



**HUNTER HAGAN
& COMPANY, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

"SERVICE BEYOND THE NUMBERS"®

RECORD RETENTION

Most companies either store all paperwork and correspondence until their shelves (and storage units) are overflowing, or they save nothing and create problems when information is needed at a later date. Storing, filing and locating records are time consuming and costly, both in dollars and manpower. Knowing what should be kept, and for how long, can save you money, aggravation and time.

HOW LONG?

The government mandates the holding period for certain tax records. While there are no specific rules for many other types of documents, general guidelines can be found in federal and state government publications.

CORPORATE DOCUMENTS

Corporate documents should be kept indefinitely, including articles of incorporation, by-laws, amendments, stock records and board of directors' minutes. We recommend that a "permanent file" be established to maintain these items.

PERSONNEL RECORDS

You must keep personnel records while the individual is employed with you and for a required period of time after their termination or resignation.

TAX AND ACCOUNTING RECORDS

The IRS requires you to be able to substantiate all items of income, expense and credits reported on your income tax returns. The statute of limitations for tax returns is three years after the later of the date the return was due or the tax was paid. If there is a substantial understatement of income, the return can be audited up to six years after the due date. Therefore, all records relating to your tax returns should be kept for seven years.

ELECTRONIC RECORD KEEPING

You must be able to produce legible records that reconcile with your books and tax returns. Your information must be readily retrievable and contain sufficient detail to identify any source documents. We recommend that each year you print a hard copy of your annual general ledger to eliminate problems in later years due to technology/software changes.

EMPLOYEE BENEFIT PLANS

Information needed to verify any aspect of a filing under ERISA must be kept for a minimum of six years after the date of filing. The documents required will vary from plan to plan, but must include information that will verify all required disclosures such as the Annual Report. Brokerage or trustee statements supporting the investment experience in the plan, payroll and related documentation to support eligibility, allocations and compliance testing, and participant communications relating to terminations, loans or beneficiary designations should all be kept as part of your plan records.

The following record retention chart (back page) should serve as a guideline only and should be reviewed by management and possibly legal counsel in light of any pending investigations, legal circumstances, regulated industry requirements or contract covenants.

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RECORD RETENTION

ACCOUNTING RECORDS

Auditors' report and annual financial statements	Permanently
Bank Statements and deposit slips	7 years
Cancelled checks:	
• Fixed assets	Permanently
• General.....	7 years
• Payroll	7 years
• Taxes (payroll related)	7 years
• Taxes (income).....	Permanently
Cash disbursements journal.....	Permanently
Cash receipts journal	Permanently
Chart of Accounts.....	Permanently
Correspondence (general).....	2 years
Correspondence (routine) with customers and/or vendors.....	2 years
Deed, mortgages, bills of sale	Permanently
Electronic payment records	7 years
Employee expense reports.....	7 years
Fixed asset records (invoices, cancelled checks, depreciation schedules)	Permanently
Freight bills and bills of lading.....	7 years
General journal	Permanently
General ledger	Permanently
Internal reports (miscellaneous)	3 years
Inventory listings and tags.....	7 years
Invoices: Sales to customers/credit memos.....	7 years
Notes receivable ledgers and schedules	7 years
Patent/Trademark and related papers	Permanently
Payroll journal	Permanently
Petty cash vouchers	3 years
Plant cost ledgers.....	7 years
Production and sales reports.....	7 years
Purchases	7 years
Purchase journal	Permanently
Purchase orders.....	7 years
Receiving sheets	1 year
Requisitions	1 year
Sales commission reports	3 years
Sales or work orders	7 years
Scrap and salvage records (inventories, sales, etc.)	7 years
Stockroom withdrawal forms	1 year
Subsidiary ledgers (accounts receivable, accounts payable equipment)	7 years
Time cards and daily time reports	7 years
Training manuals	Permanently
Trial balance — year end	Permanently
Voucher register and schedules	7 years
Vouchers for payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses).....	7 years

TAX RECORDS

IRS or State adjustments	Permanently
Payroll tax returns	4 years
Property records, including costs, depreciation reserves, year-end trail balances, depreciation schedules, blueprints and plans.....	Permanently
Sales and use tax returns	Permanently
Tax returns and worksheets, revenue agents' reports, and other documents relating to determination of income tax liability, cancelled checks for tax payments	Permanently

LEGAL DOCUMENTS

Articles of incorporation and bylaws	Permanently
Buy-sell agreements	Permanently
Capital stock and bond records: ledgers transfer registers, stubs showing issues, records of interest coupons, options, etc.	Permanently
Contracts and leases (still in effect).....	Permanently
Contracts and leases (expired).....	7 years
Employment agreements	7 years
Legal correspondence.....	Permanently
Minutes.....	Permanently
Option records (expired)	7 years
Partnership agreements.....	Permanently
Property appraisals by outside appraisers	Permanently
Stock certificates and ledgers	Permanently

INSURANCE RECORDS

Accident reports and settled claims.....	6 years after settlement
Fire inspection and safety reports.....	7 years
Insurance policies (still in effect)	Permanently
Insurance policies (expired)	7 years

PERSONNEL RECORDS

Accident reports and injury claims (Workers' Compensation).....	11 years
Age work certification records for minors ...	3 years after termination
Applications (non-hires).....	1 year
Attendance records	4 years
COBRA records.....	3 years
Employment advertisements	3 years
I-9 form (employment eligibility verification)	3 years after termination
Labor contracts	Indefinitely
Medical and exposure records relating to toxic substance	40 years
OSHA logs (job injuries causing loss of work).....	5 years
Paychecks	8 years
Payroll records.....	6 years
Personnel file records	6 years after termination
Employee medical records and analysis as required by OSHA	The duration of employment plus 30 years
Material safety data sheets (MSDS) or some identification of substance used or found	The duration of employment plus 30 years
Records pertaining to unfair or discriminatory employment practices and Americans with Disabilities Act	Until the final deposition of charge of action

EMPLOYEE BENEFIT PLAN RECORDS

Actuarial reports	Permanently
Allocation and compliance testing	7 years
Brokerage/Trustee statements supporting investments	7 years
Financial statements	Permanently
General ledger and journals.....	Permanently
Information returns (Form 5500)	Permanently
Internal Revenue Service/ Department of Labor correspondence	Permanently
Participant communications related to distributions, terminations, beneficiaries.....	7 years
Plan and Trust agreements.....	Permanently