

UUYO: Records Retention Practice

Nonprofits are required by federal and state law to retain certain records for varying amounts of time. They also need records for daily operations.

Records should not be kept if they are no longer needed for church operation, have no historical value, or are required by law. Unnecessary records should be purged. The costs associated with keeping unnecessary records (additional file space, staff and volunteer time to locate pertinent records) can grow quickly if records are not purged regularly. The guidelines below give retention periods for the most common records.

RECORD	RETENTION PERIOD
Accounts receivable and payable ledgers & schedules	7 years
Articles of incorporation, charter, bylaws	Permanent
Audit Reports	Permanent
Audit reports - internal	3 years
Bank reconciliations	3 years
Bank statements	deposit statements
EFT documents - e.g. Vanco ACH authorization	Vanco requires 2 years after termination of ACH request
Board minutes	Permanent
Business licenses	Permanent
Canceled checks	7 years (or 2-4 years after an audit has been done)
Canceled checks for important payments & purchases	Permanent
Chart of Accounts	Permanent
Contracts – major	Life + 4 years
Contracts – minor	Life + 3 years
Correspondence (general)	3 years
Correspondence (legal and important matters)	Permanent
Deeds, mortgages, bills of sale	Permanent
Depreciation schedules	Permanent
Employee files (ex-employees)	7 years after termination
Employment applications (ex-employees)	3 years
Expense analysis/ distribution records	7 years
Financial statements (year-end annual)	Permanent
Fixed asset purchases	Permanent
Garnishments	7 years
General Ledger	Permanent
Grants (unfunded)	1 year
Grants (funded)	7 years after closure
Insurance policies (expired)	3 years

Insurance records, current accident reports. Claims, policies	Permanent
Inventory records	7 years
Leases/mortgages	Permanent
Loan documents and notes	Permanent
Loan payment schedules	7 years
Payroll records	7 years
Purchase orders	7 years
Pledge/donation /contribution records	7 years
Retirement and Pension plans	Permanent
Tax Form 1099-MISC	7 years
Tax returns and worksheets	7 years
Timesheets	7 years
Withholding tax statements (FICA Federal Income	7 years
Workers Compensation docs	10 years after 1st closure

Electronic Documents

Electronic documents (such as critical e-mails) that represent a category listed above should either be printed in hard copy and kept in an appropriate file, or downloaded to a computer file and kept electronically as a separate file.

Off-site storage

Some records are so important that copies or originals should be kept off-site. What records are irreplaceable? What records are needed to keep running in an emergency?

Periodic Review of Records

Records should be reviewed periodically to organize, destroy, and archive files into long-term storage. A “purge day” may be calendared for this purpose.

1. Take an inventory of records stored in the daily operating space and long-term storage.
2. Consider the records by type of record:
 - a. Administrative value - use in day-to-day operations
 - b. Legal value - records that must be maintained to comply with laws or regulations
 - c. Historical value - records that show history of the church
3. Discard or archive records according to the schedule above.
 - a. When storing boxes of archived records, mark with a “destroy after” date so contents need not be reviewed each time.
 - b. Date file labels to assist in future review and purging.
 - c. Shred any confidential records slated for disposal.