

## RECORDS RETENTION POLICY

Proper maintenance of corporate documents and records is critical from both management and legal aspects. An organization's preparedness for financial or IRS audit, legal action and/or response, and public inquiry, loss by theft or natural catastrophe, among other things, depends largely on keeping accurate records for as long as necessary.

The following is a partial listing of recommended retention times for several types of corporate records. The list is categorized according to the recommended length of time to retain certain documents. It is not a complete listing but a general overview. Local counsel should be consulted to ensure that the recommended times for retention of legal documents are sufficient under the statute of limitations and other laws of your particular state.

### **PERMANENT RECORDS:**

#### **Accounting**

1. Audit reports of accountants
2. Checks used for important payments, i.e. taxes, property, etc.
3. Depreciation schedules
4. End-of-year financial statements
5. Tax and information returns (State and Federal)

#### **Legal**

1. Articles of Incorporation
2. Bylaws
3. Corporate Charter, constitution
4. IRS examinations, rulings, comments
5. Litigation
6. Minutes—board and executive committee
7. Tax exemption letter
8. Insurance records
9. Tax exemption application
10. Contracts
11. Leases

### **THREE YEARS:**

#### **Accounting**

1. Accounts payable and receivable
2. Bank reconciliations
3. Invoices (after payment)
4. Monthly financial reports and statements
5. Working papers: accounting, budgets, cash flow, financial reports

#### **Legal**

1. Service contracts (after terminations)

#### **All Correspondence**

### **FOUR YEARS:**

#### **Legal**

1. Employment tax records

### **SEVEN YEARS:**

#### **Accounting**

1. Accounts payable and receivable ledgers and schedules
2. Canceled checks
3. Donor contributions (numbered receipts)
4. Journals
5. Sales invoices

#### **Legal**

1. Accident reports (after settlement)
2. Insurance matters: policies, fire inspection reports, claims