

# **FAR AWAY PROJECTS**

## **DOCUMENT RETENTION AND DESTRUCTION POLICY**

### **General**

The purpose of this Document Retention and Destruction Policy (this “Policy”) is to ensure that necessary books and records of Far Away Projects, a California nonprofit public benefit corporation (the “Corporation”) are adequately protected and maintained, and to ensure that records that are no longer needed or of no value are discarded at the appropriate time. This Policy is intended as a guideline for retention of records; it is not a comprehensive list of all types of records that the Corporation might have.

### **Sarbanes-Oxley Act**

The Sarbanes-Oxley Act (the “Act”) in 2002 created strict new rules about how organizations, including non-profits, must manage their records. The Act takes a very broad definition of the word “records.” A record, under the Act, is any material that contains information about the organization’s plans, results, policies or performance. Thus, anything about the Corporation that can be represented with words or numbers is considered a business record and the Corporation is expected to retain and manage such records for several years or in some cases permanently depending on the nature of the information. Failure to retain those records for those minimum periods could subject the Corporation and its employees to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the Corporation in contempt of court, or seriously disadvantage it in litigation.

### **Responsibilities and Authorities**

It is the responsibility of the executive director (or if there is none, the Board of Directors) to assure that this Policy is carried out in accordance with the schedule set forth herein. The executive director (or the Board of Directors if applicable) may recommend an individual to be designated as the Document Retention and Destruction Officer, who will work with designated staff to conduct an annual review of all records and forms to determine those to be destroyed.

### **Document and Record Categories and Time Frames for Retention**

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.

The following table provides the minimum requirements:

<b>TYPE OF RECORD</b>	<b>MINIMUM RETENTION PERIOD</b>
<b>Accounting Records</b>	
Annual Financial Statements	Permanent
Monthly financial statements	5 years
General ledger	Permanent
Annual audit records	Permanent
Journal entries	Permanent
Special reports	7 years
Canceled checks	7 years
A/P paid invoices	7 years
Business expense records	7 years
Credit card receipts	3 years
Cash receipts	3 years
Accounts payable ledger/schedules	7 years
Accounts receivable invoices and records	7 years
Paid bills, statements and invoices (for taxes and capital assets)	Permanent
Chart of accounts	Permanent
Fixed assets and depreciation schedules	Permanent
Loan documents	7 years after final payment
Purchase orders	7 years
Invoice records	7 years
Stop payment orders	3 years
Bank statements and reconciliations	7 years
<b>Tax Records</b>	
Federal information and tax returns (not payroll) (e.g., Form 990, 990T)	Permanent
State & local information and/or tax returns	Permanent
Supporting documentation for taxes	8 years
City & State excise tax reports & supporting documentation	8 years
Property tax exemptions, applications, assessments, appeals	Permanent
1099 forms	Permanent
Payroll taxes (W2&W3)	While active + 7 years
Payroll taxes (Form 941- state withholding forms-state unemployment returns)	While active + 7 years

<b>Payroll Records</b>	
Wage rate tables	While active + 7 years
Wage/Salary records	While active + 7 years
Payroll deductions	While active + 7 years
Timesheets (non-exempt)	While active + 7 years
W-2 forms	While active + 7 years
W-4 forms	While active + 7 years
Garnishments	While active + 7 years
Payroll registers	While active + 7 years
State employment forms	While active + 7 years
State unemployment tax records	While active + 7 years
Cancelled payroll checks	While active + 7 years
Deductions register	While active + 7 years
Earnings records	While active + 7 years
Changes or adjustments to salary	While active + 7 years
<b>Insurance Records</b>	
Policies (expired)	3 years
Claims for loss/damage, accident reports, appraisals	5 years
<b>Corporate Records</b>	
Articles of Incorporation & Bylaws, etc.	Permanent
Board and Committee Meeting minutes	Permanent
Board Resolutions	Permanent
Policy Statements	Permanent
Board approved Guidelines and Procedures	Permanent
Employee directories	5 years
Annual Reports	Permanent
IRS Applications and determination letters	Permanent
FTB Applications and determination letter	Permanent
Conflict of Interest Disclosures	While active + 5 years
<b>Legal Records</b>	
Correspondence- general legal matters	10 years –Permanent (consult with CFO/CEO)
General Contracts	3 years after termination
Real estate contracts, records & appraisals	Permanent
Personal injury records	8 years
Trademark registration	Permanent
Copyright registration	Permanent
Patents	Permanent
Litigation claims	5 years following close of case
Court documents & records	5 years following close of case
Deposition transcripts	5 years following close of case

Discovery materials	3 years following close of case
Leases	7 years after termination
Memoranda of Understanding (MOU)	7 years after termination
Independent Contractor Agreements	7 years after termination
<b>Personnel Records</b>	
Employment applications (persons not hired)	3 years
Employment applications (persons hired)	While active + 7 years
Employee resumes & employment history	While active + 7 years
Evaluations	While active + 7 years
Promotions-raises-reclassifications & job descriptions	While active + 7 years
Disciplinary warnings-demotion- lay-off & discharge	While active + 7 years
Employment & termination agreements	Permanent
Beneficiary information	While active + 7 years
Medical and safety records	While active + 7 years
Accident reports	While active + 7 years
Education assistance	While active + 7 years
Sick leave benefits	While active + 7 years
Retirement plans (after expiration)	6 years
Incentive plans (after expiration)	6 years
Pension plans (after expiration)	6 years
I- 9 Forms	While active + 7 years
OSHA documents	5 years
<b>Donor Records</b>	
Grant applications & contracts	Permanent
Corporate in-kind donor records	Permanent
Individual donor records	Permanent
Event documents	3 years
Donor acknowledgements	7 years
<b>Communications Records</b>	
Publications and related materials	Permanent
Press Releases/Public Filings	Permanent

## **Electronic Documents, Voicemails, and Records**

Electronic documents will be retained as if they were paper documents. Voicemail will be transcribed and retained the same as paper documents. Therefore, any electronic files, including records of donations made online, and transcribed voicemails that fall into one of the document types on the above schedule must be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email 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.

## **Emergency Planning**

The Corporation’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.

## **Document Destruction**

The Corporation’s executive director (or such person as is designated by the executive director, or if none, by the Board of Directors) 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.