

# Retaining Records and Financial Review

## Retaining Records

For at least seven years you should retain final annual financial statements; annual copies of IRS Form 990, 990-EZ, or 990-N correspondence to or from IRS and any other taxing authority; your sales and use tax certificate; supporting documentations for checks and deposits; and related information in connection with any charitable deductions.

## Financial Review

No matter how small your organization or budget, have your financial records reviewed each year. A financial review assures the members and the general public that the funds given have been used for their intended purpose.

Hire an accountant to conduct the review or consider an audit if you are a larger affiliate. If you cannot justify the cost of hiring an accountant, your president can appoint a committee of several interested members to do a volunteer member review. As the current finance officer, you should *not* be a member of the review team, but should cooperate wherever possible.

The reviewers will want to examine

- Bylaws and any bylaws changes since the last financial review
- Minutes of all meetings
- Financial procedures for developing the budget, signing checks, and approving unbudgeted expenses
- Bank statements
- Receipts and disbursement or computer printouts for these items
- The final financial statement for the fiscal year
- Receipts and disbursements connected with fundraising activities

The reviewers will check

- Receipts on the books against the bank statements to ensure that there were no long delays between receipt and deposit
- Paid checks against the checkbook and cash disbursement ledger to ensure that checks were signed and supporting documents for each disbursement were included
- Account reconciliations, including checks more than six months old that have not been cashed
- Assets and liabilities
- Form 990, 990-EZ, or 990-N filing

The financial reviewers should present a brief report to the membership or board stating their findings and certifying that to the best of their knowledge the accounts are correct and kept according to generally accepted accounting principles and practices.