

Document Retention and Destruction Policy

PURPOSE OF THIS TOOL: Certain federal laws prohibit the destruction of certain documents. Not-for-profit organizations should have a written, mandatory document retention and periodic destruction policy. Policies such as this will eliminate accidental or innocent destruction. In addition, it is important to know the length of time records should be retained to be in compliance.

Document Destruction

The Document Retention and Destruction Policy identifies the record retention responsibilities of volunteers, members of the board of directors, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.

The organization's volunteers, members of the board of directors, committee members and outsiders (independent contractors via agreements with them) are required to honor the following rules:

- a. Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained.
- b. All other paper documents will be destroyed after three years.
- c. All other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year.
- d. No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation (check with legal counsel), and
- e. No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards (Single Audit Act).

Record Retention

The following table* indicates the minimum requirements and is provided as guidance to customize in determining your organization's document retention policy. Because statutes of limitations and state and government agency requirements vary from state to state, each organization should carefully consider its requirements and consult with legal counsel before adopting a Document Retention and Destruction Policy. In addition, federal awards and other government grants may provide for a longer period than is required by other statutory requirements.

* Adapted from National Council of Nonprofits.

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Articles of Incorporation	Permanently
Audit reports (internal and external)	Permanently
Bank Records: Cancelled Checks Check Register Deposit and Withdrawal Records Electronic Fund Transfers Reconciliations Statements	7 years (1 year for check register)
Budgets	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes, and leases (expired)	7 years
Contracts (still in effect)	Contract period
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with members, customers and vendors)	2 years
Donors and Donations	7 years
Expense Accounts, Approvals, Travel Expense Reimbursements and documentation, Petty Cash Records	7 years
Federal Tax ID Application and Correspondence	Permanently
Financial statements - Year-end	Permanently
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently
Inventory records for products, materials, and supplies	3 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws, and charter	Permanently
Mission Statements, Strategic Plans	Permanently
Patents and related papers, Project Files	Permanently
Tax-Exempt (federal and/or state) Application with Applicable Correspondence	Permanently
Tax returns and worksheets	Permanently
Trademark registrations and copyrights	Permanently