

**Billing and Collection Agent Report
For period ending December 31, 2011**

**To NANC
January 11, 2012**

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2011**

Assets

Cash Balance in bank account		\$ 2,473,823
Receivable from US Carriers	268,817	
Receivable from Canada	-	
Receivable from Caribbean countries	2,842	
Receivables forwarded to FCC for collection (Over 90 days)	236,577	
Allowance for uncollectible accounts	<u>(312,500)</u>	195,736
Prepaid maintenance contract		<u>-</u>
Total assets		2,669,559
Less: Accrued liabilities (see below for makeup)		<u>(453,111)</u>
 Fund balance		 <u>\$ 2,216,448</u>

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

Welch LLP	20,100	
NEUSTAR Pooling 1K Block	181,615	
NEUSTAR Pooling - pANI administration	74,934	
NEUSTAR NANP Administration	129,224	
Data Collection Agent - USAC	9,238	
External Fund audit	<u>38,000</u>	
	<u>\$ 453,111</u>	

**NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
JULY 2011 TO JUNE 2012**

	Actual						Budgeted						Total	Budget	Variance between forecasted results and budget at June 30/12	
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12				
Revenue																
International Contributions																
Canada	(1)	13,117	6,558	6,558	6,558	6,558	6,559	6,559	6,559	6,559	6,559	6,559	-	78,703	78,703	-
Caribbean countries	(1)	16,241	-	-	-	-	-	-	-	-	-	-	-	16,241	16,241	-
Total International Contributions		29,358	6,558	6,558	6,558	6,558	6,559	6,559	6,559	6,559	6,559	6,559	-	94,944	94,944	
Domestic Contributions - US carriers	(1)	2,545,663	219,948	212,188	218,319	217,489	215,412	217,343	217,343	217,343	217,343	217,343		4,715,734	4,620,882	94,852
Late filing fees for Form 499A	(2)	100	(5,800)	(17,900)	1,900.00	(10,000)	600						115,000	83,900	115,000	(31,100)
Interest income	(3)	927	804	849	405	355	471	1,000	1,000	1,000	1,000	1,000	1,000	9,811	12,000	- 2,189
Total revenue		2,576,048	221,510	201,695	227,182	214,402	223,042	224,902	224,902	224,902	224,902	224,902	116,000	4,904,389	4,842,826	61,563
Expenses																
NANPA Administration	(4), (7)	131,142	185,409	130,226	160,156	129,794	129,224	131,000	131,000	131,000	131,000	131,000	131,000	1,651,951	1,642,000	9,951
1K Block Pooling Administration	(4), (8)	185,365	183,489	181,614	181,614	181,614	181,614	181,614	181,614	181,614	181,614	181,615	181,614	2,184,995	2,184,995	
pANI	(9)	74,935	74,935	74,935	74,935	74,935	74,935	74,935	74,935	74,935	74,935	74,935	74,935	899,220	747,472	151,748
Billing and Collection																
Welch LLP	(4)	22,784	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	243,884	241,200	2,684
Data Collection Agent	(5)	4,276	4,512	4,266	4,239	4,226	4,323	4,917	4,917	4,917	4,917	4,917	4,917	55,344	59,000	(3,656)
Annual Operations Audit	(6)	-	-	38,000	-	-	-	-	-	-	-	-	-	38,000	38,000	
Bank Charges	(10)	1,331	4,347	2,280	1,845	2,222	1,356	1,800	1,800	1,800	1,800	1,800	1,800	24,181	21,600	2,581
Carrier Audits	(11)	-	-	-	-	-	-	-	-	-	-	-	-	-	300,000	(300,000)
Bad debt expense	(12)	7	56,306.00	(29,738)	9,126	16,596	(5,262)	-	-	-	-	-	-	47,035	-	47,035
Total expenses		419,840	529,098	421,683	452,015	429,487	406,290	414,366	414,366	414,366	414,366	414,367	414,366	5,144,610	5,234,267	(89,657)
Net revenue (expenses)		2,156,208	(307,588)	(219,988)	(224,833)	(215,085)	(183,248)	(189,464)	(189,464)	(189,464)	(189,464)	(189,465)	(298,366)	(240,221)	(391,441)	151,220
Opening fund balance		1,210,982	3,367,190	3,059,602	2,839,614	2,614,781	2,399,696	2,216,448	2,026,984	1,837,520	1,648,056	1,458,592	1,269,127	1,210,982	1,141,441	69,541
Closing fund balance		3,367,190	3,059,602	2,839,614	2,614,781	2,399,696	2,216,448	2,026,984	1,837,520	1,648,056	1,458,592	1,269,127	970,761	970,761	750,000	220,761
Fund balance makeup:																
Contingency		750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	
Surplus		2,617,190	2,309,602	2,089,614	1,864,781	1,649,696	1,466,448	1,276,984	1,087,520	898,056	708,592	519,127	220,761	220,761	-	
		<u>3,367,190</u>	<u>3,059,602</u>	<u>2,839,614</u>	<u>2,614,781</u>	<u>2,399,696</u>	<u>2,216,448</u>	<u>2,026,984</u>	<u>1,837,520</u>	<u>1,648,056</u>	<u>1,458,592</u>	<u>1,269,127</u>	<u>970,761</u>	<u>970,761</u>	<u>750,000</u>	

Assumptions:

- (1) The US carrier contributions for the period from July 2011 to June 2012 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, 2012.
The cost of B&C Agent is based on the interim contract with Welch LLP in force until February 29, 2012.
- (5) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2011 calendar year.
- (6) The cost for the annual operations audit performed by Ernst & Young is \$38,000.
- (7) No commentary
- (8) No commentary
- (9) There was a change order approved for permanent pANI approve on June 17, 2011 for \$1,040,905.42. This will be billed on a prorated basis over the remaining term of the 1K Block Pooling contract. The opening surplus has \$167,858 which was earmarked for pANI payments in March to June 2011 which was not paid during that period. This funds for this was carried over into the current funding period.
- (10) Bank fees are an expense to the Fund.
- (11) The budget allowed \$300,000 for carrier audits. FCC indicated that there will be no audit performed before July 2012.
- (12) The allowance covers all accounts considered potentially uncollectible at December 31, 2011. This will be covered by the contingency allowance.

Reconciliation of forecast at June 30, 2012 to budget

Budgeted fund balance at June 30/12 - contingency	750,000
Increase in fund balance between budget period (February 2011) and June 2011	69,541
Additional billings over estimate from budget	94,852
Late filing fees (reversal) for Form 499A	(31,100)
Over estimate of interest earned to date compared to budget	(2,189)
NANP Admin - difference between budget and actual contract due to variable travel costs	19,856
NANP Admin - change orders issued	(29,807)
Additional billings from B & C Agent due to renewal of contract	(2,684)
Data Collection fees - Adjustment to actual from budget	3,656
Bad debts not budgeted for	(47,035)
Pooling change orders	-
Carrier audits that will not be performed	300,000
Permanent pANI that was expected to be paid during March - June 2011. See note 9.	(151,748)
Bank fees to be covered by Fund under new B&C Agent interim contract	(2,581)
Forecasted fund balance at June 30/12	970,761

CURRENT AND FORECASTED LIABILITIES

		Current Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
NEUSTAR - NANPA Administration contract		129,224	131,000	131,000	131,000	131,000	131,000	131,000	131,000
- Payment authorized by the FCC in December November 2011	129,793								
- Authorization by the FCC has not been received for payment December 2011		\$ 129,224							
		<u>-</u>							
		<u>\$ 129,224</u>							
NEUSTAR - Block Pooling contract		181,615	181,614	181,614	181,614	181,614	181,614	181,615	181,614
- Payment authorized by the FCC in December November 2011	\$ 181,615								
- Authorization by the FCC has not been received for payment December 2011		\$ 181,615							
		<u>-</u>							
		<u>\$ 181,615</u>							
Welch LLP - Billing & Collection Agent		20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
- Payment authorized by the FCC in December October 2011	20,100								
November 2011	20,100								
- Authorization by the FCC has not been received for payment December 2011		\$ 20,100							
		<u>-</u>							
		<u>\$ 20,100</u>							
USAC - Data Collection Agent		9,238	4,917	4,917	4,917	4,917	4,917	4,917	4,917
- Authorization by the FCC has not been received for payment November 2011		\$ 4,323							
December 2011 (estimate)		4,915							
		<u>-</u>							
		<u>\$ 9,238</u>							
Carrier audits		-	-	-	-	-	-	-	-
Ernst & Young LLP- Annual operations audit		38,000	-	-	-	-	-	-	-
- Authorization by the FCC has not been received for payment Audit fee for the 2010/11 fiscal audit (accrual)		\$ 38,000							
NEUSTAR - pANI administration		74,934	74,935	74,935	74,935	74,935	74,935	74,935	74,935
- Payment authorized by the FCC in December November 2011	74,935								
- Authorization by the FCC has not been received for payment December 2011		\$ 74,934							
Bank Fees			1,800	1,800	1,800	1,800	1,800	1,800	1,800
Total		<u>453,111</u>	<u>414,366</u>	<u>414,366</u>	<u>414,366</u>	<u>414,366</u>	<u>414,366</u>	<u>414,367</u>	<u>414,366</u>

Deliverables Report

Distributing invoices

The monthly and annual invoices for carriers were mailed by November 10, 2012

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

During this period preliminary discussions were being held regarding the accounts receivable collection process. As a result, statement of accounts were not mailed.

FCC Red Light Notices

There were no delinquent accounts sent to the FCC for collection and submission to the Red Light Site. A payment of \$12,114 was received from the FCC this month representing collections from October 2010 to September 2011 excluding November 2011..

Helpdesk Queries

All queries are directed to a helpdesk 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. 6 calls were received in December. Most calls were questions about the invoice received, the late filing fee, how to pay, request for copies of invoices, change of address, they are out of business and requesting a W9.

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 7 month interim contract with the same terms which will cover the period from August 1, 2011 to January 31, 2012.

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.

USAC with the approval of the FCC is deactivating FCC Filer ID for companies who have not filed a Form 499A in many years and USAC has not been able to contact the companies. These companies likely no longer exist. As a result we are in the process of reversing prior year fees. These have been discounted in prior years as uncollectible so it will not impact on the current year financial balance.