

Exempt Organization Document Retention and Destruction Policy Guidelines

The purpose of this policy is to retain documents for a stated time period and once their usefulness has been achieved, to destroy these documents in a timely and efficient manner. The University is responsible for retaining paper and electric documents in a safe and secure environment to ensure the basic values of accuracy, confidentiality, security and proper archiving as well as proper document destruction once documents have served their purpose. This policy turns intentional document destruction into a process that must be carefully monitored. This policy is designed to eliminate accidental or innocent document destruction. In addition, it is important for administrative personnel to know the length of time records should be retained to comply.

This document retention and destruction policy identifies the record retention responsibilities of staff, volunteers, board members, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.

TIP: Certain federal or state laws may prohibit destruction of certain documents. For instance, while the federal Sarbanes-Oxley legislation generally does not pertain to tax-exempt organizations, it does impose criminal liability on tax-exempt as well as other organizations for destruction of records with the intent to obstruct a federal investigation. See 18 U.S.C. section 1519. Also note that an organization is required to keep books and records relevant to its tax exemption and its filings with the IRS.

Key Areas to Think About

- _ Accounting records
- _ Application for Recognition of Exemption (Form 1023 or Form 1024)
- _ Articles of Incorporation
- _ Bank statements
- _ Board minutes and resolutions
- _ Contracts
- _ Corporate Bylaws
- _ Emails
- _ Employee records
- _ Intellectual property documents
- _ IRS Determination Letter
- _ Real estate records
- _ Tax forms filed
- _ Voicemails

Additional Resources

The Nonprofit Policy Sampler, published by BoardSource, has some useful information regarding policies and procedures in general and comes with several sample policies on an included CD-ROM. The book can be purchased directly from BoardSource at <http://www.boardsource.org/Bookstore.asp?Item=45>.

Sample Retention Period Guidelines

	<u>Retention Period</u>		<u>Retention Period</u>
Accident reports/claims (settled cases)	7 years	Magnetic tape and tab cards	1 year
Accounts payable ledgers and schedules	7 years	Minute books of directors, stockholders, bylaws, and charter	Perm.
Accounts receivable ledgers and schedules	7 years	Notes receivable ledgers and schedules	7 years
Audit reports	Perm.	Option records (expired)	7 years
Bank reconciliations	6 years	Patents and related papers	Perm.
Bank statements	6 years	Payroll records and summaries	7 years
Capital stock and bond records: ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc.	Perm.	Personnel files (terminated)	7 years
Cash books	Perm.	Petty cash vouchers	3 years
Charts of accounts	Perm.	Physical inventory tags	3 years
Checks (canceled – see exception below)	7 years	Plant cost ledgers	7 years
Checks (canceled for important payments, i.e. taxes, purchases of property, special contracts, etc. Checks should be filed balances, with the papers pertaining to the underlying transaction)	Perm.	Property appraisals by outside appraisers	Perm.
Contracts, mortgages, notes, and leases (expired)	7 years	Property records, including costs, depreciation reserves, year-end trial depreciation schedules, blueprints, and plans	Perm.
(still in effect)	Perm.	Purchase orders (except purchasing department copy)	1 year
Correspondence (general)	2 years	Purchase orders (purchasing department copy)	7 years
Correspondence (legal and important matters only)	Perm.	Receiving sheets	1 year
Correspondence (routine) with customers and/or vendors	2 years	Retirement and pension records	Perm.
Deeds, mortgages, and bills of sale	Perm.	Requisitions	1 year
Depreciation schedules	Perm.	Sales commission reports	3 years
Duplicate deposit slips	2 years	Sales records	7 years
Employment applications	3 years	Scrap and salvage records (inventories, sales, etc.)	7 years
Expense analyses/expense distribution schedules	7 years	Stenographers' notebooks	1 year
Financial statements (year-end, other optional)	Perm.	Stock and bond certificates (canceled)	7 years
Garnishments	7 years	Stockroom withdrawal forms	1 year
General/private ledgers, year-end trial balance	Perm.	Subsidiary ledgers	7 years
Insurance policies (expired)	3 years	Tax returns and worksheets, revenue agents' reports, and other documents relating to determination of income tax liability	Perm.
Insurance records, current accident reports, claims, policies, etc.	Perm.	Time books/cards	7 years
Internal audit reports (longer retention periods may be desirable)	3 years	Trademark registrations and copyrights	Perm.
Internal reports (miscellaneous)	3 years	Training manuals	Perm.
Inventories of products, materials, and supplies	7 years	Union agreements	Perm.
Invoices (to customers, from vendors)	7 years	Voucher register and schedules	7 years
Journals	Perm.	Vouchers for payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc. for travel entertainment expenses)	7 years
Withholding tax statements	7 years		