



The Scott Companies, Inc.

Integrity is our Motto
Excellence is our Goal

Tax Processing Documentation

Company Confidential
Do not copy this documentation without prior **written** authorization

The Scott Companies, Inc.
15621 W 87th St Pkwy #140, Lenexa, KS 66219
Phone: 913-642-4838 Fax: 913-648-4784

Tax Processing

Table of Contents

1099 Summary Processing	5
Tax Data Evaluation.....	6
1099 File Extract.....	7
1099 Print Routines – Not supported past 2016.....	8
1098 File Processing	9
1098 TSCTAX98 File Editing	9
1098 File Extract.....	10
1098 Print Routines – Not Available past 2016	11
1098E File Extract – Not available past 2011.....	11
TAX ID Number File Extract.....	12
1098E Print Routines – Not available for 2011.....	12
Display Tax Processing Totals.....	13
Download Tax Data	14
Upload Tax Data to The Scott Companies, Inc.	15
Tax Processing Checklist.....	18
Tax Processing Services Authorization	19

1099/1098 Tax Reporting

The Scott Companies Tax Reporting modules extract 1099 and 1098 information so that electronic tax data can be uploaded to The Scott Companies via a secure connection or retrieved by dialing into your system and picking up the pre-processed data. Print routines allow you to either print on your own system or take advantage of The Scott Companies mailhouse processing to make your annual tax processing quick and simple. Powerful tax data evaluation routines make it easy to correct potential problems with the demographic and financial information to be reported to the IRS.

The following documentation shows you all the steps for 1099 and 1098 processing.

```
01/09/17          THE SCOTT COMPANIES LIBRARY          LIB 45 USER 120
                  21st Century Ready                    4.70

    1. MARKETING INFORMATION SYSTEM(MCIF)
    2. AUDIO RESPONSE / INTERNET FINANCIAL SYSTEM
    3. CPI / GL / PROFITSTAR / BRP / ALM / E-STMT / OFAC DOWNLOADS
    4. FIDM / AIRES / CREDIT BUREAU REPORTING DOWNLOADS
    5. TELLER PRODUCTIVITY
    6. 1099/1098 TAX PROCESSING
    7. OnLine BANKING INTERFACE
    8. NAME / MEMBER SERVICES UPDATE PROCESSING
    9. OVERDRAFT PRIVILEGE MENU
   10. TSC TIMECARD SYSTEM

    50. UTILITIES

    99. RETURN TO MAIN

        SELECTION: 6

        COPYRIGHT 1996-2016 - THE SCOTT COMPANIES, INC.
```

Choose selection 6 from the main menu, with this choice, the following menu will be displayed:

```
01/09/17          TSC TAX PROCESSING MENU 16          LIB 45 USER 120

PROCESSES:                                TSC CREDIT UNION
  10. 1099 SUMMARY PROCESSING              1201 JULY ST
  11. 1099 FILE EXTRACT                   ST JOHN MO 64201
  12. 1098 FILE PROCESSING                 FED TAX ID: (200187195): 20-0187195
  13. 1098 FILE EVAL/EDIT                 STATE TAX ID: 012013050
  14. TAX TIN FILE EXTRACT                 Telephone #: 816.333.3425
  15. 1098 FILE EXTRACT

REPORTS:
  20. TAX DATA EVALUATION
  21. DISPLAY TAX PROCESSING TOTALS
  22. 1099 PRINT ROUTINES
  23. 1098 PRINT ROUTINES
  24. 1098E PRINT ROUTINES (N/A)

  30. EDIT 'TAXNAME' RECORD
  50. UTILITIES (DOWNLOAD TAX DATA)

  99. RETURN TO MAIN
        SELECTION:
```

The following pages will guide you through the processing steps for 1098/1099 tax reporting using The Scott Companies processing programs.

1099 Summary Processing

From The Scott Companies tax processing menu, take choice number 10 to summarize 1099 information into the TSCTAX file for the next processing steps. This process creates one TSCTAX record for each member record in the NAME file except those NAME records, which do not have any ACCT records.

```
12/04/16          TSC TAX PROCESSING MENU 16      LIB  45 USER  20

PROCESSES:
10. 1099 SUMMARY PROCESSING          TSC CREDIT UNION
11. 1099 FILE EXTRACT                1201 JULY ST
12. 1098 FILE PROCESSING              ST JOHN MO  64201
13. 1098 FILE EVAL/EDIT               FED TAX ID:  (200187195): 20-0187195
14. TAX TIN FILE EXTRACT              STATE TAX ID: 012013050
15. 1098 FILE EXTRACT                 Telephone #: 816.333.3425

REPORTS:
20. TAX DATA EVALUATION
21. DISPLAY TAX PROCESSING TOTALS
22. 1099 PRINT ROUTINES
23. 1098 PRINT ROUTINES
24. 1098E PRINT ROUTINES (N/A)

30. EDIT 'TAXNAME' RECORD
50. UTILITIES (DOWNLOAD TAX DATA)

99. RETURN TO MAIN
SELECTION:10
```

The 1099 pre-processing is done to consolidate the tax information for subsequent extracts and print programs. In this step, non-taxable interest for IRA's and HSA's is identified as well as one (1) share type to be associated with Savings Bond Interest. The TSC1099 tax table is created based on the system 'IRATBL'. By typing 'DEL' as the first entry in the TSC1099 table, the system will restart the table from the system's IRATBL. Savings Bond Interest is processed at the same time by identifying the share type, which contains the savings bond interest in the YTDDIV field. If nothing is entered as the share type, it is assumed that Savings Bond Interest is not processed at this time. HSA table information is also assessed. Add the HSA items shown on the top line to the TSC1099 table if you have any Share Types to identify.

Either ACCT or ACCTEOY can be used as the basis for the pre-processing step. Summary totals are given at the end of the process that can be used to verify the accuracy of the process.

Note that the records created here serve as the basis for all subsequent 1099 processing and printing steps and contain one record for each member name on the system, whether or not they will get a 1099. The extract process will provide you with the summary totals that will tie to your system reports (i.e.: report # 35).

```
12/23/16          1099 Pre-Processing          USER  20
HSATBL: B      1      8
ENTER/EDIT TSC 1099 TAX TABLE(TYPE 'END' TO FINISH)
TSC1099

      I   J   K   L   R   U   S   T   B   END

THIS IS THE NEW 1099TAX TABLE
THIS PROGRAM TAKES YTD INTEREST FROM ALL SUFFIXES AND ASSOCIATES
THAT AMOUNT WITH SAVINGS BOND INTEREST FOR TAX REPORTING
PURPOSES. PLEASE ENTER THE SHARE TYPE OR HIT <ENTER> TO NOT
PROCESS FOR SAVINGS BOND INTEREST: NONE
USE ACCTEOY?(Y/N): N
Starting Processing 8050
```

COUNTS: RECORDS READ - NAME	RECORDS -	RECORDS WRITTEN						
	14,624	8,092		8,092				
YTD INTEREST	-	PENALTIES	-	YTD W/H	-	SAV BOND INT/COUNT	-	IRA* INT/COUNT
44,905.16		354.62		6.61		.00	0	3,441.68
TOTAL INT=	48,346.84							300
HSA Accts=	48							3,441.68
HIT RETURN TO CONTINUE								252

Tax Data Evaluation

Prior to running your 1099/1098 processes, the Tax Data Evaluation step (selection 20) will help you to verify the suitability of your information for tax processing. It checks for errors in the NAME file such as: duplicate NAME records, blank 1st address lines, blank 1st and 2nd address lines, blank name fields, blank city/state fields, blank or zero postal codes, state codes that are not 2 digits, negative penalties, withholding or YTD interest amounts. The process then reports this information to the screen or on paper for your staff to adjust the data.

This step needs to be run after selection 10 to allow the system to identify if the member will be the recipient of a 1099. The process does not identify 1098 recipients. The process does allow you to print only those members who will qualify to receive a 1099 to make the report shorter.

```

12/15/12          TSC 1099/1098 TAX INFORMATION TEST          USER  5

THIS PROGRAM CHECKS RELEVANT INFORMATION FROM YOUR NAME FILE
TO MAKE SURE THAT YOUR TAX PROCESSING WILL GO SMOOTHLY.
IT CHECKS THE NAME, ADDRESS, CITY/ST, POSTAL, YTD INT, PENALTY,
AND WITHHOLDING INFORMATION TO MAKE SURE IT MAKES SENSE.

ENTER MINIMUM REPORT AMOUNT FOR 1099 PROCESSING:$          10.00
CHECK ONLY REPORTABLE MEMBERS?:  N
DO YOU WISH TO RUN THIS PROGRAM AT THIS TIME?  Y
DO YOU WISH TO PRINT THE REPORT?  N

ARE YOU READY TO PROCESS?  Y

```

The report produced is represented below:

```

REPORT:TAX0001          ANY OLD FEDERAL CREDIT UNION          PAGE:  2
DATE:12/15/12 TIME:13:50:48  TAX PRE-PROCESSING          MIN YTD INT =  10.00
ACCOUNT      MESSAGES
ACCOUNT: 334          RENALDO CORTEZ
Duplicate Name record  PREV/CURR - 334          ( 989)  334          ( 990)
PREV NAME:  JAMES BERRY
Blank 1st/2nd Address Line
Bad 2 digit State Code          ""
No 1099:          1.62

ACCOUNT: 335          HENRY MANCINI SR
Blank 1st/2nd Address Line
Zero/Blank Zip Code          ""
Bad 2 digit State Code          ""
No 1099:          .00

ACCOUNT: 993          LOIS LANE GRIFFIN
Bad 2 digit State Code          "OVERLAND PARK, KANSAS"
Reportable:          182.47

END OF REPORT
SUMMARY LAST RUN ON 05/06/98 USING THIS YEAR'S DATA
# OF RECORDS READ=          2,140  TOTAL NAME RECORDS READ=          2,140
TOTAL ERRORS PRINTED=          21  TOTAL ERROR RECORDS=          21
TOTAL NON-1099 ERRORS=          20  TOTAL REPORTABLE ERRORS=          1
TOTAL DUPLICATE ERRORS=          1

```

If you find a duplicate NAME record – this is a **SERIOUS** system problem and requires immediate attention from support personnel. Have it fixed **BEFORE** you continue processing.

1099 File Extract

After verifying that your information has no errors, most people choose to do the 1099 file extract. This is choice number 11 from the main tax processing menu screen. The 1099 file extract routine creates a text file (TAX1099.TXT), which is then exported from your system to create the electronic media that goes to the IRS. This same extract can be used to print the 1099's.

```
12/04/16          TSC TAX PROCESSING MENU 16      LIB 45 USER 20

PROCESSES:
10. 1099 SUMMARY PROCESSING          TSC CREDIT UNION
    11. 1099 FILE EXTRACT             1201 JULY ST
    12. 1098 FILE PROCESSING          ST JOHN MO 64201
    13. 1098 FILE EVAL/EDIT          FED TAX ID: (200187195): 20-0187195
    14. TAX TIN FILE EXTRACT          STATE TAX ID: 012013050
    15. 1098 FILE EXTRACT             Telephone #: 816.333.3425

REPORTS:
20. TAX DATA EVALUATION
21. DISPLAY TAX PROCESSING TOTALS
22. 1099 PRINT ROUTINES
23. 1098 PRINT ROUTINES
24. 1098E PRINT ROUTINES (N/A)

30. EDIT 'TAXNAME' RECORD
50. UTILITIES (DOWNLOAD TAX DATA)

99. RETURN TO MAIN
    SELECTION:11
```

In the 1099 Tax Extract, the minimum reporting amount is identified along with the credit union's Tax ID number. Summary totals from this screen should be carefully evaluated against your system reports to verify the results. Figures on this screen must match with the reports before final tax reporting should be done.

The extract process evaluates the minimum reporting amount of the total interest from savings bonds and other interest. Every member record with any YTD withholding is also extracted. The extraction routine also separates city and state into separate fields. The state must be a 2 digit field for this to be done correctly. Any irregularities to the state field are reported to the screen as a bad state code. Bad state codes are any state that is not 2 digits. Extra spaces, periods and commas do not affect the processing. Bad state codes may also be foreign addresses.

```
12/09/16          TSC 1099 TAX EXTRACT          USER 4

ENTER MINIMUM REPORT AMOUNT FOR 1099 PROCESSING:$      10.00
ENTER THE CU'S TAX ID NUMBER:  23-4567890
Last 1099 Tax Summary Run Date:12/06/97 with 6,857 records(Current Data)
The last 1099 Tax Extract was processed on 12/02/97 with 5,610 records

ARE YOU READY TO PROCESS (T for Tab)? T

VOLUME NAME: /SYSVOL  TFA NAME: /WPTFA
ARE YOU SURE? Y
Starting Processing 1723
# OF RECORDS READ=          6,464
TOTAL NAME RECORDS READ=    4,442
TOTAL RECORDS WRITTEN=      1,723
TOTAL YTD INTEREST:$          298,457.96
TOTAL PENALTIES=$            236.85
TOTAL YTD W/H=$              117.40      INT < $10 W/ W/H=$      8.34
TOTAL SAV BOND INTEREST=$    25.90      INT & S/B INT < $10=$    12.90
TOTAL BAD STATE CODES:      4
```

1099 Print Routines – Not supported past 2016

1099 printing can be accomplished any time after the summarization of the data into the TSCTAX file by choosing choice number 22 from The Scott Companies Tax processing menu. During the process, the user confirms the details of the credit union address and federal tax ID number. If the screen does not come up with the proper credit union address, ID numbers and telephone number, use CUSA menu 350 (or the TSC Tax menu 30) to put the credit union information in correctly.

Standard continuous 1099 forms are used with selection number 1. Customized forms are used for format types 2 and 3. Hidden choices 4-6 allow you to run 10 forms as a test and are equivalent to format types 1-3 respectively.

Restarting can be accomplished by type 'Y' to the 'RESTART?' prompt. To print one form, type '1' at the 'RESTART' prompt. If you choose not to print, the information for the 1099 is presented to the screen one member at a time in the approximate format chosen.

```
12/09/12          TSC 1099 PRINTING          USER 4

The TSC 1099 Printing process will sort all NAMES 9n Zip Code order,
print the 1099 information in a heading format and allow one of
three trailer formats 1=None, 2=2/3 page, 3=1 page w/confirmation
totals from all accounts for the member
Last 1099 Tax Summary Run Date:12/06/97 with 6,857 records(Current Data)
The last 1099 Tax Extract was processed on 12/09/97 with 5,330 records

PLEASE CONFIRM YOUR CU NAME AND DETAILS

CU NAME:          ANY OLD FEDERAL CREDIT UNION
ADDRESS:          301 MAPLE AVENUE
CITY ST ZIP:      CLEAR LAKE, MN 52767
FED TAX ID #:     23-4567890
STATE Tax ID #:   1542345
TELEPHONE #:      321-345-2213
ENTER 1099 MINIMUM:$ 10.00
TYPE OF FORMAT(1,2,3): 1
ARE YOU READY? Y   RESTART? N
DO YOU WISH TO PRINT THE 1099'S? Y
ENTER PRINTER #(99 FOR SLAVE): 1
```

The following is format #1 which matches the system 1099 print format for 4 part forms (although you only need to create one-part printed forms for the member).

```
ANY OLD FEDERAL CREDIT UNION
301 MAPLE AVENUE
CLEAR LAKE, MN 52767
301 MAPLE AVENUE

321-345-2213

23-4567890          234-45-1234          35.97

ELEANOR M NIXON          .00          .00

RT. 17          .00

BOISE FALLS, MN 55037

234987          .00
```


1098 File Processing

The 1098 File Processing is required to accommodate changes to the 1098 requirements on 1098 reporting. The IRS requires information not naturally available in the CUSA system. Therefore the process must be started in the year of tax process instead of simply the month after. Selection 12 is now required to run before the month end to capture the Beginning of Year Balance (BOY) and to accommodate data entry and manual editing of non-existent fields (Refund on Interest, PIM insurance, Owner occupied Flag, Property Address + Overflow address/Description). The process updates a new file called TSCTAX98 which is defined to Just Ask for Ad Hoc reporting as needed.

It is required to run this process 2 times, once before end of year and once after EOY with a January date as follows:

Before End of Year (EOY)

- a. With the fixed 1098TBL (if needed)
- b. The Minimum Reporting Amount helps to balance to Menu 35 but is always set to \$.01
- c. Using EOY as the source to pick up the BOY Loan Balance.
- d. Initialize TSCTAX98 = "Y" for the first time (not allowed in January).

```
(01) 01/09/17          TSC 1098 TAX PROCESS (17)          USER 120
1098TBL: 600.00 HA HF HI HM HL RB      6

Last 1098 Tax Process Run Date: 03/01/09 with      200 records (EOY Data)
ENTER/EDIT TSC 1099 TAX TABLE(TYPE 'END' TO FINISH)
TSC1098
    600.00 HA HF HI HM HL RB END

THIS IS THE NEW 1098TAX TABLE
ENTER MINIMUM REPORT AMOUNT FOR 1098 PROCESSING:$      600.00
USE ACCTEOY?(Y/N): Y
INITIALIZE TSC1098 FILE? N

Starting Processing      200
# OF RECORDS READ=      14,624
TOTAL NAME RECORDS READ=      8,092
TOTAL RECORDS WRITTEN=      200
TOTAL YTD INTEREST/BOY/PMI AMT:$      724,969.69      11,815,085.20      2.22
TOTAL POINTS(16):$      .00      0
TOTAL INTEREST BELOW MINIMUM: $      13,719.87      50      222      711,249.82
Mortgage page 4's Found/usefull:      1      1
```

1098 TSCTAX98 File Editing

If you have a need to update the TSCTAX98 file, use Menu 13 to do so. It allows you to manually update the following fields:

- a. Refund Overpd Int
- b. Mortgage PMI paid
- c. Primary Residence Flag
- d. Property Address
- e. Property Description
- f. Overflow Address/Desc

```
01/09/17          Display / Edit TSCTAX98 Record          USER 120
ENTER ACCT#-SFX of Loan(11): 22221-C      JOHANN J JOHANSON
```

1	LAST UPDATE(MM/DD/YYYY):	01/09/2017
2	MORTGAGE INT PAID (7.2):	4228.23
3	BOY MORTGAGE BAL (7.2):	77745.35
4	ORIG LN DATE(MM/DD/YY):	05/03/04
5	REFUND OVERPD INT (7.2):	.00
6	MORTGAGE PMI PAID (7.2):	.00
7	POINTS PAID (7.2):	.00
8	PRIMARY RES Y/N (1):	Y
9	PROPERTY ADDRESS (39):	
10	PROPERTY DESC (39):	
11	OVERFLOW ADDR/DESC (39):	
12	LENGTH OF ADDR/DESC (3):	0
13	COLLATERAL CODE (2):	HF

After End of Year (in January) you will run selection 12 over again with the following options:

- a. With the fixed 1098TBL (if needed)
- b. The Minimum Reporting Amount helps to balance to Menu 35 but is always set to \$.01
- c. Using EOY as the source to pick up the correct amounts.
- d. Initialize TSCTAX98 = "N".

1098 File Extract

The new 1098 file extract (2016) requires the 1098 extract process be complete for both prior prior year (to pick up the BOY balance) and the prior year (to pick up PYTD data and data entered from selection 13). Each mortgage loan is reported separately to the member if the interest paid matches or exceeds the minimum dollar amount designated. Collateral codes are used to identify the loans that relate to real estate mortgage interest. A 1098 table is created based on the system 1098TBL. To force the use of the system 1098TBL, enter 'DEL' in any field of the 1098 tax table. All data is extracted from the TSCTAX98 file (and the NAME file).

01/09/17	TSC 1098 TAX EXTRACT (17)	USER 120
1098TBL: 600.00 HA HF HI HM HL RB	6	
Last 1098 Tax Process Run Date: 01/09/17 with	200 records (EOY Data)	
Last 1098 Extract Date: 03/01/09 with	151 records	711,249.82 YTD Int 1
ENTER MINIMUM REPORT AMOUNT FOR 1098 PROCESSING:\$ 600.00		
ENTER THE CU'S TAX ID NUMBER: 47-0383564		
You are using data updated on the EOY ACCT File.		
ARE YOU READY TO PROCESS (T for Tab)? T		
VOLUME NAME: /SYSVOL TFA NAME: /WPTFA		
ARE YOU SURE? Y		
# OF RECORDS READ=	200	
TOTAL NAME RECORDS READ=	150	
TOTAL RECORDS WRITTEN=	151	
TOTAL YTD INTEREST:\$	711,249.82	
TOTAL POINTS(16):\$.00	0
TOTAL INTEREST BELOW MINIMUM: \$.00	0
TOTAL BAD STATE CODES:	0	0

This process creates a tax extract file named 'TAX1098.TXT'. This file is used to create magnetic media.

Summary totals from this screen should be carefully evaluated against your system reports to verify the results. Figures on this screen must match with the reports before final tax reporting should be done.

Just like the 1099 extract, this extraction routine separates city and state into separate fields. The state must be a 2 digit field for this to be done correctly. Any irregularities to the state field are reported to the screen as a bad state code.

```
01/09/17          TSC 1098 TAX EXTRACT (17)          USER 120
1098TBL: 600.00 HA HF HI HM HL RB          6
Last 1098 Tax Process Run Date: 01/09/17 with          200 records (EOY Data)
Last 1098 Extract Date: 03/01/09 with          151 records          711,249.82 YTD Int 1

ENTER MINIMUM REPORT AMOUNT FOR 1098 PROCESSING:$          600.00
ENTER THE CU'S TAX ID NUMBER: 47-0383564
You are using data updated on the EOY ACCT File.

ARE YOU READY TO PROCESS (T for Tab)? T
VOLUME NAME: /SYSVOL TFA NAME: /WPTFA
ARE YOU SURE? Y
# OF RECORDS READ=          200
TOTAL NAME RECORDS READ=          150
TOTAL RECORDS WRITTEN=          151
TOTAL YTD INTEREST:$          711,249.82
TOTAL POINTS(16):$          .00          0
TOTAL INTEREST BELOW MINIMUM: $          .00          0          0
TOTAL BAD STATE CODES:          0
```

1098 Print Routines – Not Available past 2016

1098E File Extract – Not available past 2011

TAX ID Number File Extract

The Tax TIN extract (selection 14) allows the credit union to submit to the IRS the Tax ID's associated with every member. By submitting the Tax ID's to the IRS, you can clear up any errors in advance of Tax reporting and avoid penalties which might otherwise be imposed by the IRS.

This process creates a file named 'TSCTIN.TXT'. This file is uploaded to The Scott Companies for submission to the IRS. The Scott Companies then submits the data to the IRS and within 24-48 hours the results are returned to the credit union via a password protected Excel file.

The IRS will only accept names with letters, numbers, an ampersand and a dash. The process therefore 'cleans up' the data to be submitted as it processes. These improvements to the data are documented on the screen under the category 'Changes'. Records with a 'B' in the sex code are considered businesses and their Tax ID number is assumed to be an EIN.

Unlike tax processing, this application has to be licensed annually although it has no annual license fee. Most of the time a staff member from The Scott Companies, Inc. will be running this application, although you can do it on your own and submit the data through the upload web site. You will need to call for the licensing code.

```
12/02/12          TSC TAX ID NUMBER FILE          USER 20
      Not Licensed - call The Scott Companies, Inc. for Licensing
      This product has no license fee but requires activation
      call 913-642-4838 fax 913-648-4784

All Members and Businesses will process
ENTER QUALIFYING MEMBERSHIP AMOUNT IN 'A' SUFFIX:          .01

Starting Processing  5873
# OF RECORDS READ=      14,624
TOTAL NAME RECORDS READ=      8,092   W/O 'A' SUFFIX=      1
TOTAL RECORDS WRITTEN=      5,873
TOTAL SSN's/EIN's=      5,868          4
Changes , . dbl' ' ( )
      6 123 4 13 4 4 0 1 1
NOT LICENSED - 100 RECORDS WRITTEN
```

1098E Print Routines – Not available for 2011

Display Tax Processing Totals

Printing and displaying the totals of the tax processing programs for the 1098s and 1099s are accomplished in menu item 21.

```
01/09/17          TSC TAX PROCESSING MENU 16      LIB  45 USER 120

PROCESSES:
10. 1099 SUMMARY PROCESSING
11. 1099 FILE EXTRACT
12. 1098 FILE PROCESSING
13. 1098 FILE EVAL/EDIT
14. TAX TIN FILE EXTRACT
15. 1098 FILE EXTRACT

REPORTS:
20. TAX DATA EVALUATION
21. DISPLAY TAX PROCESSING TOTALS
22. 1099 PRINT ROUTINES
23. 1098 PRINT ROUTINES
24. 1098E PRINT ROUTINES (N/A)

30. EDIT 'TAXNAME' RECORD
50. UTILITIES (DOWNLOAD TAX DATA)

99. RETURN TO MAIN
SELECTION:
```

The program runs the reports, and then allows for printing. Check your credit union's name, address and Tax ID here. If it is not correct, correct it using the CUSA Menu 350 (or the TSC Tax menu 30).

```
12/04/12          Tax Processing Totals          USER  20

TSC CREDIT UNION          TAX ID:  (720551662):72-0551662
LENEXA, KS  20412-3140    (141)

1099 Summary Run Date: 03/01/09  RECORDS:  8092    *** EOY Data ***
YTD DIVIDEND - PENALTIES - YTD W/H - SAV BOND INT/COUNT - IRA INT/COUNT
462,261.73    1,211.90    92.27    .00    0  26,108.50    295
TOTAL INT:    488,370.23  IRA+Reg Pnlty:  1,322.45

1099 Extract Run Date: 03/01/09  RECORDS:  1404
YTD DIVIDEND - PENALTIES - YTD W/H - SAV BOND INT - BAD STATE CODES
455,994.25    1,211.90    92.27    .00    10

1098 Process Run Date: 01/09/17  RECORDS:  200    *** EOY Data ***
YTD INTEREST - POINTS -
724,969.69    .00

1098 Extract Run Date: 01/09/17  RECORDS:  151    *** EOY Data ***
YTD INTEREST - POINTS - BAD STATE CODES
711,249.82    .00    0

1099 / 1098 Process/Extract LIMITS:  10.00 / .01 / 600.00
DO YOU WANT TO PRINT THE REPORT: N
```

By selecting to print, the program will prompt for the printer number, and will then send the report to be printed, with appropriate headings and spacing. This 1 page report serves as your transmittal document.

Download Tax Data

To download tax data prior to sending it to The Scott Companies, Inc., select menu option 50 from the Tax Processing Menu, then 3 then 27,

```
01/09/17          TSC TAX PROCESSING MENU 16      LIB  45 USER 120

PROCESSES:
10. 1099 SUMMARY PROCESSING
11. 1099 FILE EXTRACT
12. 1098 FILE PROCESSING
13. 1098 FILE EVAL/EDIT
14. TAX TIN FILE EXTRACT
15. 1098 FILE EXTRACT

REPORTS:
20. TAX DATA EVALUATION
21. DISPLAY TAX PROCESSING TOTALS
22. 1099 PRINT ROUTINES
23. 1098 PRINT ROUTINES
24. 1098E PRINT ROUTINES (N/A)

30. EDIT 'TAXNAME' RECORD
50. UTILITIES (DOWNLOAD TAX DATA)

99. RETURN TO MAIN
SELECTION: 50

TSC CREDIT UNION
1201 JULY ST
ST JOHN MO  64201
FED TAX ID: (200187195): 20-0187195
STATE TAX ID: 012013050
Telephone #: 816.333.3425
```

The download will allow you to download your data directly to your PC prior to sending it to The Scott Companies through the secure upload screen on the internet.

```
12/04/12          X/RTS TSC File Download 3.0      LIB  45 USER  20

1.  CPI FILE
2.  NAME ADD FILE(DNLD)
3.  NAME FIN FILE
4.  NAME CUNA FILE
5.  NAME DNST FILE
6.  BRP FILES
7.  TCSWAR FILES
8.  GL DOWNLOAD FILE
9.  FIDM FILE
10. PROFITSTAR SHARE/LOAN FILES
11. MCIF ADD FILE(DNLD)
12. MCIF FIN FILE
13. MCIF CUNA FILE
14. MCIF DNST FILE

15. AIRES FILES
16. MCIF EQUIFAX ECMS 150(E150)
17. NAME E-Mail w/Account(eml1)
18. NAME E-Mail only(eml2)
19. MCIF E-Mail w/Account(eml1)
20. MCIF E-Mail only(eml2)
21. Overdraft Privilege Extract
22. ALM SHARE/LOAN/GL FILES
23. E-STATEMENT FILE(estmt)
24. Project Zip Code File(projzip)
25. Credit Bureau Reporting Extract
26. MCIF RADDON Share/Loan files
27. TSC Tax Extract Files
28. TSC AimBridge Extract
29. TSC OFAC Download

ENTER SELECTION:  27

This process downloads the TSC file to your PC. Depending on the
size of the file and your connection, this may take a few minutes.
The file will be placed in the '\tmp' folder of your PC.
For Faster Downloads, use 'Z' for Z-modem (NOT FOR PCN-TERM).
Are you ready to process (Y/N/Z):  Y
```

The files will be placed in the 'c:\tmp' folder of you PC. Two files are possible: (1) 'tsc1099.txt' for 1099 records; and (2) 'tsc1098.txt' for 1098 records..

Upload Tax Data to The Scott Companies, Inc.

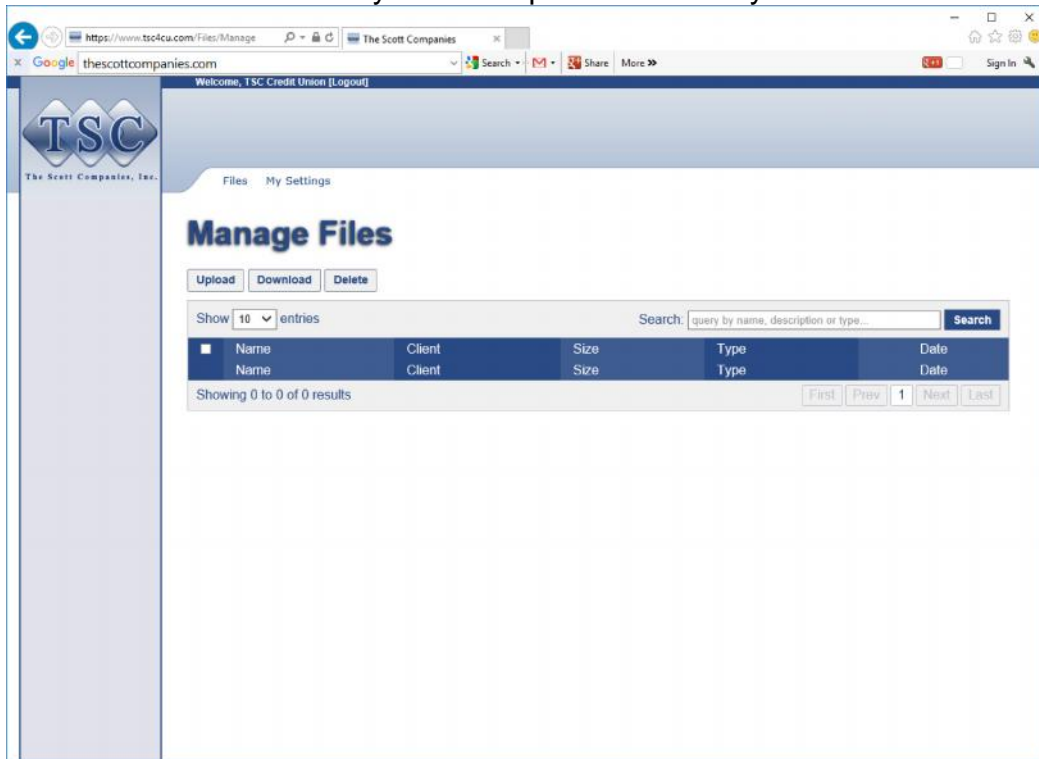
Overview:

Login to www.thescottcompanies.com, click on 'File Upload', click on 'Upload New Files', click on 'Tax Files' then 'Continue', click on 'Browse' to select your file (from 'c:\tmp') and type in a short description and any notes, click on 'upload files' to upload the files. Click on 'Back to File Upload' to confirm the information arrived properly. Now Fax your Tax Processing Authorization form along with your Tax Processing Totals (menu 21) to The Scott Companies and you are done.

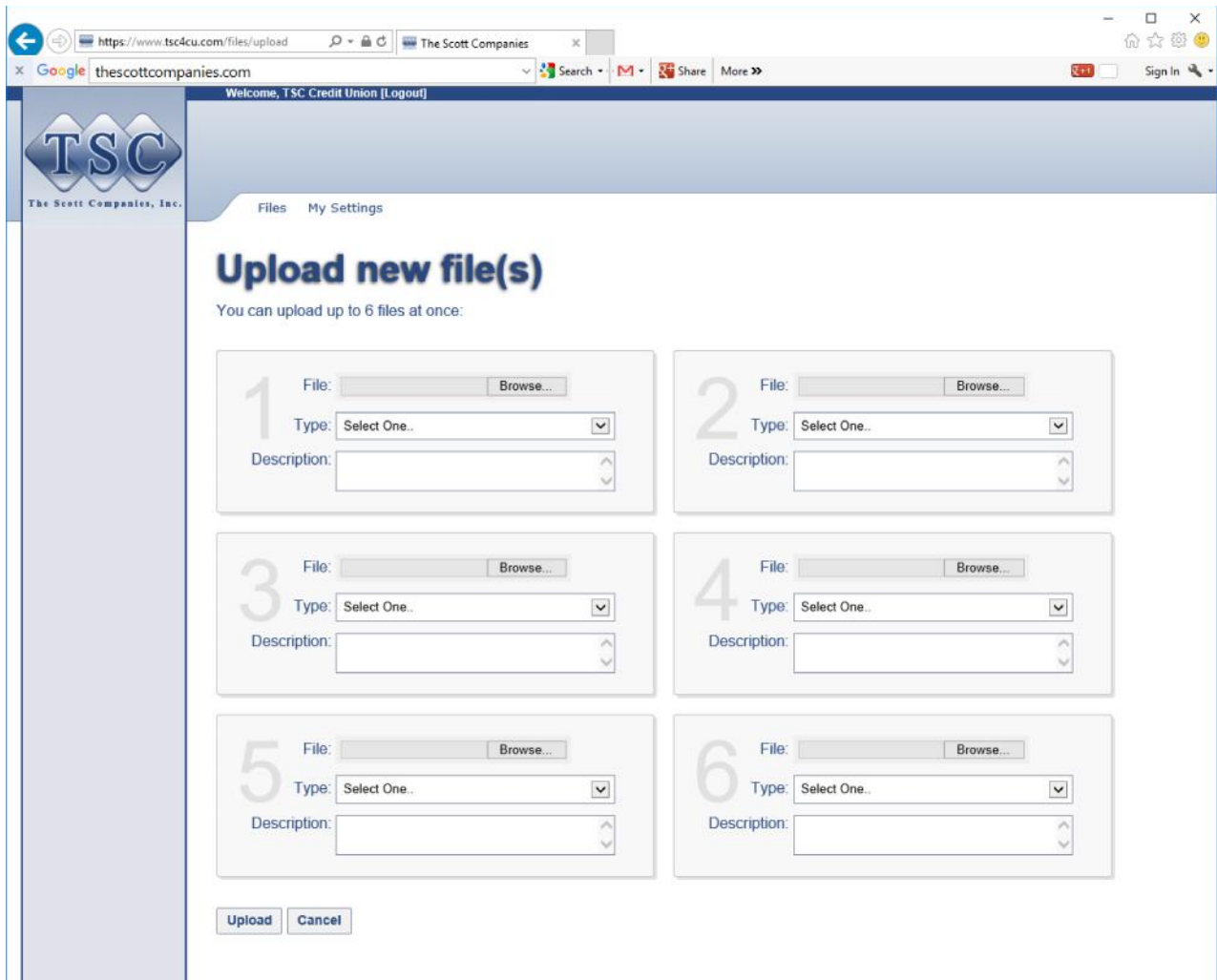
Detailed Step by Step instructions:

To upload data for tax processing, first download the files as described in the previous section after processing and verifying your totals. Second, through the internet go to www.thescottcompanies.com. Third, Login with your customer login and password.

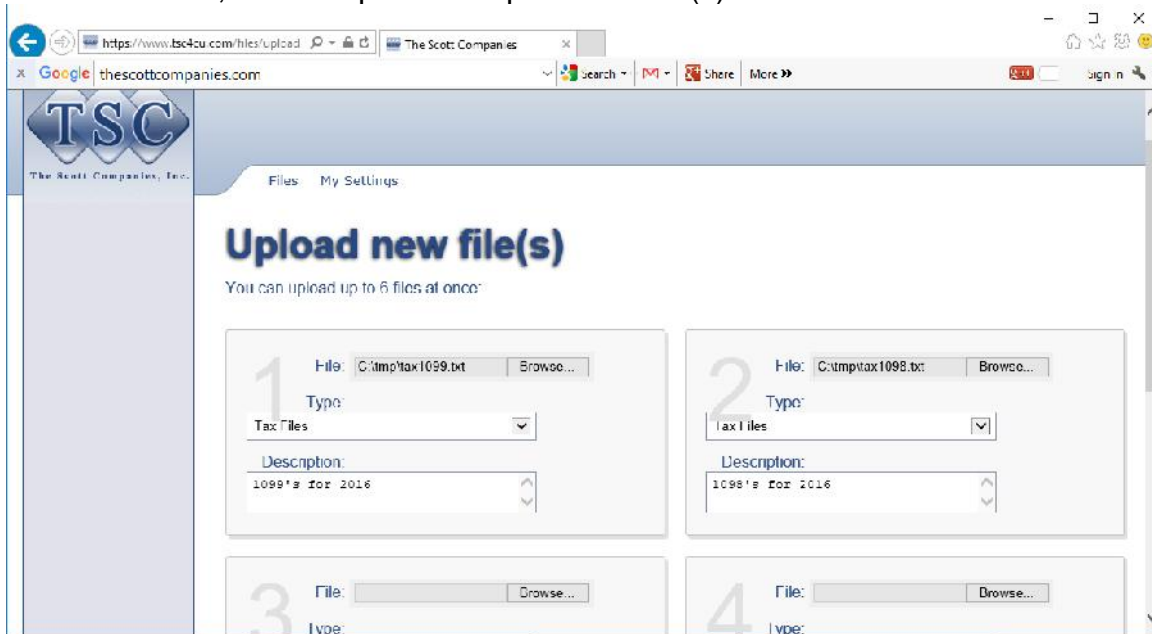
You now are securely connected and are transferred to the "Manage Files" screen. This screen will list all the files you have uploaded recently.



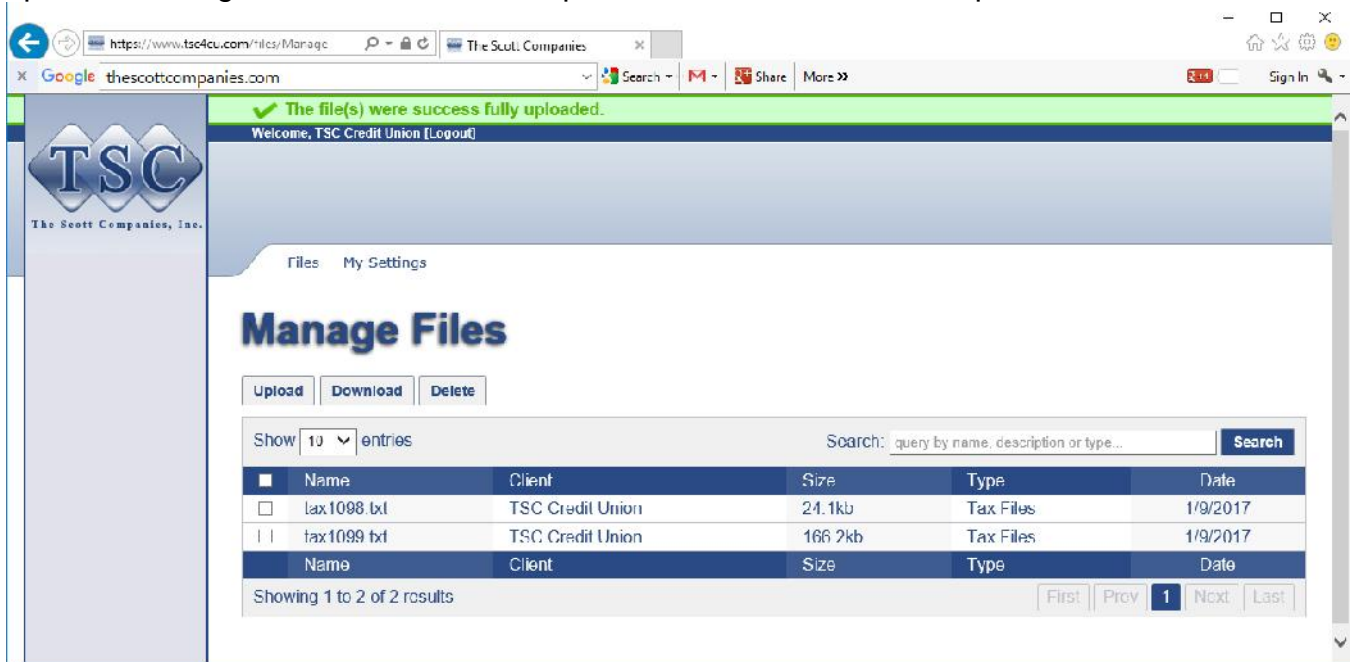
To upload your files, select the "Upload" tab from the "Manage Files" menu. You can also use the "My Settings" tab to update your e-mail address and other information.



You can upload up to 6 files at a time to The Scott Companies. Use 1 and 2 for your uploads. For 1, you will browse to “c:\tmp\tax1099.txt”. For 2, you will browse to “c:\tmp\tax1098”. Both files will use the ‘Tax Files’ from the file type list. Put in an appropriate description for each of the files. Then, select ‘Upload’ to upload the file(s).



When the data upload is complete, the top of the screen will reflect that the files were uploaded, along with the names, descriptions and sizes of the files uploaded.



The File Upload process also generates a confirmation e-mail to you at the e-mail address designated in your settings. A sample is shown below:

```
Customer : TSC Credit Union
-----
Filename : tax1099.txt
Filesize : 64.54kb
Filetype : text/plain
Description : 1099 TAX INFORMATION
-----
Filename : tax1098.txt
Filesize : 812b
Filetype : text/plain
Description : 1098 TAX INFORMATION
-----
Forwarded To:
The Scott Companies - ftp.thescottcompanies.com
```

Tax Processing Checklist

1. Verify that the tax processing programs are installed. Your tax processing menu should like the following:

```
01/09/17                TSC TAX PROCESSING MENU 16    LIB  45 USER 120

PROCESSES:                TSC CREDIT UNION
10. 1099 SUMMARY PROCESSING    1201 JULY ST
11. 1099 FILE EXTRACT          ST JOHN MO  64201
12. 1098 FILE PROCESSING      FED TAX ID: (200187195): 20-0187195
13. 1098 FILE EVAL/EDIT       STATE TAX ID: 012013050
14. TAX TIN FILE EXTRACT      Telephone #: 816.333.3425
15. 1098 FILE EXTRACT

REPORTS:
20. TAX DATA EVALUATION
21. DISPLAY TAX PROCESSING TOTALS
22. 1099 PRINT ROUTINES
23. 1098 PRINT ROUTINES
24. 1098E PRINT ROUTINES (N/A)

30. EDIT 'TAXNAME' RECORD
50. UTILITIES (DOWNLOAD TAX DATA)

99. RETURN TO MAIN
    SELECTION:
```

2. **In December – 1099's** - in time to fix errors in your data - run choice #10, 1099 Summary processing to summarize the totals for the Tax Data evaluation.
3. **In December – 1098's** - Run choice#12, initializing the TSXTAX98 file using ACCTEOY to pick up beginning loan balances from last year. Also check to make sure PO Box addresses have the mortgage address updated in choice #13.
4. Put PMI insurance and other non-supported data into the 1098 File using choice #13.
5. Now - run choice #20, Tax Data Evaluation to determine if there are errors/incomplete/missing fields that need to be fixed prior to extracting the 1099 and 1098 tax files. Call if you have duplicate records. Check Menu 21 for your credit union's proper Name, Address and Tax ID. Fix in menu 350 (or the TSC Tax menu 30) if necessary.
6. You may wish to run the 1099 and 1098 file extract routines (choices 11,15), just to experiment and feel comfortable with their operation and check your menu 35 report summary totals against the totals given on the screen. These totals can serve as the basis for your deposit check to The Scott Companies due on Dec 1, 2016.
7. **FOR 1099's - In January**, run choice 10 with the ACCTEOY option to summarize the 1099 data. Then run choice 11 to extract the 1099 information for The Scott Companies. Make sure you check the totals carefully on the screen against the summary totals on your menu 35 report (Dividend and Interest Report).
8. **FOR 1098's - In January**, run choice 12 with the ACCTEOY option to extract the information for The Scott Companies processing. DO NOT Initialize the TXCTAX98 file. Adjust any data for non-supported fields using menu 13. THEN use choice 15 to create the 1098 extract file. Make sure you check the totals carefully on the screen against the summary totals on your menu 35 report (Dividend and Interest Report).
9. Send a check to The Scott Companies written to The Scott Companies for the anticipated postage on your 1099's and 1098's. It should be equal to \$.45 times the number of 1099's and 1098's shown in steps 6 and 7. Mailing will NOT occur until the check arrives at The Scott Companies. You can send a check in advance based on your test results.
10. Upload your data via www.thescottcompanies.com or call The Scott Companies at (913) 642-4838 and **Fax your Tax Data Transmittal Form** (menu 21) to (913) 648-4784 after you have done the extract for electronic pickup of your 1099 and 1098 data.

The Scott Companies, Inc.
1099/1098 Tax Processing Services Authorization

Tax Processing Services Authorization

Credit Union Name/Address:	Date: _____ Time: _____
Contact Name(s):	Phone: _____ Alt Phone: _____

1099/1098 Information

of 1099's extracted: _____ # of 1098's extracted: _____ Total: _____
Estimated Postage: 1098/1099's _____ x Postage .48 = _____ Estimated Postage
Estimated postage **must** be pre-paid to **The Scott Companies, Inc.**

Service Requested: ◇ Print, Insert, Mail to Members (mail undeliverables to Credit Union) ◇ Print, Insert, No Mail (mail inserted to Credit Union) ◇ Print Only (mail flat to Credit Union) ◇ Other, Describe: _____ _____ All services include transmission to the Internal Revenue Service Comments:
--

I have verified that the totals for 1099/1098 processing have been check against appropriate reports and that the 1099/1098 data is ready to be processed.

By: _____ Title: _____

Signed: _____ Date: _____

Postage Checks should be delivered to: **The Scott Companies, Inc.**
15621 W 87th St Pkwy #140, Lenexa, KS 66219

◇ *We uploaded via the Internet (no need to dial in) – *requires login/password
--

Fax to: (913) 648-4784

Please fax this document to authorize transmitting of your data extracts for Tax processing.

1098/1099's will not be processed without authorization.