

**UNIVERSITY OF CALIFORNIA
CHIEF FINANCIAL OFFICER DIVISION**

**UNRELATED BUSINESS INCOME
NONFINANCIAL QUESTIONNAIRE**

A Nonfinancial Questionnaire must be completed for **each activity with a potential for generating unrelated business income**. The completed questionnaire will be used to determine whether the activity should be included in the University's consolidated Exempt Organization Business Income Tax Return (Form 990-T), filed with the IRS annually. Please refer to the attached Review Guidelines (Exhibit A) for additional information on what constitutes an unrelated business activity.

NOTE: Each section of the questionnaire must be completed for this activity.

CAMPUS: _____

DEPARTMENT: _____

ACTIVITY: _____

FUND NUMBER/REVENUE ACCOUNT:

_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____
_____	-	_____

CONTACT PERSON: _____ PHONE: (____) _____

DATE PREPARED: _____

OVERALL CAMPUS DETERMINATION: REPORT: _____ EXEMPT: _____

NONFINANCIAL QUESTIONNAIRE

GENERAL

A. Trade or Business

1. Does the activity generate revenue from the sale of goods or the performance of services?

Yes _____ No _____

2. Approximately how much revenue was generated during the year by the unrelated portion of the activity?

\$ _____

3. Fully describe the activity performed by the unit. Please include a description of the goods or services and the reason(s) for offering these goods or services for sale.

4. Describe the reason(s) for the establishment of this activity.

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5. Was this activity a new activity or was it an outgrowth or offshoot of an existing or previously conducted activity? If yes, please explain.

6. At the time the activity was being established, was it expected that the activity would lose money, break even, or make a profit? Please provide as much detail as possible.

7. Did the institution of this activity involve the acquisition or development of assets that were expected to appreciate in value over time? If yes, please explain.

8. Were any campus or other approvals required before this activity could be conducted? If yes, please describe the approval process.

9. Are separate books and records maintained for this activity?

Yes _____ No _____

B. Regularly Carried On

1. Is the revenue-producing activity conducted on a "regular" (i.e., year-round, seasonal, etc.) basis?

Yes _____ No _____

2. Indicate the frequency with which the activity is performed.

3. Is the revenue-producing activity conducted on an infrequent, casual, or sporadic basis?

Yes _____ No _____

4. If yes, explain why the activity is *not* conducted on a regular basis.

C. Related to the University's Exempt Purpose

1. Does the activity have a "substantial" causal relationship to the accomplishment of the University's exempt educational or research purpose?

Yes _____ No _____

2. If yes, explain how the activity enhances, furthers, or in any way relates to the education or research purpose of the University.

3. Are students participating in the activity as part of a *required* learning experience?

Yes _____ No _____

4. If yes, describe the instructional nature of the duties and tasks assigned to the students, and the number of students involved.

STATUTORY EXCEPTIONS

A. Volunteer Labor

1. Are unpaid volunteers (students or non-students) participating in the revenue generating activity? Yes _____ No _____

2. If yes, describe the duties or tasks assigned to the volunteers and indicate the percentage of total effort attributable to the volunteer activity.

Percentage _____

B. Convenience of University Members

1. Is the activity performed for the convenience of University students, faculty, staff or patients? Yes _____ No _____

2. Indicate the percentage of total sales attributable to each group of users:

<u>Users</u>	<u>Percentage</u>
University students	_____
University faculty/staff employees	_____
University patients	_____
University alumni	_____
General public	_____
Other (specify)	_____
_____	_____
TOTAL	100%

3. Is the activity conducted in a remote location that is relatively inaccessible to the general public? Yes _____ No _____

4. If yes, please explain.

C. Donated Merchandise

1. Does the activity involve the sale of donated goods?

Yes _____ No _____

2. If yes, indicate the percentage of total revenue attributable to the sale of donated articles.

Percentage _____

MODIFICATIONS TO INCOME

A. Royalties

1. Does the activity generate revenue from royalties?

Yes _____ No _____

2. If yes, please explain the basis for determining the royalty payment (e.g., production, gross income, net profits, etc.)

3. Is the royalty income derived in part from the performance of services?
Yes _____ No _____

4. If yes, please explain.

B. Rents

1. Real Property Rents

a. Does the activity generate revenue solely from the rental of real property?
Yes _____ No _____

2. Real and Personal Property Rents

a. Does the activity generate revenue from a combination of real and personal property?
Yes _____ No _____

b. If yes, indicate the percentage of total rents received attributable to the real and personal property:

<u>Property</u>	<u>Percentage</u>
Real Property	_____
Personal Property	_____
Total	100 %

c. Describe the type of real and personal property rented.

3. Rendering of Services

- a. Does the activity provide for any services in connection with the rental of real property?

Yes _____ No _____

- b. If yes, describe the nature and extent of the services (e.g., maid, food, janitorial, security, etc.) rendered to the tenants.

C. Research

1. Does the activity involve the performance of research under a clinical trial or product testing agreement with a commercial entity?

Yes _____ No _____

2. If yes, please attach a copy of the research agreement.

SPECIAL CIRCUMSTANCES

A. Technically Advanced or Unique

1. Are the goods, services, or facilities offered technically advanced, unique or unavailable within a reasonable distance?

Yes _____ No _____

2. If yes, please explain.

HOSPITAL SERVICES

A. Shared Services Among Hospitals

1. Are hospital services (i.e., data processing, purchasing, warehousing, billing and collection, food, personnel, etc.) provided to another tax-exempt hospital?

Yes _____ No _____

2. If yes, provide the following information:
 - a. Are the services provided at a fee that does not exceed actual costs?

Yes _____ No _____

 - b. Estimate the maximum capacity of inpatients served by the hospital:

(1-99) _____
(100 or more) _____

 - c. Are the services related to the recipient hospital's exempt purpose if performed by the recipient hospital on its own behalf?

Yes _____ No _____

ADVERTISING

A. Commercial Advertising Sales

1. Does the activity involve the sale of commercial advertisements in a University publication?

Yes _____ No _____

2. Do the advertisements contribute importantly to the educational or research purpose of the publication?

Yes _____ No _____

3. If yes, please attach a copy of the advertisement(s).

B. Corporate Sponsorship Income

1. Is a corporate sponsor provided with messages or other programming materials that are broadcast or otherwise transmitted, published, displayed, or distributed in exchange for sponsorship of a sporting, fundraising, or other event; radio or television coverage of an event; underwriting of campus radio or television programs; game program advertising; etc.?

Yes _____ No _____

2. If yes, does the message or programming material include any of the following:

- a. Qualitative or comparative language related to the sponsor's company, product, services, or facilities?

Yes _____ No _____

- b. Price information or other indications of savings or value associated with a product or service?

Yes _____ No _____

- c. A "call to action" requesting that participants patronize the sponsor?

Yes _____ No _____

- d. An endorsement of the sponsor's company, product, services, or facilities?

Yes _____ No _____

- e. An inducement to buy, sell, rent, or lease the sponsor's product or services?

Yes _____ No _____

Is the amount of the payment contingent, by contract or otherwise, upon such factors as broadcast ratings or attendance at an event?

Yes _____ No _____

3. Does the sponsor receive a substantial return benefit in exchange for the payment? Please indicate whether the sponsor, in exchange for the payment, receives:

(a) Goods or services, such as tickets or donor receptions, exceeding in value 2 percent of the payment?

Yes _____ No _____

(b) An exclusive provider arrangement, specifying that products or services competing with the sponsor's products or services will not be sold or provided in connection with the activity?

Yes _____ No _____

4. Please describe the type of event conducted and provide an explanation for any question with a yes answer in 2a-e and 3a-b above.

JOINT VENTURES

A. Partnership with Non-Exempt Entity

1. Does the activity involve a joint venture or partnership with a taxable organization?

Yes _____ No _____

2. If yes, please attach a copy of the partnership agreement.

RELIEF OF GOVERNMENT BURDEN

A. Identification of Government Burden

1. Does the activity involve the performance of an essential government service?
Yes _____ No _____

2. If yes, please answer the following:

a. Was the activity previously undertaken by the governmental unit?
Yes _____ No _____

b. Will the governmental unit be exercising any on-going supervision of the activity?
Yes _____ No _____

c. Have there been formal legislative or other official actions of the governmental unit recognizing the University as acting on behalf of the government?
Yes _____ No _____

d. Is the activity an integral part of a larger government program?
Yes _____ No _____

3. Please provide an explanation for any of the questions in 2a-d above with a yes answer.

OVERALL DETERMINATION:

Report _____ Exempt _____

Briefly explain the reason(s) why the activity should be reported or exempt.
