

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore Drive
Long Beach, California 90802-4210
(562) 951-4610

Due Date: December 17, 1999

Date: October 20, 1999 **Code:** AD 99-11
To: Campus Tax Coordinators
From: William P. Musselman
Acting Director of Accounting
Business and Finance
Subject: **Unrelated Business Income Tax Worksheet**

Attached is the Unrelated Business Income Tax Worksheet. The worksheet is to be completed by the campus and returned to the Chancellor's Office to facilitate the preparation and filing of the systemwide Form 990-T tax return. Also attached is information that may be used to assist the campus in completing the worksheet, including:

- Depreciation Worksheet
- Prior Years Depreciation Schedule
- Campus Tax Coordinator Roster
- Prior Year Taxable Income Listing
- Prior Years Tax Worksheet
- Suggested Income Tax References
- 1998 Instructions for Form 990-T
- IRS Publication 598, Tax on Unrelated Business Income of Exempt Organizations (Rev. Feb 98)

The Prior Years Tax Worksheet displays the tax liability or net operating loss carryforward from fiscal years 1995/96, 1996/97, and 1997/98 for each campus. Campuses with a tax liability will be billed for any net tax liability after the 1998/99 990-T has been completed.

If you have any questions, please contact Mark Osborne at (562) 951-4610 or e-mail mosborne@calstate.edu

Distribution: Presidents (without attachments)
Vice Presidents for Administration
Financial Managers
Accounting Officers
Mr. Richard P. West
Mr. Mark Osborne

WPM:au AD 99-11
Attachments

UNRELATED BUSINESS INCOME TAX WORKSHEET
For the Year Ending June 30, 1999

Campus: _____

Instructions: Prepare this worksheet using the attached 1998 instructions for Form 990-T Exempt Organization Business Income Tax Return and the following information:

- All campuses are required to complete the UBIT worksheet. Campuses that do not have any reportable income must still complete PART V, sign, and submit the worksheet.
- The information provided by the campuses will be consolidated and used to prepare the CSU 990-T. As such, it is critical that all information be complete and accurate.
- The worksheet is to be prepared using fiscal 1998/1999 data.
- All unrelated business income should be reported. The \$1,000 minimum taxable income threshold indicated in the instructions should be ignored.
- The worksheet contains only the parts of the 990-T that could be needed by a campus. Portions of the worksheet that are not applicable to your campus should be marked "n/a."
- Indirect expenses allocated must be directly related to the income.
- Assets used for the production of unrelated business income must be depreciated rather than directly expensed. Campuses depreciating assets must complete the Depreciation Schedule to provide the information necessary for the compilation of Form 4562, Depreciation and Amortization. The Prior Years Depreciation Schedule identifies assets previously depreciated on prior tax returns. Specific instructions are available in IRS Publication 946, How to Depreciate Property.
- Questions about preparing the worksheet can be referred to your campus counsel or the Chancellor's Office.

Submit worksheet and schedules no later than December 7, 1999 to:

The California State University
Office of the Chancellor
401 Golden Shore Drive
Long Beach, CA 90802-4210
Attention: Tax and Disbursements Manager

Campus: _____

Unrelated Business Income Summary:

Campus should summarize unrelated business income by category (i.e., corporate sponsorships, film fees, stadium rentals, etc.)

Source:	Amount
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

PART I Unrelated Business Income			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales \$ _____				
b	Less returns and allowances \$ _____	1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit (subtract line 2 from line 1c)	3			
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss)(Form 4797, Part II, line 18) (attach Form 4797)	b			
c	Capital loss deduction for trusts	c			
5	Income (loss) from partnerships (attach statement)	5			
6	Rent Income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (see page 7 of instructions)	8			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising Income (Schedule J)	11			
12	Other income (see page 8 of instructions-attach schedule)	12			
13	TOTAL (combine lines 3 through 12)	13			

SCHEDULE A- COST OF GOODS SOLD			
Method of inventory valuation: Lower of cost or market			
1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of Labor	3	
4a	Additional section 263A costs (attach schedule)	4a	
b	Other costs (attach schedule)	b	
5	TOTAL-Add lines 1 through 4b	5	
6	Inventory at end of year	6	
7	Cost of goods sold. Subtract line 6 from line 5. (enter here and on line 2, Part I)	7	
8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? <input type="checkbox"/> Yes <input type="checkbox"/> No		

PART II Deductions Not Taken Elsewhere (See page 8 of the instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)			
14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	
20	Charitable contributions (see page 10 of instructions for limitation rules)	20	
21	Depreciation (attach Form 4562) 21 _____		
22	Less depreciation claimed on Schedule A or elsewhere on return 22a _____	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule)	28	
29	TOTAL DEDUCTIONS (add lines 14 through 28)	29	
30	Unrelated business taxable income before net operating loss deduction (subtract line 29 from line 13)	30	
31	Net operating loss deduction (from Prior Years Tax Worksheet)	31	
32	Unrelated business taxable income (subtract line 31 from line 30)	32	

PART IV Tax and Payments			
39a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)		
b	Other credits (see page 13 of the instructions)		
c	General business credit. Check if from: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form (specify) > _____		

PART V Statements Regarding Certain Activities and Other Information (see instructions on page 11)		Yes	No
1	At any time during the 1998 calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country here. > _____		
2	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transfer to a foreign trust? If "Yes," see page 14 of the instructions for other forms the organization may be required to file.		
3	Enter the amount of tax-exempt interest received or accrued during the tax year. > \$ _____		

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

Signature of Campus President

Date

SCHEDULE C—RENT INCOME (FROM REAL PROPERTY AND PERSONAL PROPERTY LEASED WITH REAL PROPERTY)

(See instructions on page 15.)

1 Description of property		
(1)		
(2)		
(3)		
(4)		
2 Rent received or accrued		3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total		Total
Total income (Add totals of columns 2(a) and 2(b). Enter here and on line 6, column (A), Part I, page 1.)		Total deductions. Enter here and on line 6, column (B), Part I, page 1.

SCHEDULE E—UNRELATED DEBT-FINANCED INCOME (See instructions on page 16.)

1 Description of debt-financed property		2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 × column 6)	8 Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals.			Enter here and on line 7, column (A), Part I, page 1.	Enter here and on line 7, column (B), Part I, page 1.
Total dividends-received deductions included in column 8				

SCHEDULE F—INTEREST, ANNUITIES, ROYALTIES, AND RENTS FROM CONTROLLED ORGANIZATIONS

(See instructions on page 17.)

1 Name and address of controlled organization(s)			2 Gross income from controlled organization(s)	3 Deductions of controlling organization directly connected with column 2 income (attach schedule)	4 Exempt controlled organizations		
					(a) Unrelated business taxable income	(b) Taxable income computed as though not exempt under sec. 501(a), or the amount in col. (a), whichever is larger	(c) column (a) divided by column (b)
(1)							%
(2)							%
(3)							%
(4)							%
5 Nonexempt controlled organizations			6 Gross income reportable (column 2 × column 4(c) or column 5(c))		7 Allowable deductions (column 3 × column 4(c) or column 5(c))		
(a) Excess taxable income	(b) Taxable income, or amount in column (a), whichever is larger	(c) Column (a) divided by column (b)					
(1)		%					
(2)		%					
(3)		%					
(4)		%					
Totals.			Enter here and include on line 8, column (A), Part I, page 1.		Enter here and include on line 8, column (B), Part I, page 1.		

SCHEDULE G—INVESTMENT INCOME OF A SECTION 501(c)(7), (9), OR (17) ORGANIZATION

(See instructions on page 17.)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals ▶	Enter here and on line 9, column (A), Part I, page 1.			Enter here and on line 9, column (B), Part I, page 1.

SCHEDULE I—EXPLOITED EXEMPT ACTIVITY INCOME, OTHER THAN ADVERTISING INCOME

(See instructions on page 17.)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Column totals ▶	Enter here and on line 10, col. (A), Part I, page 1.	Enter here and on line 10, col. (B), Part I, page 1.				Enter here and on line 26, Part II, page 1.

SCHEDULE J—ADVERTISING INCOME (See instructions on page 18.)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Column totals (carry to Part II, line (5)) ▶						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I						
Column totals, Part II ▶	Enter here and on line 11, col. (A), Part I, page 1.	Enter here and on line 11, col. (B), Part I, page 1.				Enter here and on line 27, Part II, page 1.

SCHEDULE K—COMPENSATION OF OFFICERS, DIRECTORS, AND TRUSTEES (See instructions on page 18.)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total —Enter here and on line 14, Part II, page 1. ▶			



Depreciation Worksheet

The worksheet should report all assets placed into service during the tax year. Additional sheets may be used if more columns are required. Refer to instructions for Form 4562, Publication 946, campus records, and information contained on the Prior Years Depreciation Schedule for guidance.

	Asset 1	Asset 2	Asset 3	Asset 4	Total
Description of Property (include state tag # where applicable)					
MACRS/Other/Listed					
Classification of Property					
Mo/Yr in Service					
Cost					
Business Use Percentage					
Sec 179 Deduction					
Basis for Depreciation					
Residual Value					
Recovery Period					
Convention					
Method					
Depreciation Schedule:					
1997/98					(a)
1998/99					(b)
1999/00					
2000/01					
2001/02					
2002/03					
2003/04					
2004/05					
2005/06					
2006/07					
2007/08					
Thereafter					
Total Additions					
1995/96 from Prior Years Depreciation Schedule (c)					
1996/97 from Prior Years Depreciation Schedule (d)					
Total depreciation expense for 1998/99		(a)+(b)+(c)+(d)			
Depreciation expense shown on line 21					
Depreciation expense shown on line 22					
Total depreciation expense for 1998/99					

Prior Years Depreciation Schedule

Campus	Description of Property	MACRS/Other/ Listed	Classification of Property	Mo/Yr in Service	Cost	Business Use Percentage	Sec 179 Deduction	Basis for Depreciation	Residual Value	Recovery Period	Convention	Method
Totals												
<u>FY 95/6</u>												
FU	Stadium Scoreboard	MACRS	10 year	Sep-92	230,600	100%	-	230,600	-	10	HY	S/L
FU	Baseball Scoreboard	MACRS	11 year	Mar-93	223,700	100%	-	223,700	-	10	HY	S/L
FU	Freeway Sign	MACRS	12 year	Apr-93	127,362	100%	-	127,362	-	10	HY	S/L
ST	Computer Equipment	MACRS	5 year	Sep-95	8,892	100%	-	8,892	-	5	HY	200DB
<u>FY 96/7</u>												
PO	Digital Voice Logging Recorder	MACRS	5 year	Oct-96	14,014	40.913%	-	5,734	-	5	HY	200DB
PO	Radio Dispatch Console	MACRS	5 year	Jun-97	16,549	40.913%	-	6,771	-	5	HY	200DB
FU	Sports Complex (note 2)	MACRS	39 Year	Mar-96	9,731,730	5.000%	-	486,587	-	39	MM	S/L
SM	Modems, Modem Cards, Power Sup	MACRS	5 year	Apr-97	8,934	100.000%	-	8,934	-	5	HY	200DB
SM	Data Storage Tapes	MACRS	5 year	May-97	1,015	100.000%	-	1,015	-	5	HY	200DB
SM	Access Server	MACRS	5 year	Jun-97	6,580	100.000%	-	6,580	-	5	HY	200DB
SM	Newsserver Software	MACRS	3 year	Nov-96	640	100.000%	-	640	-	3	HY	S/L
SM	ARS Server Software	MACRS	3 year	Sep-96	7,165	100.000%	-	7,165	-	3	HY	S/L
ST	Public Safety Vehicle (note 1)	MACRS	5 year	Jan-97	21,596	22.763%	-	4,916	228	5	HY	200DB
<u>FY 97/8</u>												
SM	Computer	MACRS	5 year	Oct-97	1,320	100.000%	-	1,320	-	3	HY	200DB
SM	Computer Software	MACRS	3 year	Jul-97	2,703	100.000%	-	2,703	-	5	HY	S/L

Note 1: Not listed property since police vehicle: Reg. section 1.274-5T(k)

Note 2: Final depreciation will be \$8,822 in year 40

Campus Tax Coordinators Roster

CAMPUS	CONTACT	PHONE	FAX	E-MAIL
BAKERSFIELD	Gary Gleed	(805) 664-2179	(805) 664-2134	ggleed@csubak.edu
CHANNEL ISLANDS	Art Flores	(805) 437-8423	(805) 437-8424	aflores@csuci.edu
CHICO	George Wellman	(916) 898-5103	(916) 898-6974	gwellman@campuspo.csuchico.edu
DOMINGUEZ HILLS	Brian Dahm	(310) 243-3188	(310) 217-6963	bdahm@research.csudh.edu
FRESNO	Steve Katz	(209) 278-2083	(209) 278-2928	skatz@csufresno.edu
FULLERTON	Lydia Rodriguez	(714) 278-2511	(714) 449-5816	lrodriguez@fullerton.edu
HAYWARD	John Abbey	(510) 885-3642	(510) 885-4258	jabbey@csuhayward.edu
HUMBOLDT	Donna Sorensen	(707) 826-3521	(707) 826-3334	dks2@axe.humboldt.edu
LONG BEACH	Shawn McCown	(562) 985-7681	(562) 985-7573	smccown@csulb.edu
LOS ANGELES	Sri Renganathan	(213) 343-3571	(213) 343-6437	srengan@cslanet.calstate.edu
MARITIME ACADEMY	Christy Redford	(707) 654-1025	(707) 654- 1001	credford@csum.edu
MONTEREY BAY	Resty Prospero	(408) 582-3088	(408) 582-3399	Resty_prospero@monterey.edu
NORTHRIDGE	Robert Kiddoo	(818) 677-2305	(818) 677-3845	robert.kiddoo@csun.edu
POMONA	Fyle Cabagnet	(909) 869-2009	(909) 869-4223	fcabagnet@csupomona.edu
SACRAMENTO	Donna Brougher	(916) 278-7650	(916) 278-4921	brougherd@csus.edu
SAN BERNARDINO	Sheryl Pytlak	(909) 880-5153	(909) 880-7080	Spytlak@wiley.csusb.edu
SAN DIEGO	Ellene Gibbs	(619) 594-5901	(619) 594-6022	egibbs@mail.sdsu.edu
SAN FRANCISCO	Larry Ware	(415) 338-2599	(415) 338-2461	larryw@sfsu.edu
SAN JOSE	Shawn Bibb	(408) 924-1663	(408) 924-1698	sbibb@sjsu.edu
SAN LUIS OBISPO	Robert Dignan	(805) 756-5421	(805) 756-6222	bdignan@calpoly.edu
SAN MARCOS	Randy Helfond	(760) 750-4476	(760) 750-3155	rhelfond@mailhost1.csusm.edu
SONOMA	Letitia Coate	(707) 664-2836	(707) 664-4000	letitia.coate@sonoma.edu
STANISLAUS	Becka Paulsen	(209) 667-3379	(209) 667-3076	beckap@koko.csustan.edu
CHANCELLOR'S OFFICE	Mark Osborne	(562) 951-4610	(562) 951-4865	mosborne@calstate.edu

Prior Year Taxable Income Listing

Campus	Description
Chico	Sale of parking passes
Chico	Rental of athletic facility to professional team
Fullerton	Scoreboard rental
Fullerton	Rental of university facilities
Fullerton	Corporate sponsorships
Hayward	Rental of university facilities
Humboldt	Public use of athletic facilities
Los Angeles	Alumni career placement
Pomona	Police dispatch services for surrounding community
San Francisco	Sale of advertising in campus newspaper (paid employees, run for profit)
San Francisco	Rental of wireless communications
San Francisco	Facilities rental
San Francisco	Parking
San Marcos	Off campus network
San Marcos	Rental of university facilities
San Luis Obispo	Special event parking
Sonoma	Alumni placement fees
Stanislaus	Parking fine collections for local authorities

Prior Years Tax Worksheet

	Net Income (Loss)			Total	Tax Liability	Tax Credit	NOL Carryfwd (1)
	FY 95/96	FY 96/97	FY 97/98				
Bakersfield							
Channel Islands							
Chico	1,622	1,267	(539)	2,350	353		
Dominguez Hills							
Fresno			6,316	6,316	947		
Fullerton	(56,988)	(16,004)	(11,482)	(84,474)		3,034	64,250
Hayward	37	(3,131)	(3,466)	(6,560)		236	4,989
Humboldt	(226)	(614)	(267)	(1,107)		40	842
Long Beach							
Los Angeles	2,217	(16,893)	(1,235)	(15,911)		571	12,102
Maritime Academy							
Monterey Bay							
Northridge							
Pomona	604	24,575	334	25,513	3,827		
Sacramento							
San Diego							
San Francisco	(27,030)	(18,724)	8,368	(37,386)		1,343	28,435
San Jose	(14,819)	11,656		(3,163)		114	2,406
San Luis Obispo		306	252	558	84		
San Marcos	576	10,569	(2,533)	8,612	1,292		
Sonoma	(3,704)	(9,047)	(8,731)	(21,482)		771	16,339
Stanislaus	8,499	(44,053)	24,575	(10,979)		394	8,350
Chancellor's Office							
Total	(89,212)	(60,093)	11,592	(137,713)	6,502	6,502	137,713

(1) Amount to be reported on Part II, line 31 of Unrelated Business Income Tax Worksheet.

Suggested Tax References

Internal Revenue Code

http://www.tns.lcs.mit.edu/uscode/TITLE_26/toc.html

or

<http://www.fourmilab.ch/ustax/www/sections.html>

IRS Forms & Publications

http://www.irs.gov/forms_pubs/index.html

CSU UBIT Memo

AD 96-08, dated March 15, 1996

Unrelated Business Income Tax Information Package and Worksheets

UC UBIT Memo

<http://www.ucop.edu/ucophome/policies/bfb/a61.html>