

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

2006

Department of the Treasury
Internal Revenue Service

For calendar year 2006 or other tax year beginning JULY 1, 2006, and ending JUNE 30, 20 08. See separate instructions.

Open to Public Inspection for 501(c)(3) Organizations Only

- A** Check box if address changed
- B** Exempt under section
- 501(c) () ()
- 408(e) 220(e)
- 408A 530(a)
- 529(a) *

Print or Type

Name of organization (Check box if name changed and see instructions.)
State University of Iowa

Number, street, and room or suite no. If a P.O. box, see page 9 of instructions.
105 Jessup Hall

City or town, state, and ZIP code
Iowa City, Iowa 52242-1316

D Employer identification number
(Employees' trust, see instructions for Block D on page 9.)
42 6004813

E Unrelated business activity codes
(See instructions for Block E on page 9.)
611310 ; 448000, 72110 + 446110

C Book value of all assets at end of year
3,361,774,000

F Group exemption number (See instructions for Block F on page 9.) ▶ **N/A**

G Check organization type ▶ 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. ▶ **clothing store, hotel and pharmaceutical services**

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. ▶ **N/A**

J The books are in care of ▶ **Terry Johnson, Assoc VP & Univ Controller** Telephone number ▶ (**319**) **335-2791**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales	<u>15,021,203</u> <i>Statement 1</i>			
b Less returns and allowances	<u>3,581,879</u>			
	c Balance ▶	1c 15,021,203		
2 Cost of goods sold (Schedule A, line 7)		2 3,581,879		
3 Gross profit. Subtract line 2 from line 1c		3 11,439,324		11,439,324
4a Capital gain net income (attach Schedule D)		4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4b		
c Capital loss deduction for trusts		4c		
5 Income (loss) from partnerships and S corporations (attach statement)		5		
6 Rent income (Schedule C)		6 130,000	25,000	105,000
7 Unrelated debt-financed income (Schedule E)		7		
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)		8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		9		
10 Exploited exempt activity income (Schedule I)		10		
11 Advertising income (Schedule J)		11 271,662	155,609	116,053
12 Other income (See page 11 of the instructions; attach schedule.)		12		
13 Total. Combine lines 3 through 12		13 11,840,986	180,609	11,660,377

Part II Deductions Not Taken Elsewhere (See page 12 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	5,201,346	
16 Repairs and maintenance		16	464,953	
17 Bad debts		17	10,871	
18 Interest (attach schedule)		18	47,529	
19 Taxes and licenses		19		
20 Charitable contributions (See page 14 of the instructions for limitation rules.)		20		
21 Depreciation (attach Form 4562)		21	762,829	
22 Less depreciation claimed on Schedule A and elsewhere on return		22a		22b 762,829
23 Depletion		23		
24 Contributions to deferred compensation plans		24		
25 Employee benefit programs		25	274,278	
26 Excess exempt expenses (Schedule I)		26		
27 Excess readership costs (Schedule J)		27	84,973	
28 Other deductions (attach schedule) <i>statement 2.</i>		28	4,516,846	
29 Total deductions. Add lines 14 through 28		29	11,363,625	
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	296,752	
31 Net operating loss deduction (limited to the amount on line 30) <i>statement 3.</i>		31	(296,752)	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32	0	
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)		33		
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	0	

* Exempt under IRS code Section 115

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation on page 15. 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	
36 Trusts Taxable at Trust Rates. See instructions for tax computation on page 16. 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 16 of the instructions	37	
38 Alternative minimum tax	38	
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies	39	

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a		
b Other credits (see page 17 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		
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		
44a Payments: A 2005 overpayment credited to 2006	44a		
b 2006 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 Credit for federal telephone excise tax paid (attach Form 8913)	44f		
g Other credits and payments: <input type="checkbox"/> Form 2439 _____ <input type="checkbox"/> Form 4136 _____ <input type="checkbox"/> Other _____ Total	44g		
45 Total payments. Add lines 44a through 44g	45		
46 Estimated tax penalty (see page 4 of the instructions). Check if Form 2220 is attached <input type="checkbox"/>	46		
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed	47		NONE
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48		NONE
49 Enter the amount of line 48 you want: Credited to 2007 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	49		NONE

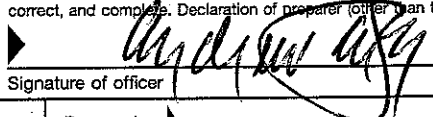
Part V Statements Regarding Certain Activities and Other Information (see instructions on page 18)

1 At any time during the 2006 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? 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 \$ _____		2,654

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

1 Inventory at beginning of year	1			6 Inventory at end of year	6		
2 Purchases	2			7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	3,581,879	
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						

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  14-15-08 TAX MANAGER
 Signature of officer Date Title

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 20)

1 Description of property

(1) **Radio Tower - Kinnick Press Box**

(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) 130,000		25,000
(2)		
(3)		
(4)		
Total 130,000	Total	Total deductions. Enter here and on page 1, Part I, line 6, column (B) 25,000

Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) **▶ 130,000**

Schedule E—Unrelated Debt-Financed Income (see instructions on page 20)

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) N/A				
(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)		%		
			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Totals				
Total dividends-received deductions included in column 8 ▶				

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions on page 21)

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) N/A					
(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)					
			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).	
Totals					

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions on page 22)

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) N/A				
(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 22)

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) N/A						
(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 23)

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) HANCHER AUDITORIUM PLAYBILL	153,366	66,561		NONE	66,561	
(2) THEATRE ARTS PROGRAM	13,221	15,053		NONE	18,457	
(3) ATHLETIC GAME DAY PROGRAM	105,075	73,995				
(4)						
Totals (carry to Part II, line (5))	271,662	155,609	116,053	NONE	85,018	84,973

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	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5)						

Schedule K—Compensation of Officers, Directors, and Trustees (see instructions on page 23)

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