



# Records Retention & Deletion

# This Presentation

Because there are so many different State and Federal laws regarding document retention, a wider list is being used to likely cover what you need.

You may still need to review State laws or consult an attorney with you local jurisdiction to make sure you chapter is complying with all requirements.

# What is Record Retention

- ❖ Maintenance of important documents
- ❖ Proof of compliance
- ❖ Ability to show corporate governance

# What is a Records Retention Policy?

“ A 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. ”

Source: Instructions to IRS Form 990, pg. 23

# Why is this Important?

- ❖ Sarbanes Oxley (Federal Law)
- ❖ IRS (to show why you should be exempt from taxes)
- ❖ Individual State Law
  
- ❖ Key Questions:
  - Did you follow nonprofit rules for your State?
  - Can you show you maintained nonprofit corporate governance?
  - Did you maintain proper accounting of your funds?

# What is Required?

- ❖ Create a document retention policy
  - Roadmap...
- ❖ Maintain specific documentation as required by State/Federal Law.
- ❖ If you become the subject of an audit, **DO NOT DESTROY ANY DOCUMENTS IN CURRENT POSSESSION.** (It's a crime!)

# Where Should I Keep Records?

- ❖ State Law Requirements?
- ❖ Chapter Decision
- ❖ Traditional Method of Paper: Pros and Cons
- ❖ Cloud Storage: Pros and Cons

# It's Yours Forever

## ❖ CORPORATE RECORDS

- Articles of Incorporation
- Annual reports to SOS or Attorney General
- Board meeting minutes, policies, resolutions
- Bylaws
- Fixed Assets
- IRS Applications (Form 1023), IRS Determination Letter

## ❖ FINANCIAL RECORDS

- Annual audits/Year end financial statements
- Depreciation Schedules
- IRS Form 990 Tax Returns



# It's Yours Forever

## ❖ LEGAL DOCS

- Insurance policies
- Real Estate documents
- Stocks and Bonds
- Gifts

## ❖ EMPLOYMENT RECORDS

- Unemployment Tax
- Payroll records
- Employment and termination agreements

# Seven Years or Bad Luck

- ❖ Accounts payable ledgers and schedules
- ❖ Contracts, mortgages, notes, and leases (expired)
- ❖ Expense analyses/expense distribution schedules
- ❖ Invoices (to customers, from vendors)
- ❖ Payroll records and summaries
- ❖ Personnel files (terminated employees)
- ❖ Timesheets
- ❖ Withholding tax statements

# Three Short Years

- ❖ Bank Reconciliations
- ❖ Banks Statements
- ❖ Correspondence
- ❖ Deposit Slips
- ❖ Internal Audit Reports
- ❖ Inventory Records

# Additional Thoughts

- ❖ Policies apply equally to documents saved in the cloud, on a server, or in a filing cabinet.
- ❖ Are there documents that you should keep for the sake of history or institutional memory?
- ❖ All inform related to your IRS 990 Tax Return filings should probably be kept in case of audit.
- ❖ Policy preamble may emphasize the connection between the policy and the fiduciary duty of the board of directors.
- ❖ Emails, text messages, “messenger” policies.

# Additional Resources

- ❖ [Document Retention policies - What every nonprofit should know](#) (DC Bar Pro Bono Center)
  - Includes a sample policy
- ❖ [Memo for guidance on document retention and destruction](#)(Public Counsel Law Center).
  - [Sample document retention policy](#)
- ❖ [IRS Compliance Guide for 501\(c\)\(3\) Public Charities](#) (IRS)
- ❖ [All about document retention policies and the Sarbanes Oxley Act](#) (Hurwit & Associates)
- ❖ [Document Retention Policies for Nonprofits](#) (National Council of Nonprofits)
- ❖ [ABA Coordinating Committee on Nonprofit Governance. "Guide to Nonprofit Corporate Governance in the Wake of Sarbanes-Oxley."](#) American Bar Association, 2005.