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TO: UNM Fiscal Agents and Departmental Accountants
FROM: Unrestricted Accounting-Main, Steffany Sandoval, tax@unm.edu
SUBJECT: Unrelated Business Income Tax (UBIT) Departmental Questionnaire- FY22

The purpose of the following questionnaire is to request your assistance in fulfilling the University's annual tax reporting requirements for Fiscal Year ending June 30, 2022. Your assistance is vital to ensure that the University completely and accurately complies with legally mandated reporting of unrelated business income tax.

Unrelated business income is derived from activities that are **not** related to UNM's tax exempt missions. There are other IRS requirements before Unrelated Business Income Tax applies. This questionnaire will assist our staff in making a determination. You may be requested to give additional information.

Please complete and return this form (even if certain sections do not apply to your department) via email to tax@unm.edu no later than August 31, 2022.

If you have any questions please submit your questions email to tax@unm.edu.

Thank you for your assistance with these important compliance efforts.

Note: The following Departments do not need to list any Activities that are **already** being reported on UNM's Unrelated Business Income Tax return- Athletics Special Events, Tennis Club, Volleyball Club, Bookstore, Non-Student Housing, IT, and SUB. However, **new activities** will need to be reported on this questionnaire.

UNM's Mission Statement
Administrative Policies and Procedures Manual - Policy 1000: UNM History, Mission, and Organization

3. Mission of The University of New Mexico

The mission of The University of New Mexico is to serve the educational needs of the citizens of the state, and those of the nation and world. This mission involves four (4) interrelated dimensions:

(1) The University develops and offers comprehensive educational programs at the associate, baccalaureate, master, and doctoral levels in a wide range of academic, professional, and occupational fields.

(2) The University, a designated Carnegie I research university, conducts research and engages in scholarly and other creative activities to support undergraduate, graduate, and professional educational programs, and to create, interpret, apply, and accumulate knowledge.

(3) The University contributes to the quality of life in New Mexico by providing selected services to the public that are part of, contribute to, or originate from the University's teaching and scholarly activity programs.

(4) The University Health Sciences Center is a valuable resource to New Mexico. Added value is provided to health care through leadership in providing innovative, collaborative education; advancing the frontiers of science through research critical to the future of health care; delivering health care services that are at the forefront of science; and facilitating partnerships with public and private biomedical and health enterprises.

UNM UNRELATED BUSINESS INCOME (UBIT)

The IRS may require tax-exempt organizations such as UNM to declare and pay tax on net income from any activity unrelated to its basic business purposes (read Mission Statement). UNM's tax-exempt purposes are primarily education, research, and patient care/health care. <http://policy.unm.edu/university-policies/1000/1000.html>

The IRS considers an activity to be subject to UBIT if it meets all three 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).

There are exceptions for certain types of activities. All the facts and circumstances regarding whether or not an activity is related must be weighed and considered by Taxation staff before a determination can be made.

UNM Departments are **not** prohibited from engaging in activities that generate unrelated business income tax (UBIT), but the IRS requires that we report net operating results, including net losses, from each unrelated activity that generates UBIT.

These questions are designed to help assess the unrelated business revenue-producing activities in your department during Fiscal Year 2020.

- 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
- **Do not report** revenue that is related to UNM's Mission statement

If your area does not generate any outside source revenues, or the outside source revenue is generated from an activity that is clearly related to the stated exempt purposes of the University, please make a note on the questionnaire and return to UNM Taxation staff via email at tax@unm.edu.

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 2022

RESPONDENT NAME /TITLE: _____

Name of Fiscal Agent: _____

PHONE #: _____

DEPARTMENT: _____

Third Level Org Code: _____

Banner Index and Org Code: _____

UNRELATED BUSINESS INCOME ACTIVITIES

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

If the answer is No[] to all, please mark an X and stop here and send to UNM Taxation at tax@unm.edu

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, include any services provided
- 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 FY21 for any potentially unrelated activities for each of the activities A-O.

University of New Mexico
 UNRELATED BUSINESS INCOME QUESTIONNAIRE – *continued*
 FISCAL YEAR 22

	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 or unpaid students?	_____	_____	_____
E. conducted via the internet – e-business?	_____	_____	_____
F. conducted for the convenience of University students, faculty, staff, or patients?	_____	_____	_____
G. involve the sale of donated merchandise?	_____	_____	_____
H. generate revenue from royalties?	_____	_____	_____
I. generate revenue from commissions?	_____	_____	_____
J. involve a technologically advanced or unique product or service?	_____	_____	_____
III. ADVERTISING			
A. Does the activity involve advertising or corporate sponsorship?	_____	_____	_____
B. Are students participating?	_____	_____	_____
IV. RENTAL OF PROPERTY			
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?	_____	_____	_____
V. COMMERCIALY SPONSORED RESEARCH			
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?	_____	_____	_____
VI. PARTNERSHIPS AND JOINT VENTURES			
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?	_____	_____	_____