

# More than Just Paperwork: Why Recordkeeping Matters

By Missy Khan

Finance Vice President

Has your club transitioned from paper records to online documents? Have you wondered who has a copy of your bylaws or where your old newsletters are stored? Gone are the days of passing a three-ring binder from one leader to the next or maintaining paper copies of bank statements and reimbursement requests. But as clubs go paperless, it is important to develop a recordkeeping system for those digital documents.

Proper recordkeeping is essential for organizations to maintain financial transparency, ensure compliance with legal requirements, and build trust with members and donors. Organized records help clubs track their financial health, measure membership goals and trends, and prepare for tax filings.

## Importance of Recordkeeping

Accurate and organized records serve several critical functions for clubs, including:

- **Legal Compliance** – Clubs who participate in Multiples of America’s group exemption must adhere to federal, state, and local regulations regarding financial reporting and tax-exempt status.
- **Financial Transparency** – Proper records demonstrate accountability to members and donors.
- **Strategic Planning** – Accurate data enables better decision-making and program evaluation.

## Essential Records to Maintain

### 1. Membership Records

Clubs should maintain membership records to track renewals, demographics, and even attendance at key events. Well-maintained records can provide insight into trends and interests, allowing clubs to tailor their communication and programming to serve their members and community.

### 2. Financial Records

Clubs should keep accurate financial records to monitor income and expenses. Key financial documents include:

- **Bank Statements** – Monthly statements from all accounts should be reconciled and stored.
- **Budgets** – Annual and program-specific budgets help track financial performance.
- **Receipts and Invoices** – Proof of expenses and purchases should be kept for tax and audit purposes.
- **Financial Statements** – An annual financial statement is required for group exemption.
- **IRS Filings** – Forms such as the 990, 990-EZ, or 990-N must be retained for IRS compliance.

### 3. Donor and Fundraising Records

Maintaining detailed donor records ensures transparency and helps build relationships with supporters. Essential donor records include requests for donations, receipts and acknowledgement letters, and documentation of income and expenses for major fundraising events.

*continued ...*

#### 4. Governance and Compliance Records

Clubs should keep governance records to comply with regulations and demonstrate accountability.

These include:

- Articles of Incorporation and Bylaws
- Board or General Meeting Minutes
- Policies and Procedures
- State Filings

### Best Practices for Club Recordkeeping

To ensure efficiency and security, clubs should implement best practices for recordkeeping. These can be tailored to the size and needs of your club.

#### 1. Develop a Record Retention Policy

Establish guidelines for how long different types of records should be retained. For example, IRS documents should be kept for at least seven years, while bylaws and incorporation documents should be retained permanently.

Establish policies about which club leaders are responsible for each document. For example, the Treasurer could be responsible for maintaining the bank statements and all financial information while the Secretary maintains the meeting minutes. The board should check in regularly to make sure records are being maintained throughout the year.

#### 2. Use Digital Recordkeeping

- Store documents securely in cloud-based storage systems. Consider using Google Drive, Dropbox or other online storage systems to maintain club records. If you are paying for a storage system, make sure the payments are kept up to date so you don't lose access to your documents.
- Implement access controls to protect sensitive information. Your club should determine which leaders have access to the stored documents. Are there some that can be shared publicly via social media or email (meeting minutes and budgets, etc.) and others that need to be protected (bank statements and donation receipts, etc.)?
- Back up data regularly.

#### 3. Ensure Compliance with Legal Requirements

The club leaders should stay informed about IRS and state-specific record retention requirements. The board should conduct periodic checks to ensure that proper records are being maintained. Too often, a board member will plan on uploading or organizing her files at the end of her term, but it is better practice to require files to be maintained on an ongoing basis.

We have all had experiences of an officer having to step down without warning so an organized recordkeeping system is a must. Finally, ensure that donation and financial data remain confidential to maintain trust with members and donors.

### Conclusion

Strong recordkeeping practices are essential for clubs to operate effectively, comply with legal requirements, and maintain financial transparency. By implementing a structured system for your records, your clubs can ensure accountability, smooth transitions and long-term success.