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## Tax-Exempt Entities and New Post-Issuance Bond Reporting - Are You Prepared To Comply?

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**T**he Internal Revenue Service has a new, expanded Form 990 which will significantly increase the information required to be filed by organizations described in Section 501 of the Internal Revenue Code of 1986, as amended. In addition to requiring additional general information relating to a tax-exempt entity, the new Form 990 requires substantial disclosure in regard to tax-exempt bonds issued for the benefit of the entity. Although only basic information on bond issues is required for tax year 2008, beginning with tax year 2009 extensive information on the use and investment of proceeds and the organization's procedures for compliance with tax restrictions will need to be reported on Schedule K. In addition, Schedule K to the new Form 990 requires reporting organizations to disclose whether they have sought the advice of independent counsel regarding the appropriate use of bond proceeds and bond-financed facilities.

If you are a tax-exempt organization with outstanding tax-exempt bonds, you should consider the following:

- Whether you may be exempt from the new Form 990 reporting requirements
- Whether you have appropriate policies and procedures in place to track the use and investment of bond proceeds in compliance with Schedule K
- Whether you have the appropriate policies and procedures in place to track the use of bond-financed facilities in compliance with Schedule K
- The phase-in reporting requirements of Form 990

Attorneys in the Public Finance Practice Group are prepared to work closely with tax exempt organizations to assist in completing Schedule K, including the development of guidelines and procedural manuals to permit effective responses to Schedule K and the conduct of internal audits to assure compliance with Schedule K requirements on an on-going basis.

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