Texas State Council

# OPERATIONAL POLICY/ PROCEDURE

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|---|---|
| **Title:** Records Retention | **Number:** |
| **Cross Reference:** | |
| **Approved by:** Texas State Council Board of Directors | **Origination Date:** |
| **Revised by: Bylaws & Policy and Procedures Committee** | **Approval Date: 12/2025** |
| | **Revision Date: 1/21/2021** |

## I. POLICY PURPOSE:

To retain Federal Tax exemption, a non-profit organization must establish that it is organized and operated as to the specified purpose that gave rise to the Internal Revenue grant of a tax exemption. Texas State Council non-profit classification is as an "educational" organization (IRS section 501(c)(3).

## II. POLICY BACKGROUND/DEFINITIONS:

Under the federal Sarbanes-Oxely Act (2002), the destruction of documents in the face of a governmental inquiry is a criminal offense and applies to both profit and non-profit companies. Although there have been various state and federal requirements regarding the maintenance of records before Sarbanes-Oxley, it now of utmost importance to maintain a policy of records retention and be aware of this law in the decision making process for destruction of documents.

## III. PROTOCOL/PROCEDURE:

**(A)** Table A – F, which is not specifically mandated by state or federal statute does provide a rational order of retention and disposal time-tables suggested by the possibility of disputes within the organization, litigation, and potential for audits by federal or state authorities.

**(B)** Electronic documents and records that are stored on physical media (hard drives, USB drives, CDs, DVDs, tape back-up, etc.) also need to be destroyed. Destruction of these records can be done by physical obliteration of the media (breaking or physically shredding CDs and DVDs, drilling into a hard drive to destroy it, etc.). Destruction can also be done by electronic shredding of the media by a commercially available program.

**(C)** The Secretary will be responsible for record retention and destruction according to the attached tables.

Table A: Institutional and Legal Records

| | |
|---|---|
| Articles of Incorporation | Permanent |
| Charter | Permanent |
| Bylaws | Permanent |
| Policies | Permanent |
| Minutes of Board Meetings | Permanent |
| Minutes of Council Meetings | Permanent |
| Minutes of Committee Meetings | Permanent |
| State Qualifications of Doing Business | Permanent |
| Document Destruction Log | Permanent |
| Official Correspondence | 7 Years |
| Personnel Files including I- 9 records | While active + 6 years |

Table B: Federal Tax Records

| | |
|---|---|
| Form 990 and support | Permanent |
| Form 990 – T and support | Permanent |
| IRS Exemption Application and Determination Letter | Permanent |
| State Tax Exemptions | Permanent |
| Employee Identification Number (EIN) | Permanent |

Table C: Accounting and Financial Records

| | |
|---|---|
| Accounts Receivable and Subsidiary Ledgers | 10 Years |
| Uncollected Accounts | 10 Years |
| Accounts Payable and Subsidiary Ledgers | 10 Years |
| 1099 and other Federal Forms | 10 Years |

| | |
|---|---|
| Check Registers | 10 Years |
| Description of Accounting System | 10 Years |
| General Ledgers and Operating Ledgers | While active + 9 years |
| Program Annual Financial Reports | While active + 9 Years |
| Annual Financial Statements & Audit Reports | Permanent |
| Scholarship Applications (whether awarded or not) | 7 Years per ENA Policy |

Table D: Litigation Records

| | |
|---|---|
| Claims | While active + 9 years |
| Court Documents and Records | While active + 9 years |
| Discovery Material | While active + 9 years |
| Settlement Documents | While active + 9 years |

Table E: Insurance Records

| | |
|---|---|
| Property and Liability Policies | Permanent |
| Insurance claims documentation | While active + 12 years |

Table F: Bank Records

| | |
|---|---|
| Bank, Brokerage, Investment Accounts Statements | 7 Years |
| Wire Transfer Records | 7 Years |
| Bank Reconciliation's & Support | 7 Years |
| Canceled Checks | 7 Years |
| Cash Receipts | 7 Years |

All other communications and records not identified in this listing should be retained as a minimum while active plus six years.