

**FLORIDA STATE UNIVERSITY
RESEARCH FOUNDATION**

**874 TRADITIONS WAY, SUITE 300
P. O. BOX 3064166
TALLAHASSEE, FLORIDA 32306-4166**

BUSINESS MANUAL

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I. ORGANIZATION

REFERENCES

Florida Statutes, Section 1004.28

Research Foundation Articles of Incorporation

Research Foundation Bylaws

A. INTRODUCTION

The Florida State University (FSU), with the approval of the Board of Regents, established The Florida State University Research Foundation, Inc. (RF), a direct-support organization, in September 1993, to promote, encourage and provide assistance to the research and training activities of FSU faculty, staff and students. Incorporated by the State of Florida on September 15, 1993, the not-for-profit organization provides a means by which discoveries, inventions, processes and work products of the FSU faculty, staff and students may be patented, developed, applied, and utilized in order that the results of such research can be made available to the public. Also, the Research Foundation accepts and administers contracts and grants from private sources using private funds. Income derived from contracts, grants and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products is used to enhance research at FSU.

The Research Foundation's policies and procedures must be followed to maintain the highest integrity and to ensure conformance with the Research Foundation's Articles of Incorporation and Bylaws.

Research Foundation proposals and awards are included in the FSU Office of Research management information system (Awards Data Base [ADB]) and can be reflected in reports generated from the ADB.

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I. ORGANIZATION (cont.)

A. INTRODUCTION (cont.)

IRS Status

On September 14, 1995, the Internal Revenue Service issued a letter of determination declaring the Research Foundation exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The Research Foundation's IRS status classification is 509(a)(3).

Fiscal Year Period

The Research Foundation's fiscal year is July 1 through June 30.

Audit Requirements

The Research Foundation is required to prepare fiscal-year financial statements annually. These statements, as well as all fiscal aspects of the Research Foundation, must be audited annually by an independent certified public accounting firm. The audit must be conducted in accordance with generally accepted auditing standards, the Government Accountability Office's *Government Auditing Standards (2003)*, and the State of Florida, Rules of the Auditor General. The audited financial statements, as well as IRS Form 990, Return of Organization Exempt from Income Tax, and all other accounting records will be on file in the Research Foundation Office.

Investment Earnings

The Research Foundation will invest all excess funds on deposit. In accordance with the Research Foundation's policy, all investment earnings will be retained by the Research Foundation, unless the sponsor specifically requires the return of the earnings to the sponsor or to the project. Earnings retained by the Research Foundation will be used to support the operating costs of the Research Foundation and to support FSU research, training and service activities, as approved by the Research Foundation Board of Directors.

Refer to Appendix A for a copy of the FSU Research Foundation Articles of Incorporation and Appendix B for a copy of the FSU Research Foundation Bylaws.

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I. ORGANIZATION (cont.)

B. TYPES OF INCOME

Patents and copyrights will be assigned to the Research Foundation. Use of the Research Foundation will permit greater flexibility in arranging license agreements, investment of income and holding of equity positions than is possible if title to the intellectual property were held directly by FSU. All income received from license agreements, royalties, and equity positions will be distributed by the Research Foundation to the inventors/authors, their departments and the Research Foundation in accordance with FSU's policies on patents and University-sponsored educational materials (copyrights). Refer to the Patents and Copyrights section of this manual for additional information on the subject. The Research Foundation's portion of income derived from inventions and copyrights will be used to support patent and copyright functions at FSU and for the support of research throughout FSU. For more information refer to

<http://mailer.fsu.edu/~research/patents.html>

In addition to funds derived from inventions and copyrights, the Research Foundation will accept and administer contracts and grants from private sources (i.e., non - U. S. federal, state, and local government) using private funds. Funds derived from contracts and grants will be used in support of research at FSU and in accordance with the policies and procedures of the Research Foundation and the terms of the agreement from the sponsoring agency.

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I. ORGANIZATION (cont).

C. IMPORTANT INFORMATION

FEID Number (Federal Employer Identification No.)	59-3211153
Florida Sales Tax Exemption Number	85-8012567412C-1
DUNS number	55-6861834
Location/Mailing Address	FSU Research Foundation, Inc. Student Services Building (SSB #379) 874 Traditions Way, Suite 300 P, O. Box 3064166 Tallahassee, FL 32306-4166
Campus Mailing Address	FSU Research Foundation, Inc. Campus Mail Code: 4166
Telephone Number	850/644-8650
Facsimile Number	850/644-3658
E-Mail Address	Holly Newell <hnewell@admin.fsu.edu>

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I. ORGANIZATION (cont.)

D. BOARD OF DIRECTORS, OFFICERS and STAFF

The Research Foundation's Board of Directors is comprised of the FSU President, Provost/Vice President for Academic Affairs, Vice President for Research, Vice President for Finance and Administration, Dean of Arts and Sciences, a representative appointed by the Chairman of the Board of Regents, and six individuals appointed by the President of FSU.

The officers of the Research Foundation consist of a President, Vice-President, Secretary and Treasurer. The President of the Research Foundation is selected by the Board of Directors, based upon the recommendation of the FSU President. The Secretary, Vice-President and Treasurer of the Research Foundation are appointed by the FSU President.

Current Board of Director members and a list of officers can be found at our website
<http://www.research.fsu.edu/foundation/directors.html>

A list of Research Foundation personnel along with pertinent information can be viewed
at <http://www.research.fsu.edu/foundation/personnel.html>

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II. DETERMINING THE APPROPRIATENESS OF A CONTRACT OR GRANT FOR THE RESEARCH FOUNDATION

REFERENCES

Policy for Placement of Funds

<http://www.research.fsu.edu/contractsgrants/placement.html>

A. The Research Foundation will accept contracts or grants, which are funded with private monies, from private companies, foundations, etc.

However, the Research Foundation **cannot** accept:

1. Governmental contracts or grants • Federal (U.S.) government
• State government
• Local government
2. Contracts or grants from private companies, if the contract or grant is being funded with governmental (public) monies.

All contracts and grants, funded with governmental (public) funds, such as “flow through” funds, for research, training and service will be administered by the FSU Division of Sponsored Research.

3. Gifts – Gifts and bequests are administered by the Florida State University Foundation, Inc. For more information visit their website at <http://www.foundation.fsu.edu/>
4. Any grant whereby the grantor would be deemed by IRS to **not** have complied with the Internal Revenue Code 170. Basically, this Internal Revenue Code prohibits a charitable deduction for any donation whereby the donor would be construed as maintaining direct control over the grant or can reasonably expect to receive an economic benefit in return (e.g., a principal investigator donating money to his/her own research project).

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II. DETERMINING THE APPROPRIATENESS OF A CONTRACT OR GRANT FOR THE RESEARCH FOUNDATION (cont.)

B. Some advantages of having private funds administered by the Research Foundation, instead of FSU, are as follows:

- Purchases for equipment or supplies do not require formal bidding.
- National or international conferences may be administered more easily.
- Consultant/service contracts do not require formal bidding. The contract document and process are simpler.
- Travel may be paid on an actual-cost basis (must be reasonable and approved by supervisor).
- Food and beverages can be paid, if reasonable, and there is proper justification that the expenditure is related to research.
- Generally, payments to vendors are made more timely.

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III. PROPOSAL PROCESSING

University policy requires that all proposals carry as principal investigator or co-principal investigator at least one person with a Regular appointment status holding academic rank at Florida State University as professor, associate professor, assistant professor, research scientist, associate research scientist, or assistant research scientist. Visiting, adjunct, and courtesy appointments do not satisfy eligibility requirements.

Certain exceptions to the above policy may be made for research associates and, in some instances, masters and doctoral candidates with the approval of the department head, dean of the school/college, and the Vice President for Research.

Proposals are initiated by eligible faculty who will be performing the respective research or education program, but are submitted to the intended sponsor in the name of Florida State University Research Foundation on behalf of the principal investigator. Grants or contracts, if awarded, are made to the Research Foundation and not to the individual. It is, therefore, a **requirement** that the proposal drafted by the investigator be submitted under the signature of the duly authorized University official, i.e. the Vice President for Research/ President of the Research Foundation.

<http://www.research.fsu.edu/contractsgrants/documents/submissionpolicy.pdf>

Proposal preparation will follow the regular Florida State University Office of Research proposal policies and procedures. All applicable proposals should be submitted to the Research Foundation for review and approval prior to submission to the prospective funding agency. Effective February 1, 2006, a new Proposal Submission Policy was put into effect which requires completed proposals to be submitted to the Research Foundation three working days prior to the agency deadline. We cannot guarantee that proposals submitted after the deadline will be approved for submission to the sponsor.

<http://www.research.fsu.edu/contractsgrants/documents/submissionpolicy.pdf>

Additionally, many funding agencies restrict the number of proposals or applications that may be submitted in response to a given program. For instructions on submitting a proposal where the number of applicants are limited, refer to the following website.

<https://submissions.research.fsu.edu/limited/limitedSubProg.php>

The Research Foundation will determine whether the proposal complies with FSU's policies and procedures and the prospective sponsor's terms and conditions. This includes adherence to FSU's policies and procedures pertaining to the use of human subjects, animal subjects and radioactive materials and research in recombinant DNA molecules.

Upon completion of the review by the Research Foundation and transmittal of the proposal to the prospective funding agency, the entire file for projects to be funded from private sources will thereafter reside at FSURF. All subsequent activities, including execution of

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any formal contracts or agreements associated with receipt of an award, as well as the associated fiscal activities will be the responsibility of the Research Foundation.

The Research Foundation will provide the interface between the principal investigator and the prospective sponsor following the submission of the proposal.

IV. AWARD PROCESSING

The Research Foundation President or his/her designee are the only officials authorized to accept an award on behalf of the Research Foundation.

When a proposal has been approved by a sponsor, the Research Foundation and the principal investigator will be notified that a contract or grant has been awarded. The original copy of the award document must be received by the Research Foundation. Upon receipt of the award document from the sponsor, the Research Foundation will provide a copy to the principal investigator for his/her review, if it is not evident that the sponsor has sent him/her a copy. Should the principal investigator receive the original document, he/she should forward it to the Research Foundation.

A. NEW, RENEWAL AND CONTINUATION

When an award document is received, the Research Foundation will review the award document for compliance with the proposal and Research Foundation policies. Any deviations will be discussed with the principal investigator and the agency.

The most common award terms to which the Research Foundation **will take exception** and try to negotiate changes, are as follows:

- Title (ownership) to intellectual and/or tangible property to be retained by the sponsoring agency
- Investment earnings on sponsor's funds to be returned to sponsor or utilized by the University department
- Unreasonable reporting requirements
- Unacceptable payment terms
- Adherence to rules/laws which conflict with the laws of Florida
- Indemnification or warranties

It is the combined responsibility of the Research Foundation staff and the principal investigator to ensure the award document does not contain terms and special conditions with which the Research Foundation or principal investigator cannot comply.

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Except as addressed on the following page, "Hardship Authorizations", a project cannot be initiated nor an account number assigned until official notification is received from the sponsoring agency **and** the contract or grant is fully executed by the Research Foundation and the sponsoring agency.

B. ADVANCES and HARDSHIP AUTHORIZATIONS

Research work should not begin before a contract is in place, however, should the award negotiations process be protracted, the president of the Research Foundation may authorize work and spending to begin prior to the award document being fully executed. The appropriate agency official must be able to assure the receipt and acceptance of the award document and provide the effective dates of the award. This procedure will be used only when the lack of authorization for expenditures would create a serious hardship for the project. Normally, expenditures will be limited to those absolutely necessary for continuity of the project.

Guidelines for applicability and authorization of advance spending are set forth at:
<http://www.research.fsu.edu/contractsgrants/documents/advpolicy.pdf>

Since the Research Foundation's money is subjected to certain risks and its cash position unfavorably affected, hardship authorizations will be given only in extreme cases. The Research Foundation President or his/her designee are the only officials authorized to approve the use of this procedure. He/she may request that the dean and/or department chairperson provide a written statement that funds are available to cover expenditures, should the award not be received as expected.

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IV. AWARD PROCESSING (cont.)

C. COST SHARING

The Research Foundation follows University policy on making cost sharing commitments. Cost sharing commitments must be adequately documented and should only be made when required by the sponsor or by the competitive nature of the award. Even under these circumstances, commitments to cost share should only be made to the extent necessary to meet specific requirements of the sponsored project.

Should a PI decide to include a cost sharing commitment in a proposal, an FSU COST SHARING COMMITMENT FORM must be completed and approved by the chair, dean, and Vice President for Research at the proposal stage. This form is available on the FSU Research Foundation website. The complete "Policy on Cost Sharing" is available at: <http://www.research.fsu.edu/contractsgrants/costsharing.html>

D. NO-COST TIME EXTENSIONS

If additional time beyond the established expiration date will be required to assure adequate completion of the project within the funded budget, a no-cost time extension may be requested from the sponsoring agency. Such a request should be made at least forty-five (45) days prior to the expiration date. The request may include a brief summary of progress, funds remaining, and plans to complete the project. The need for an extension of time should be well justified. Usually, the fact that funds may remain at the expiration date is not, in itself, sufficient justification for an extension.

Principal investigators are cautioned not to make commitments beyond the established expiration date until the Research Foundation has received notification from the sponsor that the time extension request has been approved.

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V. ESTABLISHING AN ACCOUNT

Upon receipt and acceptance of an award, a Research Foundation account number will be assigned and the principal investigator will be notified. This number should always be referred to when making inquiries about the account or requesting payments from the account. (This is a Research Foundation account number. IT IS **NOT** A FLORIDA STATE UNIVERSITY OMNI ACCOUNT NUMBER.)

A. ACCOUNT NUMBER SCHEMATIC

The Research Foundation account number is comprised of nine (9) numeric digits. The nine (9) digits have the following significance:

1st digit	1 = contract or grant account 2 = royalty account 3 = PI research support account 4 = not used 5 = FSURF programmatic account
2nd through 5th digits	FSU College/Department Number This number is consistent with the FSU college/department number used for FSU FLAIR accounts prior to July 1, 2004.
6th through 9th digits	Project Number This number is sequentially assigned and provides a unique identifier for the account.

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V. ESTABLISHING AN ACCOUNT (cont.)

B. AUTHORIZED SIGNATURES

Generally, payment requests of \$2,500 or less may be approved by the Principal Investigator (PI). **Exceptions are as follows:**

1. No payment, regardless of amount, may be approved by the individual to whom the payment is to be made. The PI may approve (singularly) reimbursement to an individual for out-of-pocket expenses; however, the approval of someone in the chain-of-command above the PI is also required where the PI is the payee.
2. Travel reimbursement requests for FSU employees must be approved by the traveler's supervisor as well as the PI. In the instance where the traveler is the PI, the reimbursement request must be approved by the person in the chain-of-command next above the PI.
3. All payments for contracts or consulting services, regardless of the amount, require the approval of the PI and someone in the chain-of-command above the PI.

All payment requests exceeding **\$2,500** require the approval of the PI and someone in the chain-of-command above the Principal Investigator.

Payment requests exceeding **\$10,000** require the approval of the Dean in addition to the Principal Investigator.

Payment requests exceeding **\$50,000** require the approval of the Provost in addition to the Principal Investigator and Dean.

An "Authorized Signature" form does not need to be completed, as is required for FSU accounts.

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V. ESTABLISHING AN ACCOUNT (cont.)

D. DELEGATION OF APPROVAL/SIGNATURE AUTHORITY

Should a PI or other approval/signature authority in the chain-of-command desire to delegate his/her authority, a written authorization must be filed with the Research Foundation confirming this delegation. **The individual to whom approval/signature authority has been delegated must sign his/her name “for” the PI/Department Chair/Dean or Director/VP or Provost, as the case may be.** Since Research Foundation staff know the name of the PI(s) on all projects, it is not necessary for the name of the PI to appear in the signature section of the payment request document when the PI's designee signs the document. When an individual who has been delegated approval/signature authority signs for a Department Chair/Dean or Director/VP or Provost, the applicable title on the preprinted payment request document should be circled. **An individual may not approve a payment request where he/she is the payee, nor may an individual to whom approval/signature authority has been delegated be the only signatory on a payment request for which these policies/procedures require multiple approvals.**

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VI. FLORIDA SALES TAX EXEMPTION

REFERENCES Section 212.08(7), Florida Statutes

State of Florida, Department of Revenue-Consumer's Certificate of Exemption

The Research Foundation has been granted a State of Florida sales and use tax exemption (Consumer Certificate of Exemption). A copy of this certificate can be obtained from our business office upon request. The certificate number is **85-8012567412C-1**, however, in order for a transaction to be exempted from the sales and use tax, the vendor must be paid **directly** by the Research Foundation. Purchases paid for by an employee are fully taxable, even if the expenses are reimbursed subsequently by the Research Foundation. This should be kept in mind when making purchases. The Research Foundation's certificate number should not be utilized on purchases to be paid for by FSU. Conversely, FSU's exemption number should not be utilized on purchases to be paid for by the Research Foundation.

Under no circumstances, should the exemption be used for the personal benefit of any individual. Any misuse of the exemption could result in its revocation and prosecution of the individual who misused it.

A copy of the Certificate is provided in Appendix D and a copy may be provided to the vendor, if requested.

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VII. PURCHASING

REFERENCES Minutes, Research Foundation, Inc. Board of Directors' Meeting on September 1, 1994

All persons engaging in purchasing and purchasing-related activities shall conduct business dealings in a manner that is above reproach in every respect. Expenditures should be customary and reasonable in the conduct of University business. Questionable disbursement requests will be submitted to the Research Foundation President for review and approval.

The principal investigator serves as his/her own purchasing agent on purchases to be paid from funds on deposit with the Research Foundation. He/she is responsible for obtaining quotes and/or bids, selecting purchases and taking delivery of items purchased.

All renovations and installation of major equipment must have the **prior approval** of the appropriate Dean and must be permitted by the University Building Code Administrator (Department of Environment, Health and Safety) prior to the commitment of funds. **Effective January 1, 2007, the authorization from the Dean, along with an FSU permit number must be included with the payment request.** For information on how to obtain renovation approval refer to: <http://www.safety.fsu.edu/building.html>

While the Research Foundation does not require formal bidding on purchases, the Research Foundation strongly encourages principal investigators to obtain bids/quotes to ensure compliance with open, fair, and competitive procurement practices. Bid/quote information does not need to be submitted with the Research Foundation *Payment Request*, however, this information should be maintained in the principal investigator's records. The FSU Purchasing Department will serve as a resource in providing advice on bidding and in the identification of vendors, when requested.

The following three payment methods are permitted by the Research Foundation:

1. **CREDIT TERMS**

Generally, vendors are willing to accept credit terms, with payment within thirty (30) to forty-five (45) days of receipt/acceptance of goods, based upon a telephone order and/or written Purchase Order. If the vendor is unwilling to accept credit terms, contact the Research Foundation staff. Usually, they are able to persuade vendors to accept credit terms.

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VII. PURCHASING (cont.)

2. ADVANCE PAYMENT

If a vendor refuses to accept credit terms, the Research Foundation can pay the vendor based upon the submission of a *Payment Request*, accompanied by the vendor's written quote. This method requires that follow-up documentation be provided to the Research Foundation and is not preferred, as it may pose some risks. For example, should payment be made in advance, it may be more difficult to obtain adjustments for items that are not received, are damaged, do not work properly, etc.

3. REIMBURSEMENT

Another payment alternative is for the principal investigator to pay for the merchandise personally and request reimbursement from the Research Foundation. However, under this method, the vendor will add sales tax to the cost of all taxable items which then must be paid from project funds. This reimbursement option is not advised on significant purchases.

FSU departments that conduct supply/auxiliary functions, e.g., telecommunications, FSU Bookstore, FSU Post Office, etc., will provide services/goods to be paid from a Research Foundation account and will invoice the principal investigator. It should be clearly indicated on the Purchase Order that payment will be made by the FSU Research Foundation, however, the companion salary account in OMNI should never be given as a source of payment.

Payments to FSU departments will follow the same payment procedures outlined in this manual for other vendors, i.e., the principal investigator will submit a properly completed and signed Research Foundation **Payment Request**, with the original copy of the invoice attached, to the Research Foundation. <http://www.research.fsu.edu/foundation/forms.html>

Refer to Exhibit IV for a suggested Purchase Order format.
Or visit our website <http://www.research.fsu.edu/foundation/forms.html>

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VIII. DISBURSEMENT GUIDELINES

- All expenditures must be reasonable and in support of research at the Florida State University.
- All expenditures must comply with the sponsoring agency's restrictions.
- All expenditures must have sufficient written justification/purpose of expenditure.
- The principal investigator and another official, when appropriate, must review and assure that expenditures comply with the intent of the sponsoring agency and Research Foundation guidelines and procedures.
- An account number will be established in the Florida State University, Sponsored Research Accounting Services for the portion of the funds in a Research Foundation account that will be used for salaries. The Research Foundation will administer both the Research Foundation account and the SRAS salary account (OMNI).
- Any request to pay a Florida State University employee that is not a reimbursement of documented expenses must be approved in accordance with University policy regarding extra compensation.
- No expenditure, direct or indirect, may be made for political or charitable contributions, dues to social clubs (i.e. University Club), fines or penalties.
- Expenditures of personal benefit may be considered additional compensation by the Internal Revenue Service and are inappropriate.
- Direct Support Organizations are expected to adhere to specific requirements set by the University Controller for certain types of expenditures. Examples of such expenditures include spouse/family travel, moving expenses, payments to nonresident aliens and gifts. If you need assistance in accessing University procedures related to these items, please call the Research Foundation Assistant Director.

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IX. DISBURSEMENT PROCEDURES

Once an account is established, funds may be expended by following the Research Foundation disbursement guidelines and disbursement procedures. A formal request for payment of expenses must be submitted to the Research Foundation on the appropriate Research Foundation **payment request form** (Exhibits I or II) or on the web at <http://www.research.fsu.edu/foundation/forms.html> . The payment request form must be properly completed, contain the proper signatures and **ORIGINAL** receipts must be attached on a full size sheet of paper. All expenditures must be reasonable and in accordance with sponsoring agency guidelines. Expenditures are subject to approval by the Research Foundation Officers and/or Business Office.

The payment request form must be signed by the principal investigator, however, the signature of a higher level supervisor is acceptable for residual and royalty accounts. When multiple approvals/signatures are required, another appropriate official must also sign the payment request form. For example, if the principal investigator is the department chairperson, the appropriate dean or director must approve; if the principal investigator is the dean or director, the appropriate vice president or the provost must approve.

Expenses may be paid from a Research Foundation contract/grant account, royalty, PI support, or indirect cost distribution accounts. When the expenses are to be paid from a contract or grant account, the purpose of the expense must be related to and beneficial to the contract/grant project charged. Additionally, the expenses must occur within the official effective dates of the contract/grant. Expenses paid from any Research Foundation account must benefit research or research-related activities.

Requests for **RUSH payments** interrupt established plans and procedures and cannot always be accommodated. Payment requests should be presented to the Research Foundation within an allowable time frame for normal processing. Requests to “rush” the payment should include a memo from the responsible party with a justification describing why the payment is urgent.

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IX. DISBURSEMENT PROCEDURES (cont.)

A. SALARIES

Individuals working on a project administered by the Research Foundation, in an employee capacity, are considered to be FSU employees. Therefore, these employees are subject to FSU personnel policies and procedures and are paid by FSU and Personnel Action Request forms for employees appointed to Research Foundation accounts will follow the same OMNI routing procedure as all other Personnel Action Forms. To accomplish the payments through FSU:

- The Research Foundation will have an FSU Sponsored Research Accounting Services (SRAS) account established in the OMNI system. This SRAS account will be referred to as a Research Foundation salary companion account. The **salary companion account** can be used only for the payment of salaries, related fringe benefits or tuition. Do not refer to this project number for other FSU transactions, such as, purchases at the computer store, bookstore, travel department, facilities departments, etc. The Research Foundation will administer both the Research Foundation account and the SRAS account.
- The initial budget will be set up in the SRAS project in the amount reflected in the agency approved budget for salaries. (The budget for all expenditure categories, including salaries, will be set up in the Research Foundation account). The budget amount set up in the SRAS salary companion account will also be encumbered in the Research Foundation main account.
- If it is subsequently determined that more or less funds are needed for salary-related costs, the principal investigator must submit a **Salary Transfer Request** to the Research Foundation indicating the amount of the salary budget adjustment.
- Monthly salary amounts are automatically posted to the SRAS project via the OMNI Human Resource reporting procedures. The Research Foundation then mirrors this activity with a monthly posting to the main Research Foundation account.

Refer to Exhibit III for a copy of the *Salary Transfer Request* form.

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IX. DISBURSEMENT PROCEDURES (cont.)

B. CONTRACTUAL SERVICES

The Research Foundation may compensate individuals (non-FSU employees ONLY) who are working as independent contractors. The Research Foundation will make the final determination regarding the appropriateness of a payment to an individual as an independent contractor.

Examples of payments that may be made to individuals by the Research Foundation are:

1. Subjects involved in research studies.
2. Visiting professors consulting on a research project where the principal investigator, with the approval of someone in the chain-of-command above the principal investigator, agrees to pay a fixed sum for his/her services.
3. A typist working out of the typist's home or office, provided the principal investigator does **not** set the daily work schedule (i.e., specific work hours and number of hours each day).

Individuals paid as independent contractors must meet the IRS definition of independent contractors. Contact the Research Foundation for advice and/or for a copy of the IRS guidelines. Independent contractors may be individuals, companies, universities, etc.

When the principal investigator for a project administered by the Research Foundation envisions the need for services of a significant magnitude, complex services, out-of-the-ordinary conditions to be set forth in legal terms, etc., the Research Foundation should be consulted for assistance in developing a legally binding contract. The contract should be fully executed prior to the rendering of any services.

The contractor must submit an invoice to the principal investigator for the services rendered. The invoice must indicate a description of the services performed, the dates services were rendered, rate of pay/basis of payment, the amount of the payment and any other pertinent information.

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IX. DISBURSEMENT PROCEDURES (cont.)

B. CONTRACTUAL SERVICES (cont.)

If the invoice covers personal services of an individual who is paid directly by the Research Foundation (including payments received via a principal investigator from a "Cash Advance"), the "Payee Certification" appearing on the **Payment Request** form (Exhibit I) must be included on the invoice and signed by the payee. Alternatively, the "Payee Certification" on the **Payment Request** form may be signed by the payee. Upon satisfactory completion of the services, the principal investigator should submit a properly completed Research Foundation **Payment Request** form, with the required signatures (refer to Section V., Part C. of this manual) and the original invoice/receipts attached, to the Research Foundation for payment of services.

Honoraria payments to **non-resident alien** visitors should be planned in advance in conjunction with the University Payroll Office before making commitments to the visitor. Since payments to non-resident individuals are subject to specific and numerous statutes and regulations, the Director of Payroll must be consulted in advance to ensure the proper visa requirements are being met. While Research Foundation monies may be used, actual payment must be made through the Payroll Office.

In addition to the above requirements, all multi-year contracts with a value in excess of \$100,000 must be reviewed by the Office of General Counsel and the Office of the Senior Vice President for Finance and Administration prior to final approval or adoption.

Refer to Exhibit I for a copy of the *Payment Request* form or refer to our website
<http://www.research.fsu.edu/foundation/forms.html>

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IX. DISBURSEMENT PROCEDURES (cont.)

C. TRAVEL

The Research Foundation **may** reimburse travel expenses within the following guidelines:

- Travel expenses must be reasonable and in line with prudent management of research funds.
- The per diem allowance(s) for travel (both U.S. and foreign) will be paid in accordance with FSU rates in effect at the time the travel occurs.
- Private vehicle use for official travel will be reimbursed on the basis of actual mileage at the State of Florida rate.
- Airfare will be paid on a coach-fare basis.
- When reimbursement is requested for a business meeting/meal, a clear business purpose in support of research is essential. Lunch meetings where all attendees are FSU employees are allowed on a very infrequent basis (usually not more than six times per year).

The names of individuals attending, their relationship to the research project, the topic of discussion and the purpose of the meeting must be detailed. Reimbursement requests must be supported with itemized receipts – i.e. credit-card and “total amount” receipts are insufficient. Should an itemized receipt not include the gratuity, the credit-card or another receipt evidencing this expense would also be necessary. Gratuities in excess of twenty percent will not be reimbursed.

- To be eligible for reimbursement, travel and entertainment expenses must be for a person(s) involved in the research project. For example, travel expenses for a spouse who is not participating in the research project **cannot** be reimbursed. In rare instances where spouse or family travel is being considered, the University requires that an “**Employer’s Approval to Pay Travel & Entertainment Expenses for Family Member or Other Guest**” form be completed and filed with all applicable reimbursements. This form documents compliance with Internal Revenue requirements for

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IX. DISBURSEMENT PROCEDURES (cont.)

C. TRAVEL (cont.)

fringe benefits considered to be taxable income, and can be accessed on the University's Payroll website.

- In lieu of a quarterly per diem allowance, lodging and meal costs may be paid on the basis of **actual costs**. Typically, the cost for single-occupancy lodging and the daily meal allowances provided for by the University are paid when the traveler selects this reimbursement method. Management (at the Chair/Director level or above) may approve exceptions to the normal rates for daily meal allowances. Should a principal investigator desire to request reimbursement at actual costs in lieu of the normal meal allowances, the exception must be specifically approved by the appropriate supervisor and attached to the **Payment Request** along with a written justification for the exception. **Original** receipts must accompany requests for reimbursement on the basis of actual costs. Normally, one method (actual costs or per diem) is used for an entire trip.
- If travel is to a meeting or seminar, a copy of the program, indicating dates, agenda, etc. should be attached to the **Travel Payment Request**.
- A **Travel Payment Request** should be submitted within ten (10) days after the trip is completed. Departure/arrival times, dates and places must be itemized on the **Travel Payment Request**, or attachment thereto, in sufficient detail to determine the expenses for which the traveler is entitled.
- Incidental travel expenses will be reimbursed as provided for by FSU guidelines. Examples of incidental expenses are taxi fares, parking and toll fees, business phone calls, etc.
- Entertainment of visitors to the campus and research-related banquets may be paid, but the scope and cost should be modest. Reimbursement requests must include the name(s) of those participating in the event and be supported with itemized receipts – i.e. credit-card and “total amount” receipts are insufficient. Should an itemized receipt not include the gratuity, the credit-card or another receipt evidencing this expense would also be necessary.

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IX. DISBURSEMENT PROCEDURES (cont.)

C. TRAVEL (cont.)

- Foreign per diem rates begin at time-of-arrival in the foreign country **from the U.S.** and end at time-of-departure from the foreign country **for the U.S.** The same methodology applies when traveling in more than one foreign country (with different rates) during a trip. For example:

1. Travel from U.S. to a single foreign country.

Itinerary:

3/1/05	5 PM	Leave Tallahassee
3/1/05	12 midnight	Arrive Tokyo, Japan
3/4/05	7 AM	Leave Tokyo, Japan
3/4/05	4 PM	Arrive Tallahassee

Per diem calculation:

3/1/05	2 quarters at U.S. rate
3/2/05	4 quarters at Tokyo rate
3/3/05	4 quarters at Tokyo rate
3/4/05	1 quarter at Tokyo rate 2 quarters at U.S. rate

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IX. DISBURSEMENT PROCEDURES (cont.)

C. TRAVEL (cont.)

2. Travel from U.S. to a foreign country and then, travel from one foreign country to another foreign country during the same trip.

Itinerary:

2/14/05	7 PM	Leave Tallahassee
2/15/05	1 AM	Arrive Paris, France
2/16/05	5 AM	Leave Paris, France
2/16/05	11 PM	Arrive Munich, Germany
2/18/05	1 PM	Leave Munich, Germany
2/19/05	10 AM	Arrive Tallahassee

Per diem calculation:

2/14/05	1 quarter at U.S. rate
2/15/05	4 quarters at Paris rate
2/16/05	1 quarter at Paris rate 3 quarters at Munich rate
2/17/05	4 quarters at Munich rate
2/18/05	1 quarter at Munich rate 3 quarters at U.S. rate
2/19/05	2 quarters at U.S. rate

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IX. DISBURSEMENT PROCEDURES (cont.)

C. TRAVEL (cont.)

If the travel expenses will be charged to a Research Foundation account, a **State of Florida Travel Authorization Request** (TAR) need not be completed. However, the traveler should obtain the permission of his/her immediate supervisor prior to the date travel will begin. Also, for workers compensation/insurance purposes, it is recommended that a written itinerary be maintained in the departmental records. A Research Foundation **Travel Payment Request** must be completed, and the required documentation attached, for payment of all travel expenses. <http://www.research.fsu.edu/foundation/forms.html>

Per diem ADVANCE

An advance payment to cover the estimated expenses of a trip may be made to the traveler. An advance payment requires the submission of a **Travel Payment Request** to the Research Foundation, at least ten (10) days prior to the trip. The amount of the advance must be based on estimated expenses (and/or per diem) and supported with an itinerary. When an ADVANCE has been issued for a trip, a **Travel Payment Request**, with supporting documentation and receipts, must be submitted to the Research Foundation within ten (10) days of completion of travel. The **Travel Payment Request** includes a separate section for reporting and/or applying the ADVANCE to the actual travel expenses incurred. If the expenses are less than the amount of the advance, a personal check must be attached to the **Travel Payment Request** for the difference between the amount of the advance and the actual expenses. Any advance funds disbursed to an individual that have not been repaid and/or supported at the end of the calendar year will result in the issuance of IRS Form 1099 reporting miscellaneous income to that individual. Subsequent travel advances will not be approved by the Research Foundation if a previous advance has not been cleared.

Travel ADVANCE

The Research Foundation may make payment to the airline carrier, travel agency, etc. for the cost of the airline ticket, in advance of the trip, when necessary. If payment for airline transportation is required prior to the trip, the traveler must submit a **Travel Payment Request** and attach a quote or invoice from the airline, travel agency, etc. Upon completion of the trip, the traveler must submit a **Travel Payment Request** and attach the airline ticket receipt. The **Travel Payment Request** includes a separate section for reporting a payment made directly to a provider, or another entity, by the Research Foundation.

Travelers may not have more than one travel advance outstanding without written justification of circumstances that require an exception to this restriction.

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IX. DISBURSEMENT PROCEDURES (cont.)

D. OTHER NON-TRAVEL EXPENSES

When requesting payment for materials, supplies, equipment and other non-travel expenses, a properly completed Research Foundation ***Payment Request***, with required signatures and documentation (original invoices, receipts, etc.), should be submitted to the Research Foundation.

All requests for payment or reimbursement of telephone and cellular phone bills must have written certification that they have been reviewed for personal calls. Any charges for personal calls that are made should be duly noted and either deleted from the amount to be paid or paid to the Research Foundation to be deposited into the account affected.

A certification form is available on our website.

<http://www.research.fsu.edu/foundation/forms.html>

Note: Departments, at their discretion, may develop additional control policies regarding expenditures to be paid from a Research Foundation account.

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X. INDIRECT COSTS (OVERHEAD)

REFERENCES Minutes, FSU Research Foundation, Inc., Board of Directors' Meeting
on November 30, 1993

The Research Foundation's indirect-cost policy requires the assessment of the appropriate FSU indirect cost rate on projects administered by the Research Foundation unless the total amount of the project is less than \$10,000 or is specifically prohibited or restricted by grantor. Any exception to this policy must have the written approval of the Research Foundation President or his/her designee.

<http://www.research.fsu.edu/documents/rfinitiative.html>

Please consult the following Web-site address for current indirect-cost rates:

<http://www.research.fsu.edu/contactsgroups/facts.html#f&a>

The budgeted amount for indirect cost will be encumbered in the accounting system at the time the budget is recorded. At least annually, the amount of indirect cost earned will be calculated and recorded in the accounting system. The encumbrance will be decreased in the same amount.

Effective with indirect-earnings collected during the 2004 fiscal year, the amount returned to departments is a varying amount set by the Research Foundation Board of Directors each year during the budgeting process. Distributions typically occur by February for the previous fiscal year, and the lump sum distribution is made in accordance with FSU policy.

For information related to past indirect-cost distributions refer to the following website:

<http://www.research.fsu.edu/foundation/reports.html>

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XI. COST OVERRUNS

REFERENCES Minutes, FSU Research Foundation, Inc., Board of Directors' Meeting
on September 1, 1994

The principal investigator is responsible for all expenditures charged to a Research Foundation account. The principal investigator and/or the respective FSU department/college must accept all expenditures on a Research Foundation account that exceed those charges allowed or that are in excess of available funds.

Cost overruns and disallowances up to \$100 per account may be covered by Research Foundation funds, with the approval of the Research Foundation President or his/her designee.

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XII. REPORTING REQUIREMENTS

A. TECHNICAL REPORTS

The principal investigator will be responsible for the preparation and submission of all required technical reports. The technical reporting requirements are set forth in the award document and/or handbooks and guidelines published by the sponsor and will be disseminated to the principal investigator at the inception of the project. The principal investigator should send a copy of the transmittal letter or cover page of the technical reports to the Research Foundation. The principal investigator should apprise the sponsor anytime the project timelines cannot be met.

B. FINANCIAL REPORTS

The Research Foundation will be responsible for maintaining the official fiscal records and for the preparation of all financial reports and billings to the sponsor. A copy of the final financial report on a project will be sent to the principal investigator for review and concurrence, prior to submission of the report to the sponsor.

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XIII. FIXED-PRICE AWARDS

A fixed-price arrangement may be proposed when costs are predictable and a fair and reasonable price can be established at the outset. The contract with a sponsor provides for a lump sum payment for a completed task or deliverable, or it can be based on a deliverable and/or payment schedule, but is usually contingent upon acceptance of the task by the sponsor. A fixed-price contract provides a maximum incentive to the University to control costs and perform effectively and it places a minimum of administrative burden upon the contracting parties.

A fixed-price award will be closed-out after all deliverables required by the terms and conditions of the award have been completed, after all award payments have been received, and after all costs (direct and indirect) have been charged to the project account. Effective January 1, 2007, an administrative charge of 10% of residuals up to \$75,000 will be assessed to projects where less than full indirect cost was collected. Remaining funds will be distributed in accordance with the fixed-price residual funds policy as follows:

- Large residuals, i.e. more than 20% of award amount, will require written explanations to be filed with project.
- The first \$75,000 of any residual balance (after the assessment described above) will be transferred to a "PI Research Support" account to be used in furthering the University's research mission, unless an approved indirect cost waiver is on file.
- Any residual balance in excess of \$75,000 will first be used to cover indirect cost at the University's current federally-approved rate.
- Any residual balance that remains after full indirect cost has been recovered will be distributed in the following manner: 50% will be transferred to the above-mentioned PI Research Support account; 50% will be retained by FSU/FSURF to support faculty-research programs at FSU.

<http://www.research.fsu.edu/contractsgrants/fixprice.html>

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XIV. ACCOUNTING RECORDS AND REPORTS

Monthly accounting reports on each account will be supplied to the principal investigator or his/her designee via web access through COLD, i.e. <https://cold.fsu.edu/logon.cfm> . The monthly accounting reports will consist of an Accounting Statement and a Transactions Report. Normally, the reports will be available by the 5th of each month and departments will be notified via email.

The reports should be reviewed very carefully. Any erroneous transactions should be reported in writing to the Research Foundation. Also, the Research Foundation should be notified if the reports should be sent to a different individual and/or address.

The original accounting documentation (Payment Requests, invoices, etc.) to support expenditures will be maintained by the Research Foundation.

Accounting Statement

The Accounting Statement is a summary report that reflects budget and encumbrances for salaries and indirect costs, as well as revenue and expenditure data on a life-to-date basis at the object classification level.

Refer to Exhibit V for a sample of the Accounting Statement.

Transactions Report

The Transactions Report lists all cash transactions for the month.

Refer to Exhibit VI for a sample of the Transactions Report.

Instructions for accessing the COLD web product can be found at <http://www.research.fsu.edu/foundation/forms.html>

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XV. PROPERTY

Normally, items purchased from Research Foundation funds that meet the University's definition of "major accountable equipment" will be donated to FSU by the Research Foundation. The University's definition of "major accountable equipment" is:

Tangible property (exclusive of real estate) of a non-consumable nature which has a unit acquisition value of \$1,000 or more, an expected life of one year or more, and hardback covered bound books, the value or cost of which is \$250 or more, that do not go into a Library.

The Research Foundation will send a memorandum to University Property Accounting Services monthly informing them of the "major accountable equipment" purchases for the month. University Property Accounting Services will add the items to the University's inventory records and issue decals to the respective principal investigator. This process assures proper accountability and insurance coverage of University assets. The "accountable department number" is initially provided to Property Accounting Services by the Research Foundation, after consultation with the principal investigator. Any subsequent changes to the "accountable department number" can be done by the department submitting a "Change of Accountability for Property Transferred to Other Departments or Projects", FSU Form No. PC213, to University Property Accounting. Refer to the *FSU BUSINESS MANUAL*, Section 2, Subject 2.4 for more information on this procedure.

The University's inventory records will indicate that the property was donated by the Research Foundation. Approval from the Research Foundation must be obtained before disposition can be made of any property donated by the Research Foundation. The Research Foundation will give approval usually, provided the funding agency permits disposal of the equipment.

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XVI. PATENTS

REFERENCES Florida State University *Faculty Handbook*, Policy on Patents
<http://mailer.fsu.edu/~research/patents.html>
Florida Statutes, 240.229

A. INVENTION DISCLOSURE

Florida law (Chapter 240.229 F.S.) and the University patent policy require University employees to disclose **ALL** patentable inventions and technological developments an employee may develop or discover while employed by the University.

- A discovery or invention made in the field in which the employee is employed by the University or by using University funds, facilities, materials, equipment, personnel or proprietary technological information is the property of the Research Foundation. The inventor, the inventor's department, and the Research Foundation will share in the proceeds of any licensing agreements.
- Inventions or discoveries made outside the field in which the employee is employed by the University and for which the University has provided no support are the private property of the inventor.

However, **ALL** discoveries and inventions must be disclosed to the appropriate University official so that official determination of patent rights assignment can be made.

The Research Foundation's representative shall negotiate and execute patent clauses and license agreements.

<http://www.techtransfer.fsu.edu/documents>

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XVI. PATENTS (cont.)

B. DISTRIBUTION OF INCOME

The Research Foundation may elect to acquire title to an invention by assignment from the inventor to the Research Foundation. In this case, the Research Foundation will seek to patent, develop, and market the invention. All costs of the patent application and related activities such as travel and attorney's fees incurred by the Research Foundation/FSU, and those costs related to active licensed production shall be paid from Research Foundation/FSU funds. These costs shall be charged against gross royalty income.

Once application for a patent has been made, the Research Foundation will be responsible for the development and negotiation of licensing agreements to ensure that the invention is managed to best serve the public interest.

Income resulting from the inventions to which the Research Foundation takes title will be divided after the end of each quarter as follows:

- When a U.S. patent is issued on an invention, the inventor will receive a \$500 payment.
- The first \$10,000 in royalties or other income resulting from inventions:
 - 85% to inventor
 - 15% to Research Foundation
- After the first \$10,000, net income (gross royalties minus direct costs of patenting, licensing, legal, and other related expenses):
 - 40% to inventor
 - 30% to department or unit, or both, of which inventor is member
 - 30% to Research Foundation

The department/unit portion shall be set up in a Research Foundation account for the use of the department/unit in research activities.

Refer to the Florida State University *Faculty Handbook* for the entire policy on patents.

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XVII. COPYRIGHTS

REFERENCES Florida State University *Faculty Handbook*, Policy on University-Sponsored Educational Materials (Copyrights)

A. OWNERSHIP

The term "University-sponsored Educational Materials" is loosely defined as any materials developed or produced by a University employee where any of the related costs has been borne by the University/Research Foundation.

Ownership of and **copyright** to University-sponsored educational materials shall be vested in the Research Foundation. The author or producer shall cooperate with the Research Foundation in obtaining **copyright**. Guidance on the appropriate copyright notice should be obtained from the Legal Counsel of the Research Foundation.

The Research Foundation shall negotiate all agreements with authors or producers and in other matters of the copyright policy. Where copyright coverage should be obtained on University-sponsored materials, the Research Foundation will initiate the copyright notice and application for copyright. The author or producer shall contact the Legal Counsel of the Research Foundation during the preparation of materials for a determination of the ownership of the materials.

The Research Foundation shall license the external use of University-sponsored materials only after it enters into a written agreement with the author or producer specifying the distribution of net royalty income.

Net royalty income shall be distributed after the end of each quarter as follows:

50% to author or producer

25% to employing school/college of the author or producer

25% to Research Foundation

The school/college portion will be set up in a Research Foundation account for the use of the school/college in educational activities.

Refer to the Florida State University *Faculty Handbook* for the entire policy on copyrights.

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The Research Foundation Business Office will be happy to assist principal investigators and fiscal personnel in all matters pertaining to the Research Foundation. Questions can be directed to Senior Grants Specialists assigned by academic areas: <http://www.research.fsu.edu/foundation/personnel.html>

or call

Ms. Holly Newell
Interim Director
644-3985