

# Delaware SOS VDA Program Webinar

## September 9<sup>th</sup>, 2025



### Today's Presenters

Deputy Secretary of State/VDA  
Administrator

- Regina Mitchell

Deputy VDA Administrator

- Ben Phillips

VDA Vendors

- Jim Doody, KDAC LLC
- Steve Herst, B&T LLP
- Geoff Sawyer, FDBR LLP

# Agenda

- Discussion Topics
  - SOS VDA Program Overview
  - Guideline Updates
  - Topic 1: Statistical Sampling
  - Topic 2: AR Procedures
  - Topic 3: Scoping
  - VDA Q&A

# Housekeeping

- This presentation is being recorded and will be posted to our website at [vda.delaware.gov](http://vda.delaware.gov)
- Put any questions into the **Q&A box**, not the Chat
- Additional questions can also be sent directly to [sos.vda@delaware.gov](mailto:sos.vda@delaware.gov)
- This presentation does not constitute legal, financial, accounting, or any other type of advice; it is solely for educational purposes

# Overview

- Background
  - Delaware's VDA program was established in 2012 to be a business friendly and efficient means of coming into compliance with Delaware's unclaimed property laws
  - Goal is to increase unclaimed property filings and decrease the amount of unclaimed property exams
  - The VDA program is not an audit, but rather a thorough self-review of the company's records to determine their historic unclaimed property liability
  - As of September 2025, over 2,300 companies have enrolled in the VDA program and over 1,500 VDAs have been settled

# Overview

- Enrollment
  - Delaware's VDA program sends invitations twice a year to companies that we believe could be good candidates for the VDA program
    - 90 days to respond
    - Don't need an invitation to enroll!
  - Enroll by submitting form VDA-1 to [sos.vda@delaware.gov](mailto:sos.vda@delaware.gov)
    - Up-to-date form listed on website
    - Executed by officer of the company
    - Company enrolled is same as company invited
    - Countersigned by Secretary of State

# Overview

- Kickoff
  - The company enrolled “holder” will be assigned to one of our state administrators:
    - B&T LLP, FDBR LLP, and KDAC LLC
  - State administrator will contact the holder regarding initial document requests
    - Scoping worksheet, NDA, general information request
- Further process
  - Quantification of unclaimed property
  - Submission and validation
  - Closing process

# Overview

- Hallmarks of VDA
  - Holder-driven process
  - More flexibility than an audit
  - Generally faster and less expensive than an audit
  - Confidentiality
  - Abatement of penalties and interest
  - Settlement agreement and indemnification

# Guidelines

- Updated VDA guidelines were posted on September 2<sup>nd</sup>
  - [vda.delaware.gov/forms](https://vda.delaware.gov/forms)
- Updates considered feedback from holders, vendors, and advocates
- Sampling language



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# **Topic 1: Statistical Sampling**

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# Statistical Sampling

- Estimation - Sampling
  - Estimation for period with incomplete records
  - Base Period
  - Full population v. Sample

# Statistical Sampling

- Sampling – **Former** Guidelines
  - If the population in the base period is **too large**, a sample may be selected for research and remediation
  - **The sample should be randomly selected and statistically valid**
  - **The standard used for determining a statistically valid sample is 90% Confidence Level and 10% Margin of Error**

# Statistical Sampling

- Sampling – ***Revised*** Guidelines
  - If the population in the base period is **greater than 100 items**, a statistical sample may be selected for research and remediation. **The population shall be divided into strata (“stratified sampling”) from which samples shall be drawn. For each stratum, a sample size shall be determined using generally accepted statistical principles such that the sample mean shall be within 10% of the population mean for that stratum at a 90% confidence interval.** However, relaxed confidence and precision level intervals may be considered for purposes of efficiency if accuracy is not sacrificed on a material level. **All deviations from the above sampling standards, including relaxed confidence and precision level intervals, must be discussed with and approved by the Administrator**

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## **Topic 2: Accounts Receivable**

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# Accounts Receivable Review Methodology

- Identify:
  - Dormant Customer Credit Balances
  - Credit Transaction Write-Offs (i.e., credits removed/adjusted from customer accounts)
- Two Approved AR Review Methodologies – “Safe Harbors”
  - Tracer Review and Write-off Accounts
  - Quarterly Aging Review

# Accounts Receivable Review Methodology

## Tracer Review and Write-off Accounts

Goal: Identify AR credit balance write-offs in GL accounts

### Process:

1. Identify the disposition account
2. Identify research population
3. Review more recent records for Delaware reportable property

### Key Considerations:

- Focus on high-risk tracers
- Check with administrator after tracing about statistical sampling

# Accounts Receivable Review Methodology

## Quarterly Aging Review

Goal: Identify AR credit balances in Trade AR

### Process:

1. Review transaction-level aging reports; apply 90-day aging criteria
2. Review more recent records for Delaware reportable property

### Key Considerations:

- Customers reviewed on a quarterly basis
- Check with administrator after compiling populations about statistical sampling



# Accounts Receivable Review Methodology

## AR Review Procedures: Pros & Cons

### Tracer/Write-offs Review:

#### Pros:

- Tracer review can efficiently identify population

#### Cons:

- Process can be inefficient and burdensome
- Remediation is challenging

### Quarterly Aging Review:

#### Pros:

- Efficient alternative to tracers. No need to review transaction-level GL account detail
- Remediation worthwhile

#### Cons:

- Remediation time-consuming
- Quarterly review may require more source documentation

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# **Topic 3: Scoping**

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# Scoping

- Objective
  - Identify entities, property types, and years included in the review and in turn the liability release of waiver of audit (VDA-2)
  - Entities, property types and years “scoped-in” at conclusion of the VDA will receive liability release and waiver of audit
  - Entities, property types, and years not “scoped-in” at conclusion of VDA may be subject to referral to audit
  - Reach general agreement on scope before any significant review is completed or final deliverables provided

# Scoping

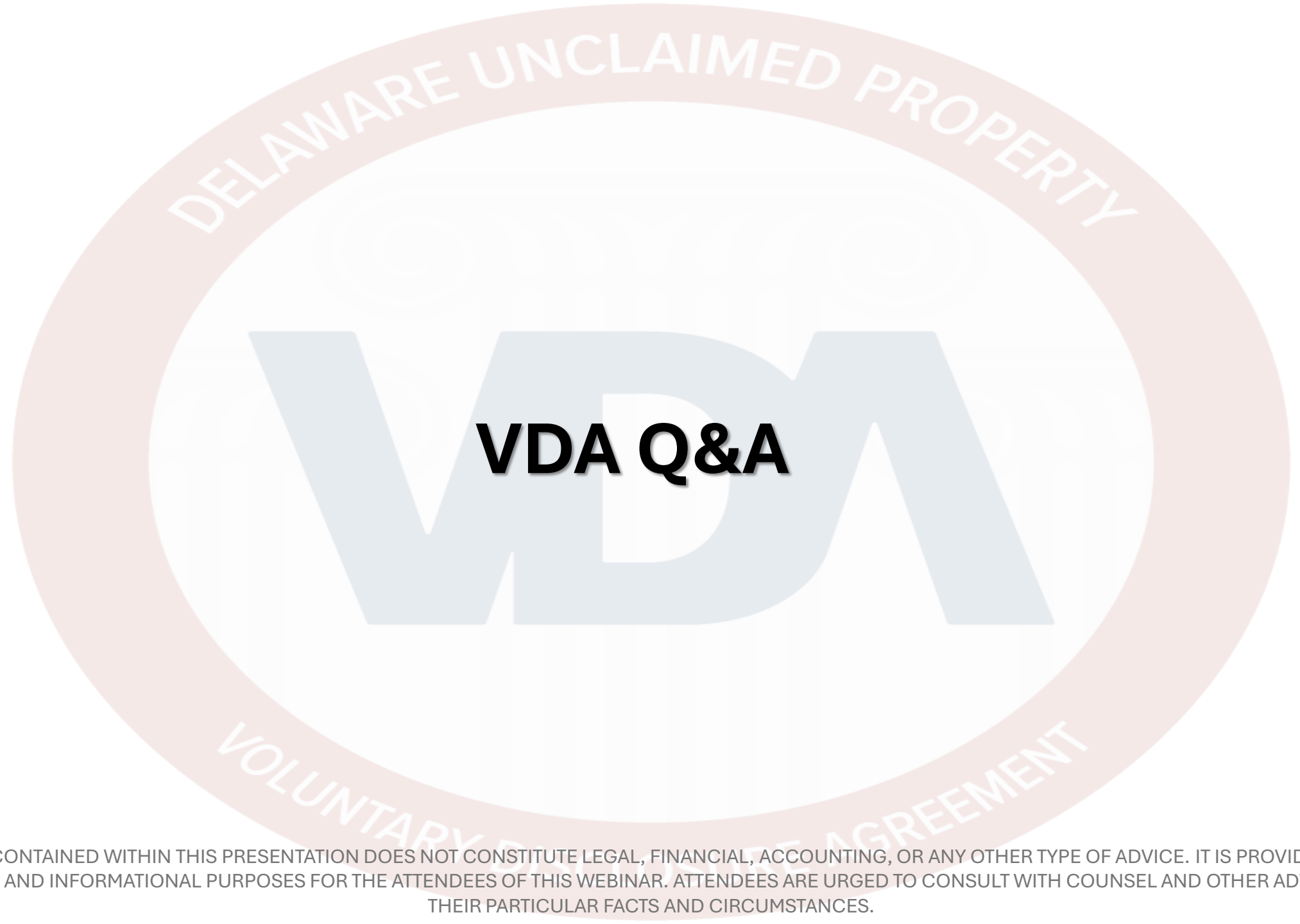
- Records to review to determine scope
  - Entities
    - Organization chart at different points during the lookback period
    - Several years of tax returns
    - Need to account for all M&A activity for lookback period (potentially 15 years from year of enrollment)
  - Property Types
    - Knowledge of entire organization's business operations: does/did company issue: gift cards, rebates, mineral rights, royalty payments
    - Holder should review historic trial balances to identify potentially relevant accounts

# Scoping

- Records to review to determine scope
  - Record Availability/Researchability (lookback could be as far back as 15 transaction years)
    - Company-wide document retention policy
    - Identify what is available electronically, what is available on-site/off-site
    - Goal is to determine what periods the holder can research the final disposition of an item
  - Estimated Liability
    - If holder does not have researchable records for the entire lookback period, estimation of liability is expected
    - In building an estimation
      - Base period must be two oldest years that have researchable records
      - Sampling for base period UP liability absolutely permitted
      - Provide support for denominator inputs (typically revenue – so 1120s/financial statements)
    - Work with vendors to discuss/agree on estimation methodology prior to commencing work

# Scoping

- Holder determines the entities and property types to be included in the VDA
  - Potential VDA Administrator follow-up
    - VDA Administrator is tasked with shepherding VDA to completion, but also recommending whether any scoped-out entities/property types/years should be referred to audit
    - Because the release/waiver provisions in VDA-2 are expansive, VDA Administrator needs clear distinction of what is included in release and what may be subject to referral to audit
    - Merged into entities of “in-scope” entities must be accounted for the final VDA submission
    - Recent acquisitions may impact record availability, liability calculations, and scope of the final release/waiver
    - Holder may elect to “scope-out” a property type or entity because potential liability “de minimis” – context of holder’s review and decision informs recommendation on referral



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# I received a VDA invitation – what should I do?

- [SOS.VDA@delaware.gov](mailto:SOS.VDA@delaware.gov)
- [VDA Program - State of Delaware](#)
- Form VDA-1
- Last date to enroll for current mailing round – 11/13/2025



# Should I consult with an advocate for my VDA?

- Advocates are optional – can decide to use one at any point over the VDA process
- Engaging with an advocate generally leads to a faster VDA
  - VDAs that have opened and closed since September 2020 – over 65% have used an advocate
- List of potential advocates is on our website
  - Only one person per firm can be listed as advocate contact

# Who is eligible to enroll in the VDA program?

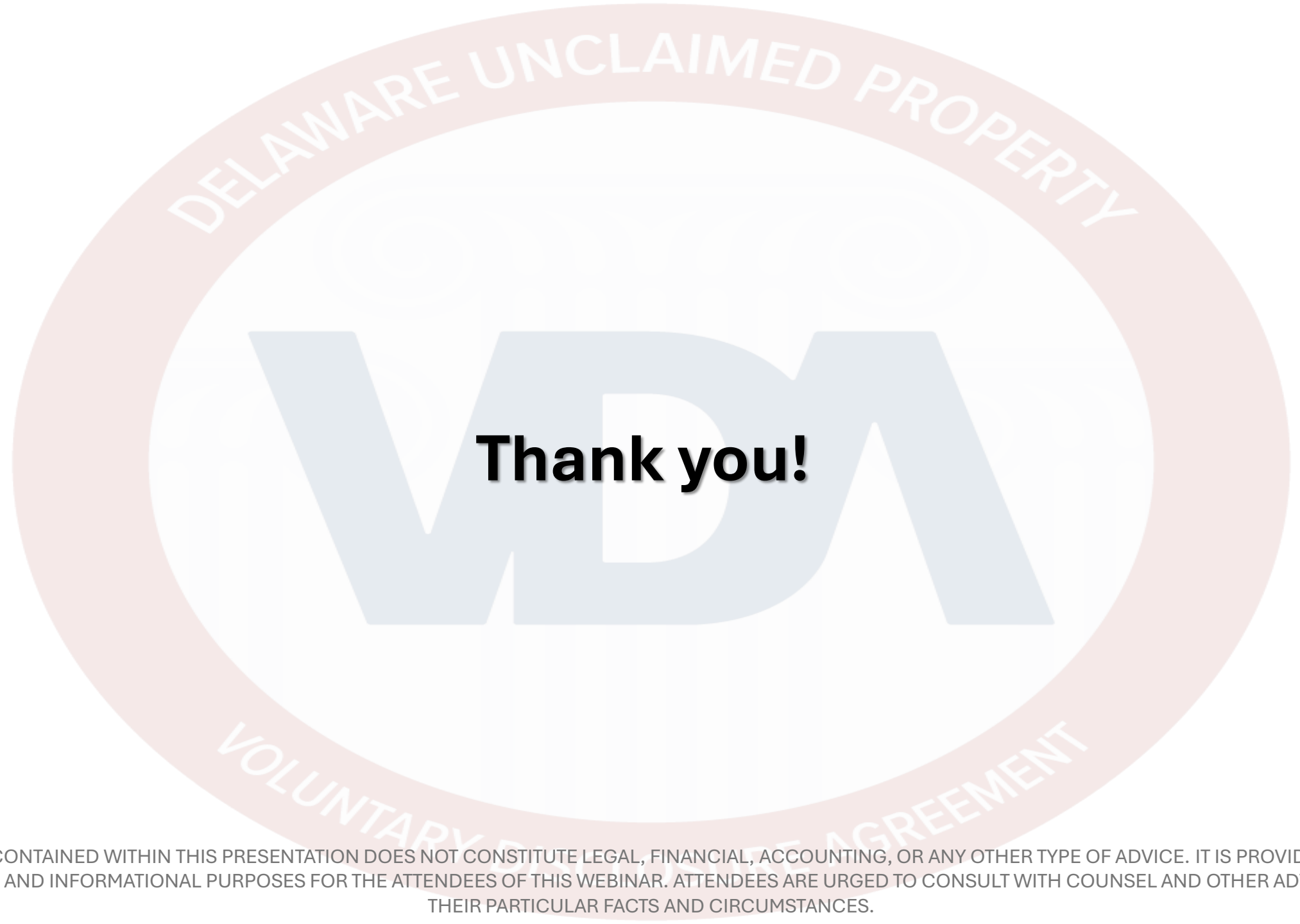
- All companies who believe they may be holding abandoned or unclaimed property are eligible to enroll in the SOS VDA program unless they:
  - Are currently under audit by the Delaware Department of Finance
  - Had previously enrolled and withdrew from the SOS VDA program
  - Had previously been removed from the SOS VDA program for failure to work in good faith

# Does scoping need to be determined before VDA begins?

- No, and attachment A on form VDA-1 can be left blank if you are not sure which entities you would like to include in the VDA
- Scoping will be finalized after the start of the VDA, and needs to be generally determined before the VDA can progress

**My Company is incorporated in Delaware, but does not have operations, vendors, or customers in Delaware. Why would I have any unclaimed property reportable to Delaware?**

- All Delaware legal entities are subject to the unclaimed property laws of the State, regardless of whether it conducts business in Delaware
- Priority rules regarding unclaimed property laws were decided by the U.S. Supreme Court in *Texas v. New Jersey* (1965)
  - First rule – state of the last known address of property owner
  - Second rule – if unaddressed or foreign address, it should be remitted to state of formation



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