

# RECORD RETENTION AND DESTRUCTION

## Statement of Policy

The Focused Ultrasound Foundation (“Foundation”) takes seriously its obligations to preserve information relating to litigation, audits, and investigations. Using the Sarbanes-Oxley Act as a guideline, which makes it a crime to alter, cover up, falsify or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention and destruction of documents received or created by the Foundation in connection with the transaction of its business.

This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the operation of the Foundation by promoting efficiency and freeing up valuable storage space.

## Retention Schedule and Administration

The Foundation’s Record Retention Schedule is set forth in Appendix A. The Business Operations Manager (“Administrator”) shall maintain and administer this Policy. The administrator is also authorized to:

- Make modifications to the Record Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws affecting record retention,
- Annually review the record retention and disposal program, and
- Monitor compliance with this policy.

## Electronic Documents and Records

Handwritten notes and emails should be retained by the individual employee for a period of time as deemed appropriate by the author or recipient. These documents will be subject to the same non-destruction limitations as stated in Document Destruction whenever a lawsuit is filed or appears imminent, or an official investigation is commenced.

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the Record Retention Schedule will be maintained for the indicated amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

## Public Inspection of Records

Copies of all tax-exemption documents including application for tax exemption (IRS Form 023), determination letter, and any related documents, will be held at the Foundation’s office location and will be made available for public inspection upon request. Annual information returns (IRS Form 990) for the three most recent years will be kept in the Foundation’s office location and will be made available for public inspection upon request.

## Emergency Planning

The Foundation's records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the Foundation operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

## Document Destruction

The Administrator is responsible for the ongoing process of identifying its records which have met the required retention period, and overseeing their destruction. Destruction of paper financial and personnel-related documents will be accomplished by shredding. Destruction of electronic data will be accomplished by deleting from its electronic repository (server or individual personal computer). The Administrator, or designee, is responsible for policies relating to electronic records.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

## Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Foundation and its employees and possible disciplinary action against responsible individuals, up to and including termination. The Administrator and Finance Director will periodically review these procedures with legal counsel or the organization's certified public accountant to ensure that they are in compliance with new or revised regulations.

# Appendix A: Record Retention Schedule

The information listed in the retention schedule below is intended as a guideline and may not contain all the records the Organization may be required to keep in the future. Documents that are not listed, but are substantially similar to those listed in this schedule will be retained for the indicated length of time. Questions regarding the retention of documents not listed in this chart should be directed to the Administrator.

From time to time, the Administrator may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the Administrator.

Item	Retention Period
<b>Corporate Records</b>	
Annual Reports to State Corporation Commission	Permanent
Articles of Incorporation	Permanent
Bylaws	Permanent
Board and Committee Meeting Agendas and Minutes	Permanent
Board Policies/Resolutions	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Property Tax Exemption Records	Active + 5 years
Contracts	Active + 7 years
Conflict-of-interest disclosure forms	4 years
Correspondence (general)	5 years
<b>Accounting and Corporate Tax Records</b>	
Annual Audits and Financial Statements	7 years
Depreciation Schedules	7 years
Fixed Asset Records	7 years after disposition or retirement
General Ledgers	7 years
Journal Entries	7 years
IRS Form 990 Tax Returns	7 years
Business Expense Records	7 years
IRS Form 1099s	7 years
Invoices (Accounts Payable/Receivable)	6 years
Credit Card Receipts	6 years
Investment performance reports	7 years
<b>Bank Records</b>	
Check Registers	7 years
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years
<b>Payroll and Employment Tax Records</b>	
Payroll Registers	6 years
State Unemployment Tax Records	4 years

Earning Records	5 years
Garnishment Records	Active + 1 year
Payroll Tax Returns	6 years
W-2 Statements	6 years
<b>Employee Records</b>	
Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion/Demotion/Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	Permanent
Salary Schedules	5 years
Employment Applications/résumés (not hired)	3 years
I-9 Forms	3 years after termination
Time Sheets and/or Time Cards	3 years
Employee handbooks	Permanent
Employee orientation and training materials	7 years after use ends
Employment applications	3 years
Withholding tax statements	7 years
<b>Insurance Records</b>	
Policies — occurrence type	Permanent
Policies — claims-made type	Permanent
Group disability records	7 years after end of benefits
<b>Real Estate</b>	
Deeds	Permanent
Leases (expired)	7 years after all obligations end
Mortgages, security agreements	7 years after all obligations end
<b>Development Records</b>	
Endowment Records	Permanent
Trust Records	Permanent
Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	7 years after completion
Government Grant	Active + 3 years
Private Grant	Active + 6 years
<b>Facilities and Technology</b>	
Software licenses and support agreements	7 years after all obligations end
Equipment files and maintenance records	7 years after disposition