

NON-FINANCIAL QUESTIONNAIRE

GENERAL INSTRUCTIONS

PURPOSE

The purpose of the Non-Financial Questionnaire (NFQ) is to evaluate money generating activities that are unrelated to the exempt purposes of The University of Texas System and its 13 institutions (hereinafter referred to collectively as "UT System"). UT System must file a Form 990-T, federal income tax return, to report the income from these unrelated activities.

BACKGROUND

An activity must be reported on the Form 990-T and is subject to the unrelated business income tax (UBIT) if it meets the following criteria: (1) a "trade or business," (2) regularly carried on, and (3) not substantially related to UT System's exempt purpose. An activity that satisfies these three criteria may be able to escape taxation using one or more of the several exceptions in the Internal Revenue Code.

INSTITUTIONAL TAX COORDINATOR

The Institutional Tax Coordinator (ITC) for each institution must submit a NFQ for:

- any new activity initiated during the current fiscal year that potentially generates UBIT, and
- an activity reviewed in a prior reporting year that has changed its mode or scope of operations during the most recent year.

The ITC need not submit a NFQ for any activity previously determined to be unrelated or related unless the mode or scope of operations has changed in such a way that it amounts to a new activity.

REVIEW BY SYSTEM ADMINISTRATION

Whether an activity is related or unrelated is complex, so each NFQ will be reviewed by the Office of General Counsel (OGC) before it issues a determination on whether the activity is related or unrelated to UT System's exempt purposes. For each activity determined to be unrelated, Financial Worksheets that detail the revenue and expenses will need to be prepared by an institution.

DUE DATES

- Within 60 days of starting a new activity but no later than August 31st – ITC submits NFQs on UBIT SharePoint site. Attach contracts and provide as much relevant information as possible to each question.
- January 15th – Each institution's Chief Business Officer will send a Transmittal Letter with a separate Financial Worksheet for all new unrelated activities by the institution during the year then ended, and all unrelated activities from the previous year to the Office of the Controller ("Controller") with a copy to OGC.
- January 15th – Each institution will provide the Controller a Financial Summary of Unrelated Revenue, Expenditures, and Indirect Costs identifying the revenue and expense for each new and existing unrelated activity. These worksheets will then be used by the Controller to prepare the UT System's Form 990-T.