

A good records retention program is a must.

A good records retention program can save time and money for a business. Under a formal retention policy, key documents are less likely to be inadvertently destroyed and can be easily found when needed. Although legal guidelines dictate that some records must be kept for varying amounts of time, not all need to be kept permanently. A formal retention policy can enhance operations and protect against liability.

Don't let your financial documents pile up over a period of time. Maintaining your records should become a part of your routine so you can avoid searching for lost records in piles of old forms and receipts.

It's important to store your records in a central location so you have easy access and you're inclined to maintain and update them on a regular basis.

Avoid storing your records in a place where they can be stolen or damaged by natural elements. You should try to keep your records in a fireproof unit. For documents that would be difficult to replace, consider keeping them in a safe.

Once you've organized your files, don't fall into the trap of saving unnecessary documents. Clean out your files periodically.

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Cleveland

6300 Rockside Road, Suite 100

Cleveland, Ohio 44131-2221

Tel: (216) 573-2330

Fax: (216) 573-0771

Mentor

8500 Station Street, Suit 390

Mentor, Ohio 44060-4978

Tel: (440) 255-4300

Fax: (440) 255-5081

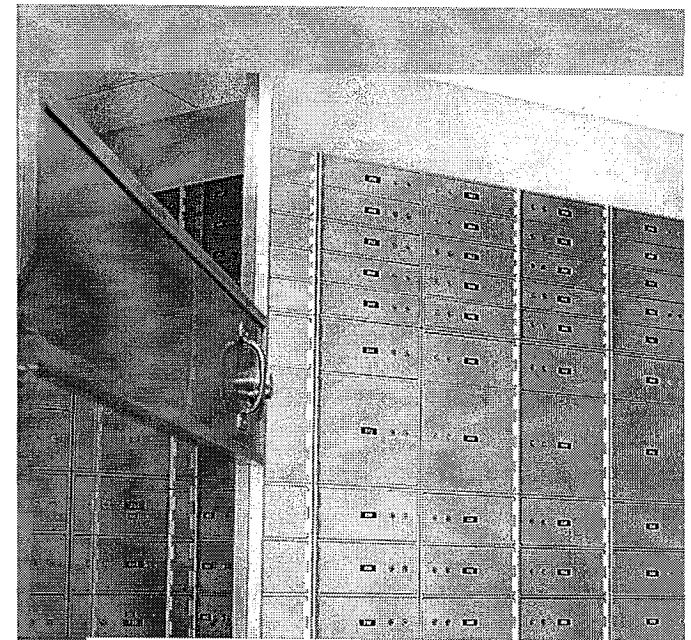
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RECORD RETENTION GUIDE

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Retain Permanently

Audit reports
Capital stock and bond records: ledgers, transfer registers, stubs showing issues, record of interest coupons
Cash books
Charts of accounts
Checks (canceled for important payments, i.e., taxes, property purchases, special contracts, etc., should be filed with the underlying documentation)
Contracts, mortgages, notes, and leases still in effect (expired - 7 years)
Correspondence (legal and important matters only)
Deeds, mortgages, and bills of sale
Depreciation schedules
Financial statements (year-end, other optional)
General/private ledgers, year-end trial balances
Insurance records, current accident reports, claims, policies, etc.
Journals
Minute books of directors, stockholders, bylaws, and charter
Patents and related papers
Property appraisals by outside appraisers
Property records, including costs, depreciation reserves, year-end trial balances, depreciation schedules, blueprints and plans
Retirement and pension records
Tax returns and worksheets, revenue agents' reports, and other documents relating to determination of income tax liability
Trademark registrations and copyrights
Training manuals
Union agreements

Retain for Seven Years

Accident reports/claims (settled)
Accounts payable ledgers and schedules
Accounts receivable ledgers and schedules
Checks (canceled - also see permanent section)
Expense analyses/expense distribution schedules
Garnishments
Inventories of products, materials, and supplies
Invoices (to customers, and/or from vendors)
Notes receivable ledgers and schedules
Optional records (expired)
Payroll records and summaries
Personnel files (terminated)
Plant cost ledgers
Purchase orders (purchasing department copy)
Sales records
Scrap and salvage records (inventories, sales, etc.)
Stock and bond certificates (canceled)
Subsidiary ledgers
Time books/cards
Voucher registers and schedules
Vouchers for payment to vendors, employees, etc. (including allowances and reimbursements of employees, officers, etc., for travel and entertainment)
Withholding tax statements

Retain for Three Years

Bank statements
Employment applications
Insurance policies (expired)
Internal audit reports (longer periods may be desired)
Internal reports (miscellaneous)
Petty cash vouchers
Physical inventory tags
Sales commission reports

Retain for Two Years

Bank reconciliations
Correspondence (general)
Correspondence (routine) with customers and/or vendors
Duplicate deposit slips

Retain for One Year

Magnetic tape and tab cards
Purchase orders (except purchasing department copy)
Receiving sheets
Requisitions
Stenographers' notebooks
Stockroom withdrawal forms