

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

To NANC

November 8, 2010

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

Assets

Cash Balance in bank account	\$	2,804,141
Receivable from US Carriers		274,634
Receivable from Canada		6,670
Receivable from Caribbean countries		2,254
Receivables forwarded to FCC for collection (Over 90 days)		349,613
Allowance for uncollectible accounts		<u>(421,000)</u>
		212,171
Prepaid maintenance contract		<u>7,363</u>
Total assets		3,023,675
Less: Accrued liabilities (see below for makeup)		<u>(400,019)</u>
Fund balance	\$	<u>2,623,656</u>

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

Welch LLP	40,200
NEUSTAR Pooling 1K Block Pooling Expenses	185,365
NEUSTAR Admin Expenses	129,665
Ernst& Young LLP	36,000
Data Collection Agent - USAC	<u>8,789</u>
	\$ <u>400,019</u>

Other items of note

The FCC audit was substantially completed by the end of October. The operational audit will be commencing the third week of November.

**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	6,670	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	6,670	6,669	6,669	6,669	-	96,439	96,439	-	
Domestic Contributions - US carriers	(1)	2,241,497	179,293	188,748	186,209	187,629	187,629	187,629	187,629	187,629	187,629	187,629	-	4,109,150	4,034,718	74,432	
Late filing fees for Form 499A	(2)	(100)	(9,700)	1,600.00	200.00	-	-	-	-	-	-	-	115,000	107,000	115,000	(8,000)	
Interest income	(3)	1,128	1,267	1,439	1,062	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,896	12,000	896	
Total revenue		2,272,267	177,530	198,457	194,141	195,299	195,299	195,299	195,299	195,298	195,298	195,298	116,000	4,325,485	4,258,157	67,328	
Expenses																	
NANPA Administration	(4), (7)	139,465	130,353	130,041	186,342	161,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	1,664,201	1,667,000	(2,799)	
1K Block Pooling Administration	(4), (8)	188,498	186,932	194,735	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365	2,238,450	2,229,082	9,368	
pANI	(9)	-	-	-	-	83,338	16,666	16,666	16,666	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	20,100	242,459	238,800	3,659	
Data Collection Agent	(5)	3,707	3,636	3,706	4,289	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	51,338	54,000	(2,662)	
Annual Operations Audit	(6)	-	-	36,000	-	-	-	-	-	-	-	-	-	36,000	36,000	-	
Bank Charges	(10)	1,426	4,170	1,741	1,605	-	-	-	-	-	-	-	-	8,942	-	8,942	
Carrier Audits	(11)	-	-	-	-	-	-	-	700,000	-	-	-	-	700,000	700,000	-	
Bad debt expense	(12)	44,293	(9,977)	(3,473)	20,280.00	-	-	-	-	-	-	-	-	51,123	-	51,123	
Total expenses		398,748	335,214	382,850	417,981	454,303	357,631	357,631	1,057,631	357,631	357,631	357,631	357,631	5,192,513	5,124,882	67,631	
Net revenue (expenses)		1,873,519	(157,684)	(184,393)	(223,840)	(259,004)	(162,332)	(162,332)	(862,332)	(162,333)	(162,333)	(162,333)	(162,333)	(241,631)	(867,028)	(866,725)	(303)
Opening fund balance		1,316,054	3,189,573	3,031,889	2,847,496	2,623,656	2,364,652	2,202,320	2,039,988	1,177,656	1,015,323	852,990	690,657	1,316,054	1,366,725	(50,671)	
Closing fund balance		3,189,573	3,031,889	2,847,496	2,623,656	2,364,652	2,202,320	2,039,988	1,177,656	1,015,323	852,990	690,657	449,026	449,026	500,000	50,974	
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	500,000	-	
Surplus		2,689,573	2,531,889	2,347,496	2,123,656	1,864,652	1,702,320	1,539,988	677,656	515,323	352,990	190,657	(50,974)	(50,974)	-	-	
		<u>3,189,573</u>	<u>3,031,889</u>	<u>2,847,496</u>	<u>2,623,656</u>	<u>2,364,652</u>	<u>2,202,320</u>	<u>2,039,988</u>	<u>1,177,656</u>	<u>1,015,323</u>	<u>852,990</u>	<u>690,657</u>	<u>449,026</u>	<u>449,026</u>	<u>500,000</u>	<u>50,974</u>	

Assumptions:

- (1) The US carrier contributions for the period from July 2010 to June 2011 and the International carrier revenue is 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 cost of the interim Welch LLP contract.
- (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 estimated at \$36,000.
- (7) The November expense includes anticipated cost of a new server.
- (8) No commentary for November
- (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. No change order has been issued.
- (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.
- (12) The allowance covers all accounts considered potentially uncollectible at October 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	74,432
Late filing fees (reversal) for Form 499A - 2009	(8,000)
Additional interest earned to date compared to budget	896
NANP Admin - difference between budget and actual contract awarded after budget period	2,799
Additional billings from B & C Agent due to renewal of contract	(3,659)
Data Collection fees - Adjustment to actual from budget	2,662
Bad debts not budgeted for	(51,123)
Pooling change orders	(9,368)
Carrier audits that will not be performed	-
Permanent pANI that will not be expended prior to June 30th.	-
Bank fees to be covered by Fund under new B&C Agent contract	(8,942)
Forecasted Fund balance at June 30/11	449,026

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>
NEUSTAR - NANPA Administration contract	129,665	161,000	131,000	131,000	131,000	131,000	131,000	131,000
- Payment authorized by the FCC on Oct 6/10, received by Welch Oct 26/10								
September 2010		130,041						
- Authorization by the FCC has not been received for payment								
October 2010	<u>\$ 129,665</u>							
NEUSTAR - Block Pooling contract	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365
- Payment authorized by the FCC on Oct 6/10, received by Welch Oct 26/10								
September 2010		\$ 185,365						
Changer order #13		3,542						
Changer order #14		3,590						
Changer order #15		2,238						
- Authorization by the FCC has not been received for payment								
October 2010	<u>\$ 185,365</u>							
Welch LLP - Billing & Collection Agent	40,200	20,100	20,100	20,100	20,100	20,100	20,100	20,100
- Authorization by the FCC has not been received for payment								
September 2010		\$ 20,100						
October 2010		<u>20,100</u>						
	<u>\$ 40,200</u>							
USAC - Data Collection Agent	8,789	4,500	4,500	4,500	4,500	4,500	4,500	4,500
- Payment authorized by the FCC on Oct 6/10, received by Welch Oct 26/10								
August 2010		3,656						
- Authorization by the FCC has not been received for payment								
September 2010		4,289						
October 2010 (estimate)		<u>4,500</u>						
	<u>\$ 8,789</u>							
Carrier audits	-	-	-	-	700,000	-	-	-
Ernst & Young LLP- Annual operations audit	36,000	-	-	-	-	-	-	-
Accrual for 2010/11 audit fee	<u>\$ 36,000</u>							
NEUSTAR - pANI administration	<u>\$ -</u>	83,338	16,666	16,666	16,666	16,666	16,666	16,666
Total	<u>400,019</u>	<u>454,303</u>	<u>357,631</u>	<u>357,631</u>	<u>1,057,631</u>	<u>357,631</u>	<u>357,631</u>	<u>357,631</u>

Deliverables Report

Distributing invoices

The monthly invoices for carriers were mailed October 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

Statement of accounts were sent out for receivable balances under 90 days old.

FCC Red Light Notices

No delinquent accounts sent to the FCC for collection and submission to the Red Light Site. There were no payments received from 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. 38 calls were received in October 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. No approval has been received yet.