



Tax-Exempt Organizations

Reinhart's Tax-Exempt Organizations Practice leverages a multidisciplinary approach to counsel a wide range of tax-exempt entities and help them navigate the challenges of today's complex regulatory environment. We understand the high levels of scrutiny that tax-exempt organizations face while conducting their missions, including regulatory, fiduciary and ethical requirements that are a step above those of traditional organizations and other businesses.

We represent a broad array of tax-exempt organizations, and leverage that uniquely informed perspective to find creative and efficient solutions for each of our clients' most challenging matters. Clients across many domains draw on us for informed counsel, including numerous charitable organizations, educational institutions, religious orders, long-term care facilities, hospitals, hospices, trade associations, research institutions, health insurers, nonprofits developing affordable housing, fraternal organizations, private foundations and endowments.

Our attorneys regularly provide counsel on the following matters of importance to tax-exempt organizations:

Exempt Organization Formation and Corporate Structures

Creating appropriate corporate structures and obtaining tax-exempt status are key to the long-term success of an exempt organization. Reinhart attorneys work closely with exempt clients to create legal structures and relationships with affiliates to achieve desired economic and operational goals while minimizing liability and tax risks. We counsel on the following matters:

- Assisting clients in choosing the proper legal entity and jurisdiction of incorporation
- Analyzing and advising clients regarding the appropriate type of exemption (e.g., Code section 501(c)(3), 501(c)(4) or 501(c)(6)) and, where appropriate, proper type of public charity classification
- Drafting corporate organizational documents (e.g., Articles of Incorporation and By-Laws) and operational documents (conflict of interest, compensation, employee non-retaliation and records retention policies, etc.) that meet the client's management and tax-exemption goals
- Developing Board of Directors, committee and operating structures to create long-term stability in management and effective governance
- Preparing and filing applications for federal exemption (IRS Form 1023 or 1024) and state and local exemption (income, sales and property tax)
- Negotiating with Internal Revenue Service and state and local taxing authorities to obtain desired tax status
- Registration with fund-raising regulators and assisting national organizations with multistate fund-raising



compliance

- Unrelated business income tax planning using corporate structures
- Creating structures for alternative or risky investments and activities, such as for-profit subsidiaries (both foreign and domestic) and single member limited liability companies, mergers and acquisitions

Joint Ventures, Strategic Alliances and Acquisitions/Divestitures

Reinhart attorneys bring unique expertise and experience in assisting tax-exempt organizations in acquiring or divesting activities and creating joint ventures and other strategic alliances. These transactions can be critical to the long-term success of a tax-exempt organization, and leverage multiple practices, such as [Corporate Law](#), [Tax](#), [Health Care](#), [Labor and Employment](#), [Employee Benefits](#) and others.

Reinhart has a team of specialists (including in [Mergers and Acquisitions](#)) that regularly advises clients in these critical transactions. From letter of intent to closing, we assist clients in structuring, documenting and executing these transactions with the goal of protecting our clients' interests and creating long-term value from the transaction.

Tax-exempt Bond Finance

Attorneys in Reinhart's [Banking and Finance Practice](#) regularly represent tax-exempt organizations obtaining financing with the proceeds of tax-exempt bonds, particularly in the health care, housing and higher education areas. We are experienced in both new-money and refunding transactions, as well as the related transactions often associated with tax-exempt bond financings, including negotiations with credit enhancement providers and the documentation of interest rate swaps and guaranteed investment contracts. We assist section 501(c)(3) organizations in the preparation of disclosure materials, both at the time of the initial offering of the bonds as well as with post-closing continuing compliance and disclosure obligations.

Lobbying by Tax-exempt Entities

Tax-exempt entities that wish to engage in lobbying and political activities need to know what they are allowed to do under tax law, as well as applicable state and federal laws. Nonprofits also need to be aware of when political activities of their employees or officers affect their organizations. We advise nonprofits on safe ways to advocate for social change; working with and commenting on candidates for public office, direct lobbying and grass roots lobbying; grants and donations to organizations that may lobby or activate voters; the section 501(h) lobbying expenditure election; the "no substantial part" test for lobbying; grant agreement language designed to insulate grant makers from the activities of their grantees; and compliance with state and federal ethics, election and campaign finance laws.



Religious Orders

We recognize that religious orders are unique from other clients in that their need for legal support is critical for carrying out many aspects of their missions. We leverage the experience of multiple practice areas, including [Tax](#), [Corporate Law](#), [Real Estate](#), [Labor and Employment](#), [Employee Benefits](#), [Litigation](#) and [Health Care](#) to address the unique needs of religious orders.

This includes matters related to corporate governance associated with Provincial leadership, divestiture and/or decommissioning of assets in compliance with stable patrimony rules, the reconfiguration and integration of Provinces and Province operations, compliance with Ethical and Religious Directives for Catholic Health Care Services, 403(b) church plan analysis and issues associate with the compensation and health care of religious members. We also work with canon lawyers to coordinate the canonical aspects of corporate-based legal matters.

Private Foundations

Many successful families and businesses have turned to private foundations to achieve significant income and transfer tax savings while providing a structured mechanism for achieving worthwhile, long-term philanthropic goals. Reinhart attorneys counsel on the creation of a private foundation – to the formation of appropriate administrative structures, to issues such as rules governing self-dealing, taxable expenditures, minimum distributions, excess business holdings and preparation of Form 990 PF.

Charitable Contributions and Planning

Charitable giving can be a key component of our clients' personal planning. We help our clients ensure that they receive the most favorable tax treatment with respect to their charitable giving. Tax benefits can include acceleration of the income tax charitable deduction, avoidance of percentage deduction limitations, and leveraging of the gift, estate and generation-skipping transfer tax exemptions.

In establishing a charitable giving plan, Reinhart attorneys discuss the specific interests that the client and the client's family want to pursue, how much involvement and what ability to direct the gifts the client desires, and what kinds of management the client or the client's family will require. We present our clients with advantages and disadvantages of a number of specific charitable vehicles to accomplish their goals. Such vehicles include charitable lead trusts, charitable remainder trusts and private charitable foundations. We also advise clients on the most advantageous assets to use with their charitable giving plan, such as highly appreciated assets and tax-deferred retirement accounts and annuities.

Associations

Reinhart attorneys work extensively with a wide range of associations. Our clients include many professional and



trade associations, fraternal benefit societies, social welfare organizations, voluntary employee beneficiary associations, social and recreational clubs, cooperatives and social welfare organizations. We understand the complexity inherent to multi-faceted, member based organizations as they evolve to meet the needs of today's constituencies. Often serving as offsite general counsel, we frequently advise in areas such as:

- Formation and exemption filing
- Tax – including unrelated business income tax issues
- Governance
- Membership
- Government relations
- Affinity programs
- Association health plans and captive insurers
- Contracting
- Risk management
- Dispute resolution