

DOCUMENT RETENTION POLICY

FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES, INC.

PURPOSE

The purpose of this document retention policy for FRIENDS OF THE SANTA CRUZ PUBLIC LIBRARIES, INC., a California nonprofit public benefit corporation (the “Corporation”), is to enhance compliance with the Sarbanes-Oxley Act and to promote the proper treatment of the corporate and business records of the Corporation.

POLICY

Section 1. General Guidelines. From time to time, the Corporation may establish retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as cost management. Several categories of documents that warrant special consideration are identified below. While minimum retention periods are established, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention, as well as the exception for litigation relevant documents and any other pertinent factors. All records may be maintained in electronic format including Cloud storage provided that the records can be readily converted to tangible legible format.

Section 2. Exception for Litigation Relevant Documents. The Corporation expects all officers, directors, employees and other agents to comply fully with any published records retention or destruction policies and schedules, provided that all officers, directors, employees and other agents should note the following general exception to any stated destruction schedule: If you believe, or the Corporation informs you, that any specific records are relevant to any litigation (including any governmental action or proceedings), or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until it is determined that the records are no longer needed. This exception supersedes any previously or subsequently established destruction schedule for those records.

Section 3. Minimum Retention Periods for Specific Categories.

- (a) Organizational Documents and Minutes. Organizational records include the Corporation's Articles of Incorporation, Bylaws, and IRS Form 1023 Application for Exemption. Organizational records and minutes of all meetings of the Board of Directors (“Board”) and committees of the Board should be retained permanently. A clean copy of all other Board and Board committee materials should be kept for no less than three (3) years. IRS regulations require that the IRS Form 1023 be made available for public inspection upon request. In lieu of providing a copy upon request, the IRS Form 1023 may be made available on the Corporation’s website.
- (b) Tax Records and Audit Reports. All tax returns and worksheets prepared and filed on behalf of the Corporation and all audit reports, if any, should be maintained permanently. IRS regulations require that the IRS Form 990 filed by the Corporation for the three (3) most recent fiscal years be made available for public inspection upon request. The Corporation’s IRS Form 990s may be made available for inspection on the Corporation’s website.

- (c) Accounting Records. Certain accounting records should be retained for at least seven (7) years from the date of filing of the tax return to which they relate. The following accounting records should be retained for seven (7) years: (i) accounts payable ledgers and schedules, (ii) checks for more material payments and purchases, (iii) invoices from vendors for more significant purchases, (iv) payroll and withholding records, and (v) all other material back-up documentation with respect to the Corporation's IRS Form 990s. Year-end financial statements and depreciation schedules should be retained permanently.
- (d) Employment Records/Personnel Records. State and federal statutes require the Corporation to keep certain recruitment, employment and personnel information. The Corporation should also keep personnel files that reflect performance reviews and any complaints brought against the Corporation or individual employees under applicable state and federal statutes. The Corporation should also keep in the employee's personnel file all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel. Employment applications, offer letters and time sheets and related records should be retained for seven (7) years from the date an employee ceases to be employed by the Corporation. Retirement, pension and other employee benefit records should be kept permanently. Other employment and personnel records should be retained for seven (7) years.
- (e) Contracts; Instruments. Contracts, leases, promissory notes, deeds of trust and other instruments *that are no longer in effect* should be retained for four (4) years unless related to interested party transactions in which event retention for ten (10) years is advised (and retention for no less than seven (7) years shall be required). Contracts, leases, promissory notes, deeds of trust and other instruments that remain in effect should be retained indefinitely.
- (f) Insurance Records. Insurance policies, claims and related documentation should be retained permanently. Assumptions of risk and releases signed by program participants, employees, volunteers and other agents of the Corporation should be retained for four (4) years from the date the individual ceases providing services to, or participating in, the Corporation's programs.
- (g) General Correspondence. General correspondence should be retained for no less than four (4) years. If the correspondence specifically relates to any other category of documentation reflected in this policy, it should be retained for the period of time recommended for such category of documentation.
- (h) Electronic Mail. The retention period for electronic mail depends upon the subject matter of the electronic mail. Please see the above retention periods. Email should be retained electronically or on disk as a separate file.

Failure to comply with this Document Retention Policy may result in disciplinary action against an employee responsible for the maintenance of the relevant records.