

IRS Required Policies

The Sarbanes-Oxley Act of 2002 cracks down on corporate fraud. It created the Public Company Accounting Oversight Board to oversee the accounting industry. It banned company loans to executives and gave job protection to whistleblowers. The Act strengthens the independence and financial literacy of corporate boards. It holds CEOs personally responsible for errors in accounting audits.

This court case also required the following for nonprofit organizations:

1. Have a policy for whistleblowers
2. Have a policy for document retention
3. Have a policy for non-discrimination

The IRS can assess fines for any nonprofit not having these policies in place and voted in by the board of directors.

WHISTLE-BLOWER PROTECTION POLICY

YOUR ORGANIZATION requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the **YOUR ORGANIZATION**, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that **YOUR ORGANIZATION** can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of **YOUR ORGANIZATION**'s code of ethics or suspected violations of law or regulations that govern **YOUR ORGANIZATION**'s operations.

No Retaliation

It is contrary to the values of **YOUR ORGANIZATION** for anyone to retaliate against any board member, officer, and employee or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of **YOUR ORGANIZATION**. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

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Reporting Procedure

YOUR ORGANIZATION has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with the President and Chairman of the Board. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the **YOUR ORGANIZATION**'s President and Chairman of the Board, who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor or the President and Chairman of the Board.

The **YOUR ORGANIZATION**'s President and Chairman of the Board is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The President and Chairman of the Board will advise the Board of Directors of all complaints and their resolution and will report at least annually to the CFO on compliance activity relating to accounting or alleged financial improprieties.

Accounting and Auditing Matters

YOUR ORGANIZATION President and Chairman of the Board shall immediately notify the Audit Committee/Finance Committee of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

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Handling of Reported Violations

YOUR ORGANIZATION's President and Chairman of the Board will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Adopted by the board of directors on _____.

(Source for Whistle Blower Policy: Copyright ©2010 National Council of Nonprofits)



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DOCUMENT RETENTION POLICY

ARTICLE 1. PURPOSE

The purposes of this document retention policy are for **YOUR ORGANIZATION** to enhance compliance with the Sarbanes-Oxley Act and to promote the proper treatment of corporate records of the Organization.

ARTICLE 2. POLICY

Section 1

General Guidelines. Records should not be kept if they are no longer needed for the operation of the business or required by law. Unnecessary records should be eliminated from the files. The cost of maintaining records is an expense which can grow unreasonably if good housekeeping is not performed. A mass of records also makes it more difficult to find pertinent records.

From time to time, the Organization 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 preserving intellectual property and 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.

Section 2

Exception for Litigation Relevant Documents The Organization expects all officers, directors, and employees to comply fully with any published records retention or destruction policies and schedules, provided that all officers, directors, and employees should note the following general exception to any stated destruction schedule: If you believe, or the Organization informs you, that Organization records are relevant to litigation, 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. That exception supersedes any previously or subsequently established destruction schedule for those records.



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ARTICLE 1. PURPOSE

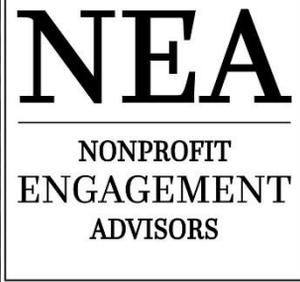
The purposes of this document retention policy are for **YOUR ORGANIZATION** to enhance compliance with the Sarbanes-Oxley Act and to promote the proper treatment of corporate records of the Organization.

ARTICLE 2. POLICY

Section 3

Minimum Retention Periods for Specific Categories:

- a. **Organizational Documents.** Organizational records include the Organization's articles of incorporation, by-laws and IRS Form 1023, Application for Exemption. Organizational records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.
- b. **Tax Records.** Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the Organization's revenues. Tax records should be retained for at least seven years from the date of filing the applicable return.
- c. **Employment Records.** State and federal statutes require the Organization to keep certain recruitment, employment and personnel information. The Organization should also keep personnel files that reflect performance reviews and any complaints brought against the Organization or individual employees under applicable state and federal statutes. The Organization 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 should be retained for three years. Retirement and pension records should be kept permanently. Other employment and personnel records should be retained for seven years.
- d. **Board of Directors Materials.** Meeting minutes should be retained in perpetuity in the Organization's minute book. A clean copy of all other Board of Directors materials should be kept for no less than three years by the Organization.



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e. Press Releases/Public Filings. The Organization should retain permanent copies of all press releases and publicly filed documents under the theory that the Organization should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the Organization.

f. Legal Files. Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.

g. Marketing and Sales Documents. The Organization should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally three years. An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least three years beyond the life of the agreement.

h. Development/Intellectual Property and Trade Secrets. Development documents are often subject to intellectual property protection in their final form (e.g., patents and copyrights). The documents detailing the development process are often also of value to the Organization and are protected as a trade secret where the Organization:

1. derives independent economic value from the secrecy of the information;
2. has taken affirmative steps to keep the information confidential.

The Organization should keep all documents designated as containing trade secret information for at least the life of the trade secret.

i. Contracts. Final, execution copies of all contracts entered into by the Organization should be retained. The Organization should retain copies of the final contracts for at least three years beyond the life of the agreement, and longer in the case of publicly filed contracts.

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ARTICLE 2. POLICY

Section 3

j. Correspondence. Unless correspondence falls under another category listed elsewhere in this policy, correspondence should generally be saved for two years.

k. Banking and Accounting. Accounts payable ledgers and schedules should be kept for seven years. Bank reconciliations, bank statements, deposit slips and checks (unless for important payments and purchases) should be kept for three years. Any inventories of products, materials, and supplies and any invoices should be kept for seven years.

l. Insurance. Expired insurance policies, insurance records, accident reports, claims, etc. should be kept permanently.

m. Audit Records. External audit reports should be kept permanently. Internal audit reports should be kept for three years.

Section 4

Electronic Mail. E-mail that needs to be saved should be either:

- (i) printed in hard copy and kept in the appropriate file; or
- (ii) downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

Changes to this policy can be done by the _____.

Adopted by the board of directors on _____.

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IRS Required Policies

NON-HARRSSMENT POLICY/NON-DISCRIMINATION POLICY

This company prohibits discrimination or harassment based on race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and is free from discriminatory practices, including without limitation harassment.

Consistent with its workplace policy of equal employment opportunity, the company prohibits and will not tolerate harassment on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Violations of this policy will not be tolerated.

Discrimination includes, but is not limited to: making any employment decision or employment related action on the basis of race, color, religion, creed, age, sex, disability, national origin, marital or veteran status, or any other status protected by applicable law.

Harassment is generally defined as unwelcome verbal or non-verbal conduct, based upon a person's protected characteristic, that denigrates or shows hostility or aversion toward the person because of the characteristic, and which affects the person's employment opportunities or benefits, has the purpose or effect of unreasonably interfering with the person's work performance, or has the purpose or effect of creating an intimidating, hostile or offensive working environment. Harassing conduct includes, but is not limited to: epithets; slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group based on their protected characteristic.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature, when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
2. Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or

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3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Examples of sexual harassment include: unwelcome or unsolicited sexual advances; displaying sexually suggestive material; unwelcome sexual flirtations, advances or propositions; suggestive comments; verbal abuse of a sexual nature; sexually oriented jokes; crude or vulgar language or gestures; graphic or verbal commentaries about an individual's body; display or distribution of obscene materials; physical contact such as patting, pinching or brushing against someone's body; or physical assault of a sexual nature.

Reporting:

Any company employee who feels that he or she has been harassed or discriminated against, or has witnessed or become aware of discrimination or harassment in violation of these policies, should bring the matter to the immediate attention of his or her supervisor or **[enter name of alternative person to whom employees can report]**.

The company will promptly investigate all allegations of discrimination and harassment, and take action as appropriate based on the outcome of the investigation. An investigation and its results will be treated as confidential to the extent feasible, and the company will take appropriate action based on the outcome of the investigation.

No employee will be retaliated against for making a complaint in good faith regarding a violation of these policies, or for participating in good faith in an investigation pursuant to these policies. If an employee feels he/she has been retaliated against, the employee should file a complaint using the procedures set forth above.

Adopted by the board of directors on _____.



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