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Demystifying Alternative Investments

April 24, 2025



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Session CPE Requirements

- You need to attend 50 minutes to receive the full 1 CPE credit.
- 4 Polling Questions will be launched during this session. You must respond to a minimum of 3 to receive the full 1 CPE credit.

****Both requirements must be met to receive CPE credit****



Learning Objectives:

- Recognize alternative investments (and their attributes) more commonly held by organizations
- Discuss typical audit considerations related to alternative investments
- Identify distinctive tax compliance requirements specific to alternative investments



Knowledge *Check*

How optimistic are you in the current economic climate and the impact to your organization?

- 5 = Very confident
- 4 = Confident
- 3 = Neutral
- 2 = Somewhat confident
- 1 = Not at all confident





The Role of Alternative Investments



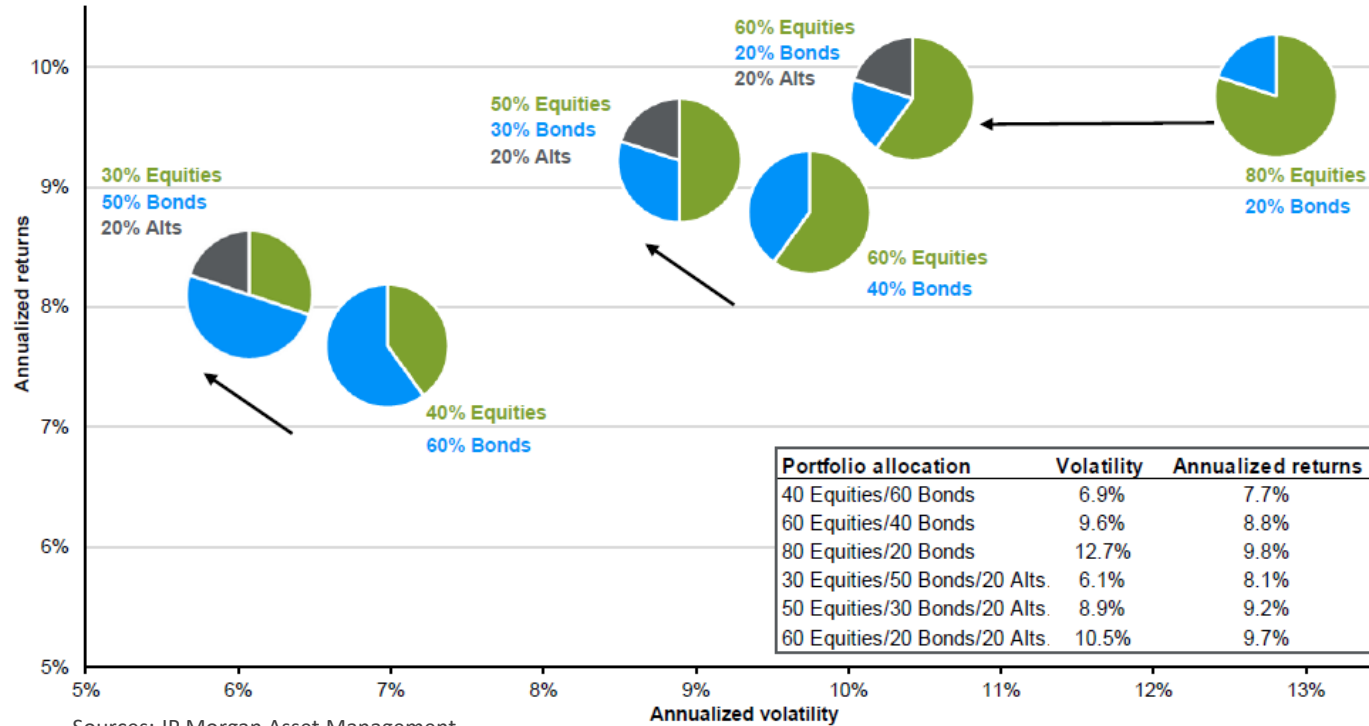
Alternative Investments Defined

- Investments that fall outside of traditional asset classes like stocks, bonds, and cash
- Examples:
 - Private Equity
 - Private Credit
 - Real Estate Investment Trusts
 - Hedge funds
 - Commodities



Role of Alternatives in a Portfolio

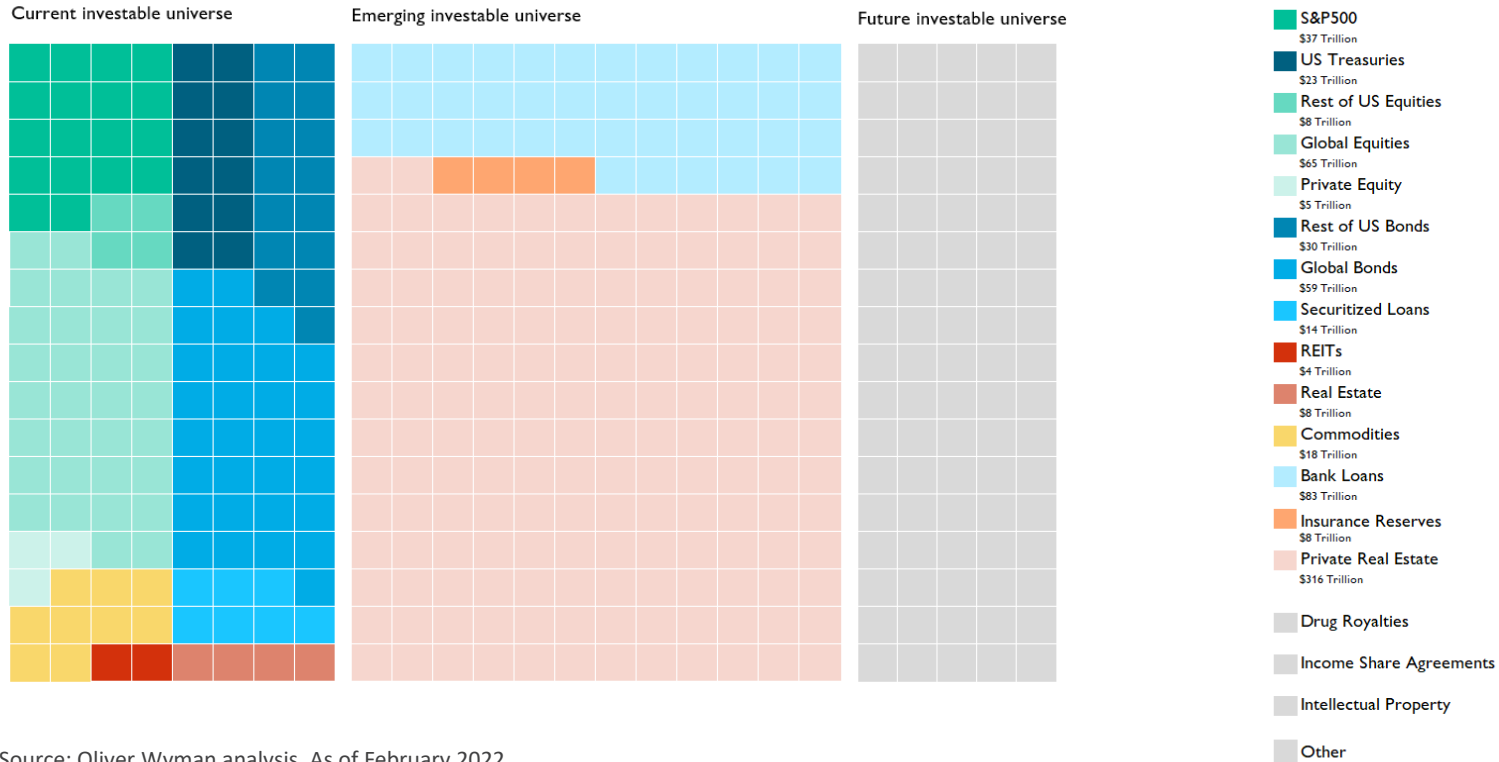
Alternatives and portfolio risk/return
Annualized volatility and return, 1Q90 – 3Q24



Sources: JP Morgan Asset Management



Understanding the Investable Universe



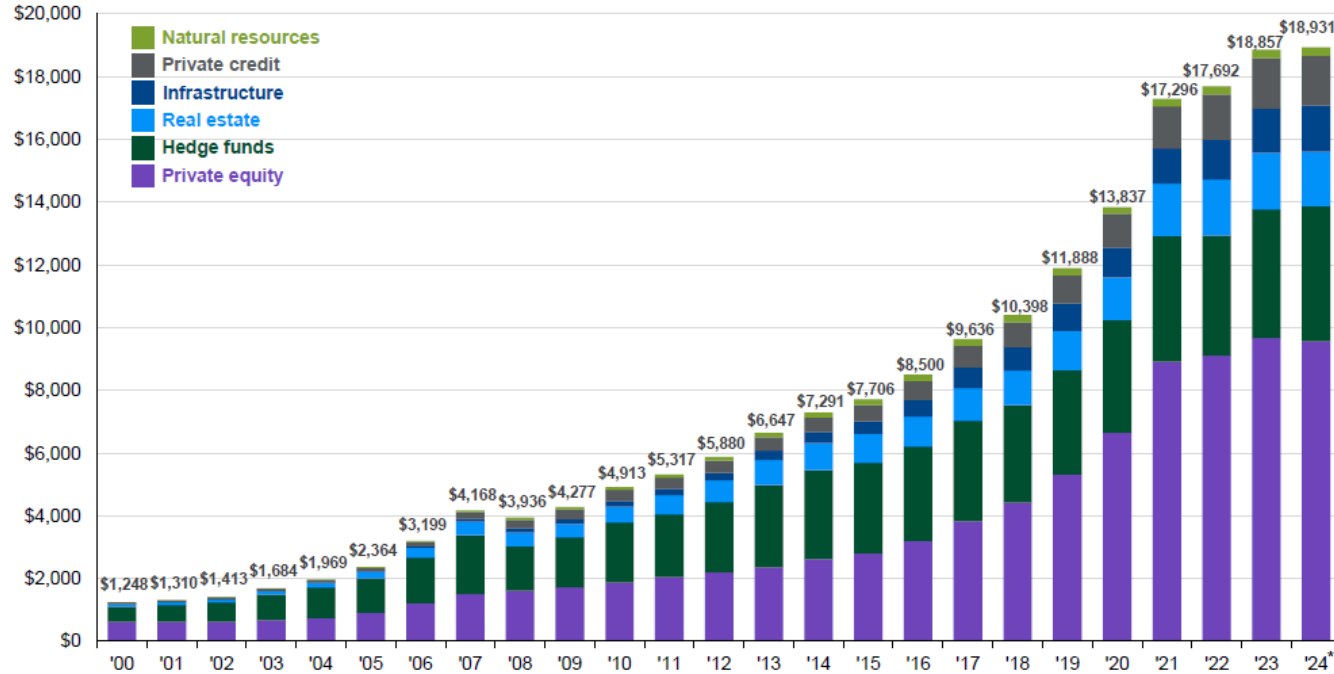
Source: Oliver Wyman analysis. As of February 2022.



Alternative Investments Gaining Adoption

Global alternative assets under management

USD billions, end of period



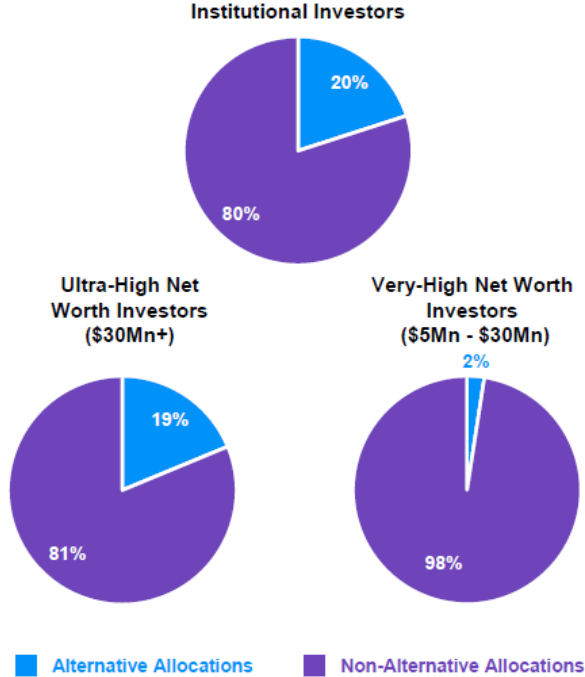
Source: JP Morgan Asset Management



Investor Positioning

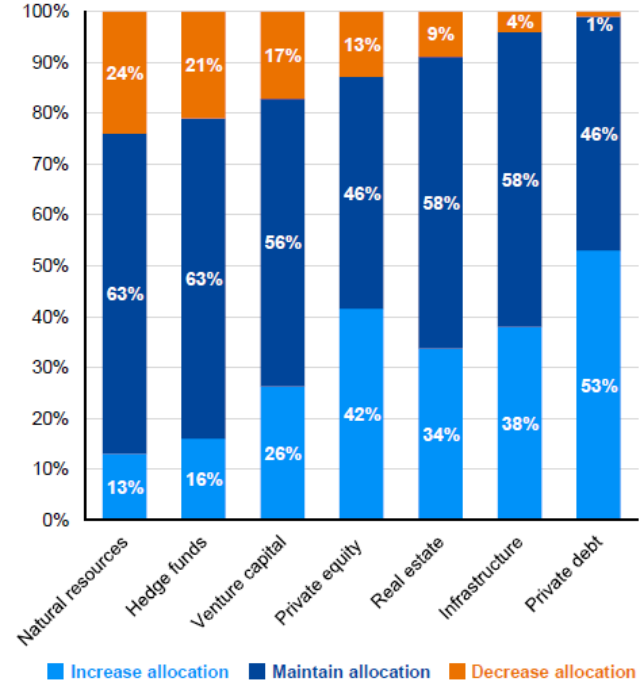
Investor asset allocation

Alternatives asset allocation by investor type, 2023



Long-term alternatives allocation plans

Share of institutional investors, 2024

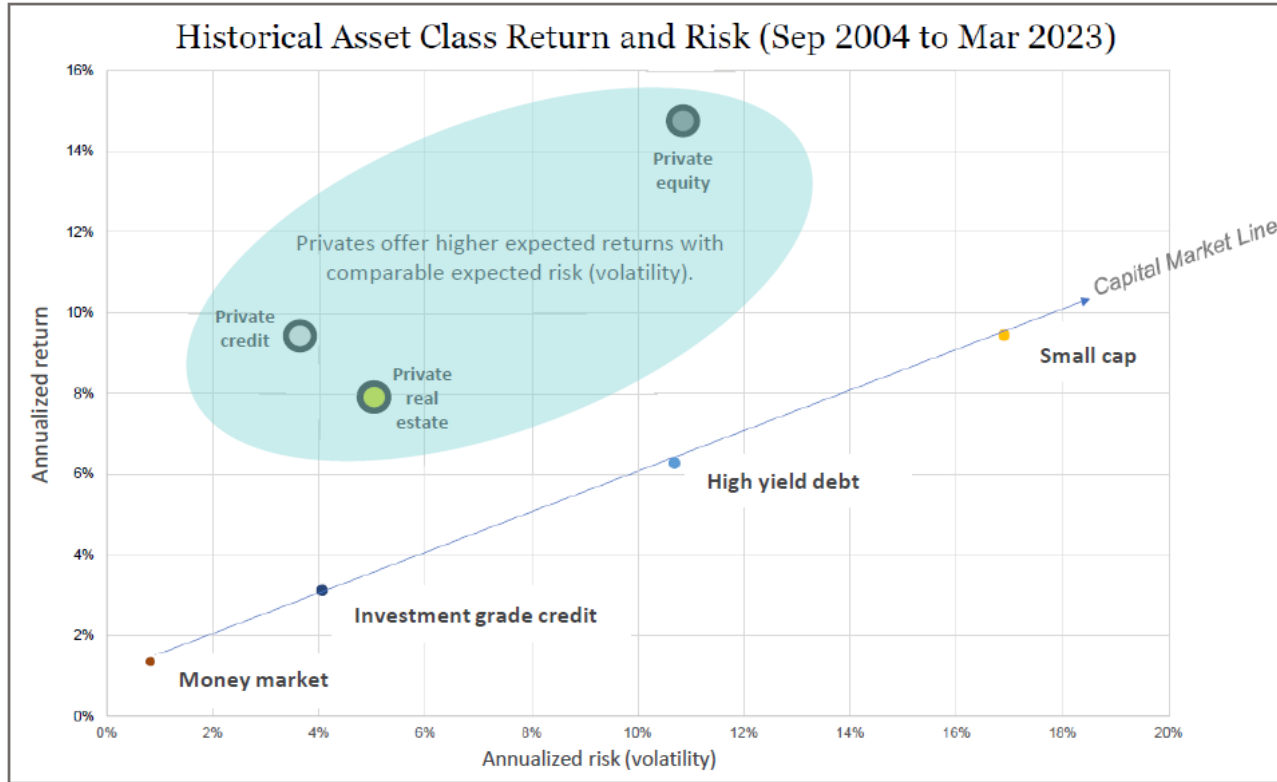


Source: JP Morgan Asset Management

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The “Illiquidity” Risk Premium



Sources: Cliffwater, Cambridge, NCREIF




Private Real Estate – The Opportunity Set


Private real estate can be an attractive investment because it:

- Can generate tax-advantaged income (e.g., early distributions can be offset by Depreciation Expense).
- Provides some inflation protection (e.g., rents rise along with inflation).
- Has the potential for price appreciation (especially with value-add and opportunistic deals).

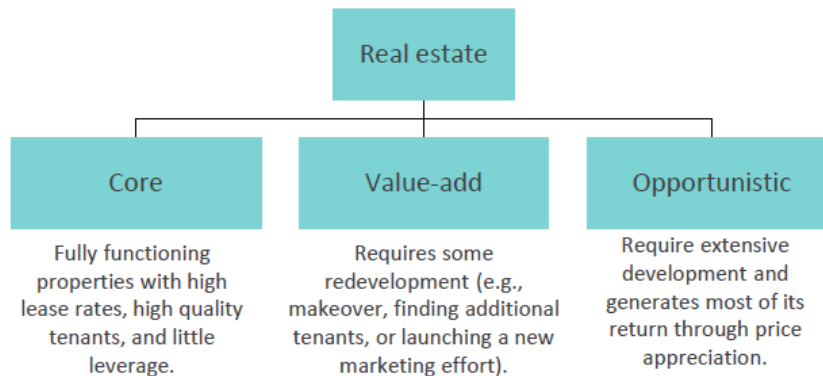
Commercial real estate has five subsectors:

- | | |
|----------------|-------------|
| 1. Multifamily | Least risky |
| 2. Industrial | |
| 3. Retail | |
| 4. Office | |
| 5. Hospitality | Most risky |
- 

And three primary strategies:

- | | |
|------------------|-------------|
| 1. Core | Least risky |
| 2. Value-add | |
| 3. Opportunistic | Most risky |
- 

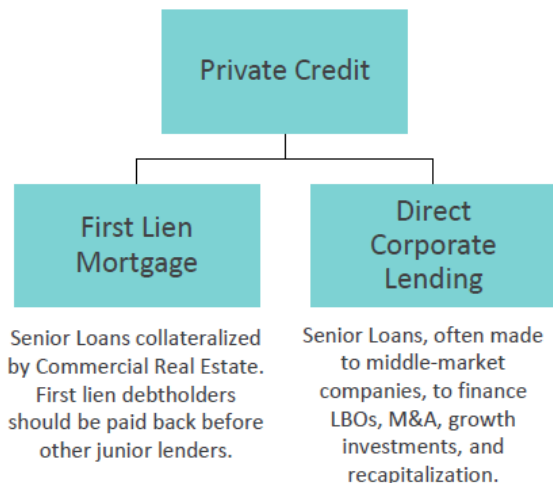
Three primary strategies:



Private Credit – The Opportunity Set

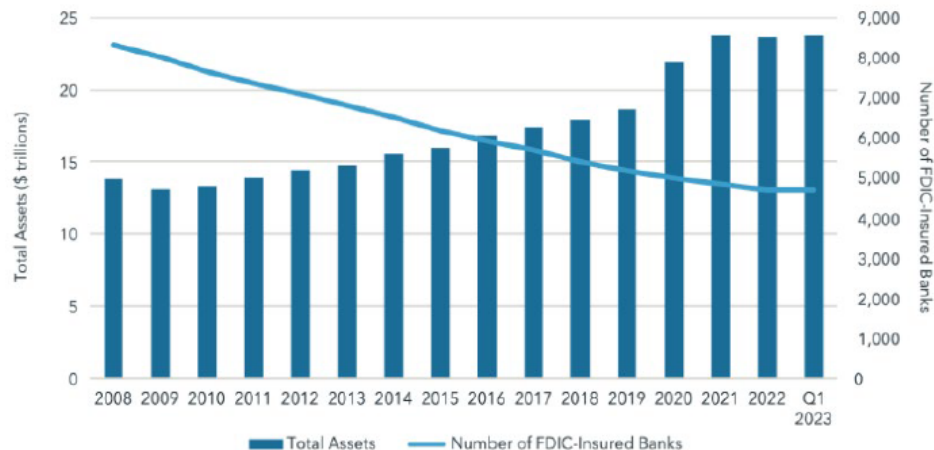
The growth of Private Credit has been driven by bank disintermediation. That is, increased regulatory pressures have caused regional banks to exit some traditional lending markets, leaving a void for Private Credit.

Private credit offers two primary strategies:



FDIC-Insured Banks in the U.S.

Number of FDIC-Insured Banks and Total Assets

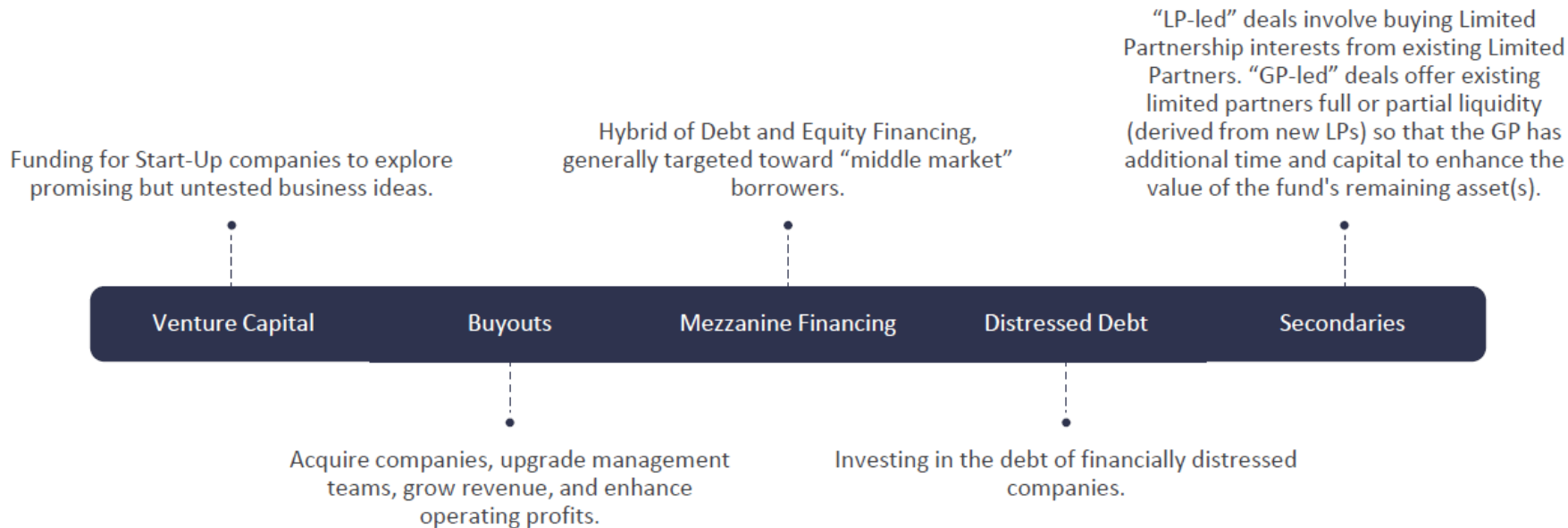


Source: iCapital, FDIC, as of March 31, 2023



Private Equity – The Opportunity Set

The opportunity set in private equity is growing as more companies staying private for longer.

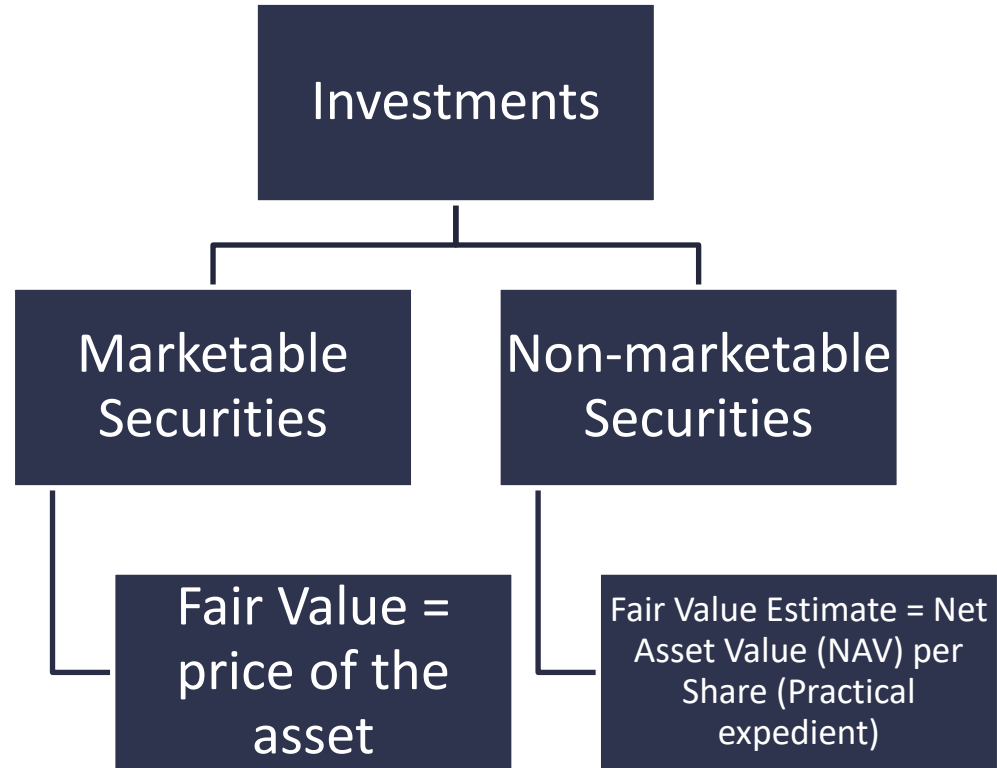




Audit Considerations



Investment Valuation



Investment Valuation

- NAV per share defined:
 - The amount of net assets attributable to each share of capital stock outstanding at the close of the period

	Investment
	Fund
	12/31/2024
Assets	
Investments	199,000,000
Cash	1,000,000
	200,000,000
Liabilities	
Loan Payable	9,500,000
Accrued Expenses	500,000
	10,000,000
Net Assets	190,000,000
Outstanding Shares	180,952
Net Asset Value per Share	\$ 1,050



Primary Audit Assertions

Existence

- **Risk**: do investments exist at the date of the statement of financial position?
- **Audit procedure**: confirm investment shares with fund manager.

Valuation

- **Risk**: are investments valued under U.S. GAAP at the date of the statement of financial position?
- **Audit procedure**: verify NAV per share value via audit of investment fund.



Scenario 1

Same Year-end: NFP & Investment Fund Investment Fund Audit Available

NFP = 12/31/2024

Investment Fund = 12/31/24



Same Year-end: NFP & Investment Fund

NFP Financial Statements

	NFP	NFP's	
	12/31/2024	Number	Value
		of Shares	per Share
Assets			
Cash	200,000		
Prepays	50,000		
Alternative Investment	1,050,000	1,000	\$ 1,050
	1,300,000		
Liabilities			
Accounts Payable	20,000		
Accrued Expenses	80,000		
	100,000		
Net Assets	1,200,000		

NFP's Investment Activity
- # of shares confirmed

	Date	NFP's Investment Activity	NFP's Number of Shares	Value per Share
Opening Capital Account	1/1/2024	\$ -		
Capital Contributions		1,000,000	1,000	\$ 1,000
Capital Distributions		(10,000)		
Expenses		(5,000)		
Allocation of Income/(Loss)		65,000		
Closing Capital	12/31/2024	\$ 1,050,000	1,000	\$ 1,050

Audited Fund Financial Statements

	Investment Fund
	12/31/2024
Assets	
Investments	199,000,000
Cash	1,000,000
	200,000,000
Liabilities	
Loan Payable	9,500,000
Accrued Expenses	500,000
	10,000,000
Net Assets	190,000,000
Outstanding Shares	180,952
Net Asset Value per Share	\$ 1,050



Same Year-end: NFP & Investment Fund



Existence

- Confirm number of NAV shares with fund manager



Valuation

- Verify NAV share price via audit of investment fund



Scenario 2

Different Year-end: NFP & Investment Fund

NFP = 6/30/2025

Investment Fund = 12/31/24



Different Year-end: NFP & Investment Fund

Audited Fund Financial Statements

NFP's Investment Activity

	Date	NFP's Investment Activity	NFP's Number of Shares	Value per Share
Opening Capital Account - Audited	12/31/2024	\$ 1,050,000	1,000	\$ 1,050
Capital Contributions		441,000	420	
Capital Distributions		-		
Expenses		(3,000)		
Allocation of Income/(Loss)		(28,000)		
Closing Capital - Unaudited	6/30/2025	\$ 1,460,000	1,420	\$ 1,028

	Investment Fund 12/31/2024
Net Assets	190,000,000
Outstanding Shares	180,952
Net Asset Value per Share	\$ 1,050

NFP Financial Statements

	NFP 6/30/2025	NFP's Number of Shares	Value per Share
Assets			
Cash	410,000		
Prepays	20,000		
Alternative Investment	1,460,000	1,420	\$ 1,028
	<u>1,890,000</u>		

Unaudited



Different Year-end: NFP & Investment Fund Roll forward Procedures

NFP's Investment Activity

	Date	NFP's Investment Activity	NFP's Number of Shares	Value per Share
Opening Capital Account - Audited	12/31/2024	\$ 1,050,000	1,000	\$ 1,050
Capital Contributions		441,000	420	
Capital Distributions		-		
Expenses		(3,000)		
Allocation of Income/(Loss)		(28,000)		
Closing Capital - Unaudited	6/30/2025	\$ 1,460,000	1,420	\$ 1,028

Cashflow Activity

- Investment statements
- Disbursements and receipts

Investment Gain/Loss Prediction

	1/1/25 - 6/30/25 Return (%)
REIT Benchmark Index	-2.05%
Average Capital Balance from 1/1/25 - 6/30/25	\$ 1,270,500
Predicted Return	(26,045)
Actual Return	(28,000)
Difference - \$	(1,955)
Difference - %	8%



Different Year-end: NFP & Investment Fund

Existence

- Confirm number of NAV shares with fund manager
- Confirm cashflow activity with fund manager

Valuation

- Verify NAV share price via audit of investment fund
- Compare unaudited investment return per fund manager to predicted return using relevant benchmark



Scenario 3

Same Year-end: NFP & Investment Fund 3-mo Reporting Lag and Audit Lag

NFP = 12/31/2025

Investment Fund = 12/31/25



Same Year-end: NFP & Investment Fund w/ Lag

NFP's Investment Activity

Unaudited Fund Statements & investment gain prediction

Disbursements and receipts & investment gain prediction

	Date	NFP's Investment Activity	NFP's Number of Shares	Value per Share
Opening Capital Account - Audited	12/31/2024	\$ 1,050,000	1,000	\$ 1,050
Capital Contributions		700,000	667	
Capital Distributions		(10,000)		
Expenses		(6,000)		
Allocation of Income/(Loss)		(50,000)		
Closing Capital - Unaudited	9/30/2025	\$ 1,684,000	1,667	\$ 1,010
NFP Adjusted				
Capital Contributions		300,000	297	
Capital Distributions		-		
Expenses		-		
Allocation of Income/(Loss)		-		
Estimated Closing Capital	12/31/2025	\$ 1,984,000	1,964	\$ 1,010

NFP Financial Statements

	NFP 12/31/2025	NFP's Number of Shares	Value per Share
Assets			
Cash	296,000		
Prepays	20,000		
Alternative Investment	1,984,000	1,964	\$ 1,010
	<u>2,300,000</u>		



Lookback Analysis (12 months unaudited)

Number of Shares	Price Per Share as of PY1 Audit Date	Valuation as of PY1 Audit Date	(PY1) Audited FS YE Date	Estimated Valuation As of PY1 Audit Date	\$ Difference (audited FS - client)	% Difference
1,000	\$ 1,040	1,040,000	12/31/2024	1,050,000	(10,000)	-0.95%
Number of Shares	Price Per Share as of PY2 Audit Date	Valuation as of PY2 Audit Date	(PY2) Audit Date	Estimated Valuation As of PY2 Audit Date	\$ Difference (audited FS - client)	% Difference
500	\$ 1,030	515,000	12/31/2023	500,000	15,000	3.00%
Number of Shares	Price Per Share as of PY3 Audit Date	Valuation as of PY3 Audit Date	(PY3) Audit Date	Estimated Valuation As of PY3 Audit Date	\$ Difference (audited FS - client)	% Difference
400	\$ 950	380,000	12/31/2022	380,000	-	0.00%



Different Year-end, no audit: NFP & Investment Fund

Existence

- Confirm number of NAV shares with fund manager
- Confirm cashflow activity with fund manager
- Vouch cashflow activity to supporting documentation

Valuation

- Verify NAV share price via audit of investment fund
- Compare unaudited investment return per fund manager to predicted return using relevant benchmark
- Evaluate reliability of year-end value estimate by reviewing prior year estimates – a lookback analysis



Disclosures

Requirements

Nature and risks of the investments

Fair value of the investments by fund type

Description of the significant investment strategies

Unfunded commitments related to the investment funds

Description of the redemption terms

Any other significant restriction on the ability to sell the investment

Example

	<u>Number of Investments</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>December 31, 2024</u>					
Global Equity Funds	1	\$ -	\$ -	Quarterly	30 Days
Long/Short Hedge Funds	9	-	-	Daily, Monthly	None, 30 Days
Private Equity Funds	5	-	-	Annually, Limited (1)	30 Days
Real Estate Funds	13	-	-	Liquid	None
Total		<u>\$ -</u>	<u>\$ -</u>		

Long/Short Hedge Funds – Funds that can invest long and short, primarily in common stock. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.



Management's Controls Over Valuation

- Summary of alternative investments
 - Holdings
 - Year-end date
 - Audit availability
 - Reporting lag
 - Roll forward and estimate procedures
 - Lookback analysis



Polling *Question*

Which methods do you use to estimate the fair value of your organization's investments?

- A lookback analysis
- Cashflow and investment return roll forward procedures
- Rely on fund managers
- Rely on auditors





Tax Implications of Alternative Investments



What makes an Alternative Investment taxable?

While the general rule is passive income is not taxable to a tax-exempt organization, there are exceptions.



Debt financed investments

Borrowing by an investee corporation does not create UBTI for an EO investor:

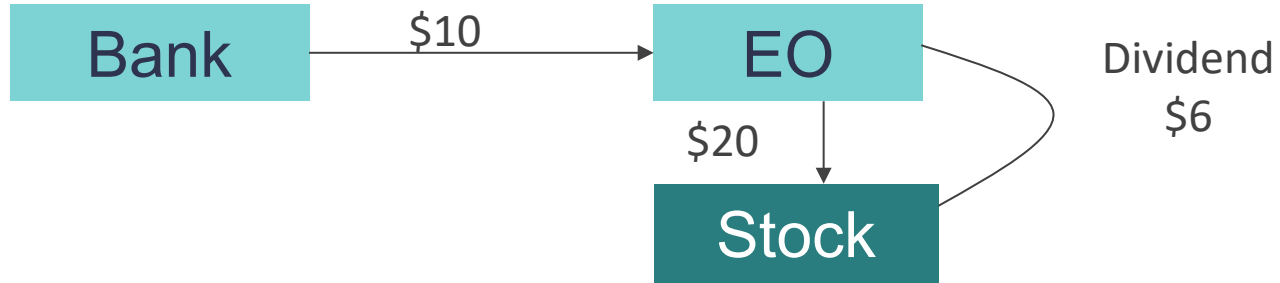


Flow through investments

Partnerships, S-Corps, etc.



Exempt Organization Borrows Funds



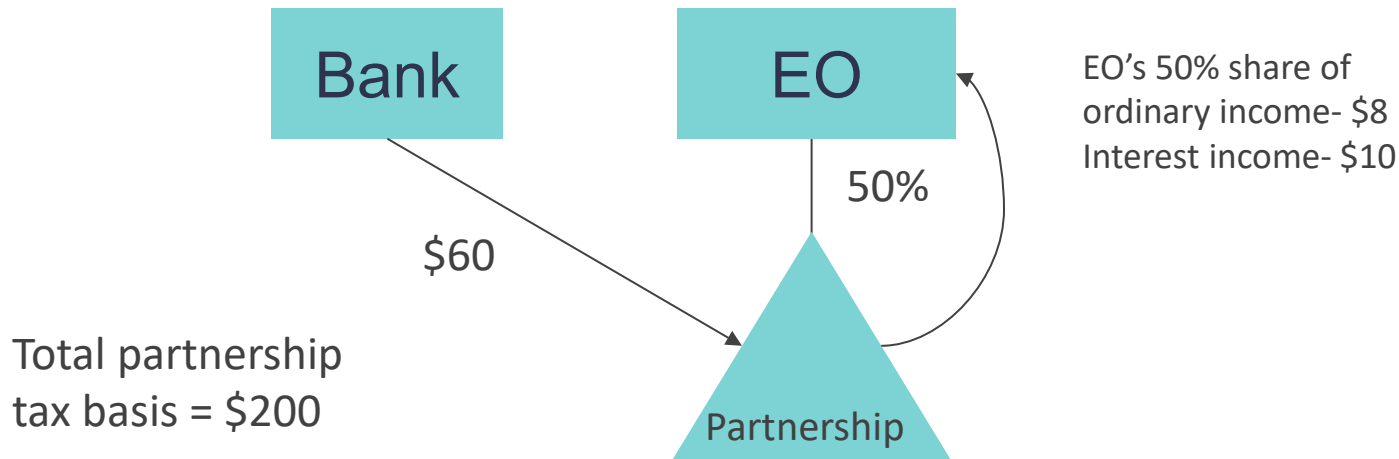
$$\text{UBTI} = 6 * (10/20) = \$3$$

If the exempt organization borrows funds to purchase the investment, the UBTI is the average acquisition indebtedness used to purchase the invest.



Partnership Borrows Funds

- Borrowing by an investee partnership is imputed (on a pro rata basis) to an EO investor:

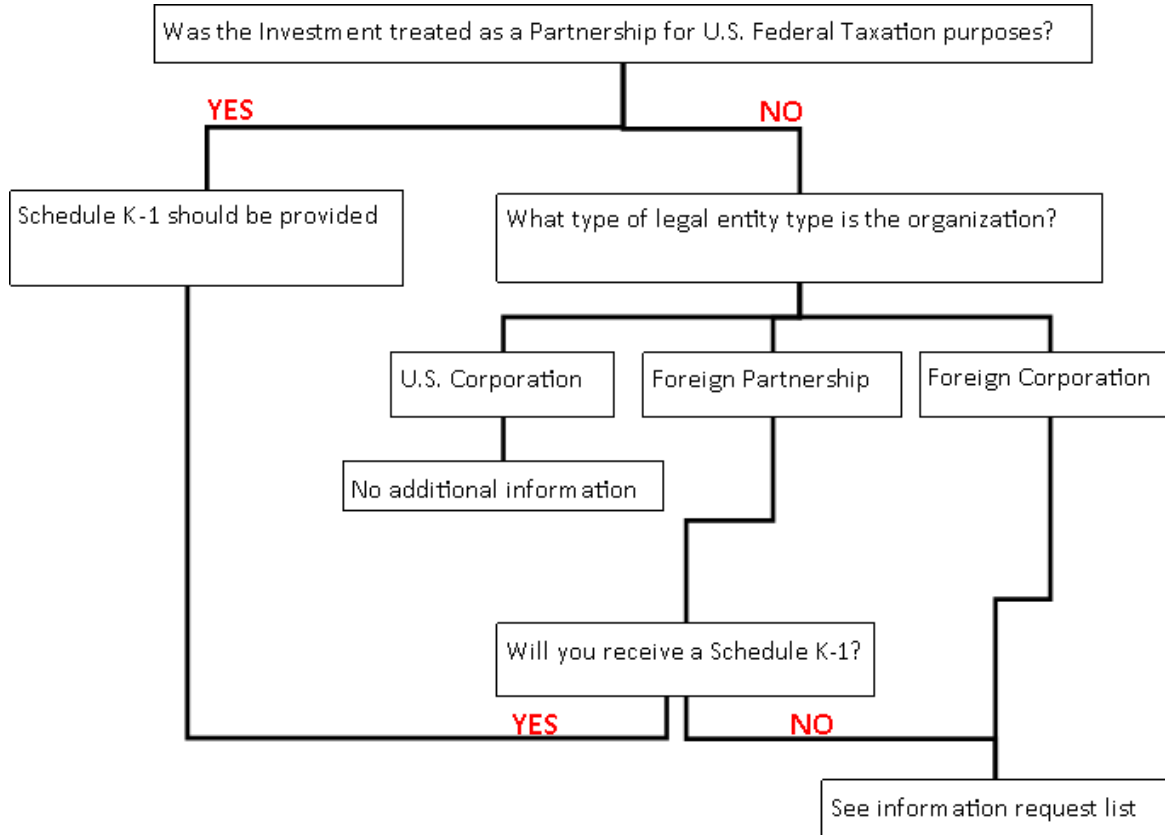


EO still taxable on 100% of ordinary income = \$8

EO also taxable on 30% (i.e., 60/200) of interest income = \$3



What type of information should be received?





Schedules K-1



UBTI Considerations

- Form 1065 K-1: Total UBTI *should* be disclosed and marked with appropriate code:
 - Line 20:
 - “Code V. Unrelated business taxable income. The partnership will report any information you need to figure unrelated business taxable income under section 512(a)(1) (but excluding any modifications required by paragraphs (8) through (15) of section 512(b)) for a partner that is a tax-exempt organization.”

```
LINE 20V - UNRELATED BUSINESS TAXABLE INCOME (UBTI):  
=====
```

THE PARTNERSHIP DID NOT GENERATE ANY UNRELATED BUSINESS TAXABLE INCOME DURING THE TAX YEAR.

- Form 1120-S K-1: 100% is reported as UBI
 - Includes gain/loss on disposition of S corporation



Qualified vs. Non-Qualified

- IRC Section 514(c)(9) exceptions from UBI
 - Educational organization and their supporting organizations
 - Qualified under IRC section 170(b)(1)(A)(ii)
 - Retirement plan trusts -Section 401 qualified trusts
 - Real property holding organizations -Section 501(c)(25)

	QUALIFYING* ORGANIZATIONS UBTI	NON-QUALIFYING ORGANIZATIONS UBTI
	ALLOCABLE SHARE OF UBTI (TOTAL FEDERAL)	ALLOCABLE SHARE OF UBTI (TOTAL FEDERAL)
1 ORDINARY BUSINESS INCOME/(LOSS)	605,241	605,241
2 NET RENTAL REAL ESTATE INCOME/(LOSS)	-	(54,753)



Sample K-1s – Given or Calculate

LINE 20V - UNRELATED BUSINESS TAXABLE INCOME

UNRELATED BUSINESS TAXABLE INCOME (UBTI) INCLUDED IN YOUR SCHEDULE K-1 DISTRIBUTIVE SHARE ITEMS IS AS FOLLOWS:

LINE 1 - ORDINARY BUSINESS INCOME (LOSS)	16,961
LINE 2 - NET RENTAL REAL ESTATE INCOME (LOSS)	-57
LINE 10 - NET SECTION 1231 GAIN (LOSS)	37
LINE 11ZZ - OTHER	223
LINE 13A - OTHER DEDUCTIONS - CASH CONTRIBUTIONS (60%)	3
LINE 13H - OTHER DEDUCTIONS - INVESTMENT INTEREST EXPENSE	1
LINE 13J - OTHER DEDUCTIONS - SECTION 59(E)(2) EXPENDITURES	11,728
LINE 13AE - DEDUCTIONS - PORTFOLIO INCOME	25
LINE 20AG - GROSS RECEIPTS FOR SECTION 448(C)	43,310

UNRELATED BUSINESS TAXABLE INCOME:

FOR TAX EXEMPT ORGANIZATIONS ONLY: YOUR SHARE OF UNRELATED BUSINESS TAXABLE INCOME (UBTI) INCLUDED ON YOUR SCHEDULE K-1 IS AS FOLLOWS:

78.063% OF LINE 1 ON YOUR SCHEDULE K-1 IS UBTI.
 92.456% OF LINE 2 ON YOUR SCHEDULE K-1 IS UBTI.
 4.580% OF LINE 3 ON YOUR SCHEDULE K-1 IS UBTI.

15.936% OF LINE 5 ON YOUR SCHEDULE K-1 IS UBTI.
 8.327% OF LINE 6A ON YOUR SCHEDULE K-1 IS UBTI.
 36.347% OF LINE 7 ON YOUR SCHEDULE K-1 IS UBTI.
 70.648% OF LINE 8 ON YOUR SCHEDULE K-1 IS UBTI.
 -18.414% OF LINE 9A ON YOUR SCHEDULE K-1 IS UBTI.*
 78.466% OF LINE 10 ON YOUR SCHEDULE K-1 IS UBTI.
 19.896% OF LINE 11E ON YOUR SCHEDULE K-1 IS UBTI.
 -28.023% OF LINE 11F ON YOUR SCHEDULE K-1 IS UBTI.
 63.176% OF LINE 13A ON YOUR SCHEDULE K-1 IS UBTI.
 64.903% OF LINE 13H ON YOUR SCHEDULE K-1 IS UBTI.
 35.250% OF LINE 13J ON YOUR SCHEDULE K-1 IS UBTI.
 83.371% OF LINE 13J ON YOUR SCHEDULE K-1 IS UBTI.
 0.008% OF LINE 13K ON YOUR SCHEDULE K-1 IS UBTI.**
 0.195% OF LINE 13L ON YOUR SCHEDULE K-1 IS UBTI.
 20.866% OF LINE 13W ON YOUR SCHEDULE K-1 IS UBTI.
 30.143% OF LINE 17A ON YOUR SCHEDULE K-1 IS UBTI.
 78.976% OF LINE 17B ON YOUR SCHEDULE K-1 IS UBTI.
 100.00% OF LINE 17C ON YOUR SCHEDULE K-1 IS UBTI.
 31.198% OF LINE 17D ON YOUR SCHEDULE K-1 IS UBTI.
 18.479% OF LINE 17E ON YOUR SCHEDULE K-1 IS UBTI.
 62.780% OF LINE 17F ON YOUR SCHEDULE K-1 IS UBTI.
 31.026% OF LINE 18C ON YOUR SCHEDULE K-1 IS UBTI.
 17.843% OF LINE 20T ON YOUR SCHEDULE K-1 IS UBTI.

* THE PERCENTAGES ABOVE MAY BE GREATER THAN 100% OR LESS THAN 0% DUE TO THE NETTING OF INCOME AND LOSSES FROM THE FUND'S UNDERLYING INVESTMENTS THAT WERE NOT RELATED TO UBTI. AS A RESULT, THE UBTI AMOUNT WILL BE GREATER OR LESS THAN THE TOTAL AMOUNT ON THE RESPECTIVE LINES.

** NOT INCLUDING MANAGEMENT FEES.

Page 1



Sample K-1 – Don't Miss Depletion

BOX 20, CODE V - UNRELATED BUSINESS TAXABLE INCOME

PLEASE NOTE THE PARTNERSHIP HAS NOT MADE A DETERMINATION AS TO YOUR SPECIFIC REPORTING REQUIREMENTS WITH REGARD TO IRC SECTION 512(A)(6), ENACTED AS PART OF PUBLIC LAW NUMBER 115-97, AND INTERIM AND TRANSITION GUIDANCE IN IRS NOTICE 2018-67. THE PARTNERSHIP HAS COMPUTED UNRELATED BUSINESS TAXABLE INCOME (UBTI) WITHOUT CONSIDERATION AS TO WHETHER IT MAY BE ENGAGED IN MORE THAN ONE UNRELATED TRADE OR BUSINESS. PLEASE CONSULT YOUR TAX ADVISOR.

YOUR SHARE OF ALL SCHEDULE K-1 ITEMS OF INCOME/(LOSS) AND DEDUCTIONS THAT IS CONSIDERED UNRELATED BUSINESS TAXABLE INCOME, INCLUDING AMOUNTS RELATED TO DEBT-FINANCED PROPERTY, IS:

LINE 1 - ORDINARY INCOME	355,779
LINE 2 - NET RENTAL REAL ESTATE INCOME	-
LINE 3 - OTHER NET RENTAL INCOME	-
LINE 5 - INTEREST INCOME	-
LINE 6 - DIVIDEND INCOME	-
LINE 7 - ROYALTIES	-
LINE 8 - SHORT TERM CAPITAL GAIN/ (LOSS)	-
LINE 9 - LONG TERM CAPITAL GAIN/ (LOSS)	-
LINE 10 - 1231 GAIN (LOSS)	-
LINE 11A - OTHER PORTFOLIO INCOME/ (LOSS)	-
LINE 11I - OTHER INCOME/ (LOSS)	-
LINE 13A - CASH CONTRIBUTIONS (60%)	-
LINE 13H - INVESTMENT INTEREST EXPENSE	-
LINE 13I - DEDUCTIONS FOR ROYALTY INCOME	-
LINE 13J - 59(e)(2) EXPENDITURES	(1,220,174)
LINE 13W - OTHER DEDUCTIONS	-
	<u>(864,395)</u>

TAXPAYER DEDUCTIONS OF DEPLETION SHOULD ALSO BE CONSIDERED WHEN DETERMINING UBTI.



Sample K-1 – Silent to UBTI

- K-1 has no 20V, is silent in the footnotes regarding UBI, but has income in box 1 and/or debt in box K1.
- Reach out to client or investment manager: Please confirm there is no UBI for 2024.

K1 Partner's share of liabilities:		Beginning	Ending
Nonrecourse . . . \$		5120	6770
Qualified nonrecourse financing . . . \$		300250	350700
Recourse . . . \$			





Form 990-T Reporting



IRC 512(a)(6)– Siloing / Bucketing Rules



Effective for tax years beginning after 12/31/2017 (e.g., calendar year 2018 or fiscal year 2019)



If one revenue stream – no changes



If more than one revenue stream - UBI & NOL will be calculated separately for each trade or business (without taking a specific deduction)



Qualifying Partnership Interest (QPI)

De Minimis Test

QPI if:

- $\leq 20\%$ capital interest
- Does not significantly participate in partnership
- Calculated using average of beginning and ending percentages

Participation Test

QPI if:

- $\leq 2\%$ profits interest
- $\leq 2\%$ capital interest
 - Calculated using average of beginning and ending percentages

Look-Through Rule

QPI if:

- Indirectly held interests
- Based on de minimis or participation test
 - Require directly held partnership itself owns 20% or less of the indirectly held partnership



IRC 512(a)(6) – Non-NAICS Business Activity vs. NAICS Codes

901101 – Investment Activities

- Debt-financed income
- Qualifying Partnership Interests
- Qualifying S Corporation Interests

904### – Nonqualifying S corporation Interests

All other investments separately reported

- First 2 digits of NAICS code that most accurately describe type of UBI





State UBI Reporting



State K-1 UBI

Must consider state apportionment vs. allocation rules

- Direct UBI is deemed apportionable
- Indirect (e.g., K-1) UBI is deemed allocable

Reality of state UBI information provided by K-1s

- Separate UBI list or chart – great!
- Not clear or not provided
 - Reach out to fund to confirm allocation (especially if larger amounts) OR
 - Reasonable method such as:
 - Apply similar % of UBI to total income type as Fed (e.g., Fed Line 1 UBI is 65% of total Line 1; multiply each state's Line 1 by 65%)
 - Use state sourced amounts



Throwback & Throwout Rules

- Throwback Rule: Designed to prevent "nowhere income."
 - Typically report portfolio (investment) income/loss to home state if not allocated elsewhere.
- Throwout Rule:
 - Similar to the throwback rule but focuses on preventing nowhere income from affecting apportionment factor.
 - Removes certain sales from apportionment factor if state source is not able to be determined.
- Example from K-1 footnote: UBTI GENERATED BY THE FUND IS CONSIDERED PORTFOLIO INCOME SOURCED TO THE PARTNER'S RESIDENT STATE.



State UBI Tax Filings

40 states, including District of Columbia have UBI filings

Some states use corporate (or trust) form; others have specific UBI form

Most states have no UBI threshold for filing, but clients often set their own thresholds based on UBI income, loss, or tax

Tax rates range from 0% to 10% when considering corporate rates only (trust rates are often higher)

- Be aware of states with a minimum tax (e.g., \$250 or \$400)



State & Fed UBI Tax Filings Differences

Filing dates – some are month before or after

- Also, some do not accept federal extension

IRC section 512(a)(6) conformity: all but California and Minnesota

NOLs – so many variances!

Option to e-file or file on state-specific site

- Be aware of states that require e-file waiver (sometimes due 60 days in advance of filing)



Polling *Question*

How confident are you in the accuracy of the tax reporting of your organization's alternative investments?

- Very confident
- Somewhat confident
- I need help! I'd like someone from CLA to contact me after the webinar to discuss related services.



Foreign Filings



Foreign Filings

Beware of penalties!

Form 926 - Return by a U.S. Transferor of Property to a Foreign Corporation

- Holds > 10% ownership of transferred cash of \$100,000

Form 5471 - Information Return of U.S. Persons With Respect to Certain Foreign Corporations

- More than 10% change in ownership in a foreign corporation

Form 8865 - Return of U.S. Persons With Respect to Certain Foreign Partnerships

- Holds > 10% ownership of transferred cash of \$100,000

Form 8621 - Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund

- Most exempt organizations won't have to file a Form 8621



Thank you!

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