



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

**Billing and Collection Agent Report
For period ending August 31, 2006**

To NANC

September 20, 2006

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2006**

Assets

Cash Balance in bank account		\$ 64,717
Dreyfus Government Cash Management Fund		5,161,000
Receivable from US Carriers	320,196	
Receivable from Canada	5,791	
Receivable from Caribbean countries	4,001	
Receivables forwarded to FCC for collection (Over 90 days)	78,466	
Allowance for uncollectible accounts	<u>(229,400)</u>	179,054
Interest receivable		<u>21,570</u>
Total assets		5,426,341
Less: Accrued liabilities (see below for makeup)		<u>(1,412,254)</u>
Fund balance		<u>\$ 4,014,087</u>

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

Welch and Company LLP	19,900	
NEUSTAR Pooling 1K Block Pooling Expenses	935,839	
NEUSTAR Admin Expenses	239,201	
Data Collection Agent - USAC	16,251	
Carrier audits	171,063	
Fund audit	<u>30,000</u>	
	<u>\$ 1,412,254</u>	

Other items of note

During August 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 4.77%.

The FCC approved the Merit Bonus bill of \$451,786 for 1K Pooling for the 2005 calendar year.

The FCC approved change order #43 for \$599 for 1K Pooling.

**NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
JULY 2006 TO AUGUST 2007**

	Actual		Projected										Total	Budget	Difference between forecasted balance at June 30/07 and budget	Projected	
	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07				Jul-07	Aug-07
Revenue																	
International Contributions																	
Canada	(1)	11,582	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791
Caribbean countries	(1)	13,743	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total International Contributions		25,325	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791
Domestic Contributions - US carriers	(1)	2,736,857	180,007	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	25,000	4,927,408	4,876,926	50,482	4,416,594
Late filing fees for Form 499A	(2)	(2,500)	(1,200)										120,000	116,300	-	116,300	-
Interest income	(3)	21,255	22,513	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	193,768	180,000	13,768	15,000
Total revenue		2,780,937	207,111	241,407	241,407	241,407	241,407	241,407	241,407	241,407	241,407	241,410	160,000	5,320,714	5,140,164	180,550	4,451,127
Expenses																	
NANPA Administration	(4), (8)	117,562	120,745	141,601	118,227	118,227	118,227	118,227	118,227	118,227	118,227	118,227	118,227	1,443,951	1,421,467	22,484	120,862
1K Block Pooling Administration	(4), (7)	(255,876)	296,419	318,327	296,419	296,419	296,419	296,419	296,419	296,419	296,419	296,419	296,419	3,026,641	3,501,341	(474,700)	296,419
pANI	(9)	-	-	37,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000	150,000		12,500
Billing and Collection																	
Welch & Company LLP	(4)	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	238,800	238,800		19,900
Data Collection Agent	(5)	9,652	5,822	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	69,634	65,000	4,634	5,416
Annual Operations Audit	(6)			45,000	-	-	-	-	-	-	-	-	30,000	75,000	30,000	45,000	-
Carrier Audits	(10)	-	-	-	-	-	-	-	-	700,000	-	-	-	700,000	700,000		-
Bad debt expense (recovery)	(11)	130,200	(2,600)	-	-	-	-	-	-	-	-	-	-	127,600	-	127,600	120,000
Total expenses		21,438	440,286	567,744	452,462	452,462	452,462	452,462	452,462	452,462	1,152,462	452,462	482,462	5,831,626	6,106,608	(274,982)	575,097
Net revenue (expenses)		2,759,499	(233,175)	(326,337)	(211,055)	(211,055)	(211,055)	(211,055)	(211,055)	(211,055)	(211,055)	(911,055)	(211,052)	(322,462)	(510,912)	(966,444)	3,876,030
Opening fund balance		1,487,763	4,247,262	4,014,087	3,687,750	3,476,695	3,265,640	3,054,585	2,843,530	2,632,475	2,421,420	1,510,365	1,299,313	1,487,763	1,966,444		976,851
Closing fund balance		4,247,262	4,014,087	3,687,750	3,476,695	3,265,640	3,054,585	2,843,530	2,632,475	2,421,420	1,510,365	1,299,313	976,851	976,851	1,000,000		4,852,881
Fund balance makeup:																	
Contingency		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		1,000,000
Surplus		3,247,262	3,014,087	2,687,750	2,476,695	2,265,640	2,054,585	1,843,530	1,632,475	1,421,420	510,365	299,313	(23,149)	(23,149)	-		3,852,881
		<u>4,247,262</u>	<u>4,014,087</u>	<u>3,687,750</u>	<u>3,476,695</u>	<u>3,265,640</u>	<u>3,054,585</u>	<u>2,843,530</u>	<u>2,632,475</u>	<u>2,421,420</u>	<u>1,510,365</u>	<u>1,299,313</u>	<u>976,851</u>	<u>976,851</u>	<u>1,000,000</u>		<u>4,852,881</u>

Assumptions:

- The US carrier contributions for the period from July 2006 to June 2007 is based upon actual billings in June 2006. The International carrier revenue is based on actual billings for 2006/07. The contributions for July 2007 are based on actual billed for 2006/07
- These fees represent the \$100 late filing fee charged to those companies that do not file the Form 499A by the due date. Amount for June 2007 is based on an estimate.
- Interest income projections are estimates
- The expenses for the NANPA Administration and Welch & Company LLP are based on contracts in force. The FCC has approved a modification and extension of the Pooling contract for the period June 15, 2006 to September 14, 2006 with two possible one-month extensions, while the re-bid for the contract is taking place. The same figures were used the period November 15, 2006 to July 2007.
- The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2006 calendar year.
- \$30,000 and \$45,000 has been accrued for the 2004/05 and 2005/06 fiscal year for the annual operations audit that will be conducted once the FCC determines the scope of the audit. The cost of this audit has not been negotiated. Amount recorded is based on prior year. The amount shown in June 2007 is for the 2006/07 audit.
- The August forecasted amount includes the forecasted monthly billing of \$296,419 plus the cost of submitted change orders of \$21,908
- The August forecasted amount includes the forecasted monthly billing of \$118,227 plus the cost of approved change orders of \$23,374.
- The cost for pANI has been provided for as per the 2006/07 budget. NeuStar has been appointed Interim Routing Number Authority for pANI.
- The budget allowed \$700,000 for 16 carrier audits. The FCC indicated that there are 3 more audits completed for the 2005/06 at a cost of approximately \$171,000. This cost has been accounted for in the 2005/06 funding period.
- The allowance covers all accounts considered potentially uncollectible at August 31, 2006. This will be covered by the contingency allowance. The invoice issued in June 2006 to current delinquent customers are considered as being uncollectible.

Reconciliation of Forecast at June 30, 2007 to Budget

Budgeted fund balance at June 30/07 - contingency	1,000,000
Shortfall in fund incurred between budget period (March 2006) and June 2006	(478,681)
Additional billings in July and August	50,482
Late filing fees (reversal) for Form 499A - 2006	(3,700)
Additional interest earned in July and August over budget	13,768
Adjustment to June NANP Admin estimate to actual	890
Adjustment to May & June Pooling bill estimates to actual	895,899
Pooling Change Order #41, 44, 45 in budget but not yet billed	(21,908)
Pooling - estimate of fixed price portion of expired contract (Jan 1/06 to June 14/06)	(118,000)
Pooling - estimate of merit bonus portion of expired contract (Jan 1/06 to June 14/06)	(225,000)
Data Collection fees - Adjust June estimate to actual	783
Over accrual of fees by one month in July	(5,417)
Bad debts not budgeted for	(127,600)
Estimated late filing fees for 2007	120,000
Change orders for NANP administration budgeted for in 2005/06 not billed	(23,374)
Pooling change Order #43 not budgeted for	(599)
Annual Operations audit - 2005 and 2006 audit not performed yet	(45,000)
Estimated increase of total contract cost based on bridge contract	(55,692)
Forecasted fund balance at June 30/07	976,851

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Aug-06</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>
NEUSTAR - NANPA Administration contract	239,201	141,601	118,227	118,227	118,227	118,227	118,227	118,227
- Payment authorized by the FCC on July 21/06, received by Welch August 2/06								
June 2006	120,609							
- Authorization by the FCC has not been received for payment								
Julu 2006			120,974					
August 2006 - estimate			118,227					
			<u>\$ 239,201</u>					
NEUSTAR - Block Pooling contract	935,839	318,327	296,419	296,419	296,419	296,419	296,419	296,419
- Payment authorized by the FCC on May 30/06, received by Welch June 9/06								
2005 Bonus billing	451,786							
- Payment authorized by the FCC on July 21/06, received by Welch August 2/06								
May 2006	199,616							
- Payment authorized by the FCC on August 9/06, received by Welch August 15/06								
Up to June 14th	224,312							
From June 15th to 30th	61,781							
Change order 43	599							
- Authorization by the FCC has not been received for payment								
July 2006 - estimate			296,419					
August 2006 - estimate			296,420					
Fixed fee billing - estimate			118,000					
2006 merit incentive - estimate			225,000					
			<u>\$ 935,839</u>					
Welch & Company LLP - Billing & Collection Agent	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900
- Payment authorized by the FCC on July 21/06, received by Welch August 2/06								
June 2006	18,976							
- Payment authorized by the FCC on August 9/06, received by Welch August 15/06								
July 2006	15,798							
- Authorization by the FCC has not been received for payment								
August 2006			<u>\$ 19,900</u>					
USAC - Data Collection Agent	16,251	5,416	5,416	5,416	5,416	5,416	5,416	5,416
- Payment authorized by the FCC on August 9/06, received by Welch August 15/06								
May 2006								
- Payment authorized by the FCC on June 19/06								
January 2005	4,406							
February 2005	4,399							
- Authorization by the FCC has not been received for payment								
June 2006 - estimate			5,417					
July 2006 - estimate			5,417					
August 2006 - estimate			5,417					
			<u>\$ 16,251</u>					
Clifton Gunderson LLP - Carrier audits	171,063	-	-	-	-	-	-	-
- Authorization by the FCC has not been received for payment								
for 3 audits	<u>\$ 171,063</u>							
External auditor- Annual operations audit	30,000	45000	-	-	-	-	-	-
- Represents an accrual for audit fees for the 2004/05 and 2005/06 fiscal year of NANPA. Auditor has not been determined								
	<u>\$ 30,000</u>							
pANI Contract - vendor yet to be determined	\$ -	-	37,500	12,500	12,500	12,500	12,500	12,500
- September liability includes potential liability not incurred in July and August								
Total	<u>1,412,254</u>	<u>567,744</u>	<u>452,462</u>	<u>452,462</u>	<u>452,462</u>	<u>452,462</u>	<u>452,462</u>	<u>452,462</u>