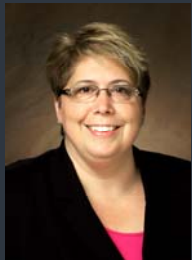


Annual Report

Fiscal Year 2018

Executive Summary by Jolynne Tschetter, Interim Executive Director



As predicted, FY18 was a period of transition for the NDSU Research Foundation (NDSURF). Three of the larger things impacting NDSURF in FY18 were:

1. A consultant was hired to look at the structure of NDSURF compared to other research foundations across the US. This work became the basis of a working group established to look at potential efficiencies that could be implemented at NDSURF. The working group is expected to fulfill its charge and make recommendations to the NDSURF Board of Directors in FY19.

2. Decreased revenues for the last two years due to competition from private wheat varieties has given us the opportunity to look at internal allocation of resources. This review is expected to continue into the coming years with policies being developed to more closely link revenues and expenditures with an eye toward continued sustainability.

3. NDSURF and ND Crop Improvement and Seed Association signed a Master License and Option Agreement granting NDCISA an exclusive license to 5 newly released varieties and an option to commercialize future non-specialty releases from North Dakota Agricultural Experiment Station (NDAES). The agreement contains a review provision to allow both sides to assess the success of the new licensing scheme every two years.

NDSURF's licensing revenue for FY18 was just over \$1.5M. The 'Prosper' and 'Faller' wheat varieties along with the 'Dakota Pearl' potato cultivar and 'Eclipse' black bean were the leading revenue generators for NDSURF.

License agreements this year included both exclusive and nonexclusive agreements for released crop varieties and cultivars, and an exclusive license for an anti-biofouling coating to a Fargo-based company.

FY19 promises to be an exciting year as NDSURF continues to implement strategies and policies to better fulfill its mission to provide support for NDSU by protecting, adding value to and commercializing intellectual property that is developed through research activities at the university.

Jolynne R. Tschetter

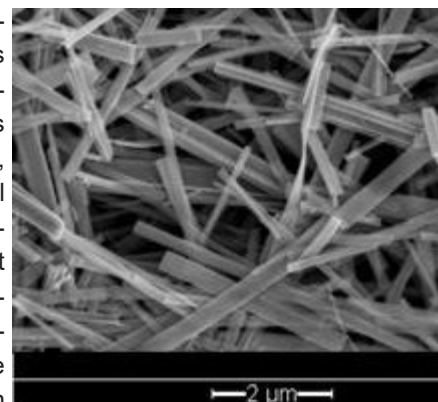
FY18 at a Glance

The 'ND18008GT' glyphosate resistant soybean variety was released in FY18. With a relative maturity of 00.8, its early maturity makes it a good fit for the northern areas of North Dakota. 'Development of this soybean variety was made possible through funds provided by the North Dakota Soybean Council. The NDSU Breeder is Ted Helms.



The Summer Aspire™ Japanese Tree Lilac was released this year for licensing to wholesale nurseries. The stiffly ascending branches above a substantial trunk combine to create a tree lilac much narrower in form and greater in height than cultivars or seedling grown plants generally found in the landscape. Large creamy white flower panicles in late June, good foliage quality, and prominent bark lenticels add to its ornamental features. USDA hardiness zones 3—6. A registered trademark is pending for this cultivar.

Technologies: Seventeen other disclosures came from various departments across campus including Animal Sciences, Chemistry and Biochemistry, Engineering, Coatings and Polymeric Materials, Computer Science, Microbiological Sciences, Pharmaceutical Sciences and the School of Natural Resources. Five patents were filed to protect selected technologies that were novel, non-obvious, and useful in that aspect that a company would potentially want to license it. One such invention is a Low Cost Diabetes Breath Analyzer that was developed using nano-structured $K_2W_7O_{22}$ (pictured to right) and with research support from a Sanford NDSU Research Seed Grant.



The NDSU Research Foundation received thirteen issued patents in FY18, which included eleven U.S. patents, one Canadian patent, and one from South Korea.

Revenue Generating Varieties

Barley

Conlon
ND Genesis
Pinnacle

Durum

Alkabo
Carpio
Divide
Grenora
Tioga
Joppa

Edible Beans

Eclipse Black Bean
Lariat Pinto Bean
Maverick Pinto Bean
ND307 Pinto Bean
Stampede Pinto Bean
Talon Dark Red Kidney Bean
Rosie Light Red Kidney Bean
ND Palomino Pinto Bean

Flax

Gold ND

Oats

Beach
Comet
Drover
Jury
Newburg
Rockford
Souris
Taipan
Empire
Bond
Boss
Savannah

Potatoes

AC Peregrine Red
Dakota Crisp
Dakota Diamond
Dakota Jewel
Dakota Pearl
Dakota Rose
Dakota Ruby
Dakota Russet
Dakota Trailblazer
NorDonna
NorValley

Soybeans

Blue Horizon
Cavalier
ProSoy
Sheyenne
Traill
Ashtabula
ND1005T
ND1100S
ND1406HP
ND Henson
ND Bison

Wheat

Barlow
Elgin ND
Faller
Glenn
Prosper
Velva

NDSU Research Foundation Statement of Revenue and Expenses

	<u>Jul '17 - Jun 18</u>
Ordinary Income/Expense	
Income	
Foundation	
Research Fee/Royalty Payments	1,373,992.40
Other Operating Income	
Other Reimbursements	1,350.00
PVP Cost Reimbursement	13,522.10
Other Interest Income	1,449.32
Patent Cost Reimbursement	94,993.61
License Fees	14,264.66
Other Revenue/Admin. Revenue	<u>663.35</u>
Total Other Operating Income	126,243.04
Foundation Interest Income	<u>707.91</u>
Total Foundation	1,500,943.35
Endowment	
ADHM Endow Inc.	2.56
Math Endow Inc.	3.50
CSM Endow Inc.	1.70
NDSU/RF Endow Income	42,095.33
Spring Wheat Endowment	66,818.58
Durum Endowment	<u>31,846.69</u>
Total Endowment	<u>140,768.36</u>
Total Income	<u>1,641,711.71</u>
Gross Profit	1,641,711.71
Expense	
Government/Regulatory Fees	66.00
Miscellaneous Expense	0.00
Legal & Related Expenses	
Collection Legal Fees	690.00
Registering Fees	100.00
Trademark Expenses	3,200.00
Patent Legal Fees	216,237.25
License Legal Fees	8,340.00
PVP Expenses	<u>37,351.30</u>
Total Legal & Related Expenses	265,918.55
Distributions	1,083,677.98
Administrative Expenses	<u>320,185.90</u>
Total Expense	<u>1,669,848.43</u>
Net Ordinary Income	-28,136.72
Other Income/Expense	
Other Income	
Net Gain/Loss on Investments	
2D Endow Gain/Loss	262,318.94
2W Endow Gain/Loss	387,722.36
BSBT STL SUB Corp Bond Gain/Los	-3,535.42
BSBT STL SUB Mutual Gain/Loss	-346.52
BSBT Common Stock Gain/Loss	18,066.74
BSBT Fixed Gain/Loss	-8,503.57
BSBT Mutual Fund Gain/Loss	48,920.90
Vanguard Gain/Loss	<u>66,845.17</u>
Total Net Gain/Loss on Investments	<u>771,488.60</u>
Total Other Income	771,488.60
Other Expense	
Deprec Exp - Office Equipment	1,258.70
Total Other Expense	<u>1,258.70</u>
Net Other Income	<u>770,229.90</u>
Net Income	<u><u>742,093.18</u></u>

NDSU Research Foundation
Statement of Assets and Net Assets
 June 30, 2018

	<u>Jun 30, 18</u>		<u>Jun 30, 18</u>
ASSETS		LIABILITIES & EQUITY	
Current Assets		Liabilities	
Checking/Savings		Current Liabilities	
Total (1) Foundation Assets	<u>515,245</u>	Total Accounts Payable	7,746
Total Checking/Savings	515,245	Other Current Liabilities	
Other Current Assets		Accrued Expense	4,192
Total Prepaid Expenses	<u>8,850</u>	Accrued Payroll Expense	<u>38,812</u>
Total Other Current Assets	<u>8,850</u>	Total Other Current Liabilities	<u>43,004</u>
Total Current Assets	524,095	Total Current Liabilities	<u>50,750</u>
Fixed Assets		Total Liabilities	50,750
Office Equipment	19,340	Equity	
Accum Depr - Office Equipment	<u>-18,459</u>	Designated for Plant Science	
Total Fixed Assets	881	(2) PS Endowment 2W End	3,198,217
Other Assets		(3) PS Endowment 2DEnd	<u>2,141,588</u>
(1) NDSU/RF Endowment		Total Designated for Plant Science	5,339,805
Total RBC Wealth Management	349,612	Total Designated for Endowment	2,072,777
Bell State Bank & Trust		Designated for ADHM	2,642
Total BSBT STL SUB	<u>301,560</u>	Designated for Math	3,916
Total BSBT RF Agency	<u>1,050,925</u>	Designated for Science & Math	1,917
Total Bell State Bank & Trust	1,352,485	Research Foundation	544,733
Vanguard-S&P 500 Fund	<u>623,869</u>	Net Income	<u>742,093</u>
Total (1) NDSU/RF Endowment	2,325,967	Total Equity	<u>8,707,883</u>
(3) Plant Sciences Endowment		TOTAL LIABILITIES & EQUITY	<u>8,758,633</u>
Total 2D Endow Durum	<u>2,235,753</u>		
Total 2W Endow Spring Wheat	<u>3,663,164</u>		
Total (3) Plant Sciences Endowment	5,898,917		
Total (8) Math Endow	3,919		
Total (9) College of Science and Math	<u>1,919</u>		
Total (10) ADHM Endow	<u>2,935</u>		
Total Other Assets	<u>8,233,657</u>		
TOTAL ASSETS	<u>8,758,633</u>		

**Horticultural Varieties
 Contributing to Income
 in FY18**

Copper Delight™
Juniper

Dakota Goldcharm®
Spirea

Dakota Goldrush®
Potentilla

Dakota Sunspot®
Potentilla

Prairie Gem®
Flowering Pear

Prairie Spire®
Green Ash

Dakota Pinnacle®
Asian White Birch

Blueberry Delight®
Juniper

Copper Curly®
Pekin Lilac

Northern Acclaim®
Thornless Honey-locust

Prairie Dream®
Paper Birch

Prairie Horizon®
Manchurian Alder

Prairie Torch®
Hybrid Buckeye

Prairie Statesman®
Swiss Stone Pine

Prairie Expedition®
American Elm

Prairie Stature®
Hybrid Oak

Prairie Reflection®
Laurel Willow

Northern Tribute®
River Birch

Royal Splendor®
Norway Spruce

Northern Flare®
Sugar Maple

Prairie Pioneer®
Dwarf Chinkapin Oak

Northern Spotlight®
Korean Maple

FY18 Ag Royalties and License Fees

Barley	\$62,090		Horticulture	\$63,248		Soybeans	\$43,519
Durum	\$125,594		Lentil	\$0		Wheat	\$477,764
Edible Beans	\$196,962		Oats	\$103,990		Winter Rye	\$0
Flax	\$1,487		Potatoes	\$211,258		Total	\$907,416

FY18 Distribution of Agricultural Research Fees

FY18 agricultural research fees and license revenues were distributed to the following entities:

	Barley	Durum	Edible Beans	Horticulture	Oats	Potatoes	Soybeans	Technology	Wheat	Grand Total
ND Barley Council	691									691
ND Soybean Council							1051			1051
NDSU Ag. Experiment Station	1262	3030	4968		1413		166		10171	21010
NDSU Coatings & Polymeric Materials Dept.								7084		7084
NDSU College of Science & Mathematics								5489		5489
NDSU Dept. of Chemistry								16904		16904
NDSU Entomology Department									19	19
NDSU Foundation Seedstocks	883	3294	2118		1603		535		10446	18879
NDSU Langdon Res. Ext Center						1291				1291
NDSU Plant Pathology Department	3584	3294	9910			49507	1097		3913	71305
NDSU Plant Sciences Department	26423	45018	50358	30334	33364	61550	19260			266307
NDSU Soil Science Dept.							535			535
NDSU VP RCA								2182		2182
USDA			2939							2939
Breeder	10554	33910	44966	11581	27528	33170			78872	240582
Inventor								21947		21947
NDSU Agricultural Experiment Station	48	173			190				366	777
NDSU School of Nursing								823		823
Grand Total	43445	88719	115260	41915	64097	145518	22645	54430	103787	679817

NDSURF Board of Directors FY18

Dean Bresciani, President
 Ken Grafton, Secretary
 Mark Birdsall, Director
 Randall Herman, Director
 Stephen Herrman, Director

Richard Rayl, Vice President
 Michael Kessler, Director
 Katie Hasbargen, Director
 Joel Honeyman, Director

Beth Ingram, Treasurer
 Kelly Rusch, Director
 James Broten, Director
 Rodney Howe, Director

NDSURF Staff FY18

Jolynne R. Tschetter, Interim Executive Director, Ph.D.
 Henry Nowak, Technology Manager, J.D., M.B.A, M.S.

Denise Roehl, Administrative Assistant
 Laura Slicer, Accountant, MBA