14. IRS Information

Tax Exempt Status
The University at Albany Foundation is exempt from Federal and State income tax under Section 501(c )3 of the Internal Revenue Code. Some advantages of tax exempt status are:

1) Eligibility to receive tax deductible contributions
2) Exemption from federal unemployment taxes
3) Reduced postal rates
4) Exemption from state sales tax. The Foundation has completed the exemption process for New York and Florida, and may seek additional exemptions if a business reason to do so exists.

The federal tax exempt ID number for the Foundation is 14-1503972. The NYS sales tax exempt ID number is 133750. The Florida sales and use tax exemption number is 85-8013799525C-8.

Excess Benefit Transactions
An excess benefit transaction is a transaction between a not for profit corporation and a "disqualified person" that is not "arms length", where personal benefit is derived, private interests are served, or non-fair market value transactions occur. Pursuant to IRS code Section 4958, an excise tax is imposed as an intermediate sanction when a not for profit corporation engages in an excess benefit transaction. The tax is imposed on both the disqualified person and the organization managers who knowingly participate.

Examples of transactions that could expose the Foundation and its managers to intermediate sanctions include:

1. An account manager materially contributing to a fund he controls and from which he benefits.
2. A fund established to benefit the donor or his family.
3. Granting interest-free loans to for-profit corporations, unless substantial furtherance of our exempt purpose can be demonstrated.

Taxation of Student Financial Aid
Fellowships and scholarships generally are not taxable under Section 117A of the Internal Revenue Code unless services are required to be performed as a condition to the grant. Then they are taxable to the extent of the fair market value of such services and are reportable on a form W-2, and subject to withholding taxes. FICA will be applied, depending on the nature of the employment.

The scholarship must be used for tuition and related expenses. Any part of the scholarship used for room and board is taxable. The burden of proof is on the recipient. Student scholarships are non-taxable if no services are required or there is no action on the part of the student as a condition to the award.

Taxation of Prizes and Awards
Awards or prizes to employees and students are taxable if they are in recognition of achievements. Selection criteria and documentation are required in order to process the payment. Payments for services rendered are taxable and reportable on Form 1099 if the total paid in a calendar year exceeds the regulatory amount.

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