



## Document Retention & Destruction Policy

Some documents and business records of a nonprofit should be maintained permanently, such as:

- Articles of Incorporation
- Determination Letter from the IRS
- Insurance Policies
- Minutes of Meetings
- Corporate Resolutions

The IRS explains why it asks about document retention policies on the Form 990:

"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 the Form 990 page 23)

The Sarbanes-Oxley Act's prohibition of the destruction of documents that are subject to review in litigation provides an additional rationale for every nonprofit adopting a document retention policy. This will create a regular business practice of systematic document destruction in accordance with an approved schedule. Having a written policy, and regular business practice of document destruction according to a schedule, lets people know what documents to retain (and for how long). Such a policy is not only a prudent practice but also sound risk management.

### **The process of developing a document retention policy involves:**

(1) Identifying what types of paperwork (and electronic files) your nonprofit generates; (2) Determining the appropriate (and legal) length of time to retain them; and (3) Recording those retention times on a written schedule.

Unfortunately there is no one regulation or guideline that governs document retention for all nonprofits. Laws relating to document retention are state-specific in many cases (such as those governing employment/payroll). In some cases the length of time to retain a document should be governed by the time period that a potential claimant has to bring a claim in that state, which can differ from state to state. Also, many nonprofits, particularly those engaged in providing health-care services or those serving minor children, are subject to retention requirements that are specific to, or prudent for, the services they provide.

It may be wise to check with the professional advisor/accounting firm that prepares your nonprofit's annual returns to the IRS and ask what documents may be needed in the event of an IRS audit, and how long to retain them. While it may not be obvious, email records are "documents" that should also be addressed in the nonprofit's document retention policy.



## Furkids Document Retention & Destruction Policy

Furkids takes seriously its obligations to preserve information relating to litigation, audits, and investigations.

The information listed in the retention schedule below is intended as a guideline and may not contain all the records that Furkids may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to Samantha Shelton, Founder and CEO, or the Operations Director.

From time to time, the CEO or Operations Director may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the CEO or Operations Director.

| File Category              | Item                                                         | Retention Period          |
|----------------------------|--------------------------------------------------------------|---------------------------|
| Corporate Records          | Bylaws and Articles of Incorporation                         | Permanent                 |
|                            | Corporate resolutions                                        | Permanent                 |
|                            | Board and committee meeting agendas and minutes              | Permanent                 |
|                            | Conflict-of-interest disclosure forms                        | 4 years                   |
| Finance and Administration | Financial statements (audited)                               | 7 years                   |
|                            | Auditor management letters                                   | 7 years                   |
|                            | Payroll records                                              | 7 years                   |
|                            | Check register and checks                                    | 7 years                   |
|                            | Bank deposits and statements                                 | 7 years                   |
|                            | Chart of accounts                                            | 7 years                   |
|                            | General ledgers and journals (includes bank reconciliations) | 7 years                   |
|                            | Investment performance reports                               | 7 years                   |
|                            | Equipment files and maintenance records                      | 7 years after disposition |



|                          |                                                                                               |                                                        |
|--------------------------|-----------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                          | Contracts and agreements                                                                      | 7 years after all obligations end                      |
|                          | Correspondence — general                                                                      | 3 years                                                |
| <b>Insurance Records</b> | Policies — occurrence type                                                                    | Permanent                                              |
|                          | Policies — claims-made type                                                                   | Permanent                                              |
|                          | Accident reports                                                                              | 7 years                                                |
|                          | Safety (OSHA) reports                                                                         | 7 years                                                |
|                          | Claims (after settlement)                                                                     | 7 years                                                |
|                          | Group disability records                                                                      | 7 years after end of benefits                          |
| <b>Real Estate</b>       | Deeds                                                                                         | Permanent                                              |
|                          | Leases (expired)                                                                              | 7 years after all obligations end                      |
|                          | Mortgages, security agreements                                                                | 7 years after all obligations end                      |
| <b>Tax</b>               | IRS exemption determination and related correspondence                                        | Permanent                                              |
|                          | IRS Form 990s                                                                                 | 7 years                                                |
|                          | Charitable Organizations Registration Statements (filed with South Carolina Attorney General) | 7 years                                                |
| <b>Human Resources</b>   | Employee personnel files                                                                      | Permanent                                              |
|                          | Retirement plan benefits (plan descriptions, plan documents)                                  | Permanent                                              |
|                          | Employee handbooks                                                                            | Permanent                                              |
|                          | Workers comp claims (after settlement)                                                        | 7 years                                                |
|                          | Employee orientation and training materials                                                   | 7 years after use ends                                 |
|                          | Employment applications                                                                       | 3 years                                                |
|                          | IRS Form I-9 (store separate from personnel file)                                             | Greater of 1 year after end of service, or three years |
|                          | Withholding tax statements                                                                    | 7 years                                                |
|                          | Timecards                                                                                     | 3 years                                                |
| <b>Technology</b>        | Software licenses and support agreements                                                      | 7 years after all obligations end                      |



### **1. Electronic Documents and Records.**

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

### **2. Emergency Planning.**

Furkid’s records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the organization operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

### **3. Document Destruction.**

The CEO or Operations Director is responsible for the ongoing process of identifying its records, which have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

### **4. Compliance.**

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Furkids and its employees and possible disciplinary action against responsible individuals. The CEO, Operations Director and Board President will periodically review these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.