FAU
BOARD OF TRUSTEES
Florida Atlantic University

Item: BF: I-1

BUDGET AND FINANCE COMMITTEE

Tuesday, April 16, 2024

SUBJECT: Update on University Financial Performance – FY 2024 Second Quarter, July – December 2023

PROPOSED COMMITTEE ACTION

Information only.

BACKGROUND INFORMATION

This report will present the University's financial performance for the first two quarters of Fiscal Year 2023-2024

IMPLEMENTATION PLAN/DATE

N/A

FISCAL IMPLICATIONS

N/A

Supporting Documentation: Quarter 2 Financial Report

Presented by: Mr. Jayson Iroff, Vice President Financial Affairs and CFO

Florida Atlantic University



FINANCIAL AFFAIRS

Quarter 2 Financial Report | Fiscal Year 2024

Presented By
Jayson Iroff

Presented To
FAU Board of Trustees

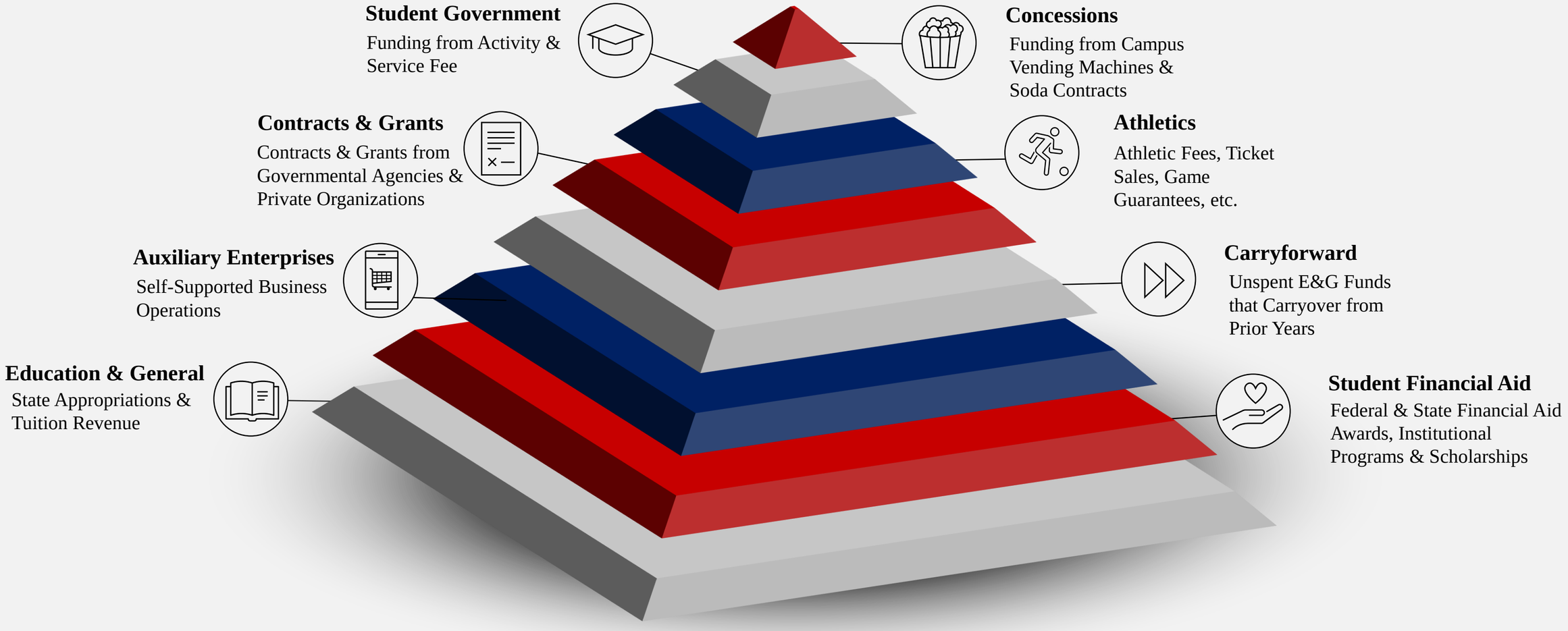
Date
04/16/2024

OUTLINE

3	University Overview
4	University FY24 Q2 Dashboard
5	FY24 Q2 Revenues
10	FY24 Q2 Expenses

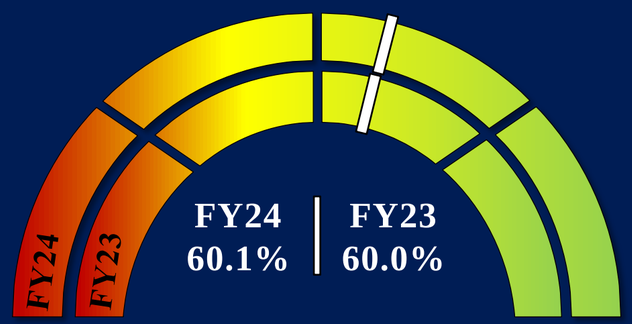
UNIVERSITY OVERVIEW

COLORS OF MONEY

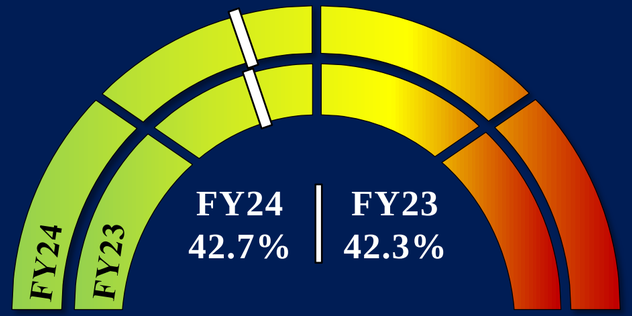


FLORIDA ATLANTIC UNIVERSITY Q2 DASHBOARD

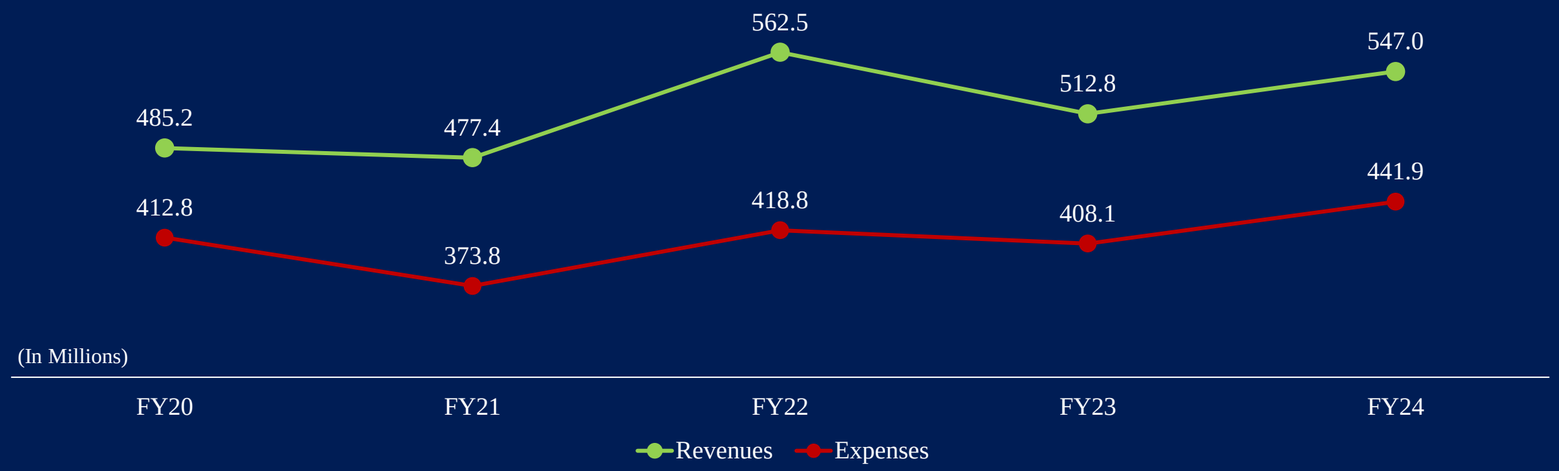
UNIVERSITY REVENUES TO BUDGET



UNIVERSITY EXPENSES TO BUDGET



UNIVERSITY ACTUALS 5-YEAR TREND



FUND ACTUAL REVENUES YOY

Education & General	↑ 38.8M	Student Financial Aid	↓ 1.2M
Auxiliary Enterprises	↑ 4.6M	Athletics	↓ 0.3M
Contracts & Grants	↓ 8.4M	Concessions	↑ 5.4K
Student Government	↑ 0.6M	*Color Coding Based Upon Materiality*	

FUND ACTUAL EXPENSES YOY

Education & General	↑ 12.9M	Student Financial Aid	↑ 10.0M
Auxiliary Enterprises	↑ 3.2M	Athletics	↑ 2.8M
Contracts & Grants	↑ 1.8M	Concessions	↑ 38.0K
Student Government	↓ 0.9M	*Color Coding Based Upon Materiality*	

KEY INSIGHTS

↑ 34.2M
FAU YoY Q2 Revenue Growth

↑ 33.8M
FAU YoY Q2 Expense Growth

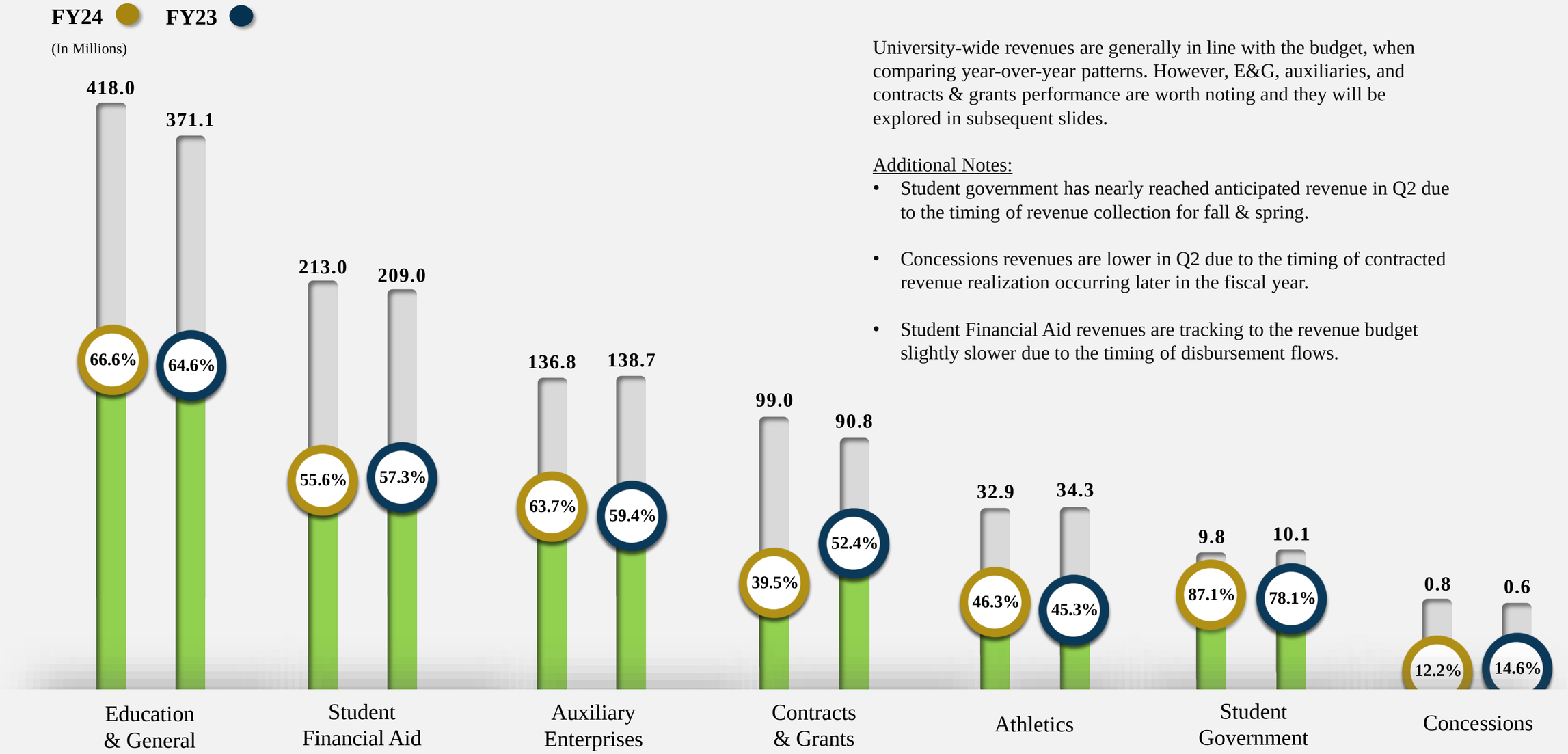
FY24
Q2 REVENUES







FY24 Q2 REVENUE BUDGET TO ACTUALS



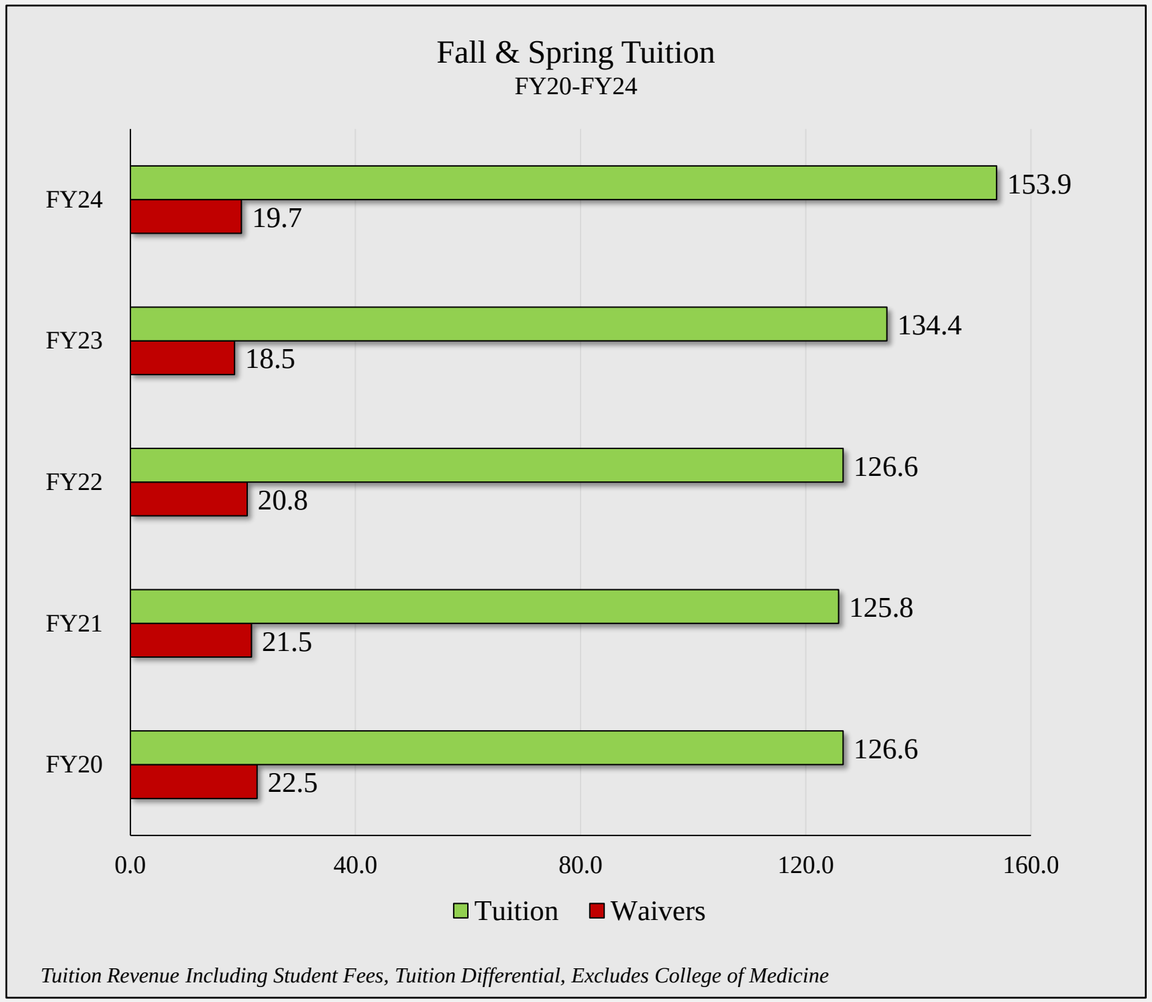
University-wide revenues are generally in line with the budget, when comparing year-over-year patterns. However, E&G, auxiliaries, and contracts & grants performance are worth noting and they will be explored in subsequent slides.

Additional Notes:

- Student government has nearly reached anticipated revenue in Q2 due to the timing of revenue collection for fall & spring.
- Concessions revenues are lower in Q2 due to the timing of contracted revenue realization occurring later in the fiscal year.
- Student Financial Aid revenues are tracking to the revenue budget slightly slower due to the timing of disbursement flows.

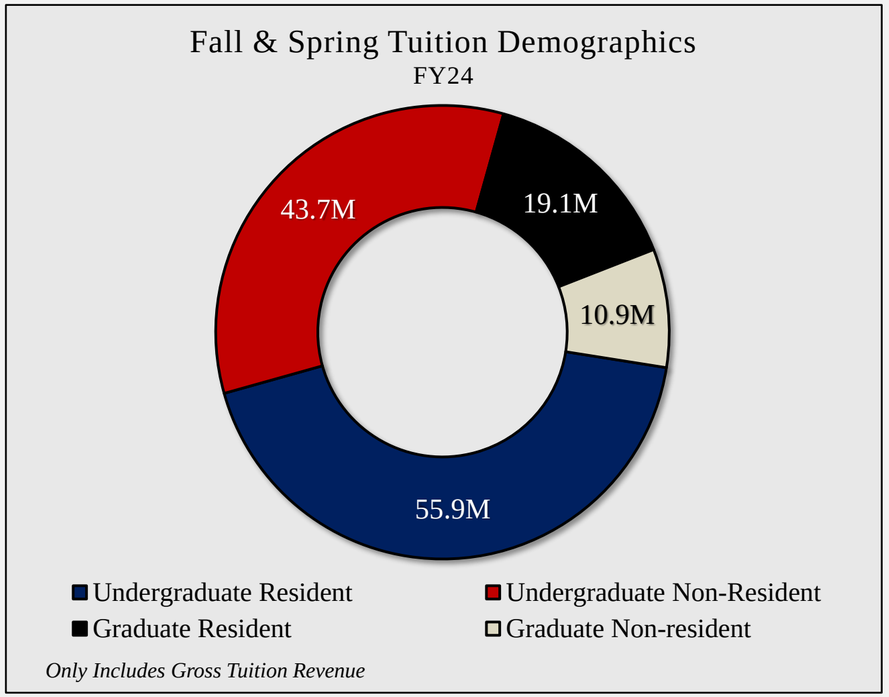
FY24 Q2 E&G REVENUE

E&G REVENUE CATALYSTS



Tuition Revenue Including Student Fees, Tuition Differential, Excludes College of Medicine

Fall and Spring tuition revenue has seen significant growth from FY23 to FY24, increasing from $134.4 million to $153.9 million. This change represents a substantial 14.5% year-over-year increase in Fall and Spring tuition. Initially, this growth was mainly attributed to the rise in out-of-state credit hours, while in-state credit hours were declining. However, the trend has shifted, with both in-state and out-of-state credit hours experiencing year-over-year increases.



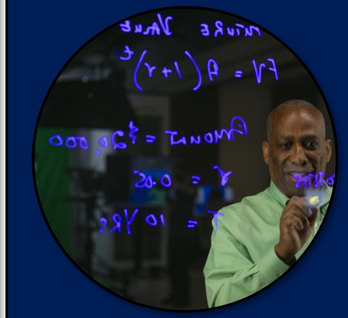
Only Includes Gross Tuition Revenue

FY24 Q2 E&G REVENUE

E&G REVENUE CATALYSTS



Performance Funding



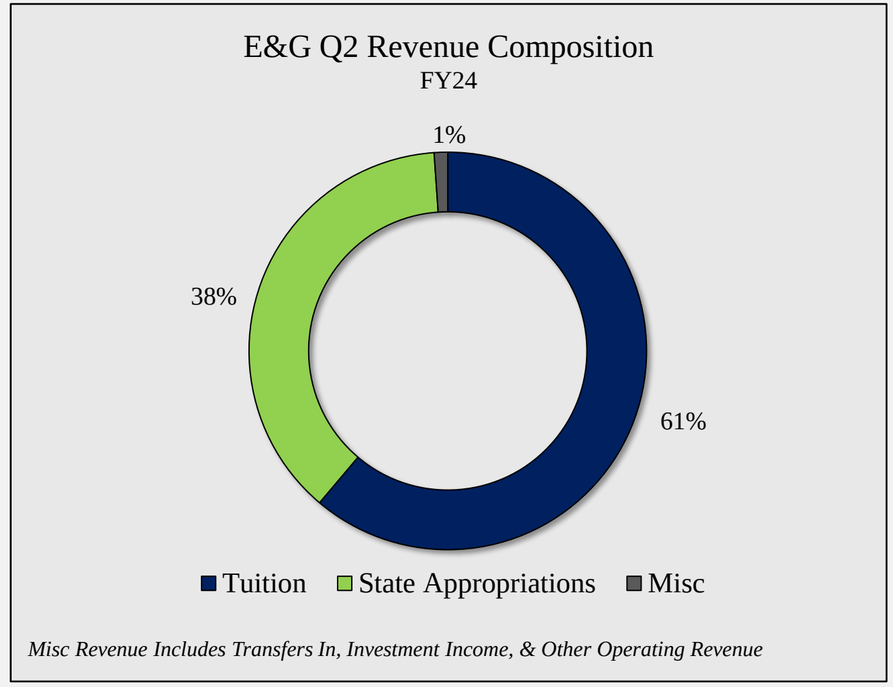
Hiring & Retaining Faculty



Nursing Enrollment Expansion

Notable Q2 State Appropriation Revenues

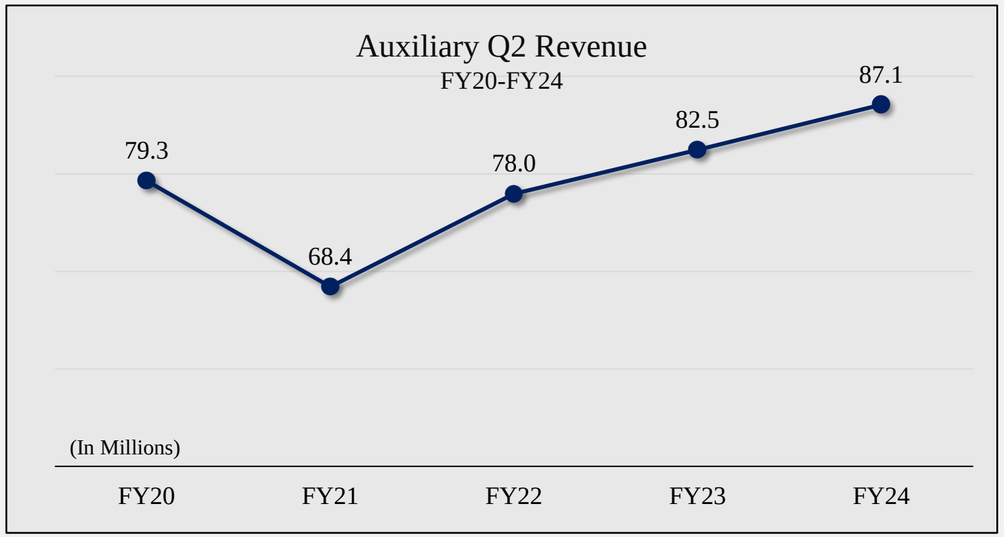
Through the first half of the year, FAU has seen an increase in state appropriation revenue. This additional funding encompasses 12.6M of the 25.2M awarded for performance-based funding, 2.1M of the 4.3M awarded for the expansion of College of Nursing enrollment, and 5.0M of the 10.0M awarded for investments in faculty recruitment and retention.



Misc Revenue Includes Transfers In, Investment Income, & Other Operating Revenue

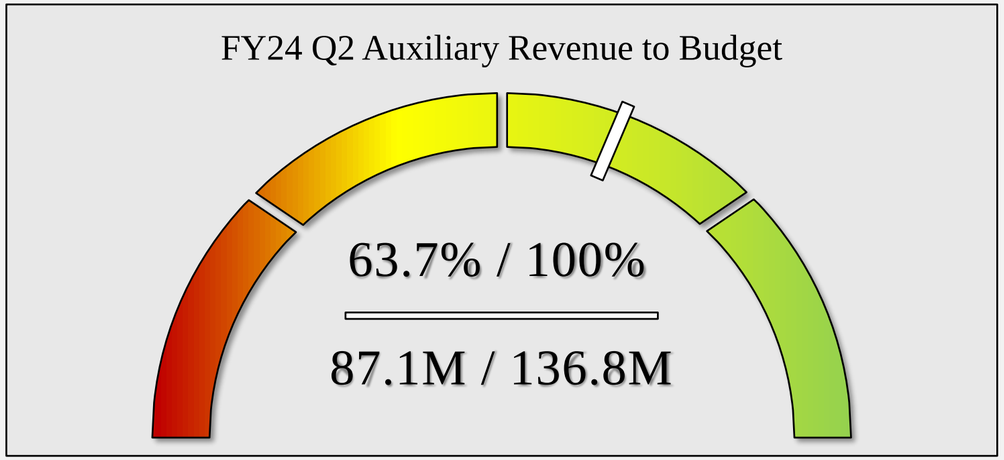
FY24 Q2 AUXILIARY REVENUE

AUXILIARY REVENUE CATALYSTS



Over the past year, auxiliary revenue has demonstrated a steady upward trend, marking an increase of $4.4 million compared to the previous period. This growth can be largely attributed to the sustained success of the College of Business executive degree programs, which have played a pivotal role in driving revenue expansion by contributing $2.8 million to the overall increase. The excellence and popularity of these programs have consistently attracted students, resulting in continued success.

Additionally, student health services shows an increase in revenue by an additional $1.4 million as more students elected an advantageous third-party insurance with more affordable rates.



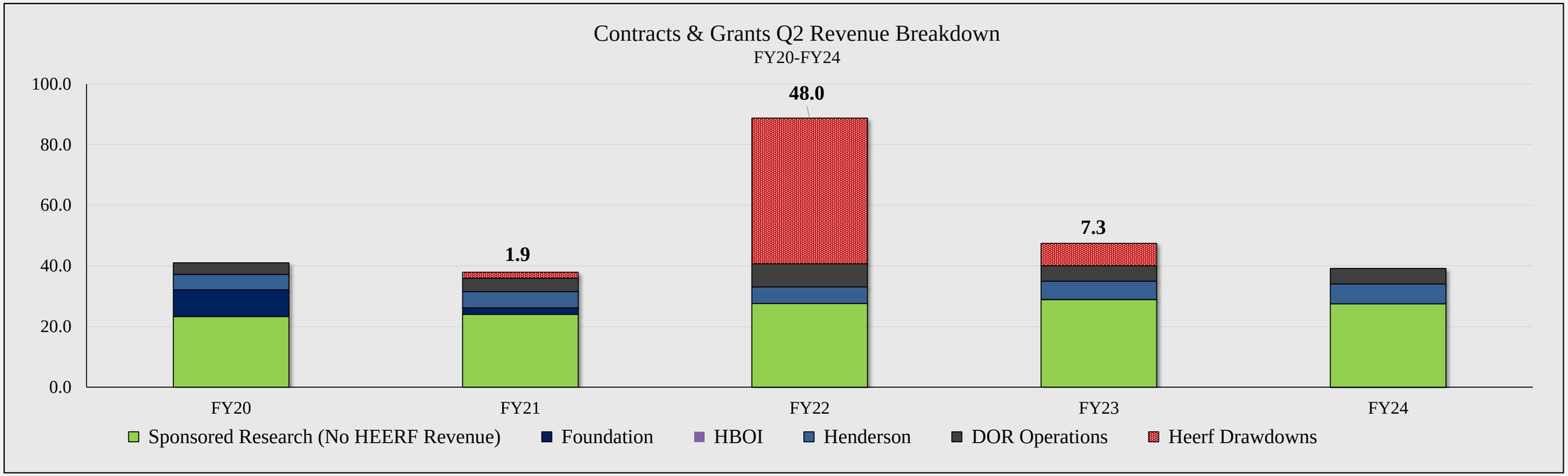
2.8M

Q2 College of Business Executive Program Revenue Growth

1.4M

Q2 Student Health Services Revenue Growth

FY24 Q2 CONTRACTS & GRANTS REVENUE



Contracts & Grants Total Q2 Revenues	FY20	FY21	FY22	FY23	FY24
	41.0M	37.9M	88.7M	47.4M	39.1M

Contracts and grants revenue has experienced significant fluctuations over the past 5 years in Q2. These fluctuations are largely due to the substantial drawdown of Higher Education Emergency Relief Fund (HEERF) revenue, which peaked during the height of the COVID-19 pandemic. In FY22 Q2, there was a notable drawdown of $48.0 million in HEERF funds, leading to an inflated reported revenue figure for that quarter.

Sponsored research revenues in Q1-Q2 are not indicative of growth, current sponsored research Q1-Q3 figures reveal an increase of $7M from FY24 ($53 million) over FY23 ($46 Million).

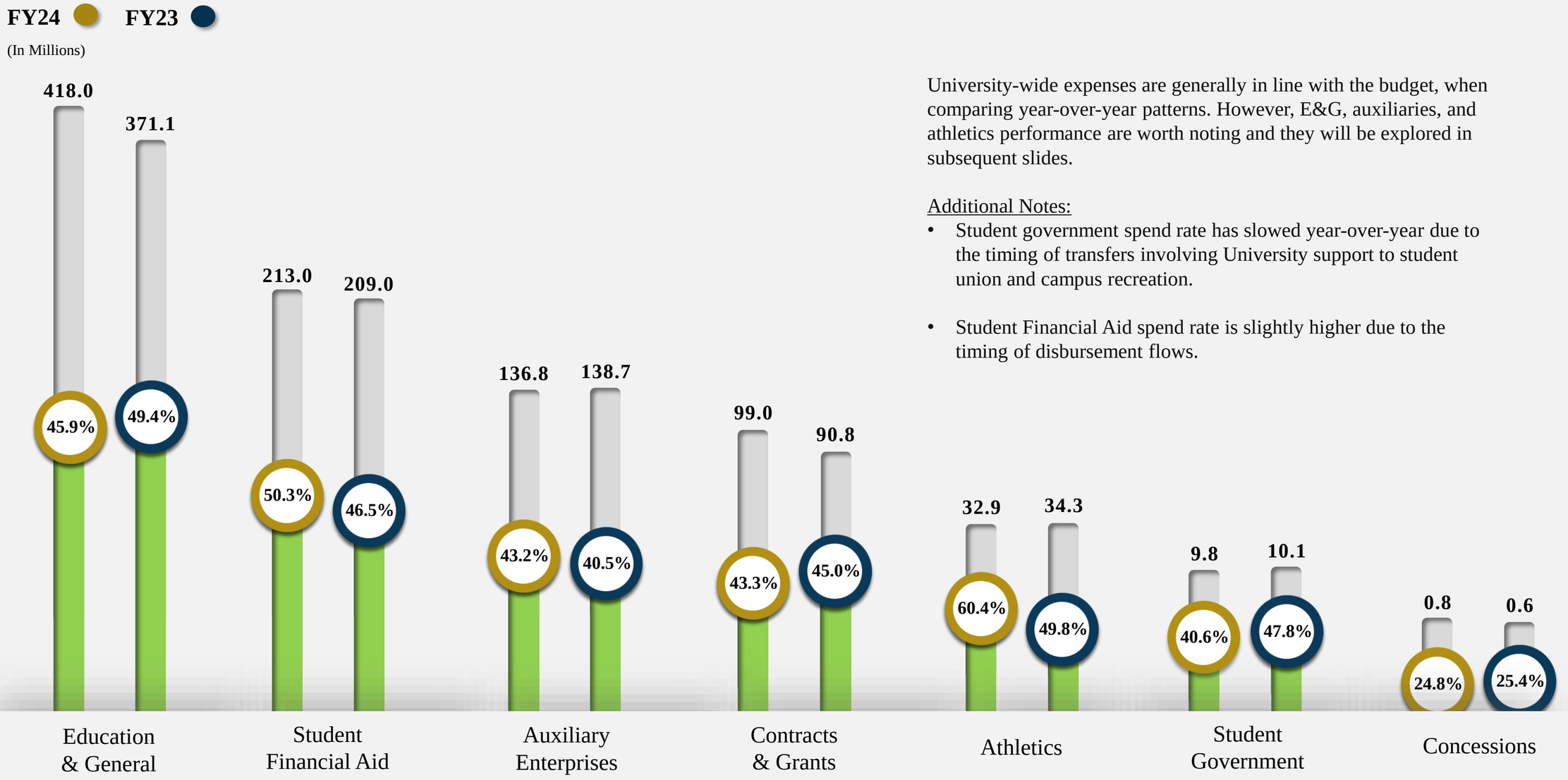
FY24
Q2 EXPENSES







FY24 Q2 EXPENSE BUDGET TO ACTUALS



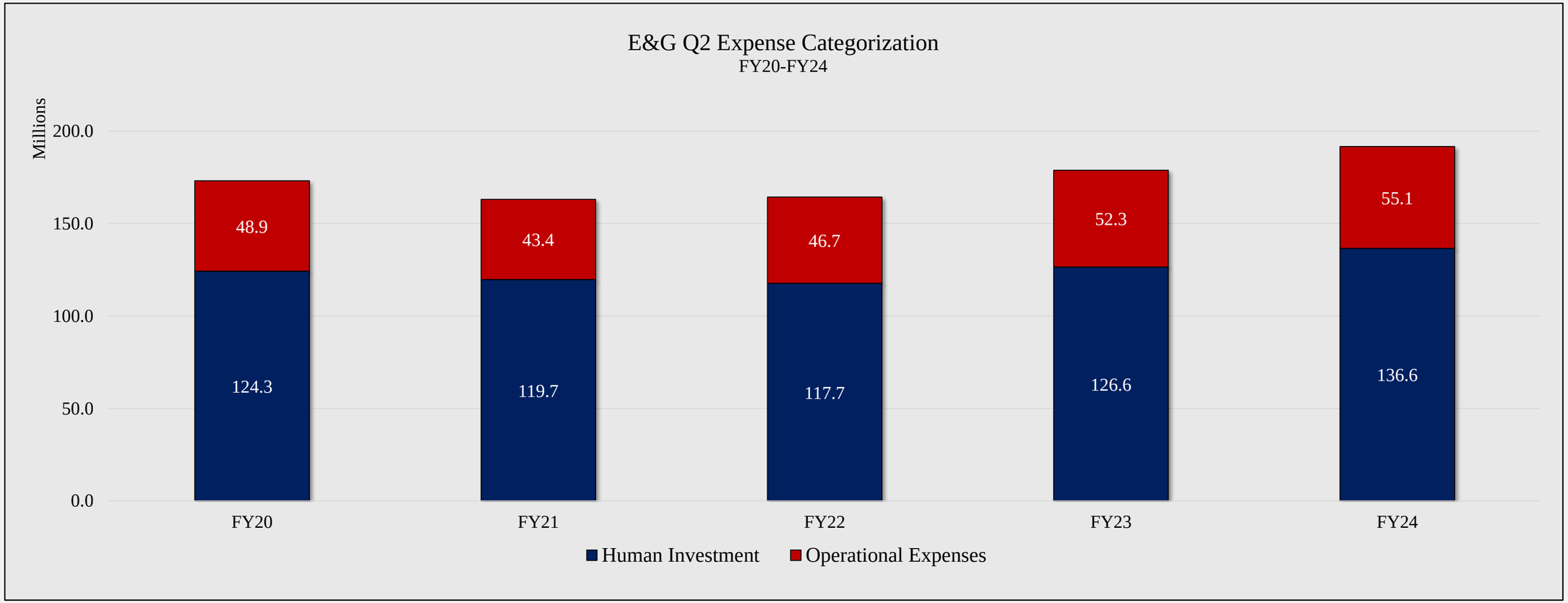
University-wide expenses are generally in line with the budget, when comparing year-over-year patterns. However, E&G, auxiliaries, and athletics performance are worth noting and they will be explored in subsequent slides.

Additional Notes:

- Student government spend rate has slowed year-over-year due to the timing of transfers involving University support to student union and campus recreation.
- Student Financial Aid spend rate is slightly higher due to the timing of disbursement flows.

FY24 Q2 E&G EXPENSE

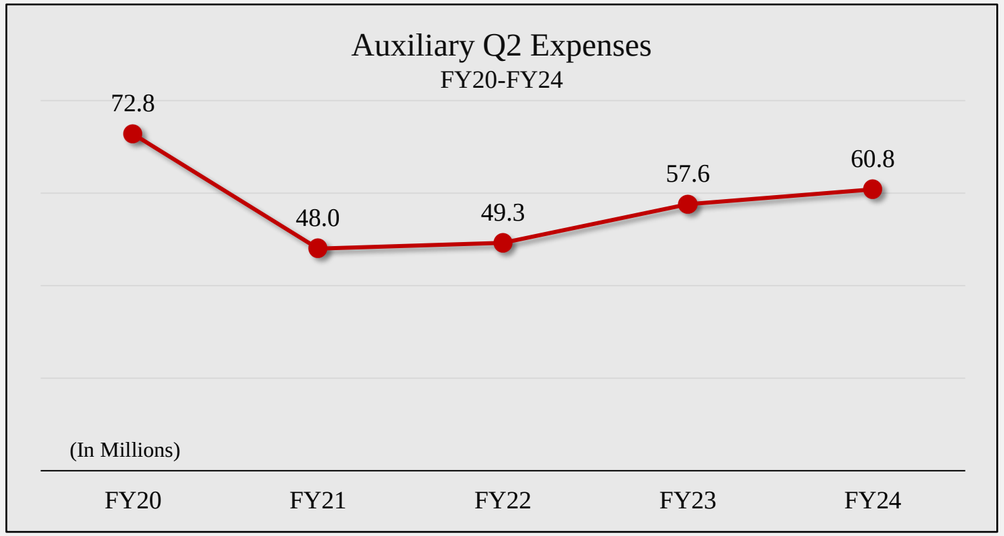
EXPENSE ANALYSIS



In Q2, Florida Atlantic University (FAU) has observed a consistent increase in Education & General (E&G) expenditures, particularly notable in the salaries and benefits accounts. This uptick is primarily attributed to FAU's sustained investment in human capital, which commenced with a 4.0% staff compensation increase earlier in fiscal year 2024.

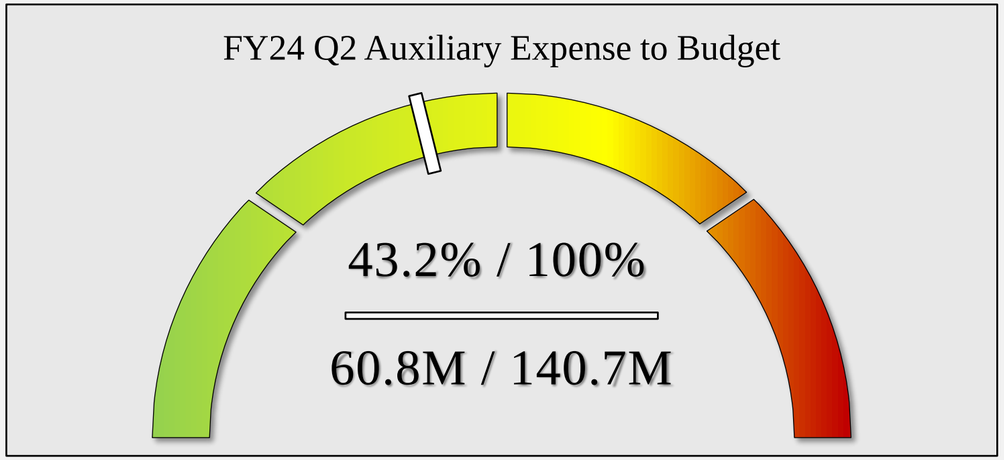
FY24 Q2 AUXILIARY EXPENSE

E&G EXPENSE CATALYSTS



Auxiliary enterprises, being self-supported units, prioritize prudent expense management. Notably, they maintained a spend rate below 50% of the budget as Q2 concluded. Despite this, there was a year-over-year increase in spending by $3.2 million. This rise is attributed to escalated student food services expenses, expanded student health services costs, and various miscellaneous expenditures, including repairs and renovations in traffic and parking infrastructure.

Over the past five years, Q2 expenses have shown a gradual upward trend, with an exception seen in FY20 due to heightened spending related to the construction of FAU's Schmidt Family Complex for Academic and Athletic Excellence.



3.2M

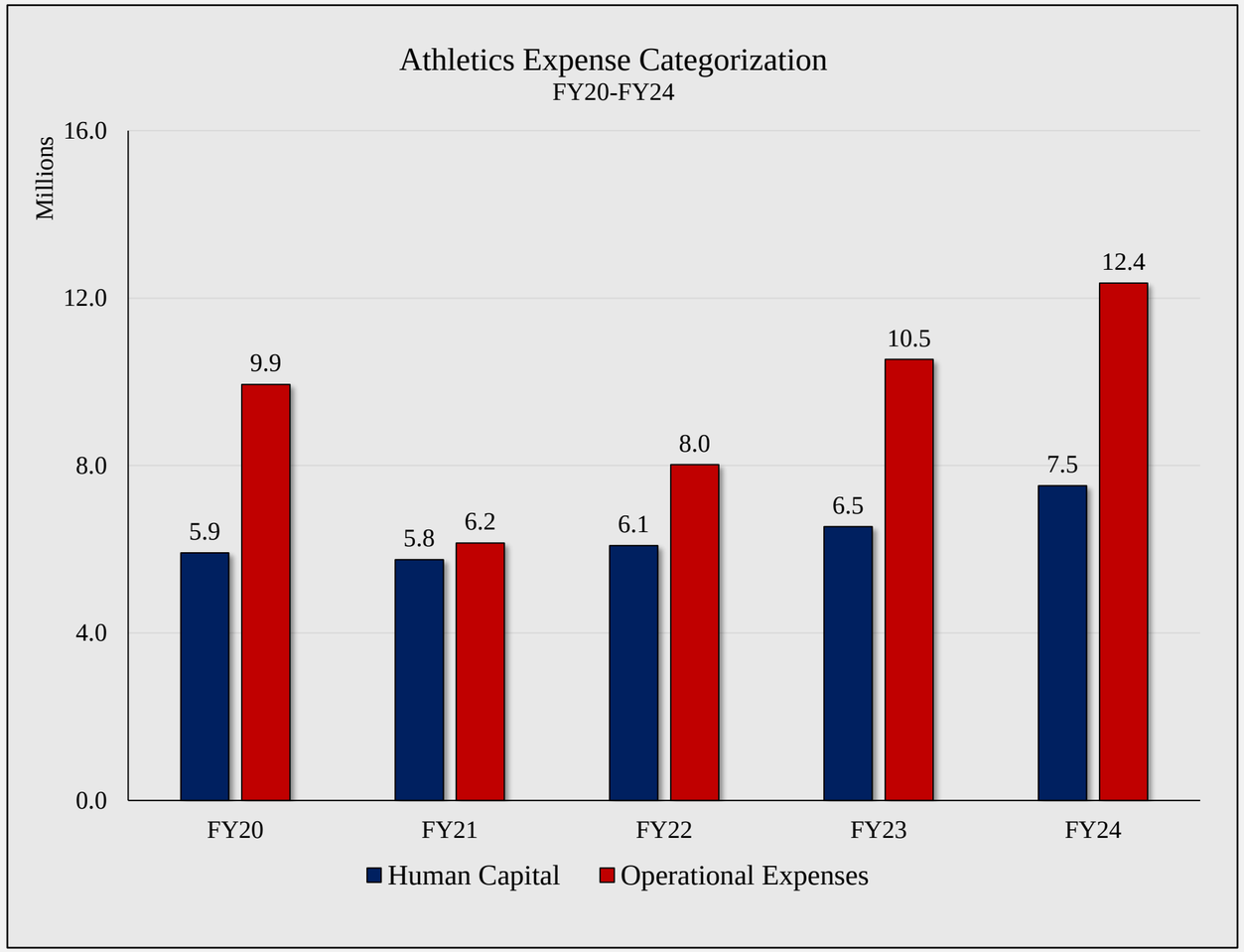
Q2 University Auxiliary Expense Increase Year-Over-Year.

39.6%

5-Year Average Q2 University Auxiliary Spend Rate to Budget

FY24 Q2 ATHLETICS EXPENSE

ATHLETICS EXPENSE ANALYSIS



In Q2 of this fiscal year, university athletics have seen a $2.8 million increase in expenditures compared to Q2 of the previous fiscal year. This rise in spending is primarily due to a transition in conferences, elevating from C-USA to the American Athletic Conference. Areas of investment include a production trailer capital purchase, increased streaming expenses, and equipment enhancements.

Although these expenses have increased the athletics department's spend rate compared to its budget, their financial activity is expected to align with the budget by the end of the year, as the department operates as a self-supporting unit.

2.8M

Q2 University Athletics Expense Increase Year-Over-Year.

4.0M

Q2 University Athletics Expense Increase Since FY20.

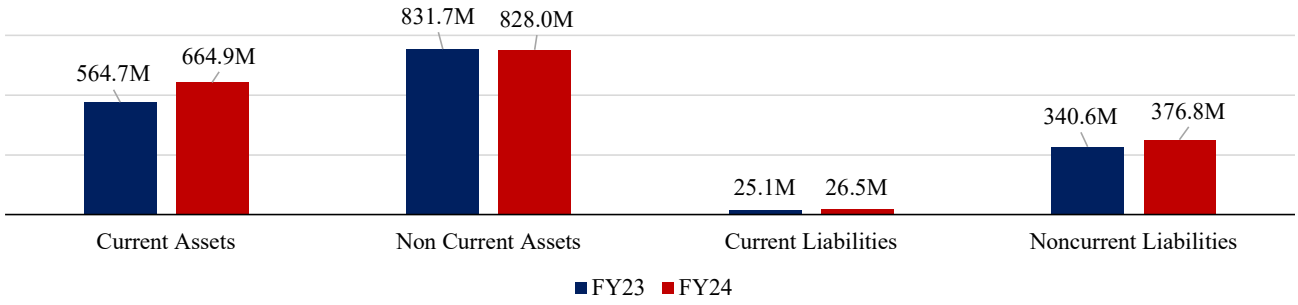
THANK YOU



Florida Atlantic University

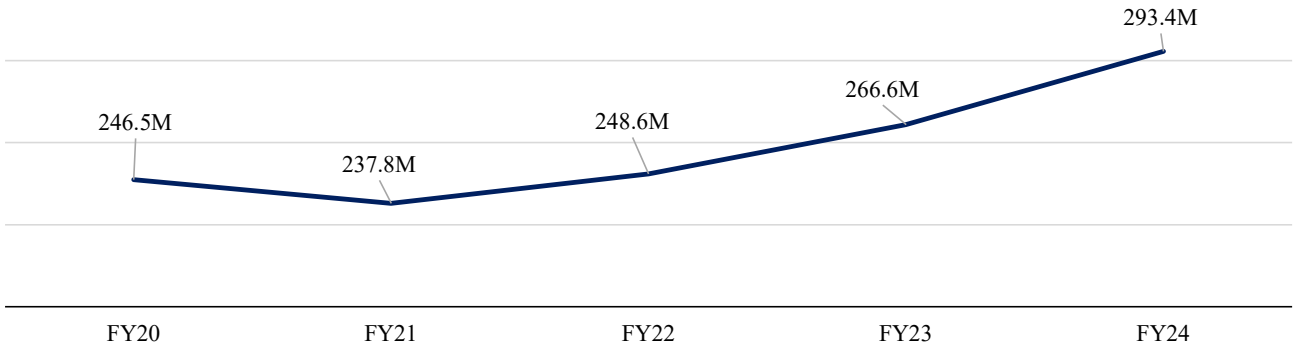
Quarterly Financial Report
For Six Months Ending 12/31/2023

Q2 Balance Sheet Insights



P&L Activity	Q2 FY24 Actuals	Q2 FY23 Actuals	FY24 to FY23 Variance
Operating Revenues			
Student Tuition & Fees, Net of Scholarship Allowances	192,435,288	167,078,975	25,356,313
Grants & Contracts	33,910,071	34,893,108	(983,037)
Sales & Services	64,936,365	62,833,849	2,102,516
Other Operating Revenues	2,155,465	1,747,926	407,540
Total Operating Revenues	293,437,188	266,553,858	26,883,331
Operating Expenses			
Compensation & Employee Benefits	(221,863,644)	(200,729,949)	(21,133,695)
Services & Supplies	(67,170,995)	(59,376,202)	(7,794,794)
Utilities & Communications	(7,940,823)	(6,021,942)	(1,918,880)
Scholarships, Fellowships & Waivers	(29,762,277)	(26,981,883)	(2,780,393)
Depreciation	(16,862,262)	(16,612,331)	(249,931)
Total Operating Expenses	(343,600,001)	(309,722,307)	(33,877,694)
Operating Income (Loss)	**(50,162,813)**	**(43,168,450)**	**(6,994,363)**
Non Operating Revenues (Expenses)			
State Noncapital Appropriations	104,843,522	88,731,885	16,111,637
Federal & State Student Financial Aid	47,303,514	60,818,204	(13,514,689)
Investment Income (Loss)	4,526,026	2,102,233	2,423,793
Other Non-Operating Revenues	6,586,788	3,968,966	2,617,822
Total Non Operating Revenues (Expenses)	163,259,850	155,621,289	7,638,562
Net Income	**113,097,038**	**112,452,839**	**644,199**

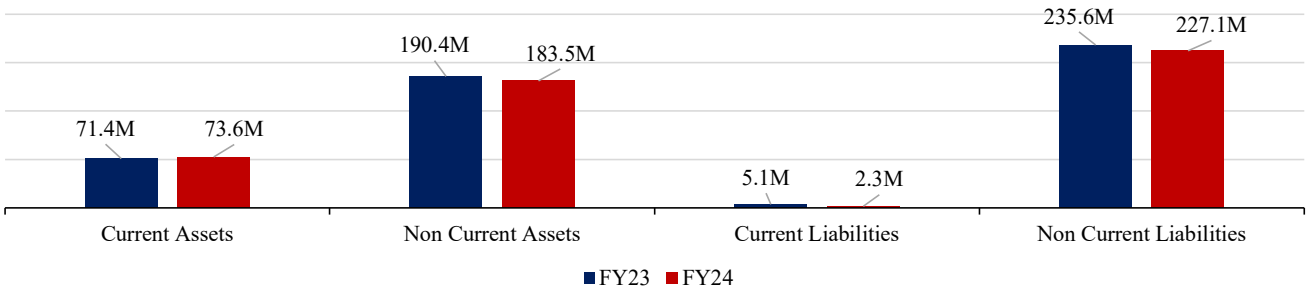
Q2 Operating Revenue



FAU Finance Corporation

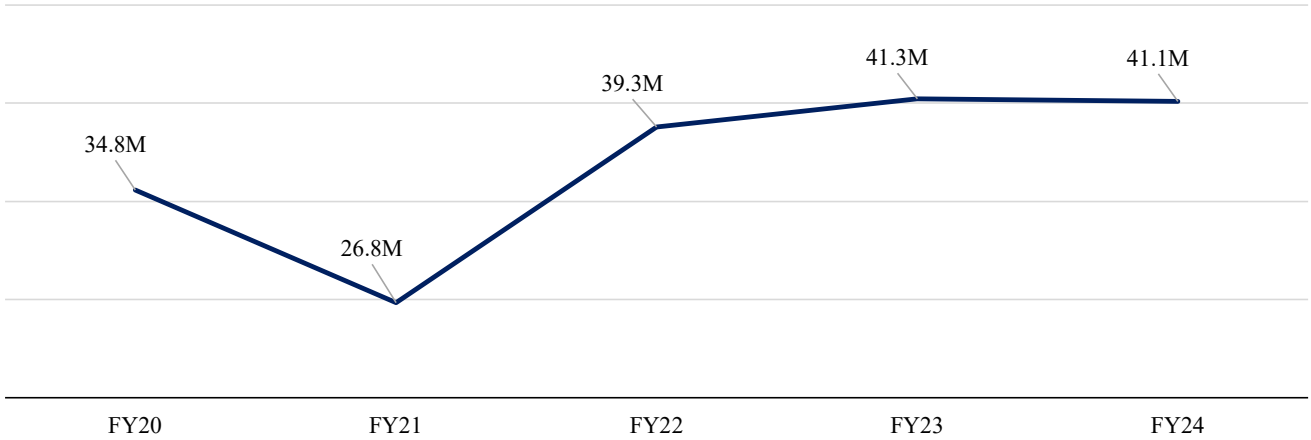
Quarterly Financial Report
For Six Months Ending 12/31/2023

Q2 Balance Sheet Insights



P&L Activity	Q2 FY24 Actuals	Q2 FY23 Actuals	FY24 to FY23 Variance
Operating Revenues			
Housing Operations Revenues	41,126,982	41,312,088	(185,106)
Housing Operations Expenses	(8,825,921)	(10,248,868)	1,422,947
Depreciations and Amortization Expense	(4,646,213)	(4,531,298)	(114,916)
Operating Income, Net	**27,654,847**	**26,531,922**	**1,122,925**
Nonoperating Revenues (Expenses)			
Athletic Revenues	4,625,966	3,614,839	1,011,127
Interest Income	823,825	248,005	575,819
Unrealized Gains (Losses)	1,436,764	2,032,814	(596,050)
Contributions to the University, Net	-	(207,296)	207,296
Other Nonoperating Expenses	-	-	-
Interest Expense	-	-	-
Nonoperating Expenses, Net	6,886,555	5,688,362	1,198,193
Net Income	**34,541,402**	**32,220,284**	**2,321,118**

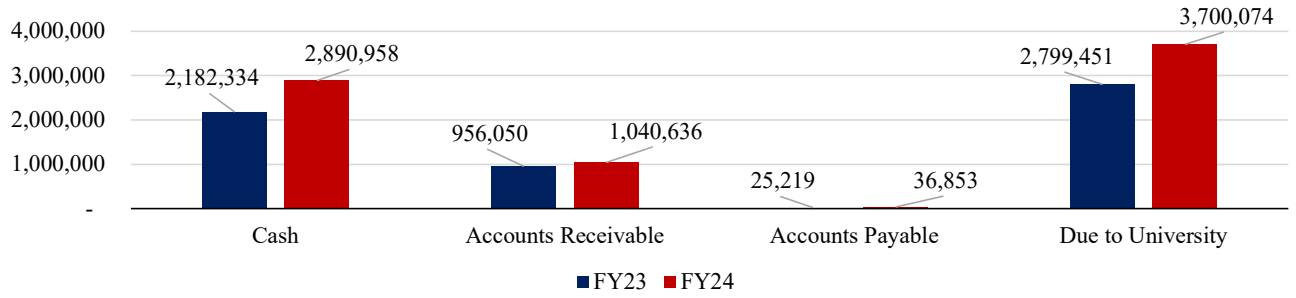
Q2 Operating Revenue



FAU Clinical Practice Organization

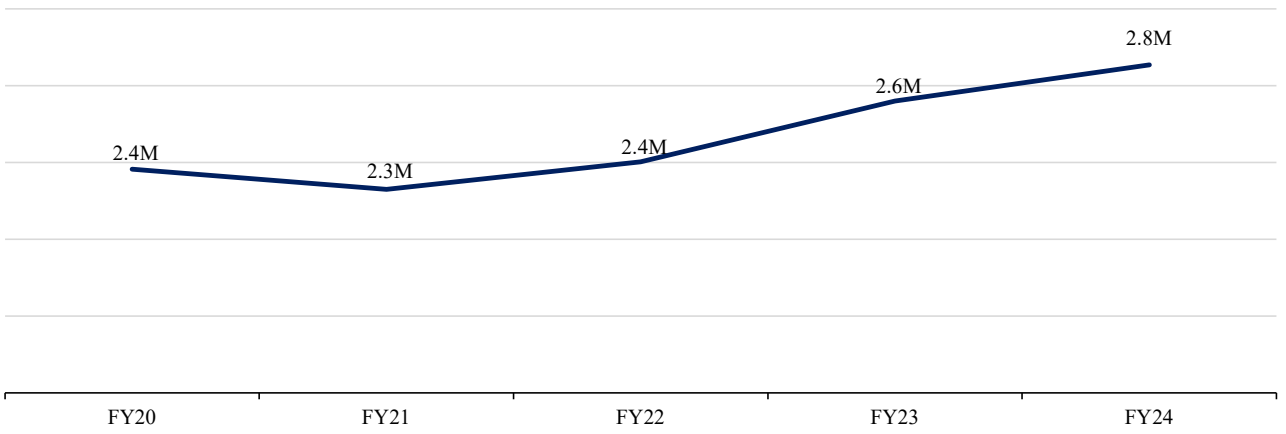
Quarterly Financial Report
For Six Months Ending 12/31/2023

Q1 Balance Sheet Insights



P&L Activity	Q1 FY24 Actuals	Q1 FY23 Actuals	FY24 to FY23 Variance
Operating Revenues:			
Clinical Services/Patient Care	2,639,911	2,780,802	(140,892)
Operating Expenses:			
Salaries & Benefits	(2,433,014)	(2,466,366)	33,352
EMR/Billing	(71,343)	(60,676)	(10,667)
Uilities	(40,350)	(37,728)	(2,622)
Medical, Lab, Patient Supplies	(21,304)	(25,391)	4,088
Examination, Testing, Medical Svcs	(16,516)	(12,433)	(4,083)
Audit Services	(12,800)	(8,675)	(4,125)
Practice Consultant	-	(11,703)	11,703
Rent	-	-	-
Software	(773)	(1,830)	1,057
Insurance	(5,845)	(6,500)	655
Office Supplies	(2,797)	(3,839)	1,041
Equipment Lease	(3,275)	(3,148)	(126)
Credit Card & Bank Fees	(9,406)	(11,399)	1,993
Other Operating Expenses	(4,064)	(2,727)	(1,337)
Total Operating Expenses	(2,621,487)	(2,652,415)	30,928
Net Income	**18,424**	**128,387**	**(109,963)**

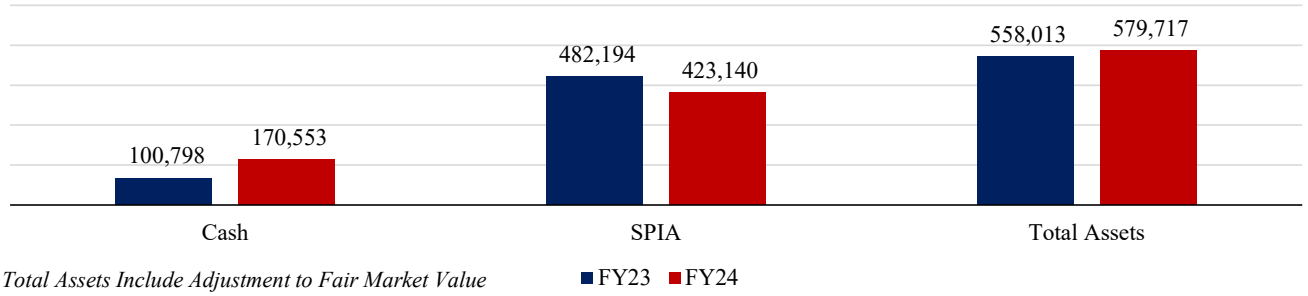
Q1 Operating Revenue



FAU Research Corporation

Quarterly Financial Report
For Six Months Ending 12/31/2023

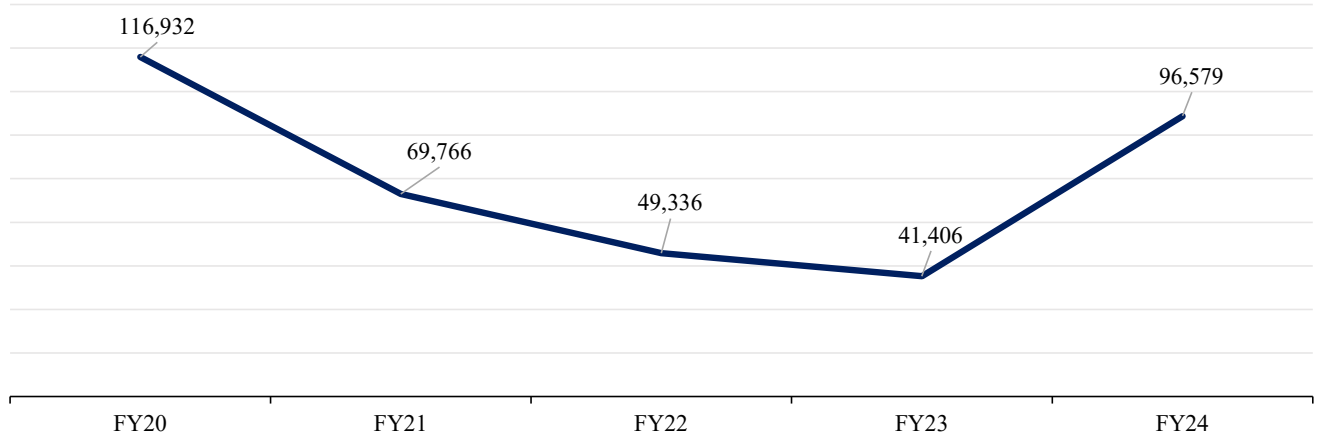
Q2 Balance Sheet Insights



Total Assets Include Adjustment to Fair Market Value

Q2 P&L Activity	Q2 FY24 Actuals	Q2 FY23 Actuals	FY24 to FY23 Variance
Operating Revenues:			
Nongovernmental Grants, Contracts & Other Operating Rev.	23,817	19,125	4,692
Royalties	72,762	22,281	50,481
Total Operating Revenues	96,579	41,406	55,173
Operating Expenses:			
Contractual & Program Expenses	(36,874)	(44,069)	7,195
Royalty Expenses	(28,681)	(12,869)	(15,812)
Total Operating Expenses	(65,555)	(56,938)	(8,617)
Net Operating Income	**31,024**	**(15,532)**	**46,556**
Non-Operating Revenues (Expenses):			
Investment Income	6,508	2,981	3,527
Total Non-Operating Income (Expense)	6,508	2,981	3,527
Net Income (Financial Statement-Accrual)	**37,532**	**(12,551)**	**50,083**

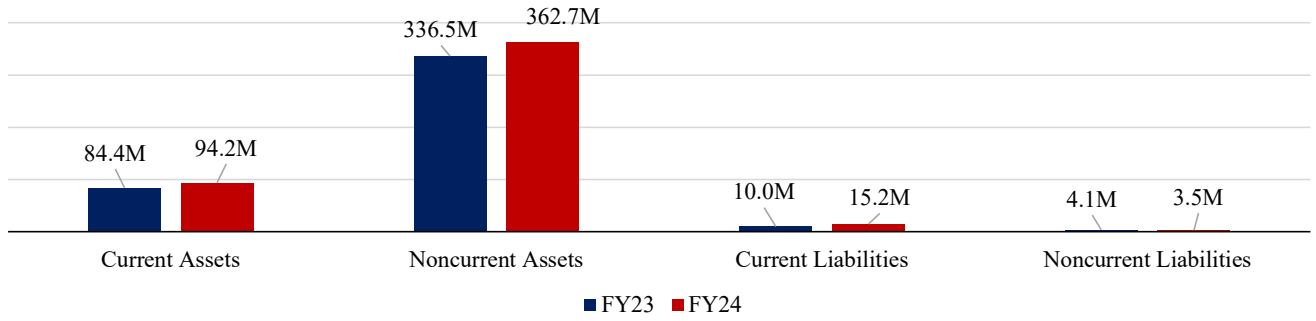
Q2 Operating Revenue



FAU Foundation

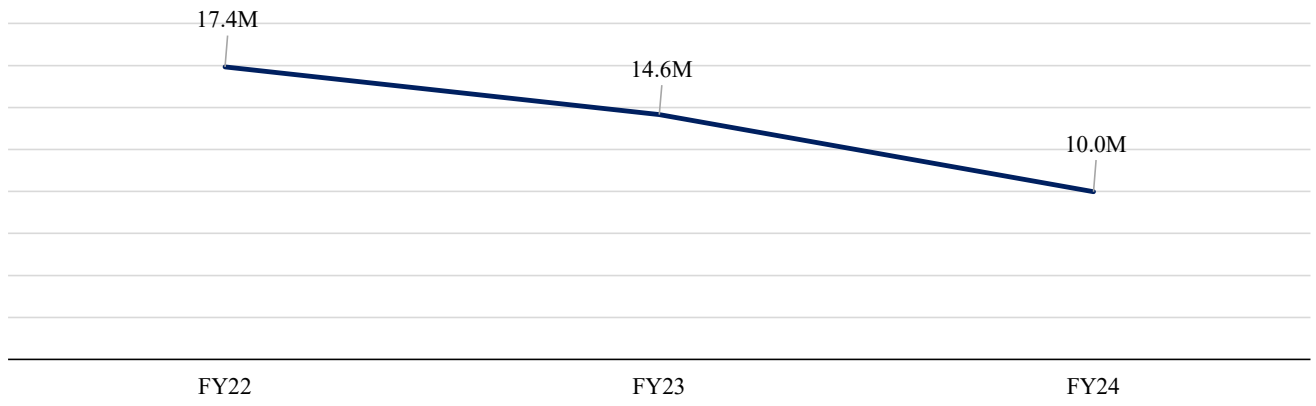
Quarterly Financial Report
For Six Months Ending 12/31/2023

Q1 Balance Sheet Insights



P&L Activity	Q1 FY24 Actuals	Q1 FY23 Actuals	FY24 to FY23 Variance
Source of Funds from Foundation: (Revenues)			
Endowment Management Distribution	6,447,165	7,001,605	(554,440)
Interest on Expendable Funds	1,313,621	362,509	951,112
Gift & Non-Gift Fees & Other Income	129,426	109,677	19,749
Total Source of Foundation Funds (Revenues)	7,890,212	7,473,791	416,421
			-
Use of Foundation Funds: (Expenses)			-
Salaries & Benefits - FAU Advancement Staff	(500,000)	(500,000)	-
Operating Expenses	(965,791)	(1,379,442)	413,651
Government Relations & University Leadership Support	(151,506)	(431,385)	279,879
University Initiatives/Priorities	(156,098)	-	(156,098)
Scholarships	(1,300,000)	(1,083,333)	(216,667)
Total Use of Foundation Funds (Expenses)	(3,073,395)	(3,394,160)	320,765
Source of Funds Over/(Under) Use of Funds	**4,816,817**	**4,079,631**	**737,186**

Q1 Operating Revenue



Operating revenue flucates due to the timing of donations