

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

To NANC

January 12, 2011

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

Assets

Cash Balance in bank account		\$ 2,863,556
Receivable from US Carriers	269,018	
Receivable from Canada	-	
Receivable from Caribbean countries	2,262	
Receivables forwarded to FCC for collection (Over 90 days)	345,463	
Allowance for uncollectible accounts	<u>(414,000)</u>	202,743
Prepaid maintenance contract		<u>1,141</u>
Total assets		3,067,440
Less: Accrued liabilities (see below for makeup)		<u>(766,446)</u>
 Fund balance		 <u><u>\$ 2,300,994</u></u>

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

Welch LLP	60,300	
NEUSTAR Pooling 1K Block Pooling Expenses	384,612	
NEUSTAR Admin Expenses	267,137	
Ernst& Young LLP	36,000	
Data Collection Agent - USAC	<u>18,397</u>	
	<u>\$ 766,446</u>	

Other items of note

Audited financial statements were released by Ernst & Young LLP in December. There were no problems noted.

**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				
Revenue																
International Contributions																
Canada	(1)	13,339	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	6,669	6,669	6,669	-	96,439	96,439		
Domestic Contributions - US carriers	(1)	2,241,497	179,293	188,748	186,209	186,448	187,629	187,629	187,629	187,629	187,629	-	4,108,010	4,034,718	73,292	
Late filing fees for Form 499A	(2)	(100)	(9,700)	1,600.00	200.00	(2,600)	(600)	-	-	-	-	115,000	103,800	115,000	(11,200)	
Interest income	(3)	1,128	1,267	1,439	1,062	979	1,092	1,000	1,000	1,000	1,000	1,000	12,967	12,000	967	
Total revenue		2,272,267	177,530	198,457	194,141	191,497	194,832	195,299	195,299	195,298	195,298	195,298	4,321,216	4,258,157	63,059	
Expenses																
NANPA Administration	(4), (7)	139,465	130,353	130,041	186,342	131,742	141,617	131,000	131,000	131,000	131,000	131,000	131,000	1,645,560	1,667,000	(21,440)
1K Block Pooling Administration	(4), (8)	188,498	186,932	194,735	185,365	199,247	185,365	185,365	185,365	185,365	185,365	185,365	185,365	2,252,332	2,229,082	23,250
pANI	(9)	-	-	-	-	-	-	116,669	16,667	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	242,459	238,800	3,659	
Data Collection Agent	(5)	3,707	3,636	3,706	4,289	7,193	6,704	4,500	4,500	4,500	4,500	4,500	56,235	54,000	2,235	
Annual Operations Audit	(6)	-	-	36,000	-	-	-	-	-	-	-	-	36,000	36,000		
Bank Charges	(10)	1,426	4,170	1,741	1,605	1,867	1,670	-	-	-	-	-	12,479	-	12,479	
Carrier Audits	(11)	-	-	-	-	-	-	-	-	-	-	-	-	700,000	(700,000)	
Bad debt expense	(12)	44,293	(9,977)	(3,473)	20,280.00	(6,614)	-	-	-	-	-	-	44,509	-	44,509	
Total expenses		398,748	335,214	382,850	417,981	353,535	355,456	457,634	357,632	357,631	357,631	357,631	4,489,574	5,124,882	(635,308)	
Net revenue (expenses)		1,873,519	(157,684)	(184,393)	(223,840)	(162,038)	(160,624)	(262,335)	(162,333)	(162,333)	(162,333)	(162,333)	(241,631)	(168,358)	698,367	
Opening fund balance		1,316,054	3,189,573	3,031,889	2,847,496	2,623,656	2,461,618	2,300,994	2,038,659	1,876,326	1,713,993	1,551,660	1,389,327	1,366,725	(50,671)	
Closing fund balance		3,189,573	3,031,889	2,847,496	2,623,656	2,461,618	2,300,994	2,038,659	1,876,326	1,713,993	1,551,660	1,389,327	1,147,696	500,000	647,696	
Fund balance makeup:																
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		
Surplus		2,689,573	2,531,889	2,347,496	2,123,656	1,961,618	1,800,994	1,538,659	1,376,326	1,213,993	1,051,660	889,327	647,696	-		
		<u>3,189,573</u>	<u>3,031,889</u>	<u>2,847,496</u>	<u>2,623,656</u>	<u>2,461,618</u>	<u>2,300,994</u>	<u>2,038,659</u>	<u>1,876,326</u>	<u>1,713,993</u>	<u>1,551,660</u>	<u>1,389,327</u>	<u>1,147,696</u>	<u>500,000</u>		

Assumptions:

- (1) The US carrier contributions for the period from July 2010 to June 2011 and the International contributions are 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 interim contract with Welch LLP in force until January 31, 2011.
- (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 \$36,000.
- (7) No commentary for January.
- (8) No commentary for January.
- (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. A change order is expected at the end of January 2011.
- (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. The FCC has indicated that this will not be spent this funding year.
- (12) The allowance covers all accounts considered potentially uncollectible at December 31, 2010. This will be covered by the contingency allowance.

Reconciliation of Forecast at June 30, 2011 to Budget

Budgeted fund balance at June 30/11 - contingency	500,000
Decrease in fund balance between budget period (February 2010) and June 2010	(50,671)
Additional billings over estimate from budget	73,292
Late filing fees (reversal) for Form 499A - 2009	(11,200)
Additional interest earned to date compared to budget	967
NANP Admin - difference between budget and actual contract awarded after budget period	28,814
NANP Admin - change orders issued	(7,374)
Additional billings from B & C Agent due to renewal of contract	(3,659)
Data Collection fees - Adjustment to actual from budget	(2,235)
Bad debts not budgeted for	(44,509)
Pooling change orders	(23,250)
Carrier audits that will not be performed	700,000
Permanent pANi that will not be expended prior to June 30th.	-
Bank fees to be covered by Fund under new B&C Agent contract	(12,479)
Forecasted Fund balance at June 30/11	1,147,696

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	<u>Current Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>
NEUSTAR - NANPA Administration contract	267,137	131,000	131,000	131,000	131,000	131,000	131,000	131,000
- Authorization by the FCC has not been received for payment								
November 2010	\$ 131,212							
December 2010	128,551							
Change order #19	529							
Amendment #25	6,845							
	<u>\$ 267,137</u>							
NEUSTAR - Block Pooling contract	384,612	185,365	185,365	185,365	185,365	185,365	185,365	185,365
- Authorization by the FCC has not been received for payment								
November 2010	\$ 185,365							
December 2010	\$ 185,365							
Changer order #11	\$ 13,882							
	<u>\$ 384,612</u>							
Welch LLP - Billing & Collection Agent	60,300	20,100	20,100	20,100	20,100	20,100	20,100	20,100
- Authorization by the FCC has not been received for payment								
October 2010	\$ 20,100							
November 2010	\$ 20,100							
December 2010	20,100							
	<u>\$ 60,300</u>							
USAC - Data Collection Agent	18,397	4,500	4,500	4,500	4,500	4,500	4,500	4,500
- Authorization by the FCC has not been received for payment								
October 2010	7,193							
November 2010	6,704							
December 2010 (estimate)	4,500							
	<u>\$ 18,397</u>							
Carrier audits	-	-	-	-	-	-	-	-
Ernst & Young LLP- Annual operations audit	36,000	-	-	-	-	-	-	-
- Authorization by the FCC has not been received for payment								
December 2010	\$ 36,000							
NEUSTAR - pANI administration	\$ -	-	116,669	16,667	16,667	16,666	16,666	16,666
Total	<u>766,446</u>	<u>457,634</u>	<u>357,632</u>	<u>357,632</u>	<u>357,631</u>	<u>357,631</u>	<u>357,631</u>	<u>357,631</u>

Deliverables Report

Distributing invoices

The monthly invoices for carriers were mailed December 12, 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

Statements of account were sent out for receivable balances under 90 days old on December 2, 2010.

FCC Red Light Notices

Fifty delinquent accounts sent to the FCC for collection and submission to the Red Light Site. There were no payments received from the FCC. Access to the Red Light Site continues to be restricted due to system conversion at the FCC.

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. 15 calls were received in December in response to the mail out of statement of accounts. 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 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. An additional 8 write off packages were prepared and sent to the FCC in September. Approval has not been received yet.