

# **RICHARD H. STEWART, JR AMERICAN LEGION POST 543**

## **DOCUMENT MANAGEMENT & RETENTION POLICY 009**

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### **BACKGROUND:**

There are no standardized records retention policies for non-profit organizations at the Federal, State, or local levels, only suggested retention recommendations. The National and Department of the American Legion also do not have specific retention policies and provide only suggestions/recommendations. However, it is highly recommended the Posts establish and approve a retention policy to ensure they have the records available to answer questions and or respond to inquiries and audits.

There are several different types of records which we create and generate during the course of conducting business. There may also be specific instances where the Post does not require records retention.

#### **IRS Guidance**

Public charities must keep records for federal tax purposes for as long as they may be needed to document evidence of compliance with provisions of the IRC. This means the organization must keep records that support an item of income or deduction on a return until the statute of limitations for that return runs. The statute of limitations has run when the organization can no longer amend its return and the IRS can no longer assess additional tax. The statute of limitations runs three years after the date the return is due or filed, whichever is later. An organization may be required to retain records longer for other legal purposes, including state or local tax purposes. Record Retention periods vary depending on the types of records and returns. Permanent Records – Some records should be kept permanently. These include the application for recognition of tax-exempt status, the determination letter recognizing tax-exempt status and organizing documents, such as articles of incorporation and bylaws, with amendments, as well as board minutes.

Employment Tax Records – If an organization has employees, it must keep employment tax records for at least four years after filing the fourth quarter for the year. Records for Non-Tax Purposes – When records are no longer needed for tax purposes, an organization should keep them until they are no longer needed for non-tax purposes. For example, a grantor, insurance company, creditor or state agency may require that records be kept longer than the IRS requires.

#### **American Legion Guidance**

Other records can be permanent records. The retention schedule should be written policy of the post. From IRS guide to Charitable organizations <https://www.irs.gov/pub/irs-pdf/p4221pc.pdf> (While this pertains specifically to 501(c) 3 Charities it is a good guide for 501(c)19 Veteran Organizations). Public charities must keep records for federal tax purposes for as long as they may be needed to document evidence of compliance with provisions of the Internal Revenue Code. This means the organization must keep records that support an item of income or deduction on a return until the statute of limitations for that return runs. The statute of limitations has run when the organization can no longer amend its return and the IRS can no longer assess additional tax. The statute of limitations runs three years after the date the return is due or filed, whichever is later. An organization may be required to retain records longer for other legal purposes, including state or local tax purposes. Record Retention Periods - Record retention

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Based on the information from the IRS, Council of Non-Profits and the American Legion, the following are record types which we should consider for retention with a specific period for each record type. These records should be in a digital format with a minimum of 2 separate storage devices:

### **PERMANENT RETENTION**

- Articles of Incorporation
- Audit reports, from independent and internal audits
- Corporate resolutions
- Determination Letter from the IRS, and correspondence relating to it
- Financial statements (year-end)
- Insurance policies and records
- Minutes of board meetings and annual meetings of members
- Real estate deeds, mortgages, bills of sale (If applicable)
- Tax returns (Federal and State)
- Capital stock and bond records: ledgers, transfer payments, stubs showing issues, record of interest coupon, options, etc.
- Checks (canceled, for important payments, i.e., taxes, purchase of property, special contracts, etc. [checks should be filed with the papers pertaining to the underlying transaction])
- Contracts and leases still in effect
- Correspondence (legal and important matters)
- Donation records of endowment funds and of significant restricted funds

### **10 Year Retention**

- Contracts and leases (expired): 10 years
- Depreciation schedules: 10 years
- Donation records, other: 10 years [Note: Donation records include a written agreement between the donor and the charity with regard to any contribution, an email communication or notes of or recordings of an oral discussion between the charity and the donor where the representative of the charity made representations to the donor with

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- regard to the contribution on which the donor may have relied in making the gift.]
- Expense analysis and expense distribution schedules (includes allowance and reimbursement of employees, officers, etc., for travel and other expenses: 10 years
- Inventories of products, materials, supplies: 10 years
- Invoices to customers: 10 years
- Invoices from vendors: 10 years
- Journals: 10 years
- Voucher register and schedules: 10 years

### 3-4 Year Retention

- Correspondence, general: 4 years
- Internal reports, miscellaneous: 3 years
- Purchase orders: 3 years
- Volunteer records: 3 years

### Policy

The Richard H. Stewart Jr. American Legion Post 543 Document Management and Retention Policy 009 is designed to ensure the individuals creating documents on behalf of Post 543 properly maintain and retain the documents so the Post can respond to questions and provide the proper documentation upon request. The policy also ensures the post is compliant with IRS regulations by maintaining all records to support IRS 990 filings.

This policy outlines the importance of all documents (hardcopy, digital, or other media); how they should be retained and protected; and when they should be destroyed. The policy also outlines how documents are to be provided to authorities during their legal investigations or lawsuits.

Document management and retention include paper copies, digitized documents, and emails generated by the respective Executive Committee, committee chairperson or post member. The Post Adjutant shall have the responsibility to store and maintain all records received for retention and storage.

Any Executive Committee member or post member responsible for either the creation, distribution, storage, and retention of records, documents, shall abide by this policy.

All Executive Committee or post member generated documents shall be saved in a digital format, where feasible. All hard copy and digital records shall be presented to the Post Adjutant not later than the end of the first quarter of each new fiscal year. Any paper files shall be placed into a digital format at the direction of the Post Commander.

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All Post 543 documentation should be digitized at every opportunity to ensure document preservation. Executive Committee members are responsible for the protection of all generated documents. Any paper copy of documentation may be destroyed upon creation of a digital record. The exception is if the document is to be permanently retained by the policy.

All current fiscal year documentation shall be stored at the residence of the respective Executive Committee, committee chairperson, or post member. All historical documentation shall be stored in a climate-controlled facility for the duration of the document's life.

Electronic documentation shall be recorded and maintained on a thumb drive, CD, and in cloud storage. The post may also employ the latest data storage technology where it is deemed appropriate. The post shall maintain two sets of digitized historical records, one in controlled storage and the second with the Adjutant. This ensures records are available in the event of a catastrophic event.

Document destruction, if any, should occur at the designated time noted in the policy, after all previous year's records is completed. All document destruction must cease when the Post is being investigated by any governmental law enforcement agency. Resumption of the routine destruction activities may resume only with the written approval of Judge Advocate or the Post Commander. Document destruction shall be accomplished by shredding the applicable documents.

The following tables outlines the document type, retention period, and destruction date:

<b>DOCUMENT TYPE</b>	<b>RETENTION PERIOD</b>	<b>DESTRUCTION DATE</b>
Articles of Incorporation	PERMANENT	NONE
IRS Determination Letter and related correspondence	PERMANENT	NONE
Capital stock and bond records: all documents	PERMANENT	NONE
Donation records of endowment funds and or significant restricted funds	PERMANENT	NONE
History Books	PERMANENT	NONE
Bank Financial statements	10 Years	During the First Quarter of 11 <sup>th</sup> year
Financial Reports (EXCOM-Membership)	10 Years	During the First Quarter of 11 <sup>th</sup> year
Contracts and leases (expired)	10 Years	During the First Quarter of 11 <sup>th</sup> year

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Insurance policies and records	10 Years	During the First Quarter of 11 <sup>th</sup> year
Donation records, other (oral and or written agreement (emails) between the donor and the Post regarding any contribution.	10 Years	During the First Quarter of 11 <sup>th</sup> year
Sales Tax Records	7 Years	During the First Quarter of 8 <sup>th</sup> year
Federal Tax Records	7 Years	During the First Quarter of 8 <sup>th</sup> year
Solicitation License Requests	7 Years	During the First Quarter of 8 <sup>th</sup> year
Executive Committee and General Membership meetings with attachments	7 years	During the First Quarter of 8 <sup>th</sup> year
Budget Documents (annual & Mid-Year Review files	7 years	During the First Quarter of 8 <sup>th</sup> year
Quicken Back up files	7 years	During the First Quarter of 8 <sup>th</sup> year
Post Audit Reports	7 years	During the First Quarter of 8 <sup>th</sup> year
Scholarship applications & documentation	7 years	During the First Quarter of 8 <sup>th</sup> year
Post-generated Reports (e.g., CPR)	7 years	During the First Quarter of 8 <sup>th</sup> year
Post Committee Reports (includes meeting minutes, financials, etc.)	7 years	During the First Quarter of 8 <sup>th</sup> year
Expense Reports (Includes receipts and invoices)	7 years	During the First Quarter of 8 <sup>th</sup> year
Judge Advocate Documentation	5 Years	During the First Quarter of 6 <sup>th</sup> year
Veteran's Memorial Documents (bricks, financial, upkeep, etc.)	5 Years	During the First Quarter of 6 <sup>th</sup> year
Veteran Case Files (Service Officer Notes, files, DD 214s etc.)	5 Years	During the First Quarter of 6 <sup>th</sup> year
Equipment Inventory Records	5 Years	During the First Quarter of 6 <sup>th</sup> year
Journals, Newsletters, brochures, flyers	5 Years	During the First Quarter of 6 <sup>th</sup> year
Community Support Activities	5 Years	During the First Quarter of 6 <sup>th</sup> year
Grant/Foundation Requests	5 Years	During the First Quarter of 6 <sup>th</sup> year
Correspondence, general (All Post correspondence unless covered under a different area	5 Years	During the First Quarter of 6 <sup>th</sup> year
VEAC documentation	5 Years	During the First Quarter of 6 <sup>th</sup> year

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Brunswick County VSO support (County wide support)	5 Years	During the First Quarter of 6 <sup>th</sup> year
Membership Requests & Recognition (including DD 214)	3 Years	During the First Quarter of 4 <sup>th</sup> year
Post Volunteer records	3 Years	During the First Quarter of 4 <sup>th</sup> year
Athletic, JROTC & CAP Support	3 Years	During the First Quarter of 4 <sup>th</sup> year
Charity Vetting Documents	3 Years	During the First Quarter of 4 <sup>th</sup> year
House & Entertainment	3 Years	During the First Quarter of 4 <sup>th</sup> year
Gold & Blue Star Mothers	3 Years	During the First Quarter of 4 <sup>th</sup> year

### APPROVAL AND REVIEW DETAILS

Approval and Amendment History	Details
Original Approval Authority	Post Commander
Original Approval Date	2-2024
Policy Administrator	Post Adjutant
Amendment Cycle	Bi Annual
Amendment Date	2-25-26
Amendment Date	
Amendment Date	