

Financial Records – Housekeeping Information

How long should a nonprofit keep financial records?

How Long to Keep Records? All records should be kept by a nonprofit organization until the statute of limitations is up. This means that any documents needed for federal tax purposes should be kept safely until the tax year has long past, treating three years as a good rule of thumb for document retention.

Do nonprofits need to keep receipts?

An exempt organization must keep books and records needed to show that it complies with the tax rules. The organization must be able to document the sources of receipts and expenditures reported on its annual return and on any tax returns it must file.

How long should nonprofit Keep volunteer records?

Three years and under: General correspondence (1 year)

How far back can the IRS audit a nonprofit?

Generally, the IRS can audit back to 3 years. The statute of limitations runs 3 years from when you have filed your tax returns. To be more specific, the IRS can audit up to 3 years of the tax filing due date.

What documents need to be kept for 7 years?

KEEP 3 TO 7 YEARS knowing that, a good rule of thumb is to save any document that verifies information on your tax return—including Forms W-2 and 1099, bank and brokerage statements, tuition payments and charitable donation receipts—for three to seven years?

Should I shred old tax returns?

After Three Years After filing your taxes, you should be safe to go ahead and shred W-2s, 1099s, K-1s, canceled checks, charitable donation receipts, and other information that you may have used for prior filings.

What is the IRS 6- year rule?

6 years – If you don't report income that you should have reported, and it's more than 25% of the gross income shown on the return, or it's attributable to foreign financial assets and is more than \$5,000, the time to assess tax is 6 years from the date you filed the return.