

Record Retention

PTOs / booster clubs should establish a record file that is passed to the new officers each year. Some items need to be kept indefinitely while other items only need to be kept for a certain length of time.

Permanent Records

Internal Records:

- Articles of Incorporation
- Bylaws
- Minutes from meetings

State Records:

- Sales Tax Permit Application (if applicable)
- Sales Tax Permit (if applicable)
- Certificate of Formation of Nonprofit Corporation from the State of Texas
- State Sales Tax Exemption Notification
- State Franchise Tax Exemption Notification

Federal Records:

- Copy of IRS Form SS-4, Application for Employer Identification Number
- Copy of Subordinate Letter (if under group exemption)
- Copy of IRS Form 1023 (if not under group exemption)
- Determination Letter

For non-permanent records, the Texas Comptroller's Office and the IRS have different retention periods as discussed below. In addition, certain circumstances, such as fraud, would allow the retention period to be extended beyond the normal requirement.

According to the Texas Comptroller's Office, this office has four (4) years from the date the tax becomes due and payable in which to assess the liability. This statute of limitations may be extended beyond the four (4) years, if an agreement is made in writing between the Texas Comptroller's Office and the PTO / booster club. In cases of fraud, or if the sales tax returns have not been filed, the statute of limitations does not apply and the Texas Comptroller's Office may assess and collect taxes, penalties, and interest at any time.

The statute of limitations does not apply when information contained in the sales tax report contains a gross error and the amount of tax due and payable after the error is corrected is 25% or more than the amount initially reported. In addition, other exceptions to the statute of limitations may apply.

According to the IRS, PTOs / booster clubs must keep each annual information return (i.e., Form 990, Form 990-EZ, or 990-N) for 3 years from the date the form is required to be filed or from the date the form is actually filed, whichever is later. However, if fraud is suspected or if returns have not been filed as applicable, the IRS could request information prior to the 3-year period discussed above.

In considering the requirements of the Texas Comptroller's Office and the IRS, the record file should contain at least the following items for a minimum of five (5) years (current year and the four (4) previous years).

Non-permanent Records

Internal Records

- Financial Reports and Audit Reports
- All financial backup including checkbook and banks records
- Information related to contributions received by a PTO / Booster Club from individuals or businesses

State Records

- Sales Tax Reports Filed
- Copy of correspondence with the Texas Secretary of State and the Texas Comptroller's Office

Federal Records

- Copy of IRS Forms 990, 990-EZ, or 990-N filed
- Copy of correspondence with the IRS

Before discarding any records, confirm with the Texas Comptroller's Office and the IRS that your organization is in good-standing and that no open items or issues exist related to the time period involving the records that you would like to discard.

According to IRS disclosure requirements, if someone requests to view any of your tax applications, forms filed, or tax returns, you must provide complete copies of the material.