



CRAFTON HILLS COLLEGE FOUNDATION
BOARD POLICY
DOCUMENT RETENTION

I. Background.

Just as removing emails from your inbox on a regular basis is good housekeeping, so is discarding non-essential paperwork from old file cabinets. In an effort to avoid inadvertently throwing out something critical, this policy is being written to guide staff on what records to discard and what to save.

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 IRS 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 adopting a document retention policy. This will create a regular business practice of systematic document destruction in accordance with this 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

II. Purpose. The purposes of this document retention policy are for the Crafton Hills College Foundation (the "Foundation") to enhance compliance with the Sarbanes-Oxley Act and to promote the proper treatment of corporate records of the Foundation.

III. General Guidelines. Records should not be kept if they are no longer needed for the operation of the business or required by law. Unnecessary records should be eliminated from the files. The cost of maintaining records is an expense which can grow unreasonably if good housekeeping is not performed. A mass of records also makes it more difficult to find pertinent records.

From time to time, the Foundation may establish 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 warrant special consideration are identified on Section V,

Minimum Retention Periods for Specific Categories. While minimum retention periods are established, 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, as well as the exception for litigation relevant documents and any other pertinent factors.

IV. **Exception for Litigation Relevant Documents.** The Foundation expects all officers, directors, and employees to comply fully with any published records retention or destruction policies and schedules, provided that all officers, directors, and employees should note the following general exception to any stated destruction schedule: If you believe, or the Foundation informs you, that Foundation records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until it is determined that the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records.

V. **Minimum Retention Periods for Specific Categories.**

- a. Organizational Documents. Organizational records include the Foundation's articles of incorporation, by-laws and IRS Form 1023, Application for Exemption. Organizational records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.
- b. Tax Records. Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the Foundation's revenues. Tax records should be retained for at least seven (7) years from the date of filing the applicable return.
- c. Board and Board Committee Materials. Meeting minutes should be retained in perpetuity either electronically or in the Foundation's minute book. A clean copy of all other Board and Board Committee materials should be kept for three (3) years by the Foundation.
- d. 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 ten (10) years.
- e. Marketing and Sales Documents. The Foundation should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally three (3) years. An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least three (3) years beyond the life of the agreement.
- f. Contracts. Final, executed copies of all contracts entered into by the Foundation should be retained for at least three (3) years beyond the life of the agreement.
- g. Correspondence. Unless correspondence falls under another category listed elsewhere in this policy, correspondence should generally be saved for two (2) years.
- h. Banking and Accounting. Accounts payable ledgers and schedules should be kept for seven (7) years. Bank reconciliations, bank statements, deposit slips and checks (unless for

- important payments and purchases) should be kept for three (3) years. Any inventories of products, materials, and supplies and any invoices should be kept for seven (7) years.
- i. Insurance. Expired insurance policies, insurance records, accident reports, claims, etc. should be kept permanently.
 - j. Audit Records. External audit reports should be kept permanently. Internal audit reports should be kept for three (3) years.