

SAMPLE POLICY: RETENTION OF RECORDS

The XYZ Organization shall retain records for the period of their immediate or current use, unless longer retention is necessary or advised for historical reference or to comply with contractual or legal requirements. All references to records and documents apply to not only paper, but electronic files – including email – and recorded statements such as those captured on voice mail, audio and video tapes/CD's/DVD's and other storage media yet to be introduced, regardless of where they may be stored. This includes network servers, desktop or laptop computers and handheld computers and other wireless devices with text messaging capabilities.

In accordance with 18 U.S.C. Section 1519 and the Sarbanes Oxley Act, the XYZ Organization shall not knowingly destroy a document with the intent to obstruct or influence an “investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States...or in relation to or contemplation of such matter or case.” If an official investigation is underway or even suspected, document purging must stop in order to avoid criminal obstruction. Any individual who willfully destroys such documents will be immediately terminated.

In order to eliminate accidental or innocent destruction of records and documents, the XYZ Organization requires records be kept according to the following schedule:

KEEP PERMANENTLY

- Annual reports
 - Application for nonprofit status – most likely Form 1023 or 1024
 - Articles of Incorporation
 - Board resolutions
 - Bylaws/constitution – original and all the amendments
 - Charter
 - Depreciation schedules
 - Determination letter from the IRS
 - Donation records or restricted or endowment gifts
 - Employee discrimination records
 - Employee benefit plans
 - Environmental studies
 - Fixed asset records
 - Insurance policies even if they've expired (In the event of a covered but belated claim they can prove you were protected and you may be able to collect.)
 - Legal correspondence
 - Loan documents
 - Master ledgers
 - Minutes from board and executive committee meetings
 - Organizational charts
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- Personnel files of active employees
- Policy statements
- Procedures manuals
- Record of the name and address originally used by the organization to file for nonprofit status (Keep these in a separate place because you will need them to apply for duplicates if you ever lose your original papers.)
- Retirement and pension records
- State registration records
- State unemployment tax records
- Stock certificates including canceled certificates
- Strategic plans
- Trademark registrations and copyrights
- Training manuals
- 990's

There are some experts who suggest that you also keep the following forever, while others feel that if you keep these materials for at least seven years after their expiration you are being sufficiently prudent.

- Audit reports
- Business licenses
- Contracts
- Deeds
- Leases
- Tax exemption certificates

KEEP TEN YEARS

- Unrestricted donation records
- Voicemail that is potential evidence
- Workmen's Compensation documentation

KEEP SEVEN YEARS

- Accident reports and claims
- Bank statements and reconciliations
- Business related emails, including emails between board members
- Check records
- Employment files of terminated employees
- Grant records (after completion)
- Financial information you used to prepare your 990s
- Investment earnings records
- Minutes of committee meetings
- OSHA documents

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- Other records reflecting your day-to-day financial activities, including invoices, deposit records and electronic funds transfers,
- Payroll tax returns
- Personnel files of terminated employees
- Sales records – e.g., ticket sales and concessions
- Travel and expense reports
- W-2 statements

KEEP THREE YEARS

- General correspondence (You might want to cull your files annually and discard drafts and informal notes you are no longer using.)
- Internal reports
- Salary schedules

KEEP ONE YEAR

- Employment applications of individuals who were never hired
- Unfunded grants

Because there is not 100 percent agreement on the length of time records are retained and because this list may not be inclusive, you should review this with your financial advisor. His or her advice will provide a good basis for a policy statement regarding the retention of records for your specific organization.

Also, it is wise to indicate where these records may be found.