



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

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

To NANC

November 6, 2006

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

Assets

| | | |
|--|------------------|-----------------------------------|
| Cash Balance in bank account | | \$ 73,570 |
| Dreyfus Government Cash Management Fund | | 5,073,000 |
| | | |
| Receivable from US Carriers | 170,708 | |
| Receivable from Canada | 5,791 | |
| Receivable from Caribbean countries | 1,397 | |
| Receivables forwarded to FCC for collection (Over 90 days) | 171,572 | |
| Allowance for uncollectible accounts | <u>(196,500)</u> | 152,968 |
| | | |
| Interest receivable | | <u>21,970</u> |
| | | |
| Total assets | | 5,321,508 |
| | | |
| Less: Accrued liabilities (see below for makeup) | | <u>(1,297,195)</u> |
| | | |
| Fund balance | | <u><u>\$ 4,024,313</u></u> |

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

| | | |
|---|---------------------|--|
| Welch and Company LLP | 19,900 | |
| NEUSTAR Pooling 1K Block Pooling Expenses | 786,981 | |
| NEUSTAR Admin Expenses | 234,650 | |
| Data Collection Agent - USAC | 9,601 | |
| Carrier audits | 171,063 | |
| Fund audit | <u>75,000</u> | |
| | <u>\$ 1,297,195</u> | |

Other items of note

During October 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 4.78%.

The fiscal year end of the Fund is September 30, 2006. Work continues with the FCC auditors.

In October receivables over 90 days of \$107,450 were transferred to the FCC for collections.

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

| | Actual | | Projected | | | | | | | | Total | Budget | Difference between forecasted balance at June 30/07 and budget | Projected | | | | |
|--|-------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|--|-------------------|------------------|-------------------|-------------------|-------------------|
| | July-06 - Sept-06 | Oct-06 | Nov-06 | Dec-06 | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | | | | Jul-07 | Aug-07 | Sep-07 | Oct-07 | |
| Revenue | | | | | | | | | | | | | | | | | | |
| International Contributions | | | | | | | | | | | | | | | | | | |
| Canada | (1) | 23,164 | 5,791 | 5,791 | 5,791 | 5,791 | 5,791 | 5,791 | 5,791 | 5,794 | - | 69,495 | 69,495 | - | 5,791 | 5,791 | 5,791 | 5,791 |
| Caribbean countries | (1) | 13,743 | - | - | - | - | - | - | - | - | - | 13,743 | 13,743 | - | 13,742 | - | - | - |
| Total International Contributions | | 36,907 | 5,791 | 5,791 | 5,791 | 5,791 | 5,791 | 5,791 | 5,791 | 5,794 | - | 83,238 | 83,238 | - | 19,533 | 5,791 | 5,791 | 5,791 |
| Domestic Contributions - US carriers | (1) | 3,138,725 | 240,934 | 220,616 | 220,616 | 220,616 | 220,616 | 220,616 | 220,616 | 220,616 | 25,000 | 4,948,971 | 4,876,926 | 72,045 | 4,416,594 | 220,616 | 220,616 | 220,616 |
| Late filing fees for Form 499A | (2) | (4,500) | 500 | - | - | - | - | - | - | - | 120,000 | 116,000 | - | 116,000 | - | - | - | - |
| Interest income | (3) | 65,009 | 22,061 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 207,070 | 180,000 | 27,070 | 15,000 | 15,000 | 15,000 | 15,000 |
| Total revenue | | 3,236,141 | 269,286 | 241,407 | 241,407 | 241,407 | 241,407 | 241,407 | 241,407 | 241,410 | 160,000 | 5,355,279 | 5,140,164 | 215,115 | 4,451,127 | 241,407 | 241,407 | 241,407 |
| Expenses | | | | | | | | | | | | | | | | | | |
| NANPA Administration | (4), (8) | 355,897 | 116,352 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 | 1,420,577 | 1,421,467 | (890) | 120,862 | 120,862 | 120,862 | 120,862 |
| 1K Block Pooling Administration | (4), (7) | 60,529 | 199,561 | 313,959 | 296,419 | 296,419 | 296,420 | 296,420 | 296,420 | 296,420 | 296,420 | 2,648,987 | 3,501,341 | (852,354) | 296,419 | 296,419 | 296,419 | 296,419 |
| pANI | (9) | - | - | 62,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 150,000 | 150,000 | - | 12,500 | 12,500 | 12,500 | 12,500 |
| Billing and Collection | | | | | | | | | | | | | | | | | | |
| Welch & Company LLP | (4) | 59,700 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 238,800 | 238,800 | - | 19,900 | 19,900 | 19,900 | 19,900 |
| Data Collection Agent | (5) | 13,047 | 4,184 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 | 60,559 | 65,000 | (4,441) | 5,416 | 5,416 | 5,416 | 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) | 168,204 | (73,497) | - | - | - | - | - | - | - | - | 94,707 | - | 94,707 | 120,000 | - | - | - |
| Total expenses | | 702,377 | 266,500 | 520,316 | 452,776 | 452,776 | 452,777 | 452,777 | 1,152,777 | 452,777 | 482,777 | 5,388,630 | 6,106,608 | (717,978) | 575,097 | 455,097 | 455,097 | 455,097 |
| Net revenue (expenses) | | 2,533,764 | 2,786 | (278,909) | (211,369) | (211,369) | (211,370) | (211,370) | (911,370) | (211,367) | (322,777) | (33,351) | (966,444) | 933,093 | 3,876,030 | (213,690) | (213,690) | (213,690) |
| Opening fund balance | | 1,487,763 | 4,021,527 | 4,024,313 | 3,745,404 | 3,534,035 | 3,322,666 | 3,111,296 | 2,899,926 | 1,988,556 | 1,777,189 | 1,487,763 | 1,966,444 | (478,681) | 1,454,412 | 5,330,442 | 5,330,442 | 5,116,752 |
| Closing fund balance | | 4,021,527 | 4,024,313 | 3,745,404 | 3,534,035 | 3,322,666 | 3,111,296 | 2,899,926 | 1,988,556 | 1,777,189 | 1,454,412 | 1,454,412 | 1,000,000 | 454,412 | 5,330,442 | 5,116,752 | 5,116,752 | 4,903,062 |
| Fund balance makeup: | | | | | | | | | | | | | | | | | | |
| Contingency | | 999,999 | 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 | | 3,021,528 | 3,024,313 | 2,745,404 | 2,534,035 | 2,322,666 | 2,111,296 | 1,899,926 | 988,556 | 777,189 | 454,412 | 454,412 | - | - | 4,330,442 | 4,116,752 | 4,116,752 | 3,903,062 |
| | | <u>4,021,527</u> | <u>4,024,313</u> | <u>3,745,404</u> | <u>3,534,035</u> | <u>3,322,666</u> | <u>3,111,296</u> | <u>2,899,926</u> | <u>1,988,556</u> | <u>1,777,189</u> | <u>1,454,412</u> | <u>1,454,412</u> | <u>1,000,000</u> | <u>454,412</u> | <u>5,330,442</u> | <u>5,116,752</u> | <u>5,116,752</u> | <u>4,903,062</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. Contributions for August - October 2007 are estimates based on 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 November forecasted amount includes the forecasted monthly billing of \$296,419 plus the cost of submitted change orders of \$17540
- The November forecasted amount includes the forecasted monthly billing of \$118,541
- 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 September 30, 2006. This will be covered by the contingency allowance.

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 - October | 72,045 |
| Late filing fees (reversal) for Form 499A - 2006 | (4,000) |
| Additional interest earned in July - October over budget | 27,070 |
| Adjustment to June NANP Admin estimate to actual | 890 |
| Adjustment to May & June Pooling bill estimates to actual | 888,580 |
| Pooling Change Order #41, 44, 45 in budget but not yet billed | (17,540) |
| Pooling - estimate of fixed price portion of expired contract (Jan 1/06 to June 14/06) | (121,000) |
| Pooling - estimate of merit bonus portion of expired contract (Jan 1/06 to June 14/06) | (170,000) |
| Data Collection fees - Adjust June estimate to actual | 783 |
| Adjust July -September estimate of DCA fees to actual | 3,658 |
| Bad debts not budgeted for | (94,707) |
| Estimated late filing fees for 2007 | 120,000 |
| Annual operations audit - 2005/06 not performed yet | (45,000) |
| Pooling change Order #43 not budgeted for | (599) |
| Increase of bridge contracts maximum over budget estimate | (55,692) |
| Adjustment to actual costs of Pooling for July- Septembe | 328,605 |
| Forecasted fund balance at June 30/07 | 1,454,412 |

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

| | Current <u>Oct-06</u> | <u>Nov-06</u> | <u>Dec-06</u> | <u>Jan-07</u> | <u>Feb-07</u> | <u>Mar-07</u> | <u>Apr-07</u> | <u>May-07</u> |
|--|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| NEUSTAR - NANPA Administration contract | 234,650 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 | 118,541 |
| - Payment authorized by the FCC on Oct 3/06, received by Welch Oct 26/06 August 2006 | 117,521 | | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | | |
| September 2006 | 116,110 | | | | | | | |
| October 2006 - estimate | 118,540 | | | | | | | |
| | <u>\$ 234,650</u> | | | | | | | |
| NEUSTAR - Block Pooling contract | 786,981 | 313,959 | 296,419 | 296,419 | 296,420 | 296,420 | 296,420 | 296,420 |
| - Payment authorized by the FCC on October 3/06, received by Welch October 26/06 | | | | | | | | |
| June - additional amount under expired contract | 7,314 | | | | | | | |
| July 2006 | 182,787 | | | | | | | |
| May 2006 | 178,304 | | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | | |
| Fixed fee billing - estimate | 121,000 | | | | | | | |
| 2006 merit incentive - estimate | 170,000 | | | | | | | |
| September 2006 | 199,562 | | | | | | | |
| October 2006 - estimate | 296,419 | | | | | | | |
| | <u>\$ 786,981</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 October 13/06, received by Welch October 26/06 | | | | | | | | |
| September 2006 | 18,642 | | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | | |
| October 2006 | <u>\$ 19,900</u> | | | | | | | |
| USAC - Data Collection Agent | 9,601 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 | 5,416 |
| - Payment authorized by the FCC on October 3/06, received by Welch October 26/06 | | | | | | | | |
| July 2006 | 4,223 | | | | | | | |
| August 2006 | 4,186 | | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | | |
| September 2006 | 4,184 | | | | | | | |
| October 2006 - estimate | 5,417 | | | | | | | |
| | <u>\$ 9,601</u> | | | | | | | |
| Clifton Gunderson LLP - Carrier audits | 171,063 | - | - | - | - | - | - | - |
| - Authorization by the FCC has not been received for payment | <u>\$ 171,063</u> | | | | | | | |
| - for 3 audits | | | | | | | | |
| External auditor- Annual operations audit | 75,000 | 0 | - | - | - | - | - | - |
| - Represents an accrual for audit fees for the 2004/05 and 2005/06 fiscal year of NANPA. Auditor has not been determined | <u>\$ 75,000</u> | | | | | | | |
| pANI Contract - vendor yet to be determined | \$ - | 62,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 |
| - November liability includes potential liability not incurred in July - October | | | | | | | | |
| Total | <u>1,297,195</u> | <u>520,316</u> | <u>452,776</u> | <u>452,776</u> | <u>452,777</u> | <u>452,777</u> | <u>452,777</u> | <u>452,777</u> |