



...find the answer here

## Webinar - -November 7, 2007: Mind the Paper!

### Handout

The following documents should be maintained **PERMANENTLY**:

#### Governance

- § Articles of Incorporation, also called "Certificate of Incorporation," "Charter," or Articles of "Association."
- § Bylaws, including copies of superseded bylaws
- § IRS Determination Letter and related correspondence
- § Certificate of State income tax exemption (or other document issued by the state)
- § Annual reports filed with the State
- § Minutes of board meetings
- § Corporate resolutions, if separate from minutes

#### Finances and Tax Records

- § Annual financial statements/audits
- § Depreciation schedules
- § Chart of Accounts and General Ledger
- § Federal tax returns (Form 990, 990-T, 990-EZ etc)
- § Supporting documentation for 990s

#### Insurance and Real Estate Records

- § Policies (including expired)
- § Deeds to real property owned
- § Real estate contracts to purchase and sell

#### Employment Records

- § Employment Contracts and termination agreements
- § Retirement and pension plan documents
- § State unemployment records
- § Payroll tax records (withholdings)

**Other:**

- § Appraisals on real property and assets such as art
- § Copyright and Trademark Registration documents
- § Environmental Studies
- § Documents and photographs of historic significance to the organization

**What to do if:**

(1) You can't find your Determination letter and need a new one?

- § Send a letter to the IRS informing them of the situation and enclosing photocopies of whatever correspondence you do have from the IRS that refers to your organization as a tax-exempt entity. Generally the IRS will replace the letter for you within a matter of weeks. The mailing address is:

Internal Revenue Service  
Exempt Organizations Determinations  
P.O. Box 2508  
Cincinnati, OH 45201

(2) You can't find (or can't read!) your organization's Articles of Incorporation and would like a new copy?

- § Call to inquire about the process, or send a letter to the state office (usually Secretary of State) in your state that governs nonprofit corporation formation. Enclose a copy of your organization's most recently filed state annual report, if applicable. Request a copy of the original articles of incorporation. There may be a copying fee. Be sure to enclose a self-addressed stamped envelope for the return of the documents to you.

**SAMPLE DOCUMENT RETENTION and DESTRUCTION POLICIES  
are found on the pages that follow...**

**SAMPLE ONE**  
**DOCUMENT RETENTION AND DESTRUCTION POLICY**

**Record Retention and Destruction Policy**

This policy covers all records and documents, regardless of physical form or characteristics, which have been made or received by [NAME OF ORGANIZATION] in connection with the transaction of public business.

**PART I: POLICY AND PROCEDURES**

**A. RETENTION POLICY**

The [NAME OF ORGANIZATION] shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference, or to comply with contractual or legal requirements, or for other purposes as set forth below. The records of the [NAME OF ORGANIZATION] shall be classified for purposes of retention and destruction as follows:

**Category 1: Permanent Retention.** Records that are permanent or essential shall be retained and preserved indefinitely.

*Permanent records.* Permanent records are records required by law to be permanently retained and which are ineligible for destruction unless they are microfilmed or placed on an optical imaging system, and special measures are followed. Once these measures are followed, the original paper records may be destroyed. Duplicate copies of permanent records may be destroyed whenever they are no longer necessary for the efficient operation of the [NAME OF ORGANIZATION]. Examples of permanent records include articles of incorporation; IRS determination letter; bylaws; Board minutes; and independent audits.

*Essential records.* Essential records are records necessary for the continuity of business and the protection of the rights and interests of individuals. Examples of essential records are: Grant Awards and Contracts.

**Category 2: Current Records.** Current records are records that for convenience, ready reference or other reasons are retained on-site in the office. Current records shall be retained as follows:

Where retention period specified by law. Where federal, state, or local law prescribes a definite period of time for retaining certain records, the [NAME OF ORGANIZATION] will retain the records for the period specified by law. Examples of records required to be maintained for a specific period are Worker's Compensation

Records, grievances and payroll records; Accident-Injury reports must be retained 5 years pursuant to 29 CFR 1404.6.

Where no retention period specified by law. Where no specific retention period is specified by law, the retention period for records that the organization is required to retain shall be specified in the attached Record Retention and Destruction Schedule. Records shall be retained for a minimum of two years, although such records may be treated as “storage records” and placed in storage at any time during the applicable retention period. Examples of current records include: correspondence, schedules and administrative records.

**Category 3: Storage Records.** Storage records are records that are retained off-site. Storage records are subject to the same retention requirements as current records. Example of storage records include: invoices and payroll reports.

**Category 4: No Retention Required.** Documents and other materials that are not “records” need not be retained unless retention is otherwise required by local law or by the attached Record Retention and Destruction Schedule. Documents and other materials (including originals and duplicates) that are not otherwise required to be retained, are not necessary to the functioning or continuity of the organization and which have no legal significance may be destroyed when no longer needed. Examples include materials and documents generated for the convenience of the person generating them, draft documents (other than some contracts) that have been superseded by subsequent versions, or rendered moot by organizational action, and duplicate copies of records that are no longer needed. Specific examples include telephone message slips, miscellaneous correspondence not requiring follow-up or departmental action, notepads, e-mails that do not contain information required to be retained under this policy, and chronological files.

With limited exceptions, no specific retention requirements are assigned to documents in this category. Instead, it is up to the originator or recipient to determine when the document's business utility has ended.

## **B. RECORDS NOT ADDRESSED IN THE RECORD RETENTION SCHEDULE**

Records and other documents or materials that are not expressly addressed by the attached schedule may be destroyed at any time provided that they have been retained for the periods prescribed for substantially similar records.

## **C. STORAGE OF RECORDS**

Records may be stored in the [NAME OF ORGANIZATION]'s office if the records are in active use or are maintained in the office for convenience or ready reference. Examples of active files appropriately maintained in the organization's office space include active chronological files, research and reference files, legislative drafting files, pending complaint files, administrative files, and personnel files. Inactive records, for which use

or reference has diminished sufficiently to permit removal from the [NAME OF ORGANIZATION]'s office, may be sent to an off-site storage facility.

#### **D. HISTORICAL RECORDS**

Historical records are records that are no longer of use to the organization but which because of their age or research value may be of historical interest or significance. Historical records may not be destroyed.

#### **E. PENDING CLAIMS AND LITIGATION**

The retention periods set forth in the attached record retention schedule shall not apply to materials that are otherwise eligible for destruction, but which may be relevant to a pending claim or litigation against the organization. Once the [NAME OF ORGANIZATION] becomes aware of the existence of a claim against the organization, the organization will retain all documents and other materials related to the claim until such time as the claim or subsequent litigation has been resolved. When the organization has reason to believe that one or more other related locations or entities have records relating to the claim or litigation, those departments will also be notified by the organization of the need to retain such records.

### **SAMPLE TWO DOCUMENT RETENTION POLICY<sup>1</sup>**

The corporate records of XYZ and its subsidiaries (hereafter the "organization") are important assets. Corporate records include essentially all records you produce as an employee, whether paper or electronic. A record may be as obvious as a memorandum, an e-mail, a contract, or a case study, or, something not as obvious, such as a computerized desk calendar, an appointment book, or an expense record.

The law requires the organization to maintain certain types of corporate records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject you and the organization to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the organization in contempt of court, or seriously disadvantage the organization in litigation.

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This "Sample Document Retention Policy," was published in conjunction within "Law Firm Document Retention Policies," by Sharon Nelson and John Simek, published in *Law Practice Today*, July 2004, located online at <http://www.abanet.org/lpm/lpt/articles/ptr07046.html>. © American Bar Association. Reprinted with permission. All rights reserved. This information appears in the ABA Law Practice Management Section publication, *Document Management & Retention*, August 2006.

The organization expects all employees to fully comply with any published records retention or destruction policies and schedules, provided that all employees should note the following general exception to any stated destruction schedule: If you believe, or the organization informs you, that organization records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until the legal department determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If you believe that exception may apply, or have any question regarding the possible applicability of that exception, please contact the legal department.

From time to time the organization establishes retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that bear special consideration are identified below. While minimum retention periods are suggested, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention identified above, as well as any other pertinent factors.

- (a) Tax Records. Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of deductions, business costs, accounting procedures, and other documents concerning the organization's revenues. Tax records should be retained for at least seven years from the date of filing the applicable return.
- (b) Employment Records/Personnel Records. State and federal statutes require the organization to keep certain recruitment, employment, and personnel information. The organization should also keep personnel files that reflect performance reviews and any complaints brought against the organization or individual employees under applicable state and federal statutes. The organization should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file. Employment and personnel records should be retained for seven years.
- (c) Board and Board Committee Materials. Board meeting minutes should be retained in perpetuity in the organization's minute book. A clean copy of all board and board committee materials (agendas, reports) should be kept for no less than three years by the organization.
- (d) Press Releases/Public Filings. The organization should retain permanent copies of all press releases and publicly filed documents under the theory that the organization should have its own copy to test the accuracy of any

document a member of the public can theoretically produce against that organization.

- (e) Legal Files. Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of 10 years.
- (f) Client and Program Documents. The organization should keep documents that contain client authorizations, permissions, and communications relating to programs for the duration of the program or the client relationship, and generally for at least 7 years.
- (g) Intellectual Property. Documentation of the development of intellectual property and the use of intellectual property publicly or “in the stream of commerce” is critical for the organization’s ability to prove the date it commenced using its intellectual property; documentation of efforts to demonstrate that the organization has taken affirmative steps to protect its property.
- (h) Contracts. Final, execution copies of all contracts entered into by the organization should be retained. The organization should retain copies of the final contracts for at least [three] years beyond the life of the agreement, and longer in the case of publicly filed contracts.
- (i) Electronic Mail. E-mail that needs to be saved should be either
  - (ii) Printed in hard copy and kept in the appropriate file; or
  - (ii) Downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

Failure to comply with this Document Retention Policy may result in punitive action against the employee, including suspension or termination. Questions about this policy should be referred to [name, phone number, e-mail], who is in charge of administering, enforcing, and updating this policy.

I have received the [Name of Nonprofit’s] Document Retention and Destruction Policy on this date: \_\_\_\_\_

\_\_\_\_\_  
Employee’s Signature

## SAMPLE DOCUMENT RETENTION SCHEDULE FOR NATIONAL NONPROFIT

A sample document retention schedule (below) may be used as a template in the preparation of a policy created specifically to meet the document management needs of individual organizations.

<b>Sample Document Retention &amp; Destruction Schedule</b>				
<b>Category of Records</b>	<b>Description of Records</b>	<b>Manner of Record Keeping</b>	<b>Retention Period</b>	<b>Disposition</b>
<b>General</b>	Correspondence	Compile and store current correspondence in appropriate subject files or in accordance with general corporate filing guidelines.	<b>Two Years.</b> This period may be increased or shortened depending upon importance to daily business activities.	Archive only correspondence important to business activities. Useless documents should be recycled or shredded.
<b>Financial</b>	Accounts payable ledgers and schedules	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Archive with financial records and shred after three years of storage.
	Accounts receivable ledgers and schedules	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Archive with financial records and shred after three years of storage.
	Annual information returns (IRS Forms 990)	Federal law requires that the three most recent years returns be kept in the organization headquarters and be made available for public inspection	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Audit reports	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Banking statements and reconciliations	Compile and file records on an annual basis.	<b>Three Years.</b> Store with financial records.	Shred at the end of the retention period.
	Cash books	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Chart of accounts	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Cancelled checks	For important payments, i.e., taxes, purchases of property, special contracts, etc., checks should be filed with the papers pertaining to the	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.



<b>Sample Document Retention &amp; Destruction Schedule</b>				
<b>Category of Records</b>	<b>Description of Records</b>	<b>Manner of Record Keeping</b>	<b>Retention Period</b>	<b>Disposition</b>
		underlying transaction. Otherwise, compile and file records on an annual basis.		
	Depreciation schedules	Compile and file records on an annual basis.	<b>Six Years.</b> Store with financial records.	Shred at the end of the retention period.
	Duplicate deposit slips	Compile and file records on an annual basis.	<b>Six Years.</b> Store with financial records.	Shred at the end of the retention period.
	Expenses analyses and distribution schedules	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Financial statements (year-end, other optional)	Compile and file records on an annual basis.	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	General/private ledgers, year-end trial balances	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Journal entries	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Notes receivable ledgers and schedules	Compile and file records on an annual basis	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Payroll records and summaries	Compile and file records on an annual basis	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Petty cash vouchers	Compile and file records on an annual basis	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Property records including costs, depreciation reserves, year-end trial balances, depreciation schedules, blueprints, and plans	Compile and file records on an annual basis	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Purchase orders	Compile and file records on an annual basis	<b>One Year.</b> Store with financial records.	Shred at the end of the retention period.
	Requisitions	Compile and file records on an annual	<b>One Year.</b> Store with financial	Shred at the end of the retention period.

<b>Sample Document Retention &amp; Destruction Schedule</b>				
<b>Category of Records</b>	<b>Description of Records</b>	<b>Manner of Record Keeping</b>	<b>Retention Period</b>	<b>Disposition</b>
		basis	records.	
	Tax returns, worksheets, and revenue agents' reports	Compile and file records on an annual basis	<b>Permanent.</b> Store with financial records.	Archive with financial records at the end of the retention period.
	Time cards	Compile and file records on an annual basis	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Vouchers (invoices) for payments to vendors, employees, etc. (includes allowances and reimbursements of employees, officers, and consultants for travel and entertainment expenses.	Compile and file records on an annual basis	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
	Withholding tax statements	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with financial records.	Shred at the end of the retention period.
<b>Governance</b>	Board of Directors minutes, notes and reports from all years.	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other corporate records.	Archive with financial records at the end of the retention period.
	Governing documents including articles of incorporation, bylaws, amendments, membership and other related documents	File documents with other corporate records.	<b>Permanent.</b> Store with other corporate records.	Archive with corporate records at the end of the retention period.
<b>Grants</b>	Proposals, original contract agreements, supporting data, accounting documents, financials, subrecipient policy reports, time cards invoices for payments to subawardees,	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other grant records.	Archive with grant records for three years at the end of the retention period following the filing of the closing report and acceptance by the funding agency.

<b>Sample Document Retention &amp; Destruction Schedule</b>				
<b>Category of Records</b>	<b>Description of Records</b>	<b>Manner of Record Keeping</b>	<b>Retention Period</b>	<b>Disposition</b>
	subaward agreements, procurement documents, A-133 audits and related correspondence			
<b>Human Resources</b>	Employment applications	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Personnel files (current)	Compile and file records on an annual basis.	<b>One Year.</b> Store with other human resources records	Shred at the end of the retention period.
	Personnel files (from date of termination)	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Retirement and pension records	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other human resources records.	Archive with human resources records at the end of the retention period.
	Records of pension paid to employees or beneficiaries (after final payment)	Compile and file records on an annual basis.	<b>Six Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Insurance policies (expired)	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Insurance records, current accident reports, claims	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other human resources records.	Archive with human resources records at the end of the retention period.
	Garnishments	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Payroll information (from the date of the last entry)	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Family and medical records	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.
	Form I-9s	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other human resources records.	Shred at the end of the retention period.

<b>Sample Document Retention &amp; Destruction Schedule</b>				
<b>Category of Records</b>	<b>Description of Records</b>	<b>Manner of Record Keeping</b>	<b>Retention Period</b>	<b>Disposition</b>
<b>Legal</b>	Business associate agreements and other HIPAA related documents	Compile and file records on an annual basis.	<b>Six Years.</b> Store with other relative legal records.	Shred at the end of the retention period.
	Correspondence (provided no ongoing/outstanding issues)	Compile and file records on an annual basis.	<b>Five Years.</b> Store with other relative legal records.	Shred at the end of the retention period.
	Deeds, mortgages, bills of sale and relative correspondence	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other legal records.	Archive with legal records at the end of the retention period.
	Commercial contracts and related documentation	Compile and file records on an annual basis.	<b>Six Years.</b> Store with other relative legal records.	Shred at the end of the retention period.
	Government contracts and related documentation	Compile and file records on an annual basis.	<b>Three Years.</b> Store with other relative legal records.	Shred at the end of the retention period.
	Financing documents, credit agreements and loan commitments	Compile and file records on an annual basis.	<b>Seven Years.</b> Store with other relative legal records.	Review at the end of the retention period to determine if documents should be archived or shredded.
	Litigation files	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other legal records.	Archive with legal records at the end of the retention period, as some precedence could be established that could govern how certain issues are conducted presently and/or in the future.
	Trademarks and copyright materials	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other legal records.	Archive with legal records at the end of the retention period.
<b>Marketing</b>	Annual reports, brochures, newsletters (limited copies), and PSAs	Compile and file records on an annual basis.	<b>One Year.</b> Store with other marketing materials.	Archive with marketing materials at the end of the retention period.
	Magazines (limited copies)	Compile and file records on an annual basis.	<b>Two Years.</b> Store with other marketing materials.	Archive with marketing materials at the end of the retention period.
	Photographs and/or corporate videos with identified or	Compile and file records on an annual basis.	<b>As needed.</b> Store with other marketing materials.	Archive only desired marketing materials at the end of the retention period.

<b>Sample Document Retention &amp; Destruction Schedule</b>				
<b>Category of Records</b>	<b>Description of Records</b>	<b>Manner of Record Keeping</b>	<b>Retention Period</b>	<b>Disposition</b>
	identifiable people, places and/or events. No current photos and/or videos will be collected that do not have HIPAA clearance – must have a signed release			
	Releases, authorizations and/or permission-granting documents	Compile and file records on an annual basis.	<b>As needed.</b> Store with other marketing materials.	Archive only desired marketing materials at the end of the retention period.
<b>Operations</b>	Inventories of products, materials and supplies	Compile and file records as inventories are performed.	<b>Three Years.</b> Store with other operations documents.	Discard at the end of the retention period
	Property insurance policies/records	Compile and file records on an annual basis.	<b>Permanent.</b> Store with other operations documents.	Archive with marketing materials at the end of the retention period.
	Records relating to each occupational injury or illness, including annual summary and other OSHA forms.		<b>Five Years.</b> Store with other operations documents.	Shred at the end of the retention period.
<b>Rehabilitation/ Workforce Development</b>	Case Records – Funded	Compile and file records on an annual basis.	Retained as required by the funding source. Store with other case files.	Shred at the end of the retention period.
	Case Records— Self-funded	Compile and file records on an annual basis.	<b>Six Years.</b> HIPAA Regulations	Shred at the end of the retention period.

For More Sample Policies, email us at: [info@nonprofitrisk.org](mailto:info@nonprofitrisk.org)