



AUDITOR GENERAL

William O. Monroe, CPA



ASSIGNMENT BY UNIVERSITIES OF INTELLECTUAL PROPERTY AND RELATED INCOME TO UNIVERSITY RESEARCH FOUNDATIONS

SUMMARY

As permitted by Florida law, each university within the State University System has established a division of sponsored research which serves to administer and promote the programs of research at the university. This includes securing patents, copyrights, and trademarks resulting from such research. Since 1986, seven universities established research foundations, created as direct-support organizations, and assigned their rights and related income from patents, copyrights, and trademarks to these research foundations. We question whether the universities have authority to assign their rights and related income in intellectual property to the research foundations.

BACKGROUND

University patents, copyrights, and trademarks are governed by Section 240.229, Florida Statutes. This Statute provides in part that each university is authorized, in its own name, to secure patents, copyrights, and trademarks on any work products and to enforce its rights therein. Each university may license, lease, assign, or otherwise give written consent to any person, firm, or corporation for the manufacture or use thereof, on a royalty basis or for such other consideration as the university shall deem proper. Section 240.229(6), Florida Statutes, provides that any proceeds therefrom shall be deposited and

expended in accordance with Section 240.241, Florida Statutes.

Section 240.241, Florida Statutes, provides that the State universities may establish divisions of sponsored research, which serve the function of administering and promoting the programs of research of the university. Specifically, Section 240.241(4), Florida Statutes, states that the president or his designee is authorized to negotiate, enter into, and execute research contracts; to solicit and accept research grants and donations; and to fix and collect fees, other payments, and donations that may accrue by reason thereof. Section 240.241(5), Florida Statutes, states that a division of sponsored research shall be financed from the moneys of a university which are on deposit or received for use in research or related programs of that university. The university shall deposit such moneys in a permanent sponsored research development fund in an approved State depository.

In accordance with these laws, seven universities established divisions of sponsored research and secured patents, copyrights, and trademarks. A patent, copyright, or trademark developed by an individual (inventor or author) in his or her capacity as an employee of a university using university property (laboratory) is generally considered intellectual property of that university. Prior to the creation of the various research foundations, university patent, copyright, and trademark royalties

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were deposited in university accounts administered by the universities' divisions of sponsored research, and were subject to the State's annual budget approval process, pursuant to Section 240.277(3)(a), Florida Statutes.

However, from 1986 to 1997, these universities established research foundations incorporated as direct-support organizations, in accordance with Section 240.299, Florida Statutes. The research foundations are not-for-profit Florida corporations incorporated under the provisions of Chapter 617, Florida Statutes, and approved by the Department of State. See **Table 1** for a listing of the research foundations and dates of incorporation. With the establishment of the research foundations, the universities assigned the rights to the patents, copyrights, and trademarks and transferred related amounts previously deposited with the divisions of sponsored research to the research foundations. All subsequent royalty collections were then deposited with the research foundations. See **Table 2** for a summary of the methods, terms, and dates of assignments and consideration received by the Florida State University, University of Florida, and University of South Florida (the three largest universities).

Section 240.299(5), Florida Statutes, requires direct-support organizations to receive annual financial audits by independent certified public accountants. Consequently, we do not perform audits of the research foundations. We reviewed the financial audits of the three largest university research foundations to determine the amount of royalties collected for the last seven fiscal years through the 1999-2000 fiscal year. For the 1993-94 through 1999-2000 fiscal years, total royalties reported by these three research foundations ranged from \$3,723,300 at the University of South Florida Research Foundation, Inc., to \$223,682,557 at The Florida State University Research Foundation, Inc. See **Table 3** for a tabulation

of royalties received by the three research foundations.

Royalties are based on a percentage of sales generated from the commercial use of a patent, copyright, or trademark. Royalties are distributed to the various parties (inventor or author, university, university department, etc.) according to percentages determined by royalty distribution agreements and university policy. The research foundations make distributions to the inventor or author and retain the balance.

Moneys on deposit at the research foundations are neither subject to the same restrictions and controls, as established by law and rule, nor subject to the State's budget approval process as moneys held in the universities' divisions of sponsored research. State laws and Board of Regents rules establishing specific guidelines and requirements for collecting, depositing, investing, and disbursing moneys administered by universities do not apply to moneys held and administered by research foundations. Consequently, significant sources of moneys previously administered in the universities' divisions of sponsored research accounts are now administered by research foundations and not subject to those controls and the State's budget approval process.

SCOPE, OBJECTIVES, AND METHODOLOGY

This audit focused on whether universities are permitted by law to assign their rights and related income in intellectual property to research foundations. Our objectives were as follows:

- ◆ To identify universities that assigned their rights and related income in intellectual property (i.e., patents, copyrights, and trademarks).
- ◆ To identify laws and Board of Regents rules governing the assignment of those rights and income.

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- ♦ To determine whether the assignments were made in accordance with those laws and Board of Regents rules.

We identified those universities that assigned rights in intellectual property and the applicable State laws and Board of Regents rules. We reviewed university records at the Florida State University, University of Florida, and University of South Florida (the three largest universities) and reports on related financial audits conducted by independent certified public accountants of the universities' research foundations for the 1993-94 through 1999-2000 fiscal years. See **Table 4** for a summary of revenues, expenses, and changes in fund balances for these three research foundations for the fiscal years ended June 30, 2000, and 1999.

FINDINGS

Section 240.229, Florida Statutes, provides the universities with various powers and duties regarding the development and control of intellectual property, i.e., patents, copyrights, and trademarks. This Statute authorizes universities to perform all things necessary to secure letters of patents, copyrights, and trademarks on any work products and to enforce its rights therein. Universities are authorized to assign or otherwise give consent to any person, firm, or corporation for the manufacture or use thereof, on a royalty basis or for other consideration, as the university shall deem proper. We question whether it is the intent of Section 240.229, Florida Statutes, to permit the gratuitous assignment of intellectual property and related income to a research foundation. Rather, we believe this Statute provides the universities with authority to assign intellectual property to third parties, such as drug companies, on a sale or royalty basis to provide the universities a mechanism to market valuable work products for their true value. This is the manner in which the universities assigned their rights in intellectual

property prior to the establishment of the research foundations. In each instance, the universities assigned the individual patents to various vendors for marketing purposes upon which these vendors agreed to pay royalties to the universities. It was not until after the respective research foundations were incorporated that the universities subsequently assigned these rights and related income to the foundations.

The universities' assignment of intellectual property took various forms. **Table 2** summarizes the forms and terms of the various assignments, and considerations received by the universities. As presented in the table, some assignments were general in nature while others were specific to a patent. In one instance, the assignment was not documented in writing until April 19, 2000. The agreements generally assigned the responsibility to manage, protect, license, commercialize, exploit, and enforce the university's right, title, and interest in intellectual property to the research foundation. Consideration generally consisted of "\$1 and other good and valuable consideration" and the research foundations' efforts to support and assist the universities in their mission. Royalty income, previously deposited to the respective divisions of sponsored research, is currently deposited with the research foundations. These foundations distribute to the inventor or author his or her portion while retaining the balance within the foundation allocated between specific university departments and accounts of the foundation. The University of Florida Research Foundation, Inc., distributes to the inventor's department the department's portion of the royalties.

On April 13, 2000, the Board of Regents issued a Chancellor's Memorandum establishing a consistent policy for income received by universities from intellectual property and research contracts, grants, and donations. According to this Memorandum, a university may assign its interest in research

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intellectual property (i.e., patents, copyrights, and trademarks) to a research foundation that is a direct support organization of the university. If the assigned interest includes the right to income from the intellectual property, that income may be deposited into the research foundation account.

This Memorandum is based on a Board of Regents' General Counsel opinion dated December 8, 1998, which states that Section 240.229, Florida Statutes, gives the universities the authority to assign intellectual property rights to a research foundation, which is a direct-support organization. The law also gives the universities "the discretion to decide the amount of consideration, if any, which they choose to charge for the assignment." This opinion further indicated that the "consideration" need not be monetary in nature, since a university could assign the rights to a patent, for example, in return for the research foundation's efforts to find an application for that patent, and for the foundation's efforts to support the university.

We question, however, whether the above Chancellor's Memorandum and General Counsel opinion accurately reflect Florida law by allowing the assignment of intellectual property that has been marketed and is producing royalty income to a research foundation.

We recommend that the Legislature clarify whether the universities have authority to assign rights to intellectual property and related income to direct-support research foundations.

The Chancellor, in her written response to our draft audit findings indicated that the assignment of interest in the intellectual property to a DSO research foundation is not a "gratuitous assignment" in that each research foundation supports valuable technology transfer services for which a private vendor would charge a fee and the research foundation is required to manage and expend all of its resources solely for the benefit of the university. The Chancellor also states that the DSO research foundations

were set up to provide licensing services (rather than through third parties which would charge for their services) and to promote flexibility in licensing with greater potential for the commercialization of technology for the benefit of the universities and the State of Florida.

We are not questioning whether the research foundations may provide services that benefit the universities. Additionally, we are not questioning the authority of the research foundations to locate vendors and provide the licensing services that ultimately results in royalty income. We are questioning the universities' authority to assign this royalty income to the research foundations, as opposed to depositing the income to the universities' divisions of sponsored research accounts. As there is an obvious difference of opinion in the interpretation and application of the laws cited in this report, we continue to recommend that the Legislature clarify whether the universities may assign rights to intellectual property and related income to direct-support research foundations.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

William O. Monroe
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AUDITEE RESPONSE

In a letter dated April 18, 2001, the Chancellor of the Board of Regents, after consulting with the universities, provided a response to our draft audit findings. Her response, in its entirety, begins on page five of this report.

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Summary:

The Auditor General's office has been reviewing the use of research foundations at state universities since 1998. In that year, in response to an audit by the Auditor General, the General Counsel of the Board of Regents issued a comprehensive legal opinion addressing the Auditor General's concerns with regard to the universities' use of research foundations to assist them in their research contract and grant activities as well as their technology transfer activities. The auditors understand that the activities of research foundations are wholly within the confines of applicable laws and rules. They now suggest that it may not be within the statutory intent for a university to assign its interests in an invention or any income from that invention to a direct support organization (DSO) of the university, such as a research foundation.

We continue to believe that there is no question that a state university may assign or license rights related to the inventions of its personnel to a DSO research foundation. We also feel the conclusion of the auditors is contrary to our understanding of the law. It is also difficult to understand since the auditors state that it is acceptable to assign intellectual property to a third-party commercial company. The latter assignment would provide lesser returns to the university than an assignment to a DSO research foundation. The Auditor General refers to the assignment of interests in intellectual property to a DSO research foundation as a "gratuitous assignment." In fact, each DSO research foundation supports valuable technology transfer services for which a private vendor would certainly charge a fee and is required to manage and expend all of its resources solely for the benefit of the university.

Each university within the State University System has the authority in its own name to secure patents, copyrights and trademarks on any work products of its personnel, Section 240.229, Florida Statutes. In addition, each university is authorized to "license, lease, assign, or otherwise give written consent to any person, firm, or corporation for the manufacture or use thereof, on a royalty basis or for such other consideration as the university shall deem proper." Any proceeds from the license, lease, assignment or sale of intellectual property are to be "deposited and expended in accordance with Section 240.241." Funds received under that statute must be spent solely in support of the university's research and sponsored

training programs. Under Section 240.299, Florida Statutes, state universities may establish direct support organizations (DSOs) in support of research activities at the respective universities. Seven universities have done so. Significantly, research foundation proceeds may be used only for research and education activities at their respective universities.

In general, intellectual property in which a university asserts its ownership interest is exploited through license agreements. License agreements allow the party to whom the technology is licensed to make, use, and/or sell the product with a royalty paid to the licensor. Use of DSO research foundations allows for greater flexibility in licensing because a foundation, unlike the university, may take equity interests in lieu of cash royalties, which is of particular benefit in licensing to local start-up companies. Not only does this flexibility benefit the transferring and developing of more technology for the public good, it also aids economic development within the State of Florida. Indeed, start-up and spin-off companies have played a significant role in the growth of local communities and economies in Florida in the last 15 years. These original reasons for the use of research foundations are not mentioned in the auditors' preliminary report.

The DSO research foundations were set up to provide licensing services (rather than through third parties which would charge for their services) and to promote flexibility in licensing with greater potential for the commercialization of technology for the public good, greater returns for the benefit of the universities, greater economic development, and, therefore, greater benefits for the State of Florida.

Outline of Response:

The more detailed response that follows will be divided into three sections. The first section will discuss the statutory background to the issue of intellectual property commercialization through DSO research foundations. Section 2 is a discussion of the reasons for the research foundations and how they assist and promote the technology transfer process. Section 3 will discuss in greater detail the specific tentative findings in the Auditor General's report.

Section 1. Statutory Background

Section 240.241, Florida Statutes: Under Section 240.241, Florida Statutes, universities in the State University System may create "divisions of sponsored

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research which will serve the function of administration and promotion of the programs of research, including sponsored training programs, of the university of which they are located." A division of sponsored research is to be "financed from moneys of a university which are on deposit or received for use in the research or related programs of that particular university." The "permanent sponsored research development fund" is to be deposited by the university "in a depository or depositories that is approved for the deposit of state funds and shall be accounted for and disbursed subject to regular audit by the Auditor General." A sponsored research development fund is designed to operate as an autonomous fund managed by a university's president or designee. The president of the university is accountable to the Board of Regents for the management of the funds.

Section 240.241 requires that the monies deposited in a permanent sponsored research development fund be first utilized to support the particular research grant or contract for which they have been paid. Any excess funds (such as indirect cost or overhead funds) are to be utilized by the divisions of sponsored research for their administrative costs, and after those are paid, the "surplus moneys" are to be used for the support of "research or sponsored training programs in any area of the university."

Section 240.299, Florida Statutes: The direct support organization statute, Section 240.299, Florida Statutes, authorizes such organizations for the state universities. DSOs must be Florida not-for-profit corporations "organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of a state university in Florida." The Board of Regents must certify a DSO "to be operating in a manner consistent with the goals of the university and in the best interests of the state." A DSO may use the property, facilities, and personnel of any state university under the rules of the Board of Regents. An annual audit is required to be conducted by an independent certified public accountant; the annual audit is to be submitted to the Auditor General for review.

The university research foundations referred to in the Auditor General's preliminary report have been certified in compliance with this statute and with Board of Regents Rule 6C-9.011, F.A.C. The research foundations exist solely to support the research and training programs of the universities, including the

facilitation of the technology transfer efforts of the universities.

Section 240.229, Florida Statutes: Under this statute, "any other law to the contrary notwithstanding, each university is authorized, in its own name" to protect, license, and otherwise deal with and exploit the work products of university personnel. The powers given to the state universities to accomplish these goals are broad, including the power to "license, lease, assign, or otherwise give written consent to any person, firm or corporation for the manufacture or use thereof, on a royalty basis or for such other consideration as the university shall deem proper." The universities are permitted to take legal action to protect their work products, enforce the collection of sums due, sell the work products, as well as "do all other acts necessary and proper for the execution and powers of duties herein conferred upon the university." Any proceeds received by the university are to be deposited and expended in accordance with Section 240.241, Florida Statutes.

A comprehensive discussion of the legal bases for the current activities of the research foundations is found in a memorandum from Gregg A. Gleason, General Counsel, Board of Regents, to Chancellor Adam W. Herbert, dated December 8, 1998. The Board's General Counsel concluded that a university may assign its interest in intellectual property to a research foundation that is a DSO to the university. The assignment to the DSO is supported by more than adequate consideration since the DSOs exist solely to support the research and education activities of the universities. He also concluded that funds received by a university from the licensing of intellectual property may be assigned to a research foundation if the funds represent "surplus moneys" under Section 240.241(7), Florida Statutes.

Section 2. Factual Background

The primary impetus for the formation of research foundations at the state universities was to promote more options with regard to technology transfer and, therefore, enhanced opportunities for successful technology transfer, enhanced returns to the research enterprise at the universities, and enhanced opportunities to promote technology licensing to local start-up businesses.

In general, patented inventions are commercialized through the use of license agreements. License agreements allow the party to whom the technology is

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licensed to use, manufacture, or sell the product with an appropriate royalty. The licensee generally further develops and then sells the technology initially invented at the university. Research foundations may take equity interests in licensees in lieu of royalties. This option, not available to the university, facilitates technology transfer to smaller, start-up companies and allows the university to realize value through the success of the start-up company. Even though this is the most significant factor that led to the formation of research foundations, it does not appear in the auditors' preliminary report.

Intellectual property to be protected and commercialized is assigned or licensed to the university's research foundation which then appropriately licenses or sublicenses the technology.¹ All returns from the technology to the research foundation (after payment of the inventor's share under the applicable university's intellectual property policy), including any return from the sale of equity, is spent solely for the benefit of the research and sponsored training programs of the universities. It should be noted that the creation of research foundations has enabled universities to accomplish licensing and other tasks through its own DSOs as opposed to using non-university entities to accomplish the licensing of intellectual property at a greater expense.

¹ There has been only one exception to this model at the University of Florida, which was the assignment of the Trusopt® license agreement when the technology was assigned to the research foundation. Given the broad powers of the university under Section 240.229, Florida Statutes, and consistent with the opinion of the General Counsel of the Board of Regents, this was entirely proper. In the case of Gatorade® the monies were never required to be deposited pursuant to Section 240.241, Florida Statutes, and are governed by court-approved stipulations. Florida State University's Nunc Pro Tunc Assignment confirmed a less formal memorandum from the University's President. FSU's practice is to seek intellectual property protection for new inventions in the name of the research foundation. For patents issued prior to the existence of the FSU research foundation, assignments are completed once a licensing opportunity is identified. The University of South Florida does not assign ownership to patents, copyrights, or trademarks to its research foundation. Rather, USF contracts with the research foundation to market its intellectual property.

Section 3. Auditor General's Preliminary and Tentative Report

The preliminary and tentative report identifies the objectives in the audit as follows:

- To identify universities that assigned their rights and related income in intellectual property (i.e., patents, copyrights, and trademarks).
- To identify laws and Board of Regents rules governing the assignment of those rights and income.
- To determine whether the assignments were made in accordance with those laws and Board of Regents rules.

The first objective was apparently accomplished through a review of the research foundations at the University of Florida, University of South Florida, and Florida State University. However, the table attached to the preliminary report shows only two technologies from the University of Florida and simply makes general statements about Florida State University and the University of South Florida.

As to the second two objectives, the auditors conclude that the assignments were made in accordance with the law as interpreted by the Board of Regents' General Counsel and Board of Regents rules. The auditors question whether the Board of Regents' General Counsel's opinion accurately reflects the law on the assignment of rights and related income. They ask "whether it is the intent of Section 240.229, Florida Statutes, to permit the gratuitous assignment of intellectual property and related income to a research foundation. Rather, we believe this Statute provides the universities with authority to assign intellectual property to third parties, such as drug companies, on a sale or royalty basis to provide the universities a mechanism to market valuable work products for their true value."

We believe the Board of Regents' General Counsel's opinion correctly states the applicable law. Indeed, a conclusion of the preliminary report is that the statute gives the university authority to assign rights to intellectual property to third parties. The third party may market and license the technology to others - keeping a portion of the proceeds for its services. For example, in the past, state universities have utilized the services of the former Research Corporation, now Research Corporation Technologies, Inc., which took a

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portion of proceeds from any licensing that it accomplished. According to the auditors, that would be permissible. On the other hand, the auditors object to an assignment to a DSO that would accomplish the licensing even though all the moneys received by DSO must be used for the benefit of the university. The benefit to the university and the state is obviously greater in the second instance, which certainly does not represent a gratuitous assignment - and yet this is the scenario questioned. The array of services and benefits provided by the research foundations does not support the conclusion that the assignments are gratuitous.

In conclusion, the preliminary report does not mention the advantages of DSO research foundations in the technology transfer process in terms of equity ownership and flexibility, and the auditors read Section 240.229 in a way that does not take into account the economic benefits of assignment to the research foundations. We believe that the tentative conclusions of the preliminary report are incorrect and may be counterproductive to the technology transfer process, the universities' research enterprises, and economic development in the State of Florida.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of universities. This operational audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was conducted by Karen Revell, CPA, and supervised by Alan Sands, CPA. Please address inquiries regarding this report to Jim Raulerson, CPA, Audit Manager, via E-mail at jimraulerson@aud.state.fl.us or by telephone at (850) 487-4468.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

*LIST OF UNIVERSITY RESEARCH FOUNDATIONS
AND DATES OF INCORPORATION*

TABLE 1

<u>Research Foundations</u>	<u>Dates of Incorporation</u>
University of Florida Research Foundation, Inc.	August 11, 1986
University of South Florida Research Foundation, Inc.	June 28, 1989
Florida Atlantic University Research Corporation	November 27, 1990
Research Foundation of the University of Central Florida, Inc.	May 3, 1991
The Florida State University Research Foundation, Inc.	September 15, 1993
Research Foundation of the University of West Florida, Inc.	December 7, 1995
Florida International University Research Foundation, Inc.	November 25, 1997

**SUMMARY OF ASSIGNMENT OF
INTELLECTUAL PROPERTY AND RELATED INCOME**

TABLE 2

<u>University</u>	<u>Method of Assignment</u>	<u>Date of Assignment</u>	<u>Terms of Assignment</u>	<u>Terms of Consideration</u>	<u>Disposition of Royalty Income</u>
Florida State University (FSU)	Nunc Pro Tunc Assignment (Retroactive Assignment)	April 19, 2000 (Effective September 15, 1993)	FSU assigns and transfers to the Research Foundation: (1) the responsibility to manage, protect, license, commercialize, exploit and enforce FSU's rights in intellectual property, and (2) all right, title and interest as FSU may hold in and to the income derived from the commercialization of intellectual property.	Good and valuable consideration. (Note: Although requested, FSU did not provide details of the consideration.)	Income from intellectual property is deposited in Research Foundation accounts for distribution to the inventor or author and the balance remains in accounts within the Research Foundation.
University of Florida (UF)	Assignments from UF to the UF Research Foundation (Trusopt®)	September 13, 1995	UF sells and assigns to the UF Research Foundation the entire right, title, and interest throughout the world in and to the improvements in (Trusopt®) patent Nos. 4,746,745 and 4,619,939.	\$1 and other good and valuable consideration (for each assignment).	Income from intellectual property is deposited in Research Foundation accounts for distribution to the inventor or author, various university accounts, and the balance remains in accounts within the Research Foundation.
University of Florida (UF)	Letter of Assignment of Royalty income (Gatorade®)	April 1, 1997	UF requests that all future payments due the University under the 1972 Stipulated Judgment concerning Gatorade® be made directly to the UF Research Foundation.	None.	Based on the 1972 Stipulated Judgment.
University of South Florida (USF)	Agreement Between USF and USF Research Foundation	December 1, 1989	The USF and the USF Research Foundation may enter into agreements whereby the Research Foundation is granted rights and responsibilities for the development, protection, and/or commercial application of intellectual property.	Promise to administer and distribute funds exclusively for the support of the education and research purposes of the University.	Income from intellectual property is deposited in Research Foundation accounts for distribution to the inventor or author and the balance remains in accounts within the Research Foundation.

**SUMMARY OF ROYALTIES RECEIVED BY RESEARCH FOUNDATIONS
AS REPORTED BY THE RESEARCH FOUNDATIONS**

TABLE 3

Fiscal Year	FSU Research Foundation	UF Research Foundation	USF Research Foundation
1993-94	\$ 5,920,294	\$ 1,433,874	\$ 94,277
1994-95	9,873,949	902,911	1,032,123
1995-96	6,449,788	6,119,541	137,486
1996-97	29,496,929	13,782,435	346,009
1997-98	47,149,867	19,124,753	706,800
1998-99	57,294,186	21,591,558	514,080
1999-00	67,497,544	26,194,164	892,525
Total	<u>\$223,682,557</u> (1)	<u>\$89,149,236</u> (2)	<u>\$3,723,300</u>

- Notes: (1) Approximately 98 percent of royalties deposited in FSU Research Foundation accounts were received from Bristol-Myers Squibb, Co., for the use of a university patent in developing Taxol (a cancer fighting drug).
- (2) Approximately 57 percent of royalties deposited in UF Research Foundation accounts were received from Merck and Co., Inc., for the use of a university patent in developing Trusopt (a drug used in treating glaucoma) and approximately 22 percent of royalties were received from the sale of Gatorade.

Source: Extracted from the Research Foundations' annual financial audit reports.

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
AS REPORTED BY THE RESEARCH FOUNDATIONS**

TABLE 4

Description	Florida State University		University of Florida		University of South Florida	
	2000	1999	2000	1999	2000	1999
Revenues From Licenses and Grants:						
Licensing Fees, Royalties, and Options	\$ 67,497,544	\$ 57,294,186	\$ 26,194,164	\$ 21,591,558	\$ 892,525	\$ 514,080
Contracts, Grants, and Federal Revenue	5,691,451	5,552,504	32,129,190	29,074,152	11,241,024	11,324,774
Total Revenues From Licenses and Grants	73,188,995	62,846,690	58,323,354	50,665,710	12,133,549	11,838,854
Costs of Licenses and Grants:						
Inventors' Allocation	26,902,669	22,867,346	8,916,119	7,251,077	226,718	174,205
Inventors' Department Allocations	20,345,373	17,340,591	6,872,437	6,691,166	125,471	31,621
Inventors' College Allocations			49,340	15,594		
Inventors' Program Allocations			65,280	18,634		
Gatorade Allocations			543,292	1,396,190		
Patent and Licensing Costs	86,765	66,461	1,866,862	2,143,423	331,944	93,004
Bad Debt Expense				50,000		
Contracts and Federal Grants	5,341,537	5,126,151	30,702,990	27,902,731	11,241,024	11,324,773
Total Costs of Licenses and Grants	52,676,344	45,400,549	49,016,320	45,468,815	11,925,157	11,623,603
Other Income:						
Interest and Investments	5,187,036	4,635,014	13,695,515	3,725,706	572,018	290,137
Rental Income	862,451	750,993			1,388,292	1,169,244
Management/ Administrative Fee	24,274		284,320	241,362	934,454	1,108,690
Total Other Income	6,073,761	5,386,007	13,979,835	3,967,068	2,894,764	2,568,071
Other Expenses	4,157,362	4,109,651	5,462,737	4,060,997	2,578,284	1,832,284
Excess of Revenues Over Expenses	22,429,050	18,722,497	17,824,132	5,102,966	524,872	951,038
Fund Balances, Beginning of Year	47,425,233	28,702,736	30,895,254	25,792,288	5,282,628	4,331,590
Fund Balances, End of Year	\$ 69,854,283	\$ 47,425,233	\$ 48,719,386	\$ 30,895,254	\$ 5,807,500	\$ 5,282,628

Source: Extracted from the Research Foundations' annual financial audit reports.