Unrelated Business Income Questionnaire

Part one of this questionnaire must be completed for all activities with a potential for generating unrelated business income. Part Two must also be completed by any hospital or healthcare related entity. The completed questionnaire will be used to determine if the activity should be included in Penn’s Exempt Organization Business Income Tax Return (Form 990-T) submitted to the IRS.

Note: Each section of the questionnaire must be completed for all activities.

SCHOOL/DEPARTMENT: __________________________________________________________

ACTIVITY: _______________________________________________________________________

PHYSICAL LOCATION WHERE WORK IS PERFORMED: _____________________________

SQUARE FOOTAGE DEDICATED TO UBI ACTIVITY: _____________________________

FinMIS COA/ HUP G/L/ CPUP G/L A/C#: __________________________________________

CONTACT PERSON: ___________________ PHONE: (___) __________

DATE PREPARED: _________________________

OVERALL DETERMINATION: REPORT _____ EXEMPT ______________
PART ONE
GENERAL INFORMATION

I. GENERAL

A. Trade or Business

1. Is the activity generating revenue from the sale of goods or the performance of services?
   Yes _________  No________

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

3. Does the activity compete with for-profit businesses conducting the same activity?
   Yes _________  No________

4. If yes, with whom do you compete? Explain.
   ______________________________________________________________
   ______________________________________________________________
   ______________________________________________________________
   ______________________________________________________________

B. Regularly Carried On

1. Is the activity conducted on a “regular” basis (i.e., year-round, seasonal) basis?
   Yes _________  No________
2. If yes, indicate the frequency with which the activity is performed:

- daily
- once a month
- once a year
- one-time event

3. Is the 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, or how such activity is carried on in a manner that is dissimilar to comparable commercial activities of non-exempt (business) organizations:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

C. Related to the Penn’s Exempt Purpose

1. Does the activity have a “substantial” causal relationship to the accomplishment of Penn’s educational, research or health care exempt purpose?

Yes _________  No________

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

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

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

Yes _________  No________
4. If yes, explain the instructional nature of the duties and tasks assigned to the students.

_____________________________________________________________________

_____________________________________________________________________

II. 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 Penn Members

1. Is the activity performed for the convenience of Penn students, faculty, staff, or patients?

   Yes _________  No________

2. If yes, indicate the percentage of total sales attributable to each group of users:

<table>
<thead>
<tr>
<th>Users</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>University students</td>
<td>______</td>
</tr>
<tr>
<td>University faculty/staff</td>
<td>______</td>
</tr>
<tr>
<td>University/Health System patients</td>
<td>______</td>
</tr>
<tr>
<td>University alumni</td>
<td>______</td>
</tr>
<tr>
<td>General public</td>
<td>______</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>______</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
C. **Selling Donated Merchandise**

1. Does the activity involve selling merchandise substantially all of which has been donated to Penn?
   
   Yes _________  No________

III. **MODIFICATIONS TO INCOME**

A. **Royalties**

1. Does the activity generate revenue from royalties?
   
   Yes _________  No________

   2. If yes, please explain the nature of the activity and 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 from real property (e.g., parking lots, physician office space, commercial retailers, etc.)?

   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:

<table>
<thead>
<tr>
<th>Property</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real property</td>
<td>______</td>
</tr>
<tr>
<td>Personal property</td>
<td>______</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

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

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. **Rendering of Services**

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

Yes _________  No _________

b. If yes, describe the nature and extent of the services (e.g., maid service, food service, janitorial service, security services, etc.) rendered to 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.
IV. SPECIAL CIRCUMSTANCES

A. Are the goods or services offered technically advanced, unique or available within a reasonable distance?

Yes _________  No________

B. If yes, please explain.

________________________________________________________________________
________________________________________________________________________

V. ADVERTISING

A. Is revenue generated from the sale of commercial advertisements (or underwriting) in a Penn publication?

Yes _________  No________

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

Yes _________  No________

C. If yes, please attach a copy of the advertisement.

VI. JOINT VENTURES

A. Does the activity involve a joint venture or partnership with a for-profit organization or an individual?

Yes _________  No________

B. If yes, please attach a copy of the joint venture agreement.
VII. HEALTH CLUB ACTIVITIES

A. Does Penn permit members of the public to use its physical therapy and physical fitness facilities?

   Yes __________   No __________

B. If yes, are individuals charged fees substantially lower than rates charged by commercial fitness centers in the same area?

   Yes __________   No __________

C. Are fees set at rates to allow access to the facility and usage by a broad section of the general public?

   Yes __________   No __________
PART TWO
HOSPITAL AND HEALTHCARE ACTIVITIES

I. BACKGROUND

A. General. In general, hospital services provided to hospital patients are “substantially related” to the organization’s exempt purpose and are not subject to the unrelated business income tax. In contrast, services provided to members of the general public, that is, any individual who is not a hospital patient, will be treated as unrelated business income. Private patients of physicians who are affiliated with the hospital but engaged in private practice are regarded as the general public.

B. Hospital patients. A hospital’s patients generally include persons admitted to the hospital as inpatients; persons receiving general or emergency diagnostic, therapeutic, or preventative health services from the hospital’s outpatient facilities by a private physician; persons receiving medical services at home as part of the hospital’s home care program; and persons receiving medical care and services in a hospital-affiliated extended care facility.

II. HOSPITAL SERVICES

A. Laboratory and Diagnostic Testing

1. Does the hospital provide laboratory, radiology or diagnostic testing services to non-hospital patients?

Yes _________  No________

2. If yes, do the testing services contribute importantly to the teaching and educational functions of the hospital or medical school?

Yes _________  No________

3. Are the testing services to non-hospital patients provided on a regular basis?

Yes _________  No________

B. Pharmacy Sales – Drugs, Supplies and Durable Medical Equipment

1. Does the hospital provide pharmaceutical products, supplies or medical equipment to non-hospital patients, other than HUP, CPUP and University employees?

Yes _________  No________

2. If yes, are the pharmacy activities provided to non-hospital patients on a regular basis?
C. **Patient and Support Provided to Other Institutions**

1. Does the organization provide patient care or support services to unrelated (taxable or nontaxable) entities?
   
   Yes _________  No________

2. Are the patients (as opposed to the unrelated entity) the primary beneficiaries of the services?
   
   Yes _________  No________

3. Are the services provided at a fee that is substantially below cost?
   
   Yes _________  No________

4. Is the activity performed primarily for the convenience of patients?
   
   Yes _________  No________

D. **Gift and Thrift Shops**

1. Does the activity involve selling merchandise substantially all of which has been donated to the Health System?
   
   Yes _________  No________

2. Is the activity conducted by volunteers?
   
   Yes _________  No________

3. Is the activity performed primarily for the convenience of patients?
   
   Yes _________  No________
OVERALL DETERMINATION: REPORT _________ EXEMPT__________

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

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
PART THREE
SALES TAX QUESTIONNAIRE

Although Penn is entitled to exemption from tax on its purchases, an exempt organization making sales of tangible personal property or services has the same responsibility as another vendor, even though sales are made to members, students, patients, employees or other persons directly associated with the organization. 61 Pa. Code §32.21(c). For example, where Penn operates a restaurant or other eating establishment it is required to collect and remit tax upon its sales of food or beverages. Please answer the following questions to help us determine whether Penn is remitting all of the required sales tax.

1. Are you collecting sales tax from customers on your sales?
   Yes _________  No________

2. Who are your customers?  _________ Students
   _________ Faculty/ Staff
   _________ General Public
   _________ Educational Institutions
   _________ Federal or State/Local Government
   _________ Other (explain)

3. Do you advertise your sales of products or services?
   Yes _________  No________

4. If yes, who is your target audience?  _________ Students
   _________ Faculty/ Staff
   _________ General Public
   _________ Educational Institutions
   _________ Other, (explain)

5. How do you advertise?
   _________ TV
   _________ Radio
   _________ Print Media (magazines, journals, newspapers)