

# Nonprofit Accounting and Consulting Services

A hallmark and passion since our founding, we understand the unique financial and operational challenges nonprofits face. And, we know how to work effectively with executive directors and the boards they serve to help them fulfill their mission. Our team helps associations, social-service providers, religious groups, foundations, cultural organizations, and more to serve their communities powerfully and effectively.

## Helping Mission-Based Organizations Serve Their Communities

Adhering to regulatory and compliance requirements is crucial for nonprofit organizations to maintain a healthy financial environment. Our knowledge and experience with nonprofit organizations can assist your organization with audit and assurance, tax, compliance, and consulting services to help you fulfill your mission.



## Contact Us

3601 Rigby Road  
Suite 400  
Miamisburg, OH 45342  
(937) 223-5247

3 Easton Oval  
Suite 300  
Columbus, OH 43219  
(614) 885-7407

2206 Chester Blvd  
Richmond, IN 47374  
(765) 966-0531

11175 Cicero Drive  
Suite 300  
Alpharetta, GA 30022  
(404) 257-9475



## Records Retention Schedule for Nonprofits



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# Records Retention Schedule for Nonprofits

The following table adapted from the National Council of Nonprofits 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.

## Document Destruction

The Document Retention and Destruction Policy identifies the record retention responsibilities of staff, 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 staff, volunteers, members of the board of directors, committee members and outsiders (independent contractors via agreements with them) are required to honor the following rules:

- Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained by (fill in the blank based on the organization's practices);
- All other paper documents will be destroyed after three years;
- All other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year;
- 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 or the human resources department for any current or foreseen litigation if employees have not been notified); and
- No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards (Single Audit Act).

Document	Retention Period
Accounts payable ledgers & schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks ( <i>for important payments and purchases</i> )	Permanently
Contracts, mortgages, notes, and leases ( <i>expired</i> )	7 years
Contracts ( <i>still in effect</i> )	Contract period
Correspondence ( <i>general</i> )	2 years
Correspondence ( <i>legal and important matters</i> )	Permanently
Deeds, mortgages & bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate Deposit Slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules	7 years
Year-end financial statements	Permanently

Document	Retention Period
Insurance records, accident reports, claims, policies ( <i>active and expired</i> ), etc.	Permanently
Internal audit reports	3 years
Inventory records for products, materials, and supplies	3 years
Invoices ( <i>to customers, from vendors</i> )	7 years
Minute books, bylaws, and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files ( <i>terminated employees</i> )	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Time card and daily reports	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

**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 for administrative personnel to know the length of time records should be retained to be in compliance.



**BRADY WARE**

**About Brady Ware & Company** | Established over 70 years ago, Brady Ware is a Top 200 advisory and CPA firm serving clients locally and throughout the U.S. from its four offices in Dayton (OH), Columbus (OH), Atlanta (GA) and Richmond (IN). Focused on small- to middle-market, privately held companies, Brady Ware's team includes more than 150 CPAs and strategic business advisors. Services include tax, assurance, and advisory solutions with industries served including nonprofits, renewable energy, dealerships, franchises, construction, real estate, technology, and more.

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