NORTHERN ILLINOIS UNIVERSITY
CONTROLLER'S OFFICE

Unrelated Business Income Tax Questionnaire to Determine Compliance with
Internal Revenue Service Requirements on Unrelated Business Income Tax

Northern Illinois University is required to annually file a consolidated Exempt Organization Business Income Tax Return (FORM 990-T) with the Internal Revenue Service. To accomplish this requirement, it is necessary that this questionnaire be completed on ALL existing or new revenue producing accounts in order to determine the potential for generating unrelated business income.

Each section of the questionnaire is to be completed for the activity. Please return the questionnaire to the Controller's Office or call 815-753-1518 if you have questions. Please advise the Controller's Office of any subsequent changes in the activity so a determination can be made on a possible change of status. This questionnaire may be used for any audits conducted by the IRS.

Please sign the certification below and email the completed questionnaire toTaxCompliance@niu.edu.

CERTIFICATION – By signing below, I certify that:

* To the best of my knowledge all of the information on this questionnaire is true and complete.

* I have listed all of the department's business activities that are unrelated business income tax resulting from its income-generating activities.

* I understand that failure to report unrelated business income (UBI) activities may result in IRS fines, penalties, and/or interest imposed on the department.

DEPARTMENT _____ NAME OF COST CENTER _____

COST CENTER # _____ DATE PREPARED _____

COST CENTER MANAGER _____ SIGNATURE _____

PREPARED BY _____ EMAIL _____ PHONE _____

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PRIOR FY REVENUE _____ FOR FY _____

REVIEWED BY _____ DATE _____ DATE REVISED _____

OVERALL DETERMINATION OF UBIT: ☐ UNRELATED ☐ EXEMPT

GENERAL

A. Trade or Business

1. Is the department's activity generating revenue, refunds, or reimbursements from the sale of goods (including textbooks), admissions, or the performance of services? Yes ☐ No ☐

2. Who are the types of purchasers of the goods or services?

   ☐ University Students

   ☐ University Faculty/Staff

   ☐ University Alumni

   ☐ General Public

   Other (specify): _____

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

B. Regularly Carried On

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

   Yes ☐ No ☐

   If yes, indicate the frequency with which the activity is performed.

2. Is the activity conducted on an infrequent, casual or sporadic basis? Yes ☐ No ☐

   If yes, explain why the activity is considered to be infrequent, casual or sporadic.

C. Related to the University's Exempt Purpose

1. Does the activity have a "substantial" relationship to the accomplishment of the University's educational, public service, or research exempt purposes, i.e., does it contribute importantly to our mission of teaching and instruction, research, and/or public service, and not only to produce income? Yes ☐ No ☐

If yes, explain how the activity enhances, furthers, or in any way relates to the exempt purposes of the University.

2. Are students participating in the activity as part of a learning experience? Yes ☐ No ☐

If yes, do students earn credit toward a degree? Yes ☐ No ☐

If yes, explain the instructional nature of the duties and tasks assigned to the students.

3. Does faculty or staff participation in this activity assist in the overall accomplishment of the exempt purposes of the University? Yes ☐ No ☐

If yes, explain how.

STATUTORY EXCEPTIONS

A. Volunteer Labor

1. Are unpaid volunteers (students or non-students) participating in the revenue generating activity?

   Yes ☐ No ☐

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

B. Convenience of University Members

1. Is the activity performed primarily for the convenience of University students, faculty, alumni, medical patients, or the general public?

   Yes ☐ No ☐

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

User Group	Percentage of revenues
University Students	
University Faculty / Staff	
University Alumni	
Medical Patients	
General Public	
Other (specify):	
	Total must = 100%

3. Is the activity conducted in a remote location which is relatively inaccessible to the general public?

   Yes ☐ No ☐

   If yes, please explain.

C. Donated Merchandise

1. Does the activity involve the sale of donated goods? Yes ☐ No ☐

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

MODIFICATION TO INCOME

A. Royalties and Commissions

1. Does the activity generate revenue from royalties, i.e. does the activity generate income from licensing a non-university entity or individual to market property belonging to the University?

Yes ☐ No ☐

If yes, describe the property being sold, the basis for determining the royalty payment (e.g., production, gross income, net profits, etc.), and the non-university entity or individual licensed to sell the property.

2. Is the royalty income derived in part from the performance of services? Yes ☐ No ☐

If yes, please explain.

3. Does the activity generate income to the University in the form of commissions or a percentage of income from the sale of a non-university entity's goods or services (e.g. a percentage of sales of outside company's pizza, magazine subscriptions, etc.)? Yes ☐ No ☐

If yes, describe the goods or services being sold, the payment arrangement and the non-university entity or individual that has licensed the University to market the goods or services.

B. Rents

1. Real Property rents (Long-term rent of Land, Buildings, or storage space for use by others)

a. Does the activity generate revenue from real property? Yes ☐ No ☐

b. Is the amount of rent based on income or profits derived from the property? Yes ☐ No ☐

If yes, describe the rental arrangement.

2. Real and Personal Property Rents (the property includes furniture, equipment, etc.)

a. Does the activity generate revenue from a combination of real and personal property?

Yes ☐ No ☐

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

Property Type	Percentage of rents received
Real Property	
Personal Property	
	Total must = 100%

b. Describe the type of real and personal property rented, the person or group to whom the property is rented, and the purpose for which the property is rented.

3. Rendering of Services

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

Yes ☐ No ☐

If yes, describe the nature and extent of the service (e.g., maid, food, janitorial, security, etc.) rendered to the tenants, the person or group to whom the property is rented, and the purpose for which the property is rented.

4. Indicate the percentage makeup of individuals who occupy the property on an annualized basis.

Type of Tenant	Percentage
University Students	
University Faculty / Staff	
Other University Departments	
Non-University Tenants	
	Total must = 100%

C. Sponsored Research

1. If research revenue is generated from a non-governmental unit, describe the person or entity for whom the work is performed.

2. Is the research an investigative activity done to validate a scientific hypothesis in which the University is interested, the results of which are made freely available to the general public?

   Yes ☐ No ☐

   If yes, briefly describe the intellectual question posed, how these are being explored, and how the results are publicized.

3. Does the activity involve the performance of research under a clinical trial or product testing agreement incident to commercial or industrial operations? For example, ordinary testing or inspection of materials or products or designing or construction of equipment, buildings, etc.?

   Yes ☐ No ☐

   If yes, please describe the nature of the research activity.

4. Is the research activity directly related to education of students or the role and mission of the University?

   Yes ☐ No ☐

If yes, please describe.

SPECIAL CIRCUMSTANCES

1. Are the goods or services offered technically advanced, unique or unavailable within a reasonable distance? Yes ☐ No ☐

   If yes, please describe the nature of the goods or services and why it is necessary for the University to offer these goods or services for sale.

(Questionnaire continues on the next page)

SERVICES

A. Health Center Services Provided

1. Does the activity unit generate revenue from services (i.e. pharmaceutical sales, lab testing, etc.) provided to non-patients? Yes ☐ No ☐

   If yes, describe the nature and extent of the services, as well as the relationship, if any, between the physician(s) and patients.

2. Does the activity unit generate revenue from services provided as a convenience to patients of physicians who are not full-time members of the University? Yes ☐ No ☐

B. Services to Other Institutions

1. Are services provided to another tax-exempt entity? (Examples include audio/video production, copying/printing or graphic design, data processing, photography services, purchasing or warehousing, accounting or billing and collection for unrelated parties such as student clubs, alumni travel programs, food, personnel, or security services, etc.)

   Yes ☐ No ☐

   If yes, provide the following information:

   a. Are the services provided at a fee that does not exceed actual costs? Yes ☐ No ☐

   b. What is the maximum capacity of customers/clients served by the other entity?

   c. Are the services related to the recipient entity's exempt purpose if performed by the recipient entity on its own behalf? Yes ☐ No ☐

2. Are services provided to an entity which is not tax-exempt? Yes ☐ No ☐

   If yes, please identify the recipient institution(s) and the services provided.

ADVERTISING

In general, all commercial advertising revenues are considered Unrelated Business Income for IRS purposes. This commonly includes endorsements broadcast during athletic events to use a sponsor's product or services, and price or savings information found in a newspaper, magazine, event program, etc.

It **excludes** sponsorships which simply feature a company logo displayed in an event banner, or students selling advertising as part of their journalism major or as volunteers. The following questions focus on these potential exceptions.

1. Are students participating in the activity as part of a learning experience? Yes ☐ No ☐

   If yes, does this experience earn the students credit toward a degree? Yes ☐ No ☐

   If yes, explain the instructional nature of the duties and tasks assigned to the students.

2. Do the advertisements contribute importantly to the exempt purposes of the University?

   Yes ☐ No ☐

   If yes, please explain and attach a copy of the advertisement.

3. Are the advertisements sold by:

   a. Students: Yes ☐ No ☐

   b. An outside Company? Yes ☐ No ☐

   c. Uncompensated volunteers? Yes ☐ No ☐

4. Describe the duties of those involved in soliciting any advertisements.