

#### **400.5 Catering**

The potential for unrelated business income arises when an university provides its own catering services for the following types of events:

- (1) university or affiliated group sponsored events; (related)
- (2) university department invitation to a nonaffiliated group; (most likely related)
- (3) university permission for a nonaffiliated group to use the dining facilities in connection with a meeting; (most likely unrelated)
- (4) university caters wedding receptions, graduation and birthday parties, or private parties for senior officials; (unrelated)
- (5) catering department of university advertises to the general public for catering services. (unrelated)

Under Rev. Ruling 81-69, a social club that sells food and beverages to non-members at prices insufficient to recover the costs may not deduct losses from its other UBTI because the activity is not profit motivated. Under PLR 8020010 university-held functions requiring the use of the facilities, including alumni dinners and class reunions, are not UBIT because these activities kept the alumni abreast of current development on campus and as such, the catering for these events was a related activity.