CRE
Community Resource Exchange

It may be tempting to neglect your paper files once your organization has mastered its computerized accounting system. While there is no <u>one</u> way to maintain financial records, it is important that each organization have a system that 1) is understandable to staff (and outside parties, like auditors) and 2) provides for easy, timely access to financial information.

The following paragraphs provide a few tips on creating a filing system for financial records.

VENDORS

- There should be one file for each vendor (e.g., one file for your landlord, one for Staples). Each file should be labeled by vendor name (sample file label: "Staples – 2010"). Use these files for paid invoices and other key correspondence.
- A new set of vendor folders should be created every year.
- Use color folders, and make sure you use the same color for all vendors – that way you will immediately know which folders – among the mountain of papers on your desk – relate to vendors.
- Maintain vendor files in alphabetical order for easier access.

PAYROLL

- Payroll services like Paychex and ADP provide binders for the payroll reports they send. Use them. Make sure you maintain these reports in chronological order. Consider dividing each payroll with tabs, colored paper, or post-its.
- Similarly, also maintain your quarterly payroll returns in chronological order.
- Start a new binder when a new fiscal year begins.

BANKING

- Consider using binders (or separate hanging folders) to divide your bank statements. This is especially effective if your bank (as most are these days) is sending you reproductions of the checks you have written rather than the actual checks themselves. If you have multiple bank accounts, statements for each account should be separated by tabs or using separate binders. Any investment accounts should also be separated out.
- Again, separate banking information by year – using separate binders or hanging folders.
- Organize your bank deposit information (deposit slip and back-up documentation, like copies of checks) by month. For example, your June – 2009 folder should have all back-up for deposits made in that month.

FUNDERS

How you organize your income-related files depends a bit on how many funders you have. But here are some general guidelines.

As with your vendor files, consider:
- Creating a new set of funder folders every year (Sample file label: "NYC-DYCD – 2009").

  > - For government funders, keep together any key correspondence plus copies of the vouchers/expense reports (with all pertinent back-up). You get an extra gold star for keeping your expense reports in chronological order.
  > - For private funders, you may have a less of a need for separate folders, but they can't hurt. In these letters you can maintain award letters and reports and any other key correspondence from your funders. Another idea is to separate out funders alphabetically in hanging folders or binders: Private Funders A – F, and so on.

- Use color folders, and make sure you use the same color for all funder files. Use a different color than your vendor files.
- Maintain funder files in alphabetical order for easier access.

OTHER INFORMATION

- Keep separate files for your tax returns and audits. Maintain in chronological order.
- Make sure key organizational information (your 501c3 documentation, incorporation papers, etc.) is readily available.
- Maintain separate files for business-related items such as insurance policies and lease agreements.
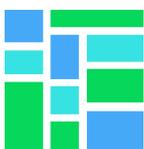
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