

**Billing and Collection Agent Report  
For period ending July 31, 2013**

**To NANC**

**August 20, 2013**

**NANPA FUND  
STATEMENT OF FINANCIAL POSITION  
JULY 31, 2013**

**Assets**

|   |    |                                   |
|---|----|-----------------------------------|
| Cash Balance in bank account                            | \$ | 3,415,794                         |
| Receivable from US Carriers                             |    | 512,115                           |
| Receivable from Canada                                  |    | -                                 |
| Receivable from Caribbean countries                     |    | 10,041                            |
| Receivables forwarded to Treasury for collection        |    | 87,164                            |
| Allowance for uncollectible accounts                    |    | <u>(236,000)</u>                  |
|   |    | <u>373,320</u>                    |
| <b>Total assets</b>                                     |    | <b>3,789,114</b>                  |
| <b>Less: Accrued liabilities (see below for makeup)</b> |    | <b><u>(487,839)</u></b>           |
| <b>Fund balance</b>                                     |    | <b><u><u>\$ 3,301,275</u></u></b> |

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

|  |                   |  |
|--|-------------------|--|
| Welch LLP  | 28,336            |  |
| NEUSTAR Pooling 1K Block and pANI administration | 277,036           |  |
| NEUSTAR NANP Administration                      | 172,232           |  |
| Data Collection Agent - USAC                     | <u>10,235</u>     |  |
|  | <u>\$ 487,839</u> |  |

\*\*\*\*\*

The 1K Pooling contract was awarded to NeuStar on July 12, 2013 for a period of 4 years.

The automated systems development (CLIN1) will be paid out over 18 months per contract modification rather than over 12 months as per the awarded 1K Pooling contract.

**NANPA FUND  
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE  
JULY 2012 TO JUNE 2013**

|                                       | Actual   | Budgeted         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Total            | Budget           | Variance between forecasted results and budget at June 30/13 |                  |                  |
|---------------------------------------|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|------------------|------------------|
|                                       |          | Jul-13           | Aug-13           | Sep-13           | Oct-13           | Nov-13           | Dec-13           | Jan-14           | Feb-14           | Mar-14           | Apr-14           | May-14           |                  |                  |  | Jun-14           |                  |
| <b>Revenue</b>                        |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |                  |                  |
| International Contributions           |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |                  |                  |
| Canada                                | (1)      | 17,748           | 8,874            | 8,874            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | -                | 106,480          | 106,480  | -                |                  |
| Caribbean countries                   | (1)      | 22,112           | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 22,112           | 22,112   | -                |                  |
| Total International Contributions     |          | 39,860           | 8,874            | 8,874            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | 8,873            | -                | 128,592          | 128,592  | -                |                  |
| Domestic Contributions - US carriers  | (1)      | 3,398,305        | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 256,298          | 6,217,583        | 5,860,288  | 357,295          |                  |
| Late filing fees for Form 499A        | (2)      | (3,100)          | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 85,000           | 81,900           | 85,000   | (3,100)          |                  |
| Interest income                       | (3)      | 877              | 666              | 666              | 666              | 667              | 667              | 667              | 667              | 667              | 667              | 667              | 667              | 8,211            | 8,000  | 211              |                  |
| <b>Total revenue</b>                  |          | <b>3,435,942</b> | <b>265,838</b>   | <b>265,838</b>   | <b>265,837</b>   | <b>265,838</b>   | <b>265,838</b>   | <b>265,838</b>   | <b>265,838</b>   | <b>265,838</b>   | <b>265,838</b>   | <b>265,838</b>   | <b>341,965</b>   | <b>6,436,286</b> | <b>6,081,880</b>   | <b>354,406</b>   |                  |
| <b>Expenses</b>                       |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |                  |                  |
| NANPA Administration                  | (4), (7) | 172,232          | 289,966          | 174,550          | 174,550          | 174,550          | 174,550          | 174,549          | 174,549          | 174,549          | 174,549          | 174,549          | 174,549          | 2,207,692        | 2,210,010  | (2,318)          |                  |
| 1K Block Pooling                      | (4), (8) | 202,036          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 214,091          | 2,557,037        | 2,260,620  | 296,417          |                  |
| Automated systems development (CLIN1) | (9)      | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 900,000          | -  | 900,000          |                  |
| Billing and Collection                |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |                  |                  |
| Welch LLP                             | (4)      | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 28,336           | 340,032          | 340,032  | -                |                  |
| Data Collection Agent                 | (5)      | 4,568            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 4,750            | 56,818           | 57,000   | (182)            |                  |
| Annual Operations Audit               | (6)      | -                | -                | 42,000           | -                | -                | -                | -                | -                | -                | -                | -                | -                | 42,000           | 42,000   | -                |                  |
| Bank Charges                          | (10)     | 2,836            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 35,836           | 36,000   | (164)            |                  |
| Carrier Audits                        | (11)     | -                | -                | -                | -                | -                | 300,000          | -                | -                | -                | -                | -                | -                | 300,000          | 300,000  | -                |                  |
| Bad debt expense                      | (12)     | 29,146           | 3,334            | 3,334            | 3,334            | 3,333            | 3,333            | 3,333            | 3,333            | 3,333            | 3,333            | 3,333            | 3,333            | 65,812           | 40,000   | 25,812           |                  |
| <b>Total expenses</b>                 |          | <b>514,154</b>   | <b>618,477</b>   | <b>545,061</b>   | <b>503,061</b>   | <b>503,060</b>   | <b>503,060</b>   | <b>803,059</b>   | <b>503,059</b>   | <b>503,059</b>   | <b>503,059</b>   | <b>503,059</b>   | <b>503,059</b>   | <b>6,505,227</b> | <b>5,285,662</b>   | <b>1,219,565</b> |                  |
| <b>Net revenue (expenses)</b>         |          | <b>2,921,788</b> | <b>(352,639)</b> | <b>(279,223)</b> | <b>(237,224)</b> | <b>(237,222)</b> | <b>(237,222)</b> | <b>(537,221)</b> | <b>(237,221)</b> | <b>(237,221)</b> | <b>(237,221)</b> | <b>(237,221)</b> | <b>(237,221)</b> | <b>(161,094)</b> | <b>(68,941)</b>  | <b>(796,218)</b> | <b>(865,159)</b> |
| <b>Opening fund balance</b>           |          | <b>379,487</b>   | <b>3,301,275</b> | <b>2,948,636</b> | <b>2,669,413</b> | <b>2,432,189</b> | <b>2,194,967</b> | <b>1,957,745</b> | <b>1,420,524</b> | <b>1,183,303</b> | <b>946,082</b>   | <b>708,861</b>   | <b>471,640</b>   | <b>379,487</b>   | <b>453,782</b>   | <b>(74,295)</b>  |                  |
| <b>Closing fund balance</b>           |          | <b>3,301,275</b> | <b>2,948,636</b> | <b>2,669,413</b> | <b>2,432,189</b> | <b>2,194,967</b> | <b>1,957,745</b> | <b>1,420,524</b> | <b>1,183,303</b> | <b>946,082</b>   | <b>708,861</b>   | <b>471,640</b>   | <b>310,546</b>   | <b>310,546</b>   | <b>1,250,000</b>   | <b>(939,454)</b> |                  |
| <b>Fund balance makeup:</b>           |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |  |                  |                  |
| Contingency                           |          | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,250,000        | 1,500,000        | 1,250,000  | -                |                  |
| Surplus                               |          | 2,051,275        | 1,698,636        | 1,419,413        | 1,182,189        | 944,967          | 707,745          | 170,524          | (66,697)         | (303,918)        | (541,139)        | (778,360)        | (939,454)        | (1,189,454)      | -  | -                |                  |
|                                       |          | <b>3,301,275</b> | <b>2,948,636</b> | <b>2,669,413</b> | <b>2,432,189</b> | <b>2,194,967</b> | <b>1,957,745</b> | <b>1,420,524</b> | <b>1,183,303</b> | <b>946,082</b>   | <b>708,861</b>   | <b>471,640</b>   | <b>310,546</b>   | <b>310,546</b>   | <b>1,250,000</b>   | <b>-</b>         |                  |

**Assumptions:**

- (1) The US carrier contributions for the period from July 2012 to June 2013 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 cost for 1K Block Pooling is based on the contract awarded July 12, 2013  
The cost of NANPA Administration is based on the new contract.  
The cost of B&C Agent is based on the interim contract with Welch LLP in force until November 30, 2013
- (5) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2012 calendar year.
- (6) The estimated cost for the annual operations audit performed by Ernst & Young LLP is \$42,000.
- (7) No commentary
- (8) No commentary
- (9) The cost of the Automated systems development (CLIN1) will be paid out over 18 months as per the modification to the 1K Pooling contract.
- (10) Bank fees are an expense to the Fund.
- (11) The budget allowed \$300,000 for carrier audits. The FCC has indicated that they do not anticipate any audits being performed prior to June 2013.
- (12) The allowance covers all accounts considered potentially uncollectible at July 31, 2013.

**Reconciliation of forecast at June 30, 2014 to budget**

|  |                  |
|--|------------------|
| <b>Budgeted fund balance at June 30/14 - contingency</b>                     | <b>1,250,000</b> |
| Decrease in fund balance between budget period (February 2012) and June 2012 | (74,295)         |
| Additional billings over estimate from budget                                | 357,295          |
| Late filing fees (reversal) for Form 499A                                    | (3,100)          |
| Underestimate of interest earned to date compared to budget                  | 211              |
| NANP Admin - difference between budget and actual contract awarded           | 2,318            |
| NANP Admin - change orders issued  | -                |
| Additional billings from B & C Agent due to renewal of contract              | -                |
| Data Collection fees - Adjustment to actual from budget                      | 182              |
| Bad debts - Adjustment to actual from budget                                 | (25,812)         |
| Pooling and p-ANI - adjustment to actual from budget                         | (1,196,417)      |
| Pooling change orders  | -                |
| Carrier audits that will not be performed                                    | -                |
| Operations Audit - Adjustment to actual from budget                          | -                |
| Bank fees - Adjustment to actual from budget                                 | 164              |
| <b>Forecasted fund balance at June 30/14</b>                                 | <b>310,546</b>   |

**CURRENT AND FORECASTED LIABILITIES**

|   | <b>Current</b> |                |                   |                |                |                |
|---|----------------|----------------|-------------------|----------------|----------------|----------------|
|   | <b>Jul-13</b>  | <b>Aug-13</b>  | <b>Sep-13</b>     | <b>Oct-13</b>  | <b>Nov-13</b>  | <b>Dec-13</b>  |
| <b>NEUSTAR - NANPA Administration contract</b>                            | 172,232        | 289,966        | 174,550           | 174,550        | 174,550        | 174,550        |
| - Payment authorized by the FCC in July<br>June 2013                      |                |                |                   |                |                |                |
|   |                | \$ 160,892     |                   |                |                |                |
| - Authorization by the FCC has not been received for payment<br>July 2013 |                |                | <u>\$ 172,232</u> |                |                |                |
| <b>NEUSTAR - Block Pooling and CLIN</b>                                   | 277,036        | 289,091        | 289,091           | 289,091        | 289,091        | 289,091        |
| - Payment authorized by the FCC in July<br>June 2013                      |                |                |                   |                |                |                |
|   |                | \$ 199,275     |                   |                |                |                |
| - Authorization by the FCC has not been received for payment<br>July 2013 |                |                | <u>\$ 277,036</u> |                |                |                |
| <b>Welch LLP - Billing &amp; Collection Agent</b>                         | 28,336         | 28,336         | 28,336            | 28,336         | 28,336         | 28,336         |
| - Payment authorized by the FCC in July<br>June 2013                      |                |                |                   |                |                |                |
|   |                | \$ 28,336      |                   |                |                |                |
| - Authorization by the FCC has not been received for payment<br>July 2013 |                |                | <u>\$ 28,336</u>  |                |                |                |
| <b>USAC - Data Collection Agent</b>                                       | 10,235         | 4,750          | 4,750             | 4,750          | 4,750          | 4,750          |
| - Payment authorized by the FCC in July                                   |                |                |                   |                |                |                |
| -   |                |                |                   |                |                |                |
| - Authorization by the FCC has not been received for payment<br>June 2013 |                |                | 4,568             |                |                |                |
| July 2013   |                |                | <u>\$ 5,667</u>   |                |                |                |
|   |                |                | 10,235            |                |                |                |
| <b>Carrier audits</b>   | -              | -              | -                 | -              | -              | -              |
| <b>Ernst &amp; Young LLP- Annual operations audit</b>                     | -              | -              | 42,000            | -              | -              | -              |
| <b>Bank Fees</b>  | -              | 3,000          | 3,000             | 3,000          | 3,000          | 3,000          |
| <b>Total</b>  | <u>487,839</u> | <u>615,143</u> | <u>541,727</u>    | <u>499,727</u> | <u>499,727</u> | <u>499,727</u> |

# **Deliverables Report**

## **Distributing invoices**

The monthly invoices for carriers were mailed by July 12, 2013.

## **Processing Payments**

Payment information from the lockbox service at Mellon Bank is now downloaded on a daily basis. The deposit information is recorded daily.

## **Late/Absent Payments**

Statement of accounts were mailed July 29, 2013 for carriers with an outstanding balance greater than \$5. We are continuing with collection calls to carriers with outstanding balances.

## **FCC Red Light Notices**

At a minimum, an updated red light report is posted to the FCC server for processing once a week. When required, additional updates are posted.

## **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 returned usually within 3 business days. 126 calls were received in July. Most calls were questions about the invoice received, the late filing fee, how to pay, request for copies of invoices, why are they red lighted, change of address, they are out of business or requesting a W9 and about the date of the invoice.

## **Staffing Changes**

Nothing new to report.

## **Contract Renewal**

The contract expired October 1, 2009. Welch LLP is on the USGSA list. Welch LLP received an 8 month interim contract which includes a 2 1/2 month transition which will cover the period from April 1, 2013 to November 30, 2013.

## **Accounts Receivable**

We have created a program that will let us batch process debt so that delinquent debt can be uploaded to Treasury. We will be making submissions for approval to write off uncollectible debts in August.