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MEMORANDUM

To: Clients
From: Edgar Rand
Subject: Retention of records

I am frequently asked how long records should be kept. There is no rulebook for this but the following guidelines are what I recommend:

Bank statements, cancelled checks, invoices, receipts, bills, and other transaction-specific documents. At least 5 years

Ledgers, journals, check registers, monthly financial statements, and other books of account. At least 10 years

Annual financial statements, income tax returns, payroll tax returns, estate/gift tax returns, and other important filings, as well as records that pertain to pending litigation or disputes. Also records of continuing importance such as deeds and other property records, and support for the costs to acquire property and later improvements fall in this category. Indefinitely

Records can be maintained in any form that is retrievable whether paper or electronic. Electronic records can be far more efficiently stored, but appropriate backup measures must be taken for electronic media.