



The University of New Mexico

Unrestricted Accounting - Main  
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June 3, 2009

TO: UNM Fiscal Agents and Accountants

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FROM: Unrestricted Accounting-Main, taxation issues  
Joy Germack and Joan Ferrell

SUBJECT: Tax Reporting Compliance Questionnaires for Fiscal Year ending 6/30/09  
Unrelated Business Income Tax (UBIT) Questionnaire

**Please complete and return this entire document (even if certain sections do not apply to your department) to Unrestricted Accounting-Main, Taxation Issues, MSC01 1260, no later than September 1, 2009.**

If you have any questions, please contact Joy Germack, 505-277-0875 or Joan Ferrell, 505-277-0621, or email [tax@unm.edu](mailto:tax@unm.edu).

Thank you for your assistance with these important compliance efforts.

The purpose of the following questionnaire is to request your assistance in fulfilling the University's annual tax reporting requirements for Fiscal Year 2009. Your assistance is vital to ensure that the University completely and accurately complies with legally mandated reporting of unrelated business income.

You do not need to list activities that are historically already being reported on UNM's Unrelated Business Income Tax return.

## UNM UNRELATED BUSINESS INCOME

The IRS requires tax-exempt organizations such as UNM to declare and pay tax on net income from any activity unrelated to its basic business purposes. UNM's tax-exempt purposes are primarily education, research, and patient care/health care. See UBPP 1000.

The IRS considers an activity to be unrelated if it meets all of the following criteria:

- It is not substantially related to the organization's tax-exempt purposes,
- It is a trade or business (defined by the IRS as any activity carried on for the production of income from selling goods or performing services),
- It is regularly conducted (frequency and continuity are key in this assessment).

All the facts and circumstances regarding whether or not an activity is related must be weighed and considered.

UNM is **not** prohibited from engaging in activities that generate unrelated business income, but the IRS requires that we report net operating results, including net losses, from each unrelated activity. Net losses may be used to offset net income and, therefore, reduce the total tax liability of the University.

The questions are designed to help assess the revenue-producing activities in your department during Fiscal Year 2009.

Only consider revenue produced from sources outside UNM; do not report revenue produced from sales of goods and services to other UNM departments; do not report activities that are historically already being reported on UNM's Unrelated Business Income Tax return.

If your area does not generate any revenues, or if the revenue is clearly related to the stated exempt purposes of the University, please make a note on the questionnaire and return to MSC01-1260.

Taxation issues staff will review the completed questionnaires, and may ask you to provide further information about potentially unrelated activities.

Thank you.

University of New Mexico  
 UNRELATED BUSINESS INCOME QUESTIONNAIRE  
 FISCAL YEAR 2009

RESPONDENT NAME AND TITLE: \_\_\_\_\_

PHONE #: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_

**UNRELATED BUSINESS INCOME ACTIVITIES**

Does your department generate external revenues from any of the following activities?

As part of the assessment of whether your department has generated any unrelated business income, please review the activity in your revenue account codes. Income reported in revenue account codes will show potential sources of unrelated business income. Please note to the left of each item, Yes or No. If yes, proceed to Parts I-VI below, and answer all questions completely to the best of your knowledge. If you have more than one source of potential unrelated business income, please make a copy of this Questionnaire and complete for each different activity.

- A. Advertising
- B. Sales to the public
- C. Catering and food service sales to the public
- D. Commercially sponsored research
- E. Computing resource leasing (i.e. software maintenance and support)
- F. Space or real estate rentals or leases to the public that include services
- G. Real property rentals or leases to the public (such as equipment)
- H. Entertainment events (i.e. concerts, movies, etc.)
- I. Exclusive provider and sponsor agreements
- J. Hospital non-patient sales
- K. Licensing agreements where services are provided to the licensee
- L. Parking revenue from private companies or contract arrangements
- M. Participation or ownership in a partnership or joint venture with a non-UNM entity
- N. Travel tour programs
- O. Other activities that are not directly related to the tax-exempt purposes of the University (education, research, and patient care)

I. DESCRIPTION OF ACTIVITY: (Please include the frequency of transactions, the type of customer, the goods sold or services provided and an estimate of the total revenue for FY 2009 for any potentially unrelated activities.)

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**If the answer to any of the above is YES, you may stop after part I., and contact Unrestricted Accounting – Main taxation issues staff to help you fill out the rest of this form.**

	YES	NO	N/A
II. GENERAL			
Is the activity:			
A. conducted for the purpose of generating income?	_____	_____	_____
B. conducted on a regular basis?	_____	_____	_____
C. related to the University's exempt purpose?	_____	_____	_____
D. performed by volunteers?	_____	_____	_____
E. conducted via the internet – ebusiness?	_____	_____	_____
F. conducted for the convenience of University students, faculty, staff, or patients?	_____	_____	_____

University of New Mexico  
 UNRELATED BUSINESS INCOME QUESTIONNAIRE – *continued*  
 FISCAL YEAR 2009

	YES	NO	N/A
Does the activity:			
A. involve the sale of donated merchandise?	_____	_____	_____
B. generate revenue from royalties?	_____	_____	_____
C. generate revenue from commissions?	_____	_____	_____
D. involve a technologically advanced or unique product or service?	_____	_____	_____
<b>III. ADVERTISING</b>			
A. Does the activity involve advertising or corporate sponsorship?	_____	_____	_____
B. Are students participating?	_____	_____	_____
<b>IV. RENTAL OF PROPERTY</b>			
A. Is space (land, buildings, rooms) rented to non-UNM persons or entities?	_____	_____	_____
B. Is 10% or more of the rental charge attributable to personal property (e.g., furniture or equipment)?	_____	_____	_____
C. Are personal services provided (e.g., security, food, maid, or linen service, operating microphone and/or lights)?	_____	_____	_____
D. Did UNM incur debt to purchase the property (identify the property)?	_____	_____	_____
E. Is the leasing organization non-profit?	_____	_____	_____
F. Is the space leased for educational, research or health care purposes?	_____	_____	_____
G. Is UNM actively involved in the presentation of programs conducted in the rented space?	_____	_____	_____
H. Is the rental rate lower than commercial rates?	_____	_____	_____
<b>V. COMMERCIALY SPONSORED RESEARCH</b>			
A. Is research performed for a person or entity other than the federal or state government?	_____	_____	_____
B. Is the research directly related to actual patient care or to the education of students?	_____	_____	_____
C. Is the research an investigative activity done to explore an intellectual question or to validate a scientific hypothesis in which the University has an academic interest?	_____	_____	_____
D. Is the research the type ordinarily carried on incident to a commercial operation, such as ordinary testing or inspection of materials or products?	_____	_____	_____
<b>VI. PARTNERSHIPS AND JOINT VENTURES</b>			
A. Does the activity generate revenue from participation in a partnership or joint venture with a non-UNM party?	_____	_____	_____
B. Does the activity generate revenue from an entity directly related to UNM?	_____	_____	_____