

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

Department of the Treasury
Internal Revenue Service

For calendar year 2005 or other tax year beginning July 1, 2005, and ending June 30, 2006
▶ See separate instructions.

2005

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)() () <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Print or Type Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) University of Arkansas-Fayetteville Campus Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.) 305 Administration Building City or town, state, and ZIP code Fayetteville, AR 72701	D Employer identification number (Employers' trust, see instructions for Block D on page 7.) 71 : 6003252
		E New unrelated bus. activity codes (See instructions for Block E on page 7.) 541800 : 485000
C Book value of all assets at end of year	F Group exemption number (See instructions for Block F on page 7.) ▶	G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust

H Describe the organization's primary unrelated business activity. ▶ **advertising**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ Telephone number ▶ ()

Part I Unrelated Trade or Business Income		(A) Income		(B) Expenses		(C) Net	
1a Gross receipts or sales	<u>1,031,355</u> <u>49</u>	1c	<u>1,031,355</u> <u>49</u>				
b Less returns and allowances		2	<u>512,409</u> <u>58</u>				
2 Cost of goods sold (Schedule A, line 7)		3	<u>518,945</u> <u>91</u>			<u>518,945</u> <u>91</u>	
3 Gross profit. Subtract line 2 from line 1c		4a					
4a Capital gain net income (attach Schedule D)		4b					
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4c					
c Capital loss deduction for trusts		5					
5 Income (loss) from partnerships and S corporations (attach statement)		6					
6 Rent income (Schedule C)		7					
7 Unrelated debt-financed income (Schedule E)		8					
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)		9					
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		10					
10 Exploited exempt activity income (Schedule I)		11	<u>424,599</u> <u>64</u>	<u>366,009</u> <u>11</u>		<u>58,590</u> <u>53</u>	
11 Advertising income (Schedule J)		12	<u>45,499</u> <u>50</u>			<u>45,499</u> <u>50</u>	
12 Other income (See page 9 of the instructions—attach schedule.)		13	<u>989,045</u> <u>05</u>	<u>366,009</u> <u>11</u>		<u>623,035</u> <u>94</u>	
13 Total. Combine lines 3 through 12							

Part II Deductions Not Taken Elsewhere (See page 9 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	<u>169,154</u> <u>98</u>		
16 Repairs and maintenance		16	<u>19,546</u> <u>49</u>		
17 Bad debts		17			
18 Interest (attach schedule)		18			
19 Taxes and licenses		19			
20 Charitable contributions (See page 11 of the instructions for limitation rules.)		20			
21 Depreciation (attach Form 4562)		21	<u>786</u> <u>55</u>		
22 Less depreciation claimed on Schedule A and elsewhere on return		22a		22b	<u>786</u> <u>55</u>
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	<u>58,590</u> <u>53</u>		
28 Other deductions (attach schedule)		28	<u>347,050</u> <u>52</u>		
29 Total deductions. Add lines 14 through 28		29	<u>595,129</u> <u>07</u>		
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	<u>27,906</u> <u>87</u>		
31 Net operating loss deduction (limited to the amount on line 30)		31			
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32			
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)		33	<u>1,000</u> <u>00</u>		
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32.		34	<u>26,906</u> <u>87</u>		

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation on page 13. Controlled group members (sections 1561 and 1563)—check here <input type="checkbox"/> . See instructions and: a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____ c Income tax on the amount on line 34 ▶	35c	4,036	03
36 Trusts Taxable at Trust Rates. See instructions for tax computation on page 14. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041) ▶	36		
37 Proxy tax. See page 14 of the instructions ▶	37		
38 Alternative minimum tax ▶	38		
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies ▶	39	4,036	03

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a			
b Other credits (See page 14 of the instructions)	40b			
c General business credit—Check here and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶	40c			
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d			
e Total credits. Add lines 40a through 40d.	40e			
41 Subtract line 40e from line 39	41	4,036	03	
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	42			
43 Total tax. Add lines 41 and 42	43	4,036	03	
44a Payments: A 2004 overpayment credited to 2005.	44a	9,169	78	
b 2005 estimated tax payments.	44b			
c Tax deposited with Form 8868	44c			
d Foreign organizations—Tax paid or withheld at source (see instructions)	44d			
e Backup withholding (see instructions)	44e			
f Other credits and payments: <input type="checkbox"/> Form 2439 _____ <input type="checkbox"/> Form 4136 _____ <input type="checkbox"/> Other _____ Total ▶	44f			
45 Total payments. Add lines 44a through 44f.	45	9,169	78	
46 Estimated tax penalty (See page 4 of the instructions.) Check <input type="checkbox"/> if Form 2220 is attached	46			
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed ▶	47			
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶	48	5,133.75		
49 Enter the amount of line 48 you want: Credited to 2006 estimated tax ▶ 5,133.75 Refunded ▶	49			

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 16.)

1 At any time during the 2005 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," the organization may have to file Form TD F 90-22.1. If "Yes," enter the name of the foreign country here ▶	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 5 of the instructions for other forms the organization may have to file.		✓
3 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation ▶

1 Inventory at beginning of year.	1	224,305	89	6 Inventory at end of year	6	263,974	38
2 Purchases	2	552,078	07	7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	512,409	58
3 Cost of labor	3			8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No	
4a Additional section 263A costs (attach schedule).	4a					✓	
b Other costs (attach schedule).	4b						
5 Total. Add lines 1 through 4b.	5	776,383	96				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer: Stephen J. Jones Date: 11/14/06 Title: Director of Research Acting University of Arkansas

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer's Use Only Preparer's signature: _____ Date: _____ Check if self-employed Preparer's SSN or PTIN: _____
 Firm's name (or yours if self-employed), address, and ZIP code: _____ EIN: _____
 Phone no. () _____

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)

(See instructions on page 17.)

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 page 1, Part I, line 6, column (A) . . . ▶

Total deductions. Enter here and on page 1, Part I, line 6, column (B) . . . ▶

Schedule E—Unrelated Debt-Financed Income (See instructions on page 17.)

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 page 1, Part I, line 7, column (A).

Enter here and on page 1, Part I, line 7, column (B).

Total dividends-received deductions included in column 8 ▶

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 18.)

1 Name of Controlled Organization	2 Employer Identification Number	Exempt Controlled Organizations			
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column (4) that is included in the controlling organization's gross income	6 Deductions directly connected with income in column (5)
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column (9) that is included in the controlling organization's gross income	11 Deductions directly connected with income in column (10)
(1)				
(2)				
(3)				
(4)				

Totals ▶

Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).

Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization

(See instructions on page 19.)

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 page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income

(See instructions on page 19.)

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)						
Totals	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (See instructions on page 19.)

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)						
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) Athletic Programs	424,599.64	366,009.11	58,590.53	87,745.61	148,419.44	60,673.83
(2)						
(3)						
(4)						
(5) Totals from Part I						
Totals, Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A). 424,599.64	Enter here and on page 1, Part I, line 11, col. (B). 366,009.11				Enter here and on page 1, Part II, line 27. 58,590.53

Schedule K—Compensation of Officers, Directors, and Trustees (See instructions on page 20.)

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

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2006
 Attachment
 Sequence No. **67**

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return University of Arkansas - Fayetteville	Business or activity to which this form relates Charter Bus Service	Identifying number 71-6003252
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Part I Election To Expense Certain Property Under Section 179
 Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	\$108,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$430,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		
(b) Cost (business use only)		
(c) Elected cost		
6		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12 ▶	13	

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	786.55

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2006	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B—Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a Class life					
b 12-year			12 yrs.		S/L
c 40-year			40 yrs.	MM	S/L

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	786.55
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).								25
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.								29

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
43 Amortization of costs that began before your 2006 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

University of Arkansas
Form 990-T
FYE 6-30-06
71-6003252
Additional Information

2006

Line 12- Other Income:

Bus Charters	29,985.00
Bus Advertising	15,514.50
Total	<u>\$45,499.50</u>

Line 28- Schedule of Other Deductions:

Operating Fuel	3,972.00
Insurance Fees	44.00
Travel	2,616.17
Supplies	1,594.80
Printing	43,660.24
Mailing	25,592.33
Advertising	34,362.57
Fees - Credit Cards, Custodial	27,147.47
Rent, Security, Uniforms, Utilities	155,758.22
Indirect Third Tier	52,302.72
Total	<u>\$347,050.52</u>