



THE UNIVERSITY of
NEW MEXICO

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To: J.E. "Gene" Gallegos, Chairman, UNM Board of Regents' Audit Committee
Robert G. Frank, University President

From: Manilal Patel, Director of Internal Audit *Manu*

Date: June 19, 2013

Re: Review of University of New Mexico Tax Reporting Responsibilities

Internal Audit conducted a survey of tax reporting responsibilities for the component unit organizations of the University of New Mexico. Each organization is included as a component unit in the UNM audited financial statements. The surveys were sent to each organization's financial officer requesting information regarding the type of exempt organization, Form 990 filing requirements, and whether the entity was formed under the University Research Park Act. Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from income tax under section 501(a). See **Attachment 1** for summary of Form 990 filing requirements.

Internal Audit received tax reporting surveys from the University of New Mexico and the component unit organizations. They are as follows:

- University of New Mexico
- UNM Lobo Club
- Lobo Development Corporation
- Lobo Energy, Inc.
- UNM Alumni Association
- Robert O. Anderson Foundation
- UNM Foundation, Inc.
- Science Technology Corporation
- UNM Sandoval Regional Medical Center
- UNM Medical Group, Inc.

The summary of the tax survey responses for fiscal year ended June 30, 2012 are presented below:

<u>Unit</u>	<u>Return Prepared By</u>	<u>Org</u>	<u>Unrelated Income Tax</u>	<u>Form 990-T</u>	<u>Research Park Act</u>
University of New Mexico	KPMG	<u>Governmental</u>	511(a)(2)(B)	Yes	N/A
<u>Component Unit</u>	<u>Return Prepared By</u>	<u>Org</u>	<u>Unrelated Income Tax</u>	<u>Form 990</u>	<u>Research Park Act</u>
UNM Lobo Club	Pulakos CPAs	501(c)(3) 509(a)(1)	No	Yes	No
Lobo Development Corp.	Moss Adams	501(c)(3) 509(a)(3)	No	Yes	Yes
Lobo Energy Inc.	Moss Adams	501(c)(3) 509(a)(3)	No	Yes	Yes
UNM Alumni Association	KPMG	501(c)(3) 509(a)(3)	Yes 990-T filed	Yes	No
Robert O. Anderson Foundation	Moss Adams	501(c)(3) 509(a)(3)	No	Yes	No
UNM Foundation, Inc.	BDO USA	501(c)(3) 509(a)(1)	Yes 990-T filed	Yes	No
Science Technology Corp.	Science Technology Corp.	501(c)(3) 509(a)(3)	No	Yes	Yes
UNM Sandoval Regional Medical Center	Moss Adams	501(c)(3) 509(a)(3)	No	Yes*	Yes
UNM Medical Group	KPMG	501(c)(3)	No	**	Yes

*According to the Vice President of Financial Services for UNM Sandoval Regional Medical Center, their independent tax firm, Moss Adams, had previously received a discretionary ruling from the IRS under Revenue Procedure 95-48 excluding UNM Sandoval Regional Medical Center from filing Form 990. However, changes in the Pension Provision Act, signed into law on August 17, 2006, removed the IRS's discretionary authority for this filing requirement. This change requires UNM Sandoval Regional Medical Center to file Form 990 for FY 2011 and FY 2012. UNM Sandoval Regional Medical Center engaged Moss Adams to complete and file Form 990 for these fiscal years. The UNM Sandoval Regional Medical Center will provide copies of Form 990 when completed.

Changes made by the Pension Protection Act removed the IRS discretionary authority to grant the exclusion from filing Form 990 for organizations classified as supporting organizations under IRC section 509(a)(3). Despite these changes, UNM Medical Group's determination letter, which was issued by IRS on March 03, 2010 (Attachment 2**, UNM Medical Group) after the

Pension Protection Act, indicated that it was not required to file Form 990. UNM Medical Group and their independent tax firm, KPMG, believe this exclusion from filing would only apply if UNM Medical Group is reclassified from an organization described in IRC section 509(a)(3) to a publicly supported organization described in IRC section 509(a)(2). Accordingly, UNM Medical Group has filed Form 8940 (See **Attachment 3**) on June 5, 2013, requesting this change in classification and requesting confirmation that it is not required to file Form 990. UNM Medical Group will provide the IRS final determination ruling when completed.

UNM income generated in the exercise of its essential government functions is excluded from income tax under Internal Revenue Code (IRC) section 115. However, IRC section 511(a)(2)(B) imposes income tax on the unrelated income activities of state colleges and universities. Accordingly, the University of New Mexico files Form 990-T to report the income and pay the tax associated with its unrelated business activities. This may include bookstore sales, Student Union food sales, telecommunication services, catering and facility rental services.

All UNM component unit organizations are audited by independent CPA firms. Each organization type is a 501(c)(3), tax-exempt nonprofit organization.

Section 509(a)(1) primarily includes churches, schools, hospitals, and other organizations that receive their public support primarily from gifts, grants and contributions from a broad group of people.

Section 509(a)(2) classification is for organizations that receive few grants, but normally receive their fees from services. The organization must normally receive more than one-third of its support from permitted sources such as gross receipts, grants, contributions, or fees, and not more than one-third from gross investment and unrelated business taxable income.

Section 509(a)(3) classification is used for university endowment funds or organizations that provide essential services for hospital systems. A supporting organization must also be organized and operated exclusively to support specified supported organizations. It must have a relationship with the supported organization to ensure it is responsive to the needs or demands of the supported organization and involved in operations. To qualify as a public charity under 509(a)(3), an organization must be classified as a Type I - supporting organization that is under direct control of the supported organization, Type II - a supporting organization that is under common control with the supported organization, or Type III - supporting organization that is not necessarily related to the supported organization(s).

Revenue Procedure 95-48 (See **Attachment 4**) relieves governmental instrumentalities of the requirement to file a Form 990. This revenue procedure specifies classes of organizations that are not required to file the annual information return. The classes include governmental units or affiliates of governmental units that are exempt from tax under Internal Revenue Code Section 501(a).

The University Research Park and Economic Development Act was enacted by the State of New Mexico to promote public welfare, prosperity, and economic development within New Mexico. The University of New Mexico uses the Research Park and Economic Development Act to further forge links between business and industrial communities and government through the development of research parks on University real property.

Below is the summary for revenues, expenses, assets, liabilities, and net assets for UNM component unit organizations filing Form 990 for fiscal year ended June 30, 2012:

Form 990 Summary (\$ in millions)

	<u>Lobo Club</u>	<u>Lobo Develop.</u>	<u>Lobo Energy</u>	<u>Alumni Assoc.</u>	<u>Robert O. Anderson</u>	<u>UNM Foundation</u>	<u>Science Tech Corp.</u>
Total Revenue	\$ 3.3	\$ 2.0	\$ 2.9	\$ 0.9	\$ 2.3	\$ 41.0	\$ 4.5
Total Expenses	<u>3.3</u>	<u>1.4</u>	<u>2.7</u>	<u>0.7</u>	<u>2.4</u>	<u>35.2</u>	<u>4.6</u>
Change in Net Assets	<u>\$ 0.0</u>	<u>\$ 0.6</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ (0.1)</u>	<u>\$ 5.8</u>	<u>\$ (0.1)</u>
Total Assets	\$ 3.4	\$ 1.3	\$ 0.8	\$ 8.8	\$ 3.4	\$ 163.7	\$ 1.6
Total Liabilities	<u>3.3</u>	<u>0.1</u>	<u>0.2</u>	<u>0.0</u>	<u>1.5</u>	<u>10.9</u>	<u>1.2</u>
Net Assets	<u>\$ 0.1</u>	<u>\$ 1.2</u>	<u>\$ 0.6</u>	<u>\$ 8.8</u>	<u>\$ 1.9</u>	<u>\$ 152.8</u>	<u>\$ 0.4</u>

Below is the summary for total unrelated business income, unrelated business taxable income, and total tax computation for UNM, the Alumni Association, and UNM Foundation for June 30, 2012:

Form 990 - T Summary (\$ in millions)

	<u>UNM</u>	<u>Alumni Association</u>	<u>UNM Foundation</u>
Total Unrelated Business Income	\$ 1.9	\$ 0.0	\$ (1.0)
Unrelated Business Taxable Income	0.4	0.0	(1.2)
Total Tax Computation	\$ 0.1	\$ 0.0	\$ 0.0

Summary of Findings

Based on the survey responses Internal Audit received, seven of the component units file Form 990 and are current in their filing requirements; UNM Sandoval Regional Medical Center is in the process of filing Form 990 and will provide Internal Audit copies for both fiscal years; UNM Medical Group is currently awaiting an IRS final determination ruling regarding filing Form 990 and will provide Internal Audit with the IRS decision.

Gallegos
Frank
June 19, 2013
Page 5 of 5

Each component unit organization should forward documentation of their compliance with the IRS requirement to the Internal Audit Department and the Regents' Office on an annual basis.

cc: Bradley C. Hosmer, Vice Chair, UNM Board of Regents' Audit Committee
James H. Koch, UNM Board of Regents' Audit Committee

Schedule D, Part XI (Reconciliation of Change in Net Assets) has been eliminated.

- Instructions for lines 15 and 16 clarify when the organization should complete Schedule F, Parts II and III based on grants or other assistance for foreign organizations or individuals.
- Instructions for lines 33 and 34 clarify that both related C corporations and related S corporations are to be reported in Schedule R, Part IV.

3. In *Part VI, Governance, Management, and Disclosure*:

- Line 3 instructions clarify what information on management companies should be provided in Schedule O if the filer answers "Yes" to line 3.
- Line 18 regarding disclosure of Forms 1023, 1024, 990, and 990-T now includes a new checkbox, " Other (explain in Schedule O)."

4. In *Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*:

- Section A, column (B) asks for reporting of average hours per week worked for related organizations, in addition to hours worked for the filing organization.
- Section A instructions provide an example of how to report benefits provided through a self-insured medical reimbursement plan.
- Section B instructions clarify that insurance providers should not be reported as independent contractors.

5. In *Part VIII, Statement of Revenue*:

- The heading includes a new checkbox that an organization must check if its Schedule O contains a response to a question in Part VIII.
- The instructions no longer require filers to report their share of revenue of joint ventures and other partnerships using Schedule K-1 (Form 1065); rather, they can report according to their books and records.
- The instructions clarify that a section 501(c)(3) organization that is an S corporation shareholder must treat all allocations of income from the S corporation as unrelated business income.
- The instructions clarify how to report payment card and third party network transactions reported on Form 1099-K.

6. In *Part IX, Statement of Functional Expenses*:

- Line 3 instructions clarify when the organization should report on this line grants or other assistance for foreign organizations or individuals.
- Line 11g requires that if the amount on that line exceeds 10% of total functional expenses, the filer must list the type and amount of each line 11g expense on Schedule O.

7. In *Part X, Balance Sheet*:

- The heading includes a new checkbox that an organization must check if its Schedule O contains a response to a question in Part X.
- The instructions no longer require filers to report their share of assets of joint ventures and other partnerships using Schedule K-1 (Form 1065); rather, they can report according to their books and records.
- Line 6 clarifies that any receivable reported in this line triggers filing of Schedule L, Part II (Loans to Interested Persons).

8. *Part XI, Reconciliation of Net Assets*, includes new lines (formerly included in Schedule D, Part XI) for net unrealized gains (losses) on investments, donated services and use of facilities, investment expenses, and prior period adjustments.

9. *Part XII, Financial Statements and Reporting*, eliminates the former line 2d (whether financial statements were issued on a separate or consolidated basis) and expands lines 2a and 2b to ask whether financial statements were compiled, reviewed, or audited on a separate or consolidated basis.

10. In the *Glossary*:

- The definition of "Disqualified person" is revised to clarify that if the 5-year disqualification period ended within the organization's tax year, it may treat the person as disqualified for the entire year.
- The definition of "Grants and other assistance" deletes "program-related investments."
- The definition of "Professional fundraising services" includes preparation of applications for grants or other assistance.

11. *Appendix F, Disregarded Entities and Joint Ventures*, clarifies that filers can report their interests in joint ventures and other partnerships in Parts VIII, IX, and X in accordance with their books and records.

12. *Appendix J, Contributions*, clarifies that if an organization accepts a contribution in the name of one of its programs, its donor acknowledgment should indicate the organization's name.

Purpose of Form

Forms 990 and 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 6033.

An organization's completed Form 990 or 990-EZ, and a section 501(c)(3) organization's Form 990-T, Exempt Organization Business Income Tax Return, generally are available for public inspection as required by section 6104. Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors, is available for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or Form 990-EZ, parts of Schedule B (Form 990, 990-EZ, or 990-PF), can be open to public inspection. See *Appendix D* and the instructions for Schedule B (Form 990, 990-EZ, or 990-PF) for more details.

Some members of the public rely on Form 990 or Form 990-EZ as their primary or sole source of information about a particular organization. How the public perceives an organization in such cases can be determined by information presented on its return.

Phone Help

If you have questions and/or need help completing Form 990, please call 1-877-829-5500. This toll-free telephone service is available Monday through Friday.

Email Subscription

The IRS has established a subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit www.irs.gov/eo.

General Instructions

Overview of Form 990

Note. Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.



Certain Form 990 filers must file electronically. See General Instructions, Item E. When, Where, and How to File, later, for who must file electronically.

Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from income tax under section 501(a), and certain political organizations and **nonexempt charitable trusts**. Parts I through XII of the form must be completed by all filing organizations and require reporting on the organization's exempt and other activities,

finances, governance, compliance with certain federal tax filings and requirements, and **compensation** paid to certain persons. Additional schedules are required to be completed depending upon the activities and type of the organization. By completing Part IV, the organization determines which schedules are required. The entire completed Form 990 filed with the IRS, except for certain contributor information on Schedule B (Form 990, 990-EZ, or 990-PF), is required to be made available to the public by the IRS and the filing organization (see *Appendix D. Public Inspection of Returns*), and can be required to be filed with state governments to satisfy state reporting requirements. See *Appendix I. Use of Form 990 and 990-EZ to Satisfy State Reporting Requirements*.

Reminder: Do Not Include Social Security Numbers on Publicly Disclosed Forms. Because the filing organization and the IRS are required to publicly disclose the organization's annual information returns, social security numbers should not be included on this form. By law, with limited exceptions, neither the organization nor the IRS may remove that information before making the form publicly available. Documents subject to disclosure include schedules and attachments filed with the form. For more information, see *Appendix D, Public Inspection of Returns*.

Helpful Hints. The following hints can help you more efficiently review these instructions and complete the form.

- See *General Instructions, Item C. Sequencing List to Complete the Form and Schedules*, later, which provides guidance on the recommended order for completing the form and applicable schedules.
- Throughout these instructions, “the organization” and the “filing organization” both refer to the organization filing Form 990.
- Unless otherwise specified, information should be provided for the organization's tax year. For instance, an organization should answer “Yes” to a question asking whether it conducted a certain type of activity only if it conducted that activity during the tax year.
- The examples appearing throughout the instructions to Form 990 are illustrative only. They are for the purpose of completing this form and are not all-inclusive.
- Instructions to the Form 990 schedules are published separately from these instructions.



CAUTION Organizations that have total gross income from **unrelated trades or businesses** of at least \$1,000 also are required to file Form 990-T, *Exempt Organization Business Income Tax Return*, in addition to any required Form 990, 990-EZ, or 990-N.

A. Who Must File

Most organizations exempt from income tax under section 501(a) must file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N), depending upon the organization's **gross receipts** and **total assets**.



TIP An organization may not file a “consolidated” Form 990 to aggregate information from another organization that has a different **EIN**, unless it is filing a **group return** and reporting information from a **subordinate organization** or organizations, reporting information from a **joint venture** or **disregarded entity** (see *Appendices E and F, later*), or as otherwise provided for in the Code, regulations, or official IRS guidance. A parent exempt organization of a section 501(c)(2) title-holding company may file a consolidated Form 990-T with the section 501(c)(2) organization, but not a consolidated Form 990.

Form 990 must be filed by an organization exempt from income tax under section 501(a) (including an organization that

has not applied for recognition of exemption) if it has either (1) gross receipts greater than or equal to \$200,000 or (2) total assets greater than or equal to \$500,000 at the end of the tax year. This includes:

- Organizations described in section 501(c)(3) (other than **private foundations**), and
- Organizations described in other 501(c) subsections (other than black lung benefit trusts).

Gross receipts are the total amounts the organization received from all sources during its tax year, without subtracting any costs or expenses. See *Appendix B* for a discussion of gross receipts.

For purposes of Form 990 reporting, the term *section 501(c)(3)* includes organizations exempt under sections 501(e) and (f) (cooperative service organizations), 501(j) (amateur sports organizations), 501(k) (child care organizations), and 501(n) (charitable risk pools). In addition, any organization described in one of these sections is also subject to section 4958 if it obtains a determination letter from the IRS stating that it is described in section 501(c)(3).

Form 990-N. If an organization normally has gross receipts of \$50,000 or less, it must submit Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ*, if it chooses not to file Form 990 or Form 990-EZ (with exceptions described below for certain section 509(a)(3) **supporting organizations** and for certain organizations described in *Part B, later*). See *Appendix B* for a discussion of gross receipts.

Form 990-EZ. If an organization has **gross receipts** less than \$200,000 and **total assets** at the end of the tax year less than \$500,000, it can choose to file Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, instead of Form 990. See the instructions for Form 990-EZ for more information. See the special rules below regarding **controlling organizations** under section 512(b)(13) and **sponsoring organizations of donor advised funds**.

If an organization eligible to submit the Form 990-N or file the Form 990-EZ chooses to file the Form 990, it must file a complete return.

Foreign and U.S. possession organizations. **Foreign organizations** and **U.S. possession organizations** as well as **domestic organizations** must file Form 990 or 990-EZ unless specifically excepted under *Part B, later*. Report amounts in U.S. dollars and state what conversion rate the organization uses. Combine amounts from inside and outside the United States and report the total for each item. All information must be written in English.

Sponsoring organizations of donor advised funds.

Sponsoring organizations of donor advised funds, if required to file an annual information return for the year, must file Form 990 and not Form 990-EZ.

Controlling organizations described in section 512(b)(13). A **controlling organization** of one or more **controlled entities**, as described in section 512(b)(13), must file Form 990 and not Form 990-EZ if it is required to file an annual information return for the year and if there was any transfer of funds between the controlling organization and any controlled entity during the year.

Section 509(a)(3) supporting organizations. A section 509(a)(3) **supporting organization** must file Form 990 or 990-EZ, even if its gross receipts are normally \$50,000 or less, and even if it is described in Rev. Proc. 96-10, 1996-1 C.B. 577, or is an affiliate of a governmental unit described in Rev. Proc. 95-48, unless it qualifies as one of the following:

1. An integrated auxiliary of a **church** described in Regulations section 1.6033-2(h),

2. The exclusively religious activities of a **religious order**,
or

3. An organization, the gross receipts of which are normally not more than \$5,000, that supports a section 501(c)(3) religious organization.

If the organization is described in (3) but not in (1) or (2), then it must submit Form 990-N unless it voluntarily files Form 990 or 990-EZ.

Section 501(c)(7) and 501(c)(15) organizations. Section 501(c)(7) and 501(c)(15) organizations apply the same **gross receipts** test as other organizations to determine whether they must file Form 990, but use a different definition of gross receipts to determine whether they qualify as tax-exempt for the tax year. See *Appendix C* for more information.

Section 527 political organizations. A tax-exempt political organization must file Form 990 or 990-EZ if it had \$25,000 or more in gross receipts during its tax year, even if its gross receipts are normally \$50,000 or less, unless it meets one of the exceptions for *certain political organizations* under *General Instructions, Item B. Organizations Not Required to File Form 990*, later. A qualified state or local political organization must file Form 990 or 990-EZ only if it has gross receipts of \$100,000 or more. Political organizations are not required to submit Form 990-N.

Section 4947(a)(1) nonexempt charitable trusts. A **nonexempt charitable trust** described under section 4947(a)(1) (if it is not treated as a private foundation) is required to file Form 990 or 990-EZ, unless excepted under *General Instructions, Item B. Organizations Not Required to File Form 990*, later. Such a trust is treated like an exempt section 501(c)(3) organization for purposes of completing the form. Section 4947(a)(1) trusts must complete all sections of the Form 990 and schedules that section 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in the Form 990, schedules, and instructions include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990 or 990-EZ)), unless otherwise specified. If such a trust does not have any taxable income under Subtitle A of the Code, it can file Form 990 or 990-EZ to meet its section 6012 filing requirement and does not have to file Form 1041, U.S. Income Tax Return for Estates and Trusts.

Returns when exempt status not yet established. An organization is required to file Form 990 under these instructions if the organization claims exempt status under section 501(a) but has not established such exempt status by filing Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, or Form 1024, Application for Recognition of Exemption Under Section 501(a), and receiving an IRS determination letter recognizing tax-exempt status. In such a case, the organization must check the "Application pending" checkbox in item B on Form 990, page 1 (whether or not a Form 1023 or 1024 has been filed) to indicate that Form 990 is being filed in the belief that the organization is exempt under section 501(a), but that the IRS has not yet recognized such exemption.

To qualify for tax exemption retroactive to the date of its organization or formation, an organization claiming tax-exempt status under section 501(c)(3), 501(c)(9), or 501(c)(17) generally must file Form 1023 or 1024 within 27 months of the end of the month in which it was legally organized or formed.



An organization that has filed a letter application for recognition of exemption as a qualified nonprofit health insurance issuer under section 501(c)(29), or plans to do so, but has not yet received an IRS determination letter

recognizing exempt status, must check the "Application pending" checkbox in the Form 990 Heading, Item B.

B. Organizations Not Required To File Form 990 or 990-EZ

An organization does not have to file Form 990 or 990-EZ even if it has at least \$200,000 of **gross receipts** for the tax year or \$500,000 of **total assets** at the end of the tax year if it is described below (except for section 509(a)(3) supporting organizations, which are described earlier). See *Part A* to determine if the organization can file Form 990-EZ instead of Form 990. An organization described in item 10, 11, or 13 of this section B is required to submit Form 990-N unless it voluntarily files Form 990, 990-EZ, or 990-BL, as applicable.

Certain religious organizations.

1. A **church**, an interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church as described in Regulations section 1.6033-2(h) (such as a men's or women's organization, religious school, mission society, or youth group).

2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10, 1996-1 C.B. 577. But see the filing requirements for Section 509(a)(3) supporting organizations in *A, Who Must File*.

3. A school below college level affiliated with a church or operated by a **religious order** described in Regulations section 1.6033-2(g)(1)(vii).

4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.

5. An exclusively religious activity of any **religious order** described in Rev. Proc. 91-20, 1991-1 C.B. 524.

Certain governmental organizations.

6. A state institution whose income is excluded from gross income under section 115.

7. A **governmental unit** or affiliate of a governmental unit described in Rev. Proc. 95-48, 1995-2 C.B. 418. But see the filing requirements for Section 509(a)(3) supporting organizations in *A, Who Must File*.

8. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an Act of Congress that is an instrumentality of the United States, and exempt from federal income taxes.

Certain political organizations.

9. A political organization that is:

- A state or local committee of a political party;
- A political committee of a state or local candidate;
- A caucus or association of state or local officials; or
- Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act).

Certain organizations with limited gross receipts.

10. An organization whose **gross receipts** are normally \$50,000 or less. To determine what an organization's gross receipts "normally" are, see *Appendix B, How to Determine Whether an Organization's Gross Receipts Are Normally \$50,000 (or \$5,000) or Less*.

11. **Foreign organizations** and organizations located in **U.S. possessions**, whose **gross receipts** from sources within the United States are normally \$50,000 or less and which did not engage in significant activity in the United States (other than investment activity). But if a foreign organization or U.S.

Possessions organization is required to file Form 990 or Form 990-EZ, then its worldwide gross receipts, as well as assets, are taken into account in determining whether it qualifies to file Form 990-EZ.


Certain organizations that file different kinds of annual information returns.

12. A private foundation (including a private operating foundation) exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF, Return of Private Foundation. Also use Form 990-PF for a taxable private foundation, a section 4947(a)(1) **nonexempt charitable trust** treated as a private foundation, and a private foundation terminating its status by becoming a **public charity** under section 507(b)(1)(B) (for tax years within its 60-month termination period). If the organization successfully terminates, then it files Form 990 or 990-EZ in its final year of termination.

13. A black lung benefit trust described in section 501(c)(21). Use Form 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons.


14. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.

15. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/Report of Employee Benefit Plan.

 **Subordinate organizations in a group exemption** which are included in a **group return** filed by the **central organization** for the **tax year** should not file a separate Form 990 or Form 990-EZ for the tax year.

C. Sequencing List To Complete the Form and Schedules

You may find the following list helpful. It limits jumping from one part of the form to another to make a calculation or determination needed to complete an earlier part. Certain later parts of the form must first be completed in order to complete earlier parts. In general, first complete the **core form**, and then complete alphabetically Schedules A–N and Schedule R, except as provided below. Schedule O should be completed as the core form and schedules are completed. Note that all organizations filing Form 990 must file Schedule O.

 A **public charity** described in section 170(b)(1)(A)(iv), 170(b)(1)(A)(vi), or 509(a)(2) that is not within its initial five years of existence should first complete Part II or III of Schedule A (Form 990 or 990-EZ) to ensure that it continues to qualify as a public charity for the tax year. If it fails to qualify as a public charity, then it must file Form 990-PF rather than Form 990 or 990-EZ, and check the box for “initial return of a former public charity” on page 1 of Form 990-PF.

1. Complete lines A through F and H(a) through M in the Heading of Form 990, on page 1.
2. See the instructions for definitions of **related organization** and **control** and determine the organization's related organizations required to be listed in Schedule R (Form 990).
3. Determine the organization's officers, directors, trustees, key employees, and five highest compensated employees required to be listed on Form 990, Part VII, Section A.
4. Complete Parts VIII, IX, and X of Form 990.
5. Complete line G in the Heading section of Form 990, on page 1.
6. Complete Parts III, V, VII, XI, and XII of Form 990.
7. See the instructions for Schedule L (Form 990 or 990-EZ) and complete Schedule L (Form 990 or 990-EZ) (if required).

8. Complete Part VI of Form 990. Transactions reported on Schedule L (Form 990 or 990-EZ) are relevant to determining independence of **members of the governing body** under Form 990, Part VI, line 1b.

9. Complete Part I of Form 990 based on information derived from other parts of the form.

10. Complete Part IV of Form 990 to determine which schedules must be completed by the organization.

11. Complete Schedule O (Form 990 or 990-EZ) and any other applicable schedules (for “Yes” boxes that were checked in Part IV). Use Schedule O (Form 990 or 990-EZ) to provide required supplemental information and other narrative explanations for questions on the core Form 990. For questions on Form 990 schedules, use the narrative part of each schedule to provide supplemental narrative.

12. Complete Part II, *Signature Block*, of Form 990.

D. Accounting Periods and Methods

Accounting Periods

Calendar year. Use the 2012 Form 990 to report on the 2012 calendar year accounting period. A calendar year accounting period begins on January 1 and ends on December 31.

Fiscal year. If the organization has established a fiscal year accounting period, use the 2012 Form 990 to report on the organization's fiscal year that began in 2012 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate in item A of the Heading of Form 990 the date the organization's fiscal year began in 2012 and the date the fiscal year ended in 2013.

Short period. A short accounting period is a period of less than 12 months, which exists when an organization first commences operations, changes its accounting period, or terminates. If the organization's short year began in 2012, and ended before December 31, 2012 (not on or after December 31, 2012), it may use either 2011 Form 990 or 2012 Form 990 to file for the short year. A short period return cannot be filed electronically unless it is a final return for which the “Terminated” box is checked in Item B of the Heading.

Accounting period change. If the organization changes its accounting period, it must file a Form 990 for the short period resulting from the change. Write “Change of Accounting Period” at the top of this short-period return.

If the organization previously changed its accounting period within the 10-calendar-year period that includes the beginning of the **short period**, and it had a Form 990 filing requirement at any time during that 10-year period, it must also attach a Form 1128 to the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

Accounting Methods

Unless instructed otherwise, the organization should generally use the same accounting method on the return (including the Form 990 and all schedules) to report revenue and expenses that it regularly uses to keep its books and records. To be acceptable for Form 990 reporting purposes, however, the method of accounting must clearly reflect income.

Accounting method change. Generally, the organization must file Form 3115, Application for Change in Accounting Method, to change its accounting method. An exception applies where a section 501(c) organization changes its accounting method to comply with the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards 116, Accounting for Contributions Received and Contributions Made (**SFAS**

116), now codified in FASB Accounting Standards Codification 958, Not-for-Profit Entities (ASC 958). See Notice 96-30, 1996-1 C.B. 378. An organization that makes a change in accounting method, regardless of whether it files Form 3115, and that has **audited financial statements**, must report any adjustment required by section 481(a) on Schedule D (Form 990), Parts XI through XIII.

State reporting. Many states that accept Form 990 in place of their own forms require that all amounts be reported based on the accrual method of accounting. If the organization prepares Form 990 for state reporting purposes, it can file an identical return with the IRS even though the return does not agree with the books of account, unless the way one or more items are reported on the state return conflicts with the instructions for preparing Form 990 for filing with the IRS.

Example 1. The organization maintains its books on the cash receipts and disbursements method of accounting but prepares a Form 990 return for the state based on the accrual method. It could use that return for reporting to the IRS.

Example 2. A state reporting requirement requires the organization to report certain revenue, expense, or balance sheet items differently from the way it normally accounts for them on its books. A Form 990 prepared for that state is acceptable for the IRS reporting purposes if the state reporting requirement does not conflict with the instructions for Form 990.

An organization should keep a reconciliation of any differences between its books of account and the Form 990 that is filed. Organizations with audited financial statements are required to provide such reconciliations on Schedule D (Form 990), Parts XI through XII.



See Pub. 538, *Accounting Periods and Methods*, about reporting changes to accounting periods and methods.

E. When, Where, and How to File

File Form 990 by the 15th day of the 5th month after the organization's accounting period ends (May 15th for a calendar-year filer). If the regular due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.

If the organization is liquidated, dissolved, or terminated, file the return by the 15th day of the 5th month after liquidation, dissolution, or termination.

If the return is not filed by the due date (including any extension granted), explain in a separate attachment, giving the reasons for not filing on time.

Send the return to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

Foreign and U.S. possession organizations. If the organization's principal business, office, or agency is located in a foreign country or **U.S. possession**, send the return to:

Department of the Treasury
Internal Revenue Service Center
P.O. Box 409101
Ogden, UT 84409

Private delivery services. The organization can use only the IRS-designated private delivery services below to meet the "timely mailing as timely filing/paying" rule for tax returns and

payments. These private delivery services include only the following:

- DHL Express (DHL): DHL "Same Day" Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air AM, UPS Worldwide Express Plus, and UPS Worldwide Express.

For private delivery services, deliver the return to: IRS, 1973 Rulon White Blvd., Ogden, UT 84404.

The private delivery service can tell you how to get written proof of the mailing date.



Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box.

Electronic filing. The organization can file Form 990 and related forms, schedules, and attachments electronically. However, if an organization files at least 250 returns of any type during the calendar year ending with or within the organization's **tax year** and has **total assets** of \$10 million or more at the end of the tax year, it must file Form 990 electronically. "Returns" for this purpose include information returns (for example, Forms W-2 and Forms 1099), income tax returns, employment tax returns (including quarterly Forms 941, Employer's Quarterly Federal Tax Return), and excise tax returns.

If an organization is required to file a return electronically but does not, the organization is considered not to have filed its return, even if a paper return is submitted, unless it is reporting a name change, in which case it must file by paper and attach the documents described in *Specific Instructions, Item B. Checkboxes*, later. See Regulations section 301.6033-4 for more information on mandatory electronic filing of Form 990.

For additional information on the electronic filing requirement, visit www.irs.gov/efile.

The IRS may waive the requirements to file electronically in cases of undue hardship. For information on filing a waiver, see Notice 2010-13, 2010-4 I.R.B. 327, available at www.irs.gov/irb/2010-04_IRB/ar14.html.

F. Extension of Time To File

Use Form 8868, Application for Extension of Time to File an Exempt Organization Return, to request an automatic 3-month extension of time to file. Use Form 8868 also to apply for an additional (not automatic) 3-month extension if the original 3 months was not enough time. To obtain this additional extension of time to file, the organization must show reasonable cause for the additional time requested. See the Instructions for Form 8868.

G. Amended Return/Final Return

To amend the organization's return for any year, file a new return including any required schedules. Use the version of Form 990 applicable to the year being amended. The amended return must provide all the information called for by the form and instructions, not just the new or corrected information. Check the "Amended return" box in item B of the *Heading* of the return. Also, enter in Schedule O (Form 990 or 990-EZ) which parts and schedules of the Form 990 were amended and describe the amendments.

The organization can file an amended return at any time to change or add to the information reported on a previously filed return for the same period. It must make the amended return available for inspection for 3 years from the date of filing or 3 years from the date the original return was due, whichever is later.

If the organization needs a complete copy of its previously filed return, it can file Form 4506, Request for Copy of Tax Return. See IRS.gov for information on getting blank tax forms.

If the return is a final return, the organization must check the "Terminated" box in item B of the *Heading* and complete Schedule N (Form 990 or 990-EZ).

Amended returns and state filing considerations. State law may require that the organization send a copy of an amended Form 990 return (or information provided to the IRS supplementing the return) to the state with which it filed a copy of Form 990 to meet that state's reporting requirement. A state may require an organization to file an amended Form 990 to satisfy state reporting requirements, even if the original return was accepted by the IRS.

H. Failure-to-File Penalties

Against the organization. Under section 6652(c)(1)(A), a penalty of \$20 a day, not to exceed the lesser of \$10,000 or 5% of the **gross receipts** of the organization for the year, can be charged when a return is filed late, unless the organization shows that the late filing was due to reasonable cause. Organizations with annual **gross receipts** exceeding \$1 million are subject to a penalty of \$100 for each day failure continues (with a maximum penalty for any one return of \$50,000). The penalty applies on each day after the due date that the return is not filed.

Tax-exempt organizations that are required to file electronically but do not are deemed to have failed to file the return. This is true even if a paper return is submitted, unless the organization files by paper to report a name change.

The penalty can also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule. To avoid penalties and having to supply missing information later:

- Complete all applicable line items,
- Unless instructed to skip a line, answer each question on the return,
- Make an entry (including a zero when appropriate) on all lines requiring an amount or other information to be reported, and
- Provide required explanations as instructed.

Also, this penalty can be imposed if the organization's return contains incorrect information. For example, an organization that reports contributions net of related fundraising expenses can be subject to this penalty.

Use of a paid preparer does not relieve the organization of its responsibility to file a complete and accurate return.

Against responsible person(s). If the organization does not file a complete return or does not furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of \$10 a day. The maximum penalty on all persons for failures for any one return shall not exceed \$5,000.

There are also penalties (fines and imprisonment) for willfully not filing returns and for filing fraudulent returns and statements with the IRS (see sections 7203, 7206, and 7207). States can impose additional penalties for failure to meet their separate filing requirements.

Automatic revocation for nonfiling for three consecutive years. The law requires most tax-exempt organizations, other than churches, to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form 990-N e-Postcard to the IRS. If an organization fails to file an annual return or submit a notice as required for 3 consecutive years, its tax-exempt status is automatically revoked on and after the due date for filing its third annual return or notice. Organizations that lose their tax-exempt

status may need to file income tax returns and pay income tax, but may apply for reinstatement of exemption. For details, go to www.irs.gov/efo.

I. Group Return

A central, parent, or similar organization can file a **group return** on Form 990 for two or more subordinate or local organizations that are:

- Affiliated with the central organization at the time its tax year ends,
- Subject to the central organization's general supervision or control,
- Exempt from tax under a **group exemption** letter that is still in effect, and
- Using the same tax year as the central organization.

The central organization cannot use a Form 990-EZ for the group return.

A **subordinate organization** may choose to file a separate annual information return instead of being included in the group return.

If the **central organization** is required to file a return for itself, it must file a separate return and cannot be included in the group return. See Regulations section 1.6033-2(d)(1). See *General Instructions, Item B. Organizations Not Required to File Form 990*, earlier for a list of organizations not required to file.

Every year, each subordinate organization must authorize the central organization in writing to include it in the group return and must declare, under penalties of perjury, that the authorization and the information it submits to be included in the group return are true and complete.

The central organization should send the annual information update required to maintain a group exemption ruling (a separate requirement from the annual return) to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

For special instructions regarding answering certain Form 990 questions about parts or schedules in the context of a group return, see *Appendix E*.

J. Requirements for a Properly Completed Form 990

All organizations filing Form 990 must complete Parts I through XII, Schedule O (Form 990 or 990-EZ), and any schedules for which a "Yes" response is indicated in Part IV. If an organization is not required to file Form 990 but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

Public inspection. In general, all information the organization reports on or with its Form 990, including schedules and attachments, will be available for public inspection. Note, however, the special rules for Schedule B (Form 990, 990-EZ, or 990-PF), a required schedule for certain organizations that file Form 990. Make sure the forms and schedules are clear enough to photocopy legibly. For more information on public inspection requirements, see *Appendix D, Public Inspection of Returns*, and Pub. 557, *Tax-Exempt Status for Your Organization*.

Signature. A Form 990 is not complete without a proper signature. For details, see the instructions to Part II, *Signature Block*.

Recordkeeping. The organization's records should be kept for as long as they may be needed for the administration of any

provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit must be kept for a minimum of 3 years from the date the return is due or filed, whichever is later. Keep records that verify the organization's basis in property for as long as they are needed to figure the basis of the original or replacement property. Applicable law and an organization's policies can require that the organization retain records longer than 3 years. Form 990, Part VI, line 14, asks whether the organization has a document retention and destruction policy.

The organization should also keep copies of any returns it has filed. They help in preparing future returns and in making computations when filing an amended return.

Rounding off to whole dollars. The organization must round off cents to whole dollars on the returns and schedules, unless otherwise noted for particular questions. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.49 becomes \$1 and \$2.50 becomes \$3. If the organization has to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Completing all lines. Make an entry (including -0- when appropriate) on all lines requiring an amount or other information to be reported. Do not leave any applicable lines blank, unless expressly instructed to skip that line. If answering a line is predicated on a "Yes" answer to the preceding line, and if the organization's answer to the preceding line was "No," then leave the "If Yes" line blank.

All filers must file Schedule O (Form 990 or 990-EZ). Certain questions require all filers to provide an explanation in Schedule O (Form 990 or 990-EZ). In general, answers can be explained or supplemented in Schedule O (Form 990 or 990-EZ) if the allotted space in the form or other schedule is insufficient, or if a "Yes" or "No" answer is required but the organization wishes to explain its answer.

Missing or incomplete parts of the form and/or required schedules may result in the IRS contacting you to obtain the missing information. Failure to supply the information may result in a penalty being assessed to your account. For tips on filing complete returns, go to www.irs.gov/charities.

Reporting proper amounts. Some lines request information reported on other forms filed by the organization (such as Forms W-2, 1099, and 990-T). If the organization is aware that the amount actually reported on the other form is incorrect, it must report on Form 990 the information that should have been reported on the other form (in addition to filing an amended form with the proper amount).

In general, do not report negative numbers, but use -0- instead of a negative number, unless the instructions otherwise provide. Report revenue and expenses separately and do not net related items, unless otherwise provided.

Inclusion of activities and items of disregarded entities and joint ventures. An organization must report on its Form 990 all of the revenues, expenses, assets, liabilities, and net assets or funds of a **disregarded entity** of which it is the sole member, and must report on its Form 990 its share of all such items of a **joint venture** or other investment or arrangement treated as a partnership for federal income tax purposes. This includes passive investments. In addition, the organization generally must report activities of a disregarded entity or a **joint venture** on the appropriate parts or schedules of Form 990. For special instructions about the treatment of disregarded entities and joint ventures for various parts of the form, see *Appendix F, Disregarded Entities and Joint Ventures-Inclusion of Activities and Items*.

Reporting information from third parties. Some lines request information that the organization may need to obtain from third parties, such as compensation paid by **related organizations**; family and business relationships between **officers, directors, trustees, key employees**, and certain businesses they own or control; the organization's share of the income and assets of a partnership or joint venture in which it has an ownership interest; and certain transactions between the organization and interested persons. The organization should make reasonable efforts to obtain this information. If it is unable to obtain certain information by the due date for filing the return, it should file Form(s) 8868 to request a filing extension. See *General Instructions, Item F. Extension of Time to File*, earlier. If the organization is unable to obtain this information by the extended due date after making reasonable efforts, and is not certain of the answer to a particular question, it may make a reasonable estimate, where applicable, and explain in Schedule O.

Assembling Form 990, schedules, and attachments.

Before filing Form 990, assemble the package of forms, schedules, and attachments in the following order.

1. **Core form** with Parts I through XII completed, filed in numerical order.
2. Schedules, completed as applicable, filed in alphabetical order (see Form 990, Part IV for required schedules). All pages of a required schedule must be submitted by Form 990 paper filers, even if the filer is only required to complete certain parts but not all of the schedule.
3. Attachments, completed as applicable. These include (a) name change amendment to organizing document required by item B under *Heading*; (b) list of **subordinate organizations** included in a **group return** required by item H under *Heading*; (c) articles of merger or dissolution, resolutions, and plans of liquidation or merger required by Schedule N (Form 990 or 990-EZ); (d) reasonable cause explanation for a late-filed return; and (e) for **hospital organizations** only, a copy of the most recent **audited financial statements**.

Do not attach materials not authorized in the instructions or not otherwise authorized by the IRS.



To facilitate the processing of your return, do not password protect or encrypt PDF attachments. Password protecting or encrypting a PDF file that is attached to an e-filed return prevents the IRS from opening the attachment.

Specific Instructions

Heading. Items A–M

Complete items A through M.

Item A. Accounting period. File the 2012 return for calendar year 2012 and fiscal years that began in 2012 and ended in 2013. For a fiscal year return, fill in the tax year space at the top of page 1. See *Part D, earlier*, for additional information about accounting periods.

Item B. Checkboxes

Address change. Check this box if the organization changed its address and has not reported the change on its most recently filed Form 990, 990-EZ, or 990-N, or in correspondence to the IRS.



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date: **MAR 03 2010**

UNM Medical Group, Inc.
1 University of New Mexico, MSC 053310
Albuquerque, NM 87131

Employer Identification Number:
20-8488778
Person to Contact and ID Number:
Danny Smith 50-06769
Toll Free Contact Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
509(a)(3)
Form 990/990-EZ/990-N Required:
No
Effective Date of Exemption:
January 29, 2007
Contribution Deductibility:
Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. **Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.**

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

We have determined that you are a Type 1 supporting organization under section 509(a)(3). A Type 1 is operated, supervised, or controlled by, a Type 2 is supervised or controlled in connection with, and a Type 3 is operated in connection with one or more publicly supported organizations.

Unless you are an instrumentality of a state or a political subdivision of a state, or otherwise specifically excepted, you are liable for the social security and Medicare taxes under the Federal Insurance Contributions Act (FICA) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

If you are a wholly-owned instrumentality of a state, political subdivision of a state, or a wholly-owned instrumentality of a political subdivision of a state, wages paid for services performed for you are not subject to unemployment taxes under FUTA. However, wages you pay to your employees hired after March 31, 1986, are subject to Medicare taxes under FICA. Further,

2

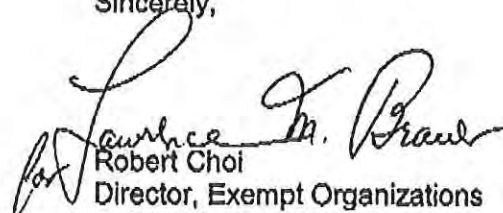
UNM Medical Group, Inc.

wages paid to all your employees are generally subject to social security taxes under FICA unless the employees are members of a retirement system of the state, political subdivision, or instrumentality. You may still be liable for these social security taxes for employees that are a member of such a retirement system if a "section 218" agreement has been entered into with the Social Security Administration regarding services performed by these employees. For questions regarding section 218 agreements, consult with your State Social Security Administrator who may be found through the National Conference of State Social Security Administrators at <http://www.ncssa.org/ssaframes.html>.

For information regarding the federal tax responsibilities of governmental entities, visit the IRS Federal, State and Local Government (FSLG) web page at www.irs.gov/govt. This site contains news, publications, and fact sheets of interest to governmental entities. It also provides a directory indicating where you can get assistance with your specific questions. To assist you with Social Security and Medicare coverage requirement questions, refer to Publication 963 (Federal-State) reference guide.

Please see enclosed *Compliance Guide for 501(c)(3) Public Charities* for some helpful information about your responsibilities as an exempt organization.

Sincerely,


Robert Choi
Director, Exempt Organizations
Rulings & Agreements

**Request for Miscellaneous
Determination**
Under Section 507, 509(a), 4940, 4942, 4945, and
6033 of the Internal Revenue Code

OMB No. 1545-2211

Use the instructions to complete this form. **A User Fee must be attached to this form, if required.** For user fee information or additional help, visit our website at www.irs.gov/eo or call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. If the required information and documents are not submitted with payment of the appropriate user fee, the form may be returned to you.


Part I Identification of Organization

1a Full Name of Organization UNM MEDICAL GROUP, INC.				
b Address (number, street and room/suite) If a P.O. Box, see instructions. 933 BRADBURY DRIVE SE, SUITE 2222		c City ALBUQUERQUE	d State NM	e Zip Code + 4 87106
2 Employer Identification Number 20-8488778	3 Month Tax Year Ends (MM) 06	4 Person to Contact if More Information is Needed MARJORIE GOLDSTEIN		
5 Contact Telephone Number 505 272 3558		6 Fax Number (optional)		7 User Fee Submitted 850

Part II Type of Request

- 8** Please select the item(s) below that best describe your request. Using an attachment, provide a detailed explanation of your request. Be sure to include the organization's name and EIN on each additional sheet.
- a Advance approval of certain set-asides described in section 4942(g)(2)
 - b Advance approval of voter registration activities described in section 4945(f)
 - c Advance approval of scholarship procedures described in section 4945(g)
 - d Exemption from Form 990 filing requirements
 - e Advance approval that a potential grant or contribution constitutes an "unusual grant"
 - f Change in Type (or initial determination of Type) of a section 509(a)(3) organization
 - g Reclassification of foundation status, including a voluntary request from a public charity for private foundation status
 - h Termination of private foundation status under section 507(b)(1)(B)—advance ruling request
 - i Termination of private foundation status under section 507(b)(1)(B)—60-month period ended

Under penalties of perjury, I declare that I have examined this application, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

Please Sign Here  06-5-13
(Signature of Officer, Director, Trustee or other authorized official.) (Date)

MARJORIE GOLDSTEIN VP of FINANCE & CFO
(Type or print name of signer) (Type or print title or authority of signer)

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 37756H

Form **8940** (Rev. 6-2011)



INTERNAL REVENUE SERVICE
Revenue Procedure

EXERCISE OF COMMISSIONER'S DISCRETIONARY AUTHORITY UNDER SECTION 6033

Published: November 20, 1995

26 CFR 601.602: Forms and instructions

Section 501. - Exemption from Tax on Corporations, Certain Trusts, Etc.

Section 6033. - Returns by Exempt Organizations

Exercise of Commissioner's discretionary authority under section 6033. This procedure exercises the Commissioner's discretionary authority under section 6033(a)(2)(B) of the Code, by specifying that two additional classes of organizations, governmental units and affiliates of governmental units, which are exempt from federal income tax under section 501(a), are not required to file annual information returns on Form 990, Return of Organization Exempt From Income Tax. Rev. Proc. 83-23 supplemented.

SECTION 1. PURPOSE

This revenue procedure specifies two additional classes of organizations that are not required to file annual information returns on Form 990, Return of Organization Exempt From Income Tax. As described in section 4, these two classes of organizations are: (1) governmental units, and (2) affiliates of governmental units that are exempt from federal income tax under section 501(a) of the Internal Revenue Code. This revenue procedure supplements Rev. Proc. 83- 23, 1983-1 C.B. 687.

SECTION 2. BACKGROUND

.01 Section 6033(a)(1) of the Code generally requires the filing of annual information returns by exempt organizations.

.02 Section 6033(a)(2)(A) of the Code provides certain mandatory exceptions to this filing requirement.

.03 Section 6033(a)(2)(B) of the Code provides discretionary exceptions from filing such returns where the Secretary "determines that such filing is not necessary to the efficient administration of the internal revenue laws."

.04 Section 1.6033-2(g)(6) of the Income Tax Regulations delegates authority to the Commissioner to excuse organizations from the filing requirement. It provides that "[t]he Commissioner may relieve any organization or class of organizations from filing, in whole or in part, the annual return required by [section 6033] where [the Commissioner] determines that such returns are not necessary for the efficient administration of the internal revenue laws."

.05 Section 1.6033-2(g)(1) of the regulations provides a partial list of organizations that are not required to file annual returns either because they are excepted by statute or because the Commissioner has exercised the authority referred to in section 2.03. Rev. Proc. 83-23 provides a more complete list.

SECTION 3. ORGANIZATIONS EXCEPTED FROM FILING

.01 Pursuant to the authority of section 1.6033-2(g)(6) of the Income Tax Regulations, an organization that is either a "governmental unit" or an "affiliate of a governmental unit," within the meaning of section 4, is not required to file Form 990.

.02 The exception from filing provided in section 3.01 applies to all tax years beginning after December 31, 1969, for which no Form 990 has been filed by the date of publication of this revenue procedure.

.03 This revenue procedure does not affect an organization's obligation to file Form 990-T, Exempt Organization Business Income Tax Return. Thus, if an organization is required to file Form 990-T, it must continue to file that form, even though it is not required to file Form 990.

SECTION 4. "GOVERNMENTAL UNIT" AND "AFFILIATE OF A GOVERNMENTAL UNIT"

.01 For purposes of this revenue procedure, an organization is treated as a "governmental unit" if:

- (a) It is a state or local governmental unit as defined in section 1.103-1(b) of the regulations;
- (b) It is entitled to receive deductible charitable contributions as an organization described in section 170(c)(1) of the Code; or
- (c) It is an Indian tribal government, or a political subdivision thereof, under sections 7701(a)(40) and 7871 of the Code.

.02 For purposes of this revenue procedure, an organization is treated as an "affiliate of a governmental unit" if it is described in section 501(c) of the Code and it meets the requirements of either section 4.02(a) or (b):

- (a) It has a ruling or determination from the Service that:
 - (i) Its income, derived from activities constituting the basis for its exemption under section 501(c) of the Code, is excluded from gross income under section 115;
 - (ii) It is entitled to receive deductible charitable contributions under section 170(c)(1) of the Code, on the basis that contributions to it are "for the use of" governmental units; or
 - (iii) It is a wholly owned instrumentality of a state or a political subdivision thereof, for employment tax purposes (see sections 3121(b)(7) and 3306(c)(7) of the Code); or
- (b) The organization does not have a ruling or determination described in section 4.02(a) but:
 - (i) It is either "operated, supervised, or controlled by" governmental units, or by organizations that are affiliates of governmental units, within the meaning of section 1.509(a)-4(g)(1)(i) of the regulations, or the members of the organization's governing body are elected by the public at large, pursuant to local statute or ordinance;
 - (ii) It possesses two or more of the affiliation factors listed in section 4.03; and
 - (iii) Its filing of Form 990 is not otherwise necessary to the efficient administration of the internal revenue laws.

.03 The following affiliation factors will be considered under paragraph (b)(ii) of section 4.02:

- (a) The organization was created by one or more governmental units, organizations that are affiliates of governmental units, or public officials acting in their official capacity.
- (b) The organization's support is received principally from taxes, tolls, fines, government appropriations, or fees collected pursuant to statutory authority. Amounts received as government grants or other contract payments are not qualifying support under this paragraph.
- (c) The organization is financially accountable to one or more governmental units. This factor is present if the organization is (i) required to report to governmental unit(s), at least annually, information comparable to that required by Form 990; and (ii) is subject to financial audit by the governmental unit(s) to which it reports. A report submitted voluntarily by the organization does not satisfy clause (i). Also, reports and audits pursuant to government grants or other contracts do not alone satisfy this paragraph (c).

(d) One or more governmental units, or organizations that are affiliates of governmental units, exercise control over, or oversee, some or all of the organization's expenditures (although it is not financially accountable to governmental units as described in paragraph (c) of this section).

(e) If the organization is dissolved, its assets will (by reason of a provision in its articles of organization or by operation of law) be distributed to one or more governmental units, or organizations that are affiliates of governmental units within the meaning of section 4 of this revenue procedure.

.04 In making a ruling or determination whether the organization's filing of Form 990 is otherwise necessary to the efficient administration of the internal revenue laws under section 4.02(b)(iii), all relevant facts and circumstances shall be considered.

Relevant facts and circumstances suggesting that filing is necessary for efficient tax administration include the extent to which the organization has taxable subsidiaries or participates in joint ventures with non-exempt entities; whether it engages in substantial public fund-raising efforts; and whether its activities provide significant benefits to private interests.

SECTION 5. RULINGS AND DETERMINATION LETTERS

.01 An organization may request a ruling described in section 4.02(a) pursuant to Rev. Proc. 95-1, 1995-1 I.R.B. 1. The appropriate user fee must be paid (currently, \$3,575, pursuant to Rev. Proc. 95-1, Appendix A, 53).

.02 An organization that has been recognized as exempt under section 501 of the Code may (but is not required to) request a ruling or determination that it meets the requirements to be excepted from filing Form 990 as a "governmental unit" or an "affiliate of a governmental unit." The request for a ruling or determination must be submitted under the procedures in Rev. Proc. 95-4, 1995-1 I.R.B. 97. The appropriate user fee must be paid (currently, \$100 for a ruling, pursuant to Rev. Proc. 95-8, § 6.11(4), 1995-1 I.R.B. 187, 194).

.03 An organization seeking recognition of exempt status under section 501 of the Code may request a determination that it meets the requirements to be excepted from filing Form 990 as a "governmental unit" or an "affiliate of a governmental unit," by submitting information required by line 9 of Part I of Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code or submitting a separate written request with its application for recognition of exemption. See Rev. Proc. 90-27, 1990-1 C.B. 514, for additional procedures with regard to applications for recognition of exemption.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 83-23 is hereby supplemented.

DRAFTING INFORMATION

The principal authors of this revenue procedure are Joe O'Malley of the Exempt Organizations Division and Amy Henchey, formerly of the Exempt Organizations Division. For further information regarding this revenue procedure, contact Joe O'Malley on (202) 622-7247 (not a toll-free call).