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AGENDA

- Unclaimed Property Overview
- Compliance Essentials
- BDO Software Tools
- BDO Unclaimed Property Compliance Process
- New Developments
- Compliance Best Practices
- Other BDO Unclaimed Property Services
- BDO National Unclaimed Property Compliance Team
- Other Compliance Service
- Bios
UNCLAIMED PROPERTY OVERVIEW
UNCLAIMED PROPERTY INTRODUCTION

General Information

- All 50 states and the District of Columbia have enacted unclaimed property laws.
- The purpose of unclaimed property laws is to ensure the protection of abandoned property until the rightful owner is located. Moreover, states use any derivative funds earned on such property for the public good.
- States actively pursue unclaimed property as an additional source of revenue for the state, which avoids raising taxes.
- States’ unclaimed property laws apply to all entity types, including:
  - Corporations
  - S Corporations
  - Partnerships
  - Limited Liability Companies
UNCLAIMED PROPERTY VS. TAX
What are the Differences?

Unclaimed property is not considered a tax.

- Nexus does not apply
- No apportionment or allocation methods utilized
- Filing deadlines vary from state to state
- Statute of limitations
- Use of Contract Auditors (paid on a contingency fee)
- Records Retention Requirements
UNCLAIMED PROPERTY INTRODUCTION

What is Unclaimed Property?

- Generally **intangible personal property** for which there has been no owner activity for a specified period of time (“dormancy period”).

- Examples of unclaimed property:
  - Uncashed payroll or commission checks
  - Uncashed payable/vendor checks
  - Gift certificates/gift cards
  - Customer merchandise credits, layaways, deposits, refunds or rebates
  - Overpayments/unidentified remittances
  - Suspense accounts
  - Unused/outstanding benefits (non-ERISA)
  - GR/IR (Goods received, not invoiced)
  - Miscellaneous income/bad debt expense accounts
UNCLAIMED PROPERTY INTRODUCTION
Where Do I Report Unclaimed Property?

- The Supreme Court of the United States in *Texas v. New Jersey*, established the following unclaimed property sourcing rule:
  - First, to the state of the rightful owner’s last known address, if known, or
  - Second, to the state of the holder’s incorporation (commercial domicile for unincorporated entities).

- Priority rules in *Texas v. New Jersey* were upheld in the subsequent cases *Pennsylvania v. New York* (escheat of money orders) and *Delaware v. New York* (unclaimed dividends and interest).

- Although not sanctioned by the Court, some states have adopted a “transactional or throwback rule,” which provides that if both the state of the owner’s last known address and the state of the holder’s incorporation decline or fail to exercise jurisdiction over the unclaimed property, then the state in which the transactions giving rise to such property occurred has the right to claim the property.
COMPLIANCE ESSENTIALS
SPRING/SUMMER REPORTING DEADLINES

Reporting deadlines vary by state. Below are the differences in reporting deadlines for the Spring/Summer filing states:

<table>
<thead>
<tr>
<th>STATE</th>
<th>AS OF DATE (may vary depending on industry)</th>
<th>FILING DUE DATE (may vary depending on industry)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>12/31</td>
<td>3/1</td>
</tr>
<tr>
<td>New York</td>
<td>12/31</td>
<td>3/10</td>
</tr>
<tr>
<td>Connecticut</td>
<td>12/31</td>
<td>3/31</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>12/31</td>
<td>4/15</td>
</tr>
<tr>
<td>Florida</td>
<td>12/31</td>
<td>5/1</td>
</tr>
<tr>
<td>Illinois</td>
<td>12/31</td>
<td>5/1</td>
</tr>
<tr>
<td>Tennessee</td>
<td>12/31</td>
<td>5/1</td>
</tr>
<tr>
<td>Vermont</td>
<td>12/31</td>
<td>5/1</td>
</tr>
<tr>
<td>Michigan</td>
<td>3/31</td>
<td>7/1</td>
</tr>
<tr>
<td>Texas</td>
<td>3/1</td>
<td>7/1</td>
</tr>
</tbody>
</table>
REPORTING DEADLINES

Unclaimed property reporting deadlines vary by industry type as well:

<table>
<thead>
<tr>
<th>State</th>
<th>Type of Company</th>
<th>Reporting Deadline</th>
<th>Type of Company</th>
<th>Reporting Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>Financial Institutions</td>
<td>November 10(^{th})</td>
<td>Corporations</td>
<td>March 1st</td>
</tr>
<tr>
<td>Texas</td>
<td>All Companies</td>
<td>July 1(^{st})</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>California</td>
<td>Life Insurance</td>
<td>Preliminary (April 30(^{th})) Final (December 1(^{st}))</td>
<td>All Others</td>
<td>Preliminary (October 31(^{st})) Final (June 1(^{st}))</td>
</tr>
</tbody>
</table>
DORMANCY PERIODS

“Dormancy Period”: A statutorily prescribed period that begins from the date of creation of the property type (e.g., check issuance date) and ends after the passage of a certain number of years (typically 1-5 years). Property becomes presumed abandoned when it has remained unclaimed (i.e., a holder cannot demonstrate affirmative owner contact with respect to the property at issue) during the statutory dormancy period.

Below is an example of how dormancy periods can vary by property type:

<table>
<thead>
<tr>
<th>State</th>
<th>Wages (years)</th>
<th>A/R Credit Balances (years)</th>
<th>Third Party Dividends (years)</th>
<th>Stocks (years)</th>
<th>A/P Checks (years)</th>
<th>All other property (years)</th>
<th>B2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>No</td>
</tr>
<tr>
<td>CA</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>No</td>
</tr>
</tbody>
</table>
SPRING/SUMMER DORMANCY PERIODS

<table>
<thead>
<tr>
<th>STATE</th>
<th>ACCOUNTS PAYABLE (MS08)</th>
<th>ACCOUNTS RECEIVABLE (MS09)</th>
<th>PAYROLL (MS01)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>New York</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Connecticut</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Florida</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Illinois</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Tennessee</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Vermont</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Michigan</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Texas</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Refer to the each state’s filing instructions to determine the appropriate NAUPA code associated with the property type to be filed. Based on the NAUPA code, various dormancy periods will be applicable.
DUE DILIGENCE REQUIREMENTS

Prior to reporting unclaimed property to the state, most jurisdictions require companies to reach out to owners of the property via a due diligence letter as a last-ditch effort to reunite the owner with their property.

Although due diligence requirements vary from jurisdiction to jurisdiction, there are certain aspects of these requirements that all companies should be aware of:

1. Due diligence $ threshold
2. Timing of mailing due diligence letters - (e.g. 60-120 days prior to reporting the amount over to the state)
3. Requirement to issue multiple notifications - (e.g. New York)
4. Specific due diligence letter requirement - (e.g. California)
## SPRING/SUMMER DUE DILIGENCE REQUIREMENTS

<table>
<thead>
<tr>
<th>STATE</th>
<th>MINIMUM DDL THRESHOLD AMOUNT</th>
<th>NOT MORE THAN ___ DAYS FROM FILING</th>
<th>NOT LESS THAN ___ DAYS BEFORE FILING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New York *</td>
<td>$0.00</td>
<td>365</td>
<td>90</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$0.00</td>
<td>210</td>
<td>120</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Florida</td>
<td>$50.00</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>Illinois</td>
<td>$10.00</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$50.00</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>Vermont</td>
<td>$50.00</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>Michigan</td>
<td>$50.00</td>
<td>365</td>
<td>60</td>
</tr>
<tr>
<td>Texas</td>
<td>$250.01</td>
<td>365</td>
<td>60</td>
</tr>
</tbody>
</table>

* Written notices sent through first class mail for all notices not less than ninety days prior to reporting property. If amount is greater than $1,000 a second written notice should be sent by certified mail, return receipt request no less than 60 days prior to reporting property.
COMMON HOLDER MISUNDERSTANDING

Aggregate Reporting

- Most jurisdictions allow companies to aggregate the small dollar amount items into one lump sum on the annual report.
- This can range from $25 to $250 depending on the State.
- Aggregate reporting should not be confused with deminimus amount reporting.
- Only a few States have a deminimus reporting exemption and it may only apply to specific property types. All other states - all property is due regardless of the amount, even a penny.
USE OF NAUPA CODES

NAUPA codes are a set of standardized codes used by jurisdictions to determine the type of property that is being reported to the state (e.g. payroll, vendor checks, etc.)

NAUPA codes are also key in determining when the property is due.

Holders may struggle at times determining what is the appropriate code to use when reporting certain types of properties.

In situations where selecting a NAUPA code is not straightforward, holders should consider the following:

- Have I narrowed the list of NAUPA codes to a selected few? If so, what is the impact of choosing one code over another?
- Have I contacted the state’s compliance hotline to seek guidance on what NAUPA code to use?
- Is there a legal question as to what type of code should be chosen; if so, have I reached out to internal or external counsel on this issue?
BDO SOFTWARE TOOLS
UNCLAIMED PROPERTY SOFTWARE

Data should be uploaded and verified in the unclaimed property reporting software.

NAUPA sponsored free software:

• HRS Pro
• UPExchange

Other software:

• FSITrack
• Tracker
• Chesapeake
### BDO TOOLS

**Our Technology**

<table>
<thead>
<tr>
<th>BDO Technology</th>
<th>Use</th>
<th>Benefit to our Clients</th>
</tr>
</thead>
</table>
| BDO Client Portal| Online collection and dissemination tool whereby BDO collects certain information from our clients & transfers other documents, results of analysis, etc. to our clients. BDO Client Portal is a secure, private network using internet technology that only authorized individuals can access. | The BDO Client Portal assists in maintaining confidentiality while continuously improving efficiency, coordination, and communication through:  
  - Accessibility, regardless of time or location  
  - Speed and simplicity of communication  
  - Sharing of information and documentation |
| FSI Track        | Unclaimed Property Reporting and Due Diligence Tracking Software | FSI Track, a leading unclaimed property reporting software, will prepare due diligence letters, track responses, prepare escheat report documents and summaries, report unclaimed property to the appropriate jurisdiction in a timely manner. |
| SQL Server      | A world-class database information platform to assist in organizing, analyzing unlimited data records to produce summaries and evaluate solutions/recommendations. | BDO’s use of SQL Server technology increases overall project efficiency and enables for the analysis of volumes of data as is typical when dealing with companies of the size and complexities of our clients. Our clients can be confident that the number of records produced through the compliance process will not hinder BDO’s ability to analyze data in a timely and efficient manner. |
| Access           | A database tool for gathering and evaluating information.            | The use of Access will allow BDO to work with our clients personnel in developing ad hoc reports to provide updates throughout the engagement and present relevant information in a “user friendly” format. |
| Monarch          | A desktop report mining tool to extract data from report files. This allows engagement team to re-use information from existing computer reports, such as text, PDF HTML, and spreadsheet files. The parsed data can be further enhanced with links to external data sources, filters, sorts, calculated fields and summaries. | Based on BDO’s experience in dealing with companies of similar size as our clients, accounting records reviewed as part of the process (e.g. bank statements, aging reports, etc.) are usually provided to BDO in various formats. Our clients can rest assured that BDO has the technological capabilities to convert data from virtually any format into a format that is more manageable (e.g. Excel, Access, etc.) |
| Data Exchange    | BDO maintains a relationship with a reputable data input company to help minimize cost of manually keying data from paper documents into workable electronic formats. | Our clients will benefit from pre-negotiated bargain rates in the event documentation is only available in a format that requires manual input into computer systems. This allows BDO & our clients professionals to focus on more value added tasks. |
BDO UNCLAIMED PROPERTY COMPLIANCE PROCESS
COMPLIANCE PROCESS
6-Step Process

• Step 1 - Kick-off meeting, determination of compliance reporting strategy & payment set-up
• Step 2 - Compilation of reportable transactions
• Step 3 - Identification of exemptions/deductions
• Step 4 - Due diligence notification letters
• Step 5 - Reconciliation of amounts provided
• Step 6 - Reporting and remitting funds to the various jurisdictions
IDENTIFICATION OF EXEMPTIONS/DEDUCTIONS
Examples of exemptions/deductions that may apply to your company

De Minimis Exemptions

Independent Research

Gift Card Exemption

Unclaimed Property Reporting Software

B2B Exemptions

Other Exemptions/Deductions
DUE DILIGENCE NOTIFICATION LETTERS
Overview of due diligence notification process

a) Letters Prepared & Mailed

b) Responses Tracked Via

c) Tracking Sheet Provided to Client to Reissue Funds to Respondents
REPORTING AND REMITTING FUNDS TO THE VARIOUS JURISDICTIONS

BDO will prepare necessary paper and electronic filings. Most states require a paper report state approved cover sheet plus electronic file in specified state required format:

NAUPA Format Text File

![NAUPA Format Text File Image]
NEW DEVELOPMENTS
MICHIGAN S.B. 538
Approved by Governor on 12/22/2015

- Effectively immediately, this bill would amend the Uniform Unclaimed Property Act to put in statute a streamlined audit process for certain Michigan-related corporations.

- The bill would be retroactive and apply to audits in progress as of Aug. 15, 2015, but would not apply retroactively to contested determinations in litigation before the bill’s effective date.

- An audit conducted under the streamlined process would have to be (1) completed within a timeframe jointly developed by the holder and the administrator, with the goal of completing the audit within 18 months from receipt of the audit notice; and (2) be conducted according to standards set forth in rules and regulations promulgated by the Department of Treasury.
MICHIGAN S.B. 538 (CONTINUED)
Approved by Governor on 12/22/2015

Specifically, this streamlined audit process would apply to "eligible holders," defined as a holders that are one or more of the following:

- A business whose principal place of business is in Michigan as evidenced by 20 percent or more of its payroll or 20 percent or more of its real and tangible personal property (except inventory) owned or rented in Michigan during the period subject to examination, or the majority of officers that direct, control, and coordinate the activities of the business are employed in Michigan.

- A corporation that wholly owns a corporation that has incorporated in Michigan, and the Michigan corporation meets the criteria in the paragraph above.

- A corporation that is wholly owned by a corporation that is incorporated in Michigan, and the Michigan corporation meets the criteria in paragraph one above.
The bill also would:

- Provide that, for an eligible holder participating in the streamlined audit process, the Treasurer could not begin an action or proceeding more than four years after any duty of a holder under the act arose.

- Specify that streamlined examinations could not include checks voided within 180 days of their issuance, for eligible holders participating in the streamlined process.

- Provide that property worth $25 or less would not be subject to the custody of the state as unclaimed property, subject to certain exceptions (such as dividends and stocks).
WASHINGTON S.B. 6057

• Beginning July 1, 2016, holders who are required to file a report electronically will be required to pay by electronic funds transfer or other form of electronic payment acceptable to the department.

• The WA UPD is prohibited from commencing or proceeding with any assessment more than 3 years after the due date for payment, including extensions granted.

• Gift cards that fall within the parameters of WA RCW 19.240 are not reportable.

• Added:
  - Provisions related to holder reimbursement for over-reporting or items reported in error.
  - Provisions pertaining to audits including no disclosure of audit information.
  - Amounts paid to WA between 7/1/2015 and 10/31/2016 - P&I will be waived if P&I application waiver is sent with the catch-up filing report.
    - Not applicable for holders currently under audit
  - Refunds or return of property must be done within 6 years after the end of the calendar year in which the payment or delivery occurred.
NEW DEVELOPMENTS

Reporting

South Dakota
Change in acceptable report format
- .hde file formats will longer be accepted
- .txt is the preferred format
- The report file formats of .txt, .rpt, and .hrs will be the new requirement in place and .hde file formats will be rejected after June 2016.

Utah
Change of address for mailing reports and payments
- State of Utah, Unclaimed Property
  PO Box 142321
  SLC, UT 84114-2321
- For Fedex and UPS delivery:
  350 N. State Street
  Ste. 180
  SLC, UT 84114
OTHER HOT TOPICS

Risk Mitigation

Texas and California - Have Hired 3rd Parties to Conduct Audits
- Texas Comptroller of Public Accounts are pursuing companies for unremitted unclaimed property using contract auditing firms

New York - 30 Day Final Notice Mass Mailing
- A final notice regarding New York State's increased and focused enforcement efforts relating to unclaimed property is being.
- Holders who fail to comply with the final 30-day notices are likely to receive audit notices from the state.

Potential for Uniformity in the State UP Laws
- The Uniform Law Commission (ULC) drafted a revised Uniform Unclaimed Property Act.
- The draft is over 60 pages in length and addresses a number of issues, such as record retention, contract auditors, defining gift cards and owner address, along with many others.
DE LAW CHANGE
Senate Bill No. 141

- Delaware SB 141 was passed on July 1, 2015. This Bill intends to improve the fairness and help foster compliance with DE’s unclaimed property program through the following:
  - Extension of DE Voluntary Disclosure Agreement “VDA” Program
  - Modification of audit and VDA look-back periods
  - Required annual compliance filing reminder from State Escheator
  - Reinstatement of interest with a reduced aggregate cap of 25%
DE LAW CHANGE
Senate Bill No. 141 (continued)

- SB No. 141 extends the Delaware Secretary of State (“DE SOS” or “SOS”) unclaimed property VDA program. The bill provides that for periods beginning July 1, 2015 the State Escheator shall not initiate any new unclaimed property audits of companies unless:
  - The company is notified in writing by the DE SOS that it may enter into a VDA program and the company does not enter the VDA program within 60 days from the mailing date of the invitation to participate in the VDA program; or
  - A company that has entered into the DE VDA program and has failed to comply with its terms and conditions.
COMPLIANCE BEST PRACTICES
BEST PRACTICES
Self-Assessment Qualitative Review

• Does my company have a history of unclaimed property reporting? If so, is property being reported or is it just negative reports being filed each year?
• Where is/was my company incorporated and how far back can that state(s) audit my company for?
• What is my company’s record retention policy? Does it match up to the UP audit look back periods?
• Is there a material amount of checks on my current outstanding A/P check listing that are older than 3 years?
• Does my company have a policy of writing off credits or checks simply because they have been aged for a specific period of time?
• Is there a deminimus amount write-off policy (either done manually or automatically by the system?)
BEST PRACTICES
Compliance

An efficient compliance process increases the likelihood that an organization will only remit funds rightly due to the states. The compliance process should include the following, which is most effectively addressed in a compliance manual:

- Evaluate company needs/resources regarding unclaimed property
- Centralize unclaimed property reporting by assigning an unclaimed property administrator
- Assign liaisons with individual departments to assist in the gathering of unclaimed amounts (i.e. - accounting, controller, treasury and internal legal).
- Train staff and management
- Implement procedures for internal identification of unclaimed property and the proper tracking, reporting, and payment methods once property is identified
- Develop records retention policy
BEST PRACTICES
Compliance (continued)

Other key points to consider for the compliance manual:

• Establish unclaimed property liability account
• Perform monthly reconciliations and processing of escheat information consistent with escheat calendar deadlines (e.g. Cash / A/R accounts)
• Utilize software or outsource report filing to ensure all new statutory changes are incorporated into the unclaimed property review
• Establish compliance calendar to track reporting deadlines and key milestones (e.g. due diligence)
• Track legislative changes that impact annual reporting
• Establish a centralized repository to maintain historical unclaimed property filings (UP reporting software may help here)
• Review possibilities for mitigation of future unclaimed property
SAMPLE TIMELINE
Fall 2015 Compliance

Kick-off Meeting

April 1

Data request

April 15

Client response to data request

May 15

Due diligence

May 31

Reissue checks from DDL

June 1 – June 30

Compile DDL responses

July 1 – July 31

Prepare reconciliation and send to Client

August 30

Prepare UP reports & check request

Sept 1 – Sept 15

Reissue checks from DDL

Oct 15

Reports and checks to BDO

Sept 16 – Oct 7

Provide electronic copies to Client

Oct 20

Reports to states

Nov 15

Prepare UP reports & check request

Sept 1 – Sept 15

Prepare reconciliation and send to Client

August 30

Compile DDL responses

June 1 – June 30

Due diligence

May 31

Client response to data request

May 15

Data request

April 15
SAMPLE TIMELINE
Spring 2016 Compliance

- **Dec 1 – Dec 31**: Due diligence
- **Jan 1 – Jan 31**: Compile DDL responses
- **Feb 1 – Feb 15**: Prepare UP reports & check request
- **Feb 15 – Feb 20**: Reports and checks to BDO
- **Feb 20 – Feb 28**: Reissue checks
- **May 1 – July 1**: Prepare UP reports & check request
- **June 15**: Provide electronic copies to Client
BEST PRACTICES
Legal Considerations

• Non-Disclosure Agreements
• Kovel Arrangements
• Merger & Acquisition review of acquired/divested unclaimed property liabilities
• Re-incorporations in favorable jurisdictions
OTHER BDO UNCLAIMED PROPERTY SERVICES
## POLICIES & PROCEDURES

### AR
- Interview Process Owners
- Obtain Sample A/R aging
- Complete A/R questionnaire
- GL system review
- Verify unapplied cash practices
- Verify de minimis write-off practices
- Identify manual and automatic writeoffs (if any)
- Document A/R process; draft policy and procedures
- Setup A/R escheat liability GL account
- Augment policy and procedures for escheat best practices and compliance timeline

### AP
- Interview Process Owners
- Obtain sample check register or outstanding checklist and void reports
- Complete A/P questionnaire
- GL system review
- Verify stale date and void practices
- Identify manual and automatic writeoffs (if any)
- Document A/P process; draft policy and procedure
- Setup A/P escheat liability GL account
- Augment policy and procedures for escheat best practices and compliance timeline

### Payroll
- Interview Process Owners
- Determine if payroll done in house or outsourced (ADP)
- Obtain sample check register or outstanding checklist and void reports
- Complete payroll questionnaire
- GL system review
- Verify stale date and void practices
- Identify manual and automatic writeoffs (if any)
- Document payroll process; draft policy and procedure
- Setup payroll escheat liability GL account
- Augment policy and procedures for escheat best practices and compliance timeline

### TPA
- Interview Process Owners
- Complete TPA Matrix
- Obtain TPA Plan Documents
- TPA Confirmation Affidavits
- GL system review
- Identify manual and automatic writeoffs (if any)
- Document TPA process; draft policy and procedure
- Setup TPA escheat liability GL account
- Augment policy and procedures for escheat best practices and compliance timeline
REFUND OPPORTUNITY

- Minimal to no risk of audit in non incorporated states
- Easy way to offset reporting costs with those amounts owed you
- As many corporate entities report unclaimed property as part of their annual filings, our process allows us to assist clients in potentially securing their fair share of what is rightfully owed to them through proprietary “GloStar” system and related searches.

**Flowchart:***

1. Data dig/Establish unclaimed property entity listing
2. Search Proprietary database and Perform other research
3. Match client data to refund Searches and Analysis
4. Prepare refund support and claim forms
5. Submit claims to state for payment
6. $ to You
ACCOUNTING PRACTICES & CONTROL REVIEWS

1. Banking Transactions
2. Accounts Receivables
3. Third Party Administrator Accounts
4. General Ledger Systems and Subsidiary Systems
5. Electronic Record Storage and Manual Storage
6. Training and Control Implementation
7. Automation of Processes
8. Data Analytics
VOLUNTARY DISCLOSURE/AMNESTY PROCESS

BDO has developed a pre-approved process to assist clients in entering into the newly established VDA program with most state jurisdictions. BDO has worked closely with the state representatives to develop pre-approved templates that will be used at every stage in the process and has agreed to methodologies to be utilized in quantifying exposures for various property types.

**Step 1: File VDA**
- File VDA Form
- Kick-off Meeting with State

**Step 2: Scoping**
- Preliminary Document Request
  - Tax Returns
  - Trial Balance
  - Prior UP Reports
- Data Gathering
  - Manual Records (including offsite storage)
  - Electronic Records

**Step 3: Data Dig**
- Phase I Templates
  - Bank Acct Listing
  - AR Questionnaire
  - AR Listing
  - TPA Listing
- Phase II Templates
  - AP Questionnaire
  - Data System Log
  - DE Matrix

**Step 4: Data Analysis & Remediation**
- Scoping
- Data Dig
- Data Analysis & Remediation
- Remediation

**Step 5: Exposure Quantification**
- Exposure Calculation Adjustments
  - Exemptions
  - Distorted Transactions
  - Legal Positions
  (e.g., bankruptcy)
- Finalize Proposed Settlement Ranges

**Step 6: Settlement**
- Presentation of Proposed Liability to State
- Settlement of Liability and Execution of Closing Agreement
- Final Payment and Report Submission

**Step 7: Best Practices**
- Policies and Procedures
- Ongoing Compliance
- Other State VDAs

**Ongoing Compliance Policies and Procedures**
- Manual Records (including offsite storage)
- Electronic Records
- Legal Positions
  (e.g., bankruptcy)
BDO NATIONAL UNCLAIMED PROPERTY COMPLIANCE TEAM
UP COMPLIANCE SERVICES OVERVIEW

Our goal
To assist your company in maintaining a high level of compliance with state unclaimed property laws through an effective and efficient process

Why are you attending
You/your department will be part of the team that will collaborate with BDO to ensure our goal is met
BDO NATIONAL UNCLAIMED PROPERTY COMPLIANCE TEAM - OUR EXPERTISE

• Centralized committed team well versed in compliance
• Deep accounting & legal knowledge of unclaimed property laws, regulations and rules
• Extensive application of exemptions
• Focus on strategy and efficient compliance posture
• Live phone and email bank for due diligence letter processing
• Compliance portal liaison
• FSI Track, SQL Server, Access, Monarch and other software tools available to help our clients
OTHER COMPLIANCE SERVICES
OTHER COMPLIANCE SERVICES

1. Income/Franchise Tax Compliance
2. Sales and Use Tax Compliance
3. Property Tax Compliance
4. Expatriate Compliance
SPEAKER BIOGRAPHIES
Angela Gebert, CPA
Unclaimed Property Compliance Leader
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Angie has more than 16 years of state and local tax experience advising multinational and domestic companies on unclaimed property and the state and local tax implications of transactions, operational changes, tax minimization strategies, audits, and appeals. Angie has primarily focused on unclaimed property as well as has extensive experience with income, franchise, and business activity taxes and nexus.

Angie heads up the Firm’s Unclaimed Property Compliance practice. In addition, Angie has assisted clients with unclaimed property audit defense, voluntary disclosure agreements and policy and procedures.

Angie has given presentations in the area of unclaimed property and state and local taxation as well as published in the Tax Advisor.

Prior to joining BDO, Angie worked with Crowe Horwath LLP and PwC in state and local tax and federal tax/audit divisions respectively.
Ricardo Garcia
West Coast Unclaimed Property
Practice Leader
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Ricardo has over 10 years of experience advising multinational and domestic companies on unclaimed property matters. Ricardo has provided clients with unclaimed property general consulting, audit defense, and compliance services in many industries including healthcare, manufacturing, entertainment, and retail.

As the firm’s West Coast Unclaimed Property Practice Leader, Ricardo has established professional relationships with many of the state unclaimed property administrators in handling client matters, and has successfully negotiated voluntary disclosure agreements on behalf of clients and provided audit representation services.

In addition, Ricardo has significant escheat planning experience and has helped many clients mitigate exposures through intercompany planning techniques and strategies.
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Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your firm’s individual needs.

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