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# ***Tax Issues that Impact University Incubators and Venture Capital Funds***

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## ***Agenda***

Introduction  
Structuring Incubators and Venture Capital Funds  
Operational considerations/special topics  
Congressional focus: IRS endowment inquiry  
Conclusion

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## ***Introduction***

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## ***What are Incubators and Venture Capital Funds?***

### ***Incubators***

- Operational and financial support to startups
- Low-cost space, operational support
- Mentoring and support in areas such as marketing, legal services, and funding
- Access to business partnerships, alumni and a network of entrepreneurs

### ***Venture Capital Funds***

- Provide early stage funding to invest in new technologies
- Can provide additional support to portfolio companies similar to an incubator, or work in conjunction with an incubator to facilitate business development

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## *University examples*

### *Incubators*

- University of Texas – Austin - Austin Technology Incubator provides incubator services to technology companies

### *Venture Capital Funds*

- University of California – \$250 million venture fund that will invest in companies with ties to its network of schools, medical centers and research labs
- University of North Carolina at Chapel Hill, Carolina Research Venture Fund - \$10 million pool of money for companies that commercialize technology developed at the University
- University of Michigan – Student-run Wolverine Venture Fund was created in 1997 and it has since invested in 22 companies

### *Incubators and Venture Capital Funds*

- University of Pennsylvania – PCI Ventures provides incubator and advisory services
- Stanford University – StartX, and Stanford-StartX Fund, LLC

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## *Stanford University example – StartX*

### *StartX*

- Independent incubator providing entrepreneurial education to Stanford student-, faculty-, and alumni-entrepreneurs
- Stanford University grants \$1.2 million annually to StartX to support its educational programs

### *Stanford-StartX Fund, LLC*

- Venture capital fund formed by Stanford University, Stanford Health Care and StartX
- Invests in portfolio companies emerging from the StartX incubator
- Supports founders and technology

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