Approved Annual Budget</i>	<i>Actual (YTD)</i>	<i>Variance</i>	<i>% of Actual Source/Uses To-Date</i>	<i>Projected 6/30/24</i>	<i>Variance of Projected to Budget</i>	<i>Percentage Budget Remaining</i>
Sources:							
Foundation							
Endowment Management Distribution	6,420,780	6,447,165	26,385	100.4%	6,447,165	26,385	0.4%
Unrestricted Gifts	25,000	51,813	26,813	207.3%	51,813	26,813	107.3%
Interest on Expendable Funds	1,250,000	2,194,901	944,901	175.6%	3,000,000	1,750,000	140.0%
Gift and Non-Gift Fees	100,000	73,536	(26,464)	73.5%	94,000	(6,000)	-6.0%
Credit Card Fees and other income	70,000	58,107	(11,893)	100.0%	72,000	2,000	2.9%
Foundation Sub-Total	7,865,780	8,825,522	959,742	112.2%	9,664,978	1,799,198	18.6%
University							
Auxiliary	3,755,575	2,170,281	(1,585,294)	57.8%	2,725,564	(1,030,011)	-27.4%
E&G	4,773,686	2,523,876	(2,249,810)	52.9%	3,510,288	(1,263,398)	-26.5%
Performance Funding	2,881,500	1,654,260	(1,227,240)	57.4%	2,347,346	(534,154)	-18.5%
Carryforward	2,005,000	536,231	(1,468,769)	26.7%	1,158,620	(846,380)	-42.2%
Concession	3,000	519	(2,481)	17.3%	3,000	-	0.0%
University Sub-Total	13,418,761	6,885,167	(6,533,594)	51.3%	9,744,818	(3,673,943)	-27.4%
Total Sources	21,284,541	15,710,689	(5,573,852)	73.8%	19,409,796	(1,874,745)	-8.8%
Uses:							
Foundation							
Salaries and Benefits - FAU Advancement Staff	1,500,000	1,000,000	500,000	66.7%	1,500,000	-	0.0%
Operating Expenses	2,283,572	1,208,444	1,075,128	52.9%	1,929,557	354,015	15.5%
Government Relations and University Leadership Support	1,218,050	201,396	1,016,654	16.5%	367,896	850,154	69.8%
University Initiatives/Priorities	264,158	208,626	55,532	79.0%	211,126	53,032	20.1%
Scholarships	2,600,000	1,733,333	866,667	66.7%	2,600,000	(0)	0.0%
Foundation Sub-Total	7,865,780	4,351,799	3,513,981	55.3%	6,608,579	1,257,201	16.0%
University							
Salaries and Benefits	9,781,132	6,241,836	3,539,296	63.8%	8,394,800	1,386,332	14.2%
Operating Expenses	3,637,629	643,331	2,994,298	17.7%	1,350,018	2,287,611	62.9%
University Sub-Total	13,418,761	6,885,167	6,533,594	51.3%	9,744,818	3,673,943	27.4%
Total Uses	21,284,541	11,236,966	10,047,575	52.8%	16,353,397	4,931,144	23.2%
Net Sources Over/(Under) Uses	-	4,473,723	4,473,723		3,056,399	3,056,399	

Notes:

Foundation Budget:

Sources: Overall FAUF revenue is exceeding 100% of total budget, due to the full amount of Endowment Management Distribution recorded in July, and interest income is outpacing budget due to the revised fixed-income investment strategy for FY24.

Uses: Overall actual spending is less than anticipated in due to timing of the FAU presidential transition and other University funded support.

University Budget

Sources/Uses: University funding is used as expenses are incurred. Currently, division spending is 51.3% and anticipates 27% of University funding to be carried over to FY25. The carry over of unspent funding results from personnel vacancies (turnover and certain hold positions) as well as campaign funding, allocated to support the entire campaign. Management is currently working with the University CFO regarding the budget for fiscal year 24/25. Current estimated allocations provide consistent support from FY22 and FY23.

Schedule of Pledge Write-offs

FAU Foundation, Inc.
Schedule of Pledge Receivable - Bad Debt Write-Off
For the period July 1, 2023 to February 29, 2024

Fiscal Year Ending 6/30/24										
Constituent Name	Gift Description	Date	Total Gift Amount	Total Pledge Receivable	Amount Past Due	Write Off Amount	Reason	Financial Statement Impact - Explanation	Financial Statement Impact Amount	Current DO
Constituent #31065 - Beth Schwartz	Musical Theatre Program Scholarship Endowment Fund	3/23/2023	\$6,000.00	\$2,146.53	\$2,146.53	\$2,146.53	Stock donation valuation adjustment	Bad Debt \$2,017.24 and Allowance \$129.29	\$ 2,017.24	Laurie Carney
Constituent #ID240600 - Howard Lampe	Legacy Campaign Term Endowment Fund (Quasi)	2/28/2019	\$10,000.00	\$4,000.00	\$4,000.00	\$4,000.00	The donor, former member of OLLI Jupiter advisory board, declined to fulfill the remaining pledge citing dissatisfaction with the previous OLLI administration	None- Endowment	\$ -	Michael Long
Constituent #ID150022 - Joanna Drowos	White Coats Society Scholarship Fund	7/7/2021	\$20,000.00	\$5,000.00	\$0.00	\$5,000.00	The donor believes that the pledge has been paid in full	Bad Debt \$4,735.52 and Allowance \$264.48	\$ 4,735.52	David Green
Constituent #ID152998 - Cosmos & Chronos - Lewis M. Greenberg	Cosmos & Chronos	8/24/2015	\$40,000.00	\$40,000.00	\$28,000.00	\$40,000.00	The donor is unable to fulfill the pledge due to personal financial issues	Bad Debt \$28,317.37 and Allowance \$11,682.63	\$ 28,317.37	Michael Long
Constituent #ID229773 - Brett Adam and Kristen Langbert	Carl Langbert Lewy Body Dementia Discovery Research Fund	9/13/2016	\$100,000.00	\$81,208.11	\$41,208.11	\$81,208.11	The donor has not responded to reminder letters over the past few years	Bad Debt \$38,942.10 and Allowance \$42,266.01	\$ 38,942.10	Mary Sabol-Morales
Constituent #ID42792 - Scott Henry and Shelagh Adams	Athletic's Football Stadium	2/20/2008	\$100,000.00	\$12,640.00	\$12,640.00	\$12,640.00	The donor has not responded to reminder letters over the past few years	Allowance \$12,640	\$ -	Terry Mohajir
Constituent #ID257819 - Nancy Flinn	Center for Brain Health Fund	8/3/2021	\$40,000.00	\$30,000.00	\$0.00	\$30,000.00	The donor declined to fulfill the pledge due citing the current status of the Brain Health Center	Bad Debt \$29,206.57 and Allowance \$793.43	\$ 29,206.57	David Green
Constituent #ID146335 - Robert Houmes and Daphne Wayg	Accounting Doctoral Alumni Endowed Fellowship	12/11/2014	\$10,000.00	\$5,000.00	\$5,000.00	\$5,000.00	The donor has not responded to reminder letters over the past few years	None-Endowment Pledges not recorded in Financial Statements per GASB	\$ -	Barbara Sageman
								FY24 Financial Statement Impact	\$ 103,218.80	