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ALLOCATING SURPLUS INVESTMENT RESERVES:

To ensure that KSURF can fulfill its technology transfer mission for Kansas State University in the future, adequate financial reserves must be maintained. Preferably, the “restricted reserves” of KSURF should remain above a base of two times the sum of the current year’s budgeted legal, maintenance fee, and operating expenses. Restricted reserves are based on liquid assets measured by the sum of current cash accounts and the market value of the investment account managed by the KSU Foundation. Funds in excess of those necessary to sustain the viability of the technology transfer operations should be allocated to the University to support research and research-related activities.

The audited, year-end financial statements and approved budget for the new year shall be reviewed by the Board of Directors at the spring Board meeting to determine whether funds are available for allocation to the University. Prior to the Board meeting, the Finance and Executive Committees shall review issues relevant to these decisions for the purpose of providing input and recommendations. In providing its recommendations to the Board, the Committees should consider such factors as KSURF’s near-term cash-flow needs and projections, the anticipated financial commitments to local start-up ventures, and forecasts for the U.S. economy and stock market. The complexity and uncertainty of these deliberations preclude the establishment of strict formulas for revenue distribution, but the Board will strive to achieve the following:

- When the year-end restricted reserves are above the base, up to 50% of the excess funds may be allocated to the University. For example, with an excess of \$200,000, up to \$100,000 could be allocated.

The Finance and Executive Committees shall recommend to the Board whether these funds should be taken from the investment account or from cash reserves on deposit.

(Enacted by the KSURF Board of Directors 15 May 2007)