

Record Retention Guidelines

Business documents are an important history of your business' transactions with customers, vendors, creditors, and employees. These records should be maintained and available to resolve questions that may arise in the future.

As Certified Public Accountants, we are often asked how long we would suggest that you maintain certain types of records. Your business records should be easily accessible to authorized personnel in your business. Your business records should be maintained in accordance with general guidelines set forth below. Certain circumstances involving pending or potential litigation may require an extension of time for record retention. Your legal counsel should be consulted prior to discarding documents that may be subject to an extended retention period.

Special retention requirements may apply to documents or information maintained on computer systems. According to Revenue Ruling 71-20, magnetic media type records "are required to be retained so long as the contents may become material in the administration of any internal revenue law." In general, the holding period for magnetic media is the same as the hard-copy holding period requirements.

The listing below is only a rough guide, requiring adjustment to specific needs and statutory requirements. Legal consultation is advisable before putting a record retention policy into effect.

| <u><i>Type of Record</i></u> | <u><i>Retention Period</i></u> | <u><i>Type of Record</i></u> | <u><i>Retention Period</i></u> |
|--|--------------------------------|------------------------------------|--------------------------------|
| Accident reports & claims | 7 years | Accounts payable ledgers | 7 years |
| Accounts receivable ledger | 7 years | Audit reports | Permanent |
| Bank reconciliations | 3 years | Bank statements | 7 years |
| Canceled checks – taxes, capital purchases & important contracts | Permanent | Canceled checks- other | 7 years |
| Capital stock and bond records | Permanent | Cash books | Permanent |
| Charts of accounts | Permanent | Contracts & leases-expired | 7 years |
| Contracts & leases in effect | Permanent | Correspondence-Customers & vendors | 1 year |
| Correspondence-general | 3 years | Correspondence-legal | Permanent |
| Deeds, mortgages and bills of sale | Permanent | Depreciation schedules | Permanent |
| Duplicate deposit slips | 3 years | Employee personnel records | 3 years |

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|---|-----------|---|-----------|
| | | after termination | |
| Employee benefit plan records | 7 years | Employment applications | 3 years |
| Expense analysis & distribution schedules | 7 years | Financial statements-year end | Permanent |
| Financial statements-other | 7 years | General ledgers & trial balances-year end | Permanent |
| Inherited property records & valuations | Permanent | Insurance policies-expired | 3 years |
| Insurance records | Permanent | Insurance audit reports | Permanent |
| Internal reports | 3 years | Inventory records | 7 years |
| Invoices to customers | 7 years | Invoices from vendors | 7 years |
| Journals | Permanent | Low-income housing records | 7 years |
| Minute books of directors & stockholders | Permanent | Notes receivable ledgers | 7 years |
| Option records | 7 years | Payroll records | 7 years |
| Petty cash vouchers | 3 years | Physical inventory tags | 3 years |
| Property appraisals | Permanent | Property records | Permanent |
| Purchase orders | 7 years | Receiving sheets | 3 years |
| Requisitions | 2 years | Sales records | 7 years |
| Savings bond records-employees | 3 years | Scrap & salvage records | 7 years |
| Stock room withdrawal forms | 1 year | Subsidiary ledgers | 7 years |
| Tax returns, worksheets & revenue agents' reports | Permanent | Time books | 7 years |
| Trade mark registrations | Permanent | Voucher registers | 7 years |