

**Billing and Collection Agent Report  
For period ending August 31, 2010**

**To NANC**

**September 8, 2010**

**NANPA FUND  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2010**

**Assets**

Cash Balance in bank account		\$ 3,083,000
Receivable from US Carriers	376,648	
Receivable from Canada	6,670	
Receivable from Caribbean countries	3,015	
Receivables forwarded to FCC for collection (Over 90 days)	271,346	
Allowance for uncollectible accounts	<u>(406,000)</u>	251,679
Prepaid maintenance contract		<u>64,040</u>
<b>Total assets</b>		<b>3,398,719</b>
<b>Less: Accrued liabilities (see below for makeup)</b>		<b><u>(366,830)</u></b>
 <b>Fund balance</b>		 <b><u>\$ 3,031,889</u></b>

**Makeup of Accrued Liabilities** (see following page for additional details)

Welch LLP	41,459	
NEUSTAR Pooling 1K Block Pooling Expenses	186,932	
NEUSTAR Admin Expenses	130,353	
Data Collection Agent - USAC	<u>8,086</u>	
	<u>\$ 366,830</u>	

\*\*\*\*\*

**Other items of note**

During July, the bank account earned an average rate of return of 0.378

**NANPA FUND  
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE  
JULY 2010 TO JUNE 2011**

	Actual		Budgeted										Total	Budget	Variance between forecasted balance at June 30/11 and budget	
	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11				
<b>Revenue</b>																
International Contributions																
Canada	(1)	13,339	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,669	6,669	6,669	-	80,036	80,036	-
Caribbean countries	(1)	16,403	-	-	-	-	-	-	-	-	-	-	-	16,403	16,403	-
Total International Contributions		29,742	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,669	6,669	6,669	-	96,439	96,439	
Domestic Contributions - US carriers	(1)	2,241,497	179,293	187,629	187,629	187,629	187,629	187,629	187,629	187,629	187,629	187,629	-	4,109,451	4,034,718	74,733
Late filing fees for Form 499A	(2)	( 100)	( 9,700)	-	-	-	-	-	-	-	-	-	115,000	105,200	115,000	( 9,800)
Interest income	(3)	1,128	1,267	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,395	12,000	395
<b>Total revenue</b>		<b>2,272,267</b>	<b>177,530</b>	<b>195,299</b>	<b>195,299</b>	<b>195,299</b>	<b>195,299</b>	<b>195,299</b>	<b>195,299</b>	<b>195,298</b>	<b>195,298</b>	<b>195,298</b>	<b>116,000</b>	<b>4,323,485</b>	<b>4,258,157</b>	<b>65,328</b>
<b>Expenses</b>																
NANPA Administration	(4), (7)	139,465	130,353	161,000	183,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	1,661,818	1,667,000	( 5,182)
1K Block Pooling Administration	(4), (8)	188,498	186,932	185,366	185,366	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365	2,229,082	2,229,082	
pANI	(9)	-	-	50,006	16,666	16,666	16,666	16,666	16,666	16,666	16,666	16,666	16,666	200,000	200,000	
Billing and Collection																
Welch LLP	(4)	21,359	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	242,459	238,800	3,659
Data Collection Agent	(5)	3,707	3,636	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	52,343	54,000	( 1,657)
Annual Operations Audit	(6)	-	-	36,000	-	-	-	-	-	-	-	-	-	36,000	36,000	
Bank Charges	(10)	1,426	4,170	-	-	-	-	-	-	-	-	-	-	5,596	-	5,596
Carrier Audits	(11)	-	-	-	-	-	-	-	700,000	-	-	-	-	700,000	700,000	
Bad debt expense	(12)	44,293	( 9,977)	-	-	-	-	-	-	-	-	-	-	34,316	-	34,316
<b>Total expenses</b>		<b>398,748</b>	<b>335,214</b>	<b>456,972</b>	<b>409,632</b>	<b>357,631</b>	<b>357,631</b>	<b>357,631</b>	<b>1,057,631</b>	<b>357,631</b>	<b>357,631</b>	<b>357,631</b>	<b>357,631</b>	<b>5,161,614</b>	<b>5,124,882</b>	<b>36,732</b>
<b>Net revenue (expenses)</b>		<b>1,873,519</b>	<b>( 157,684)</b>	<b>( 261,673)</b>	<b>( 214,333)</b>	<b>( 162,332)</b>	<b>( 162,332)</b>	<b>( 162,332)</b>	<b>( 862,332)</b>	<b>( 162,333)</b>	<b>( 162,333)</b>	<b>( 162,333)</b>	<b>( 241,631)</b>	<b>( 838,129)</b>	<b>( 866,725)</b>	<b>28,596</b>
<b>Opening fund balance</b>		<b>1,316,054</b>	<b>3,189,573</b>	<b>3,031,889</b>	<b>2,770,216</b>	<b>2,555,883</b>	<b>2,393,551</b>	<b>2,231,219</b>	<b>2,068,887</b>	<b>1,206,555</b>	<b>1,044,222</b>	<b>881,889</b>	<b>719,556</b>	<b>2,792,851</b>	<b>1,366,725</b>	<b>17,674</b>
<b>Closing fund balance</b>		<b>3,189,573</b>	<b>3,031,889</b>	<b>2,770,216</b>	<b>2,555,883</b>	<b>2,393,551</b>	<b>2,231,219</b>	<b>2,068,887</b>	<b>1,206,555</b>	<b>1,044,222</b>	<b>881,889</b>	<b>719,556</b>	<b>477,925</b>	<b>1,954,722</b>	<b>500,000</b>	<b>46,270</b>
<b>Fund balance makeup:</b>																
Contingency		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Surplus		2,689,573	2,531,889	2,270,216	2,055,883	1,893,551	1,731,219	1,568,887	706,555	544,222	381,889	219,556	( 22,075)	1,454,722	-	
		<b>3,189,573</b>	<b>3,031,889</b>	<b>2,770,216</b>	<b>2,555,883</b>	<b>2,393,551</b>	<b>2,231,219</b>	<b>2,068,887</b>	<b>1,206,555</b>	<b>1,044,222</b>	<b>881,889</b>	<b>719,556</b>	<b>477,925</b>	<b>1,954,722</b>	<b>500,000</b>	

**Assumptions:**

- (1) The US carrier contributions for the period from July 2010 to June 2011 and the International carrier revenue is based upon actual billings.
- (2) These fees represent the \$100 late filing fee charged to those companies that do not file the Form 499A by the due date.
- (3) Interest income projections are estimates
- (4) The expense for 1K Block Pooling is based on the contract in force.  
The cost of NANPA Administration is based on contract in force until January 8, 2011.  
The cost of B&C Agent is based on the cost of the interim Welch LLP contract.
- (5) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2010 calendar year.
- (6) The cost for the annual operations audit performed by Ernst & Young is estimated at \$36,000.
- (7) The September and October expenses includes anticipated cost of the computer hardware maintenance contracts and the cost of a new server.
- (8) No commentary for September.
- (9) Interim p-ANI administration is now covered under the new Pooling contract. \$200,000 has been allowed for the cost of permanent pANI in 2010/11. No change order has been issued.
- (10) Bank fees are an expense to the Fund as per the new interim contract for the Billing and Collection Agent effective April 1, 2010.
- (11) The budget allowed \$700,000 for carrier audits.
- (12) The allowance covers all accounts considered potentially uncollectible at August 31, 2010. This will be covered by the contingency allowance.

**Reconciliation of Forecast at June 30, 2011 to Budget**

<b>Budgeted fund balance at June 30/11 - contingency</b>	<b>500,000</b>
Decrease in fund balance between budget period (February 2010) and June 2010	(50,671)
Additional billings over estimate from budget	74,733
Late filing fees (reversal) for Form 499A - 2009	(9,800)
Additional interest earned to date compared to budget	395
NANP Admin - difference between budget and actual contract awarded after budget period	5,182
Additional billings from B & C Agent due to renewal of contract	(3,659)
Data Collection fees - Adjustment to actual from budget	1,657
Bad debts not budgeted for	(34,316)
Pooling change orders	-
Carrier audits that will not be performed	-
Permanent pANI that will not be expended prior to June 30th.	-
Bank fees to be covered by Fund under new B&C Agent contract	(5,596)
<b>Forecasted Fund balance at June 30/11</b>	<b>477,925</b>

**NANPA FUND  
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>
<b>NEUSTAR - NANPA Administration contract</b>	130,353	161,000	183,000	131,000	131,000	131,000	131,000	131,000
- Payment authorized by the FCC on July 14/10, received by Welch July 29/10								
June 2010	131,274							
- Payment authorized by the FCC on Aug 12/10, received by Welch Aug 25/10								
July 2010	128,500							
Amendment #5 maintenance contract	70,205							
- Authorization by the FCC has not been received for payment								
August 2010	<u>\$ 130,353</u>							
<b>NEUSTAR - Block Pooling contract</b>	186,932	185,365	185,365	185,365	185,365	185,365	185,365	185,365
- Payment authorized by the FCC on Aug 12/10, received by Welch Aug 25/10								
July 2010	\$ 188,498							
- Authorization by the FCC has not been received for payment								
August 2010	<u>\$ 186,932</u>							
<b>Welch LLP - Billing &amp; Collection Agent</b>	41,459	20,100	20,100	20,100	20,100	20,100	20,100	20,100
- Authorization by the FCC has not been received for payment								
July 2010	\$ 21,359							
August 2010	<u>20,100</u>							
	<u>\$ 41,459</u>							
<b>USAC - Data Collection Agent</b>	8,086	4,500	4,500	4,500	4,500	4,500	4,500	4,500
- Payment authorized by the FCC on Aug 12/10, received by Welch Aug 25/10								
June 2010	3,707							
- Authorization by the FCC has not been received for payment								
July 2010	3,636							
August 2010 (estimate)	<u>4,450</u>							
	<u>\$ 8,086</u>							
<b>Carrier audits</b>	-	-	-	-	-	-	700,000	-
<b>Ernst &amp; Young LLP- Annual operations audit</b>	-	36,000	-	-	-	-	-	-
Accrual for 2010/11 audit fee	<u>\$ -</u>							
<b>NEUSTAR - pANI administration</b>	<u>\$ -</u>	49,998	16,666	16,666	16,666	16,666	16,666	16,666
<b>Total</b>	<u>366,830</u>	<u>456,963</u>	<u>409,631</u>	<u>357,631</u>	<u>357,631</u>	<u>357,631</u>	<u>1,057,631</u>	<u>357,631</u>

# **Deliverables Report**

## **Distributing invoices**

The monthly invoices for carriers were mailed August 11, 2010

## **Processing Payments**

Payment information from the lockbox service at Mellon Bank is received every Monday for the prior week's deposits. The deposit information is recorded on either Monday or Tuesday each week.

## **Late/Absent Payments**

Statement of accounts were sent out for receivable balances under 90 days old at August 31/10

## **FCC Red Light Notices**

No delinquent accounts sent to the FCC for collection and submission to the Red Light Site. There was one payment received from the FCC in August for delinquent accounts in the amount of \$1,332.81. This represents collections from 12 carriers

## **Complaints/Queries**

All queries are directed to a voice mailbox. The information is transferred to an Access database. The date, nature of call, name of caller, Filer ID, who responded and on what date and the resolution is tracked. Calls are responded usually within 3 business days. 20 calls were received in August. Most calls were questions about the invoice received, who is NANP, complaints about the late filing penalty for filing the Form 499A late, why should they fund NANP, the company is out of business, change of address, how to pay and request for copies of invoices.

## **Staffing Changes**

Nothing new to report.

## **Contract Renewal**

The FCC has not started this process yet. The contract expired October 1, 2009. Welch LLP is on the USGSA list. Welch LLP received a 6 month interim contract with the same terms as the expired contract including the contract amendment. The interim contract is for a period from August 1, 2010 to January 31, 2011.

## **Accounts Receivable**

The old receivables are gradually being cleared up as USAC identifies and verifies companies that are inactive. We have received procedures from the FCC as to how to apply for approval to write off debt. This has to be done on an individual carrier basis. The FCC has to approve each request for write off.

19 write off packages were prepared and sent to the FCC in July requesting approval for write off. FCC has not approved these yet.