

**Billing and Collection Agent Report
For period ending September 30, 2010**

To NANC

October 14, 2010

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
September 30, 2010**

Assets

Cash Balance in bank account		\$ 2,926,706
Receivable from US Carriers	373,305	
Receivable from Canada	6,670	
Receivable from Caribbean countries	2,246	
Receivables forwarded to FCC for collection (Over 90 days)	264,562	
Allowance for uncollectible accounts	<u>(401,000)</u>	245,782
Prepaid maintenance contract		<u>64,040</u>
Total assets		3,236,528
Less: Accrued liabilities (see below for makeup)		<u>(389,032)</u>
Fund balance		<u>\$ 2,847,496</u>

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

Welch LLP	20,100	
NEUSTAR Pooling 1K Block Pooling Expenses	194,735	
NEUSTAR Admin Expenses	130,041	
Ernst& Young LLP	36,000	
Data Collection Agent - USAC	<u>8,156</u>	
	<u>\$ 389,032</u>	

Other items of note

There were three change orders for the 1K Pooling contract approved for payment by the FCC amounting to \$9,370.

**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	187,629	187,629	187,629	187,629	187,629	187,629	187,629	187,629	-	4,110,570	4,034,718	75,852
Late filing fees for Form 499A	(2)	(100)	(9,700)	1,600.00	-	-	-	-	-	-	-	-	115,000	106,800	115,000	(8,200)
Interest income	(3)	1,128	1,267	1,439	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,834	12,000	834
Total revenue		2,272,267	177,530	198,457	195,299	195,299	195,299	195,299	195,299	195,298	195,298	195,298	116,000	4,326,643	4,258,157	68,486
Expenses																
NANPA Administration	(4), (7)	139,465	130,353	130,041	213,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	1,660,859	1,667,000	(6,141)
1K Block Pooling Administration	(4), (8)	188,498	186,932	194,735	185,366	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365	2,238,451	2,229,082	9,369
pANI	(9)	-	-	-	66,672	16,666	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	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	51,549	54,000	(2,451)
Annual Operations Audit	(6)	-	-	36,000	-	-	-	-	-	-	-	-	-	36,000	36,000	-
Bank Charges	(10)	1,426	4,170	1,741	-	-	-	-	-	-	-	-	-	7,337	-	7,337
Carrier Audits	(11)	-	-	-	-	-	-	-	700,000	-	-	-	-	700,000	700,000	-
Bad debt expense	(12)	44,293	(9,977)	(3,473)	-	-	-	-	-	-	-	-	-	30,843	-	30,843
Total expenses		398,748	335,214	382,850	489,638	357,631	357,631	357,631	1,057,631	357,631	357,631	357,631	357,631	5,167,498	5,124,882	42,616
Net revenue (expenses)		1,873,519	(157,684)	(184,393)	(294,339)	(162,332)	(162,332)	(162,332)	(862,332)	(162,333)	(162,333)	(162,333)	(241,631)	(840,855)	(866,725)	25,870
Opening fund balance		1,316,054	3,189,573	3,031,889	2,847,496	2,553,157	2,390,825	2,228,493	2,066,161	1,203,829	1,041,496	879,163	716,830	1,316,054	1,366,725	(50,671)
Closing fund balance		3,189,573	3,031,889	2,847,496	2,553,157	2,390,825	2,228,493	2,066,161	1,203,829	1,041,496	879,163	716,830	475,199	475,199	500,000	24,801
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	2,053,157	1,890,825	1,728,493	1,566,161	703,829	541,496	379,163	216,830	(24,801)	(24,801)	-	-
		<u>3,189,573</u>	<u>3,031,889</u>	<u>2,847,496</u>	<u>2,553,157</u>	<u>2,390,825</u>	<u>2,228,493</u>	<u>2,066,161</u>	<u>1,203,829</u>	<u>1,041,496</u>	<u>879,163</u>	<u>716,830</u>	<u>475,199</u>	<u>475,199</u>	<u>500,000</u>	<u>24,801</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 October expenses includes anticipated cost of the computer hardware maintenance contracts and the cost of a new server.
- (8) No commentary for October
- (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 September 30, 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	75,852
Late filing fees (reversal) for Form 499A - 2009	(8,200)
Additional interest earned to date compared to budget	834
NANP Admin - difference between budget and actual contract awarded after budget period	6,141
Additional billings from B & C Agent due to renewal of contract	(3,659)
Data Collection fees - Adjustment to actual from budget	2,451
Bad debts not budgeted for	(30,843)
Pooling change orders	(9,369)
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	(7,337)
Forecasted Fund balance at June 30/11	475,199

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Sep-10</u>	<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>
NEUSTAR - NANPA Administration contract	130,041	213,000	131,000	131,000	131,000	131,000	131,000	131,000
- Payment authorized by the FCC on Sept 13/10, received by Welch Sept 16/10								
August 2010	130,353							
- Authorization by the FCC has not been received for payment								
September 2010	<u>\$ 130,041</u>							
NEUSTAR - Block Pooling contract	194,735	185,365	185,365	185,365	185,365	185,365	185,365	185,365
- Payment authorized by the FCC on Sept 13/10, received by Welch Sept 16/10								
August 2010	\$ 92,683							
August 2010	94,249							
- Authorization by the FCC has not been received for payment								
September 2010	\$ 185,365							
Changer order #13	\$ 3,542							
Changer order #14	\$ 3,590							
Changer order #15	<u>2,238</u>							
	<u>\$ 194,735</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 on Sept 13/10, received by Welch Sept 16/10								
August 2010	20,100							
- Payment authorized by the FCC on August 25/10, received by Welch Sept 16/10								
July 2010	21,359							
- Authorization by the FCC has not been received for payment								
September 2010	<u>\$ 20,100</u>							
USAC - Data Collection Agent	8,156	4,500	4,500	4,500	4,500	4,500	4,500	4,500
- Payment authorized by the FCC on Sept 13/10, received by Welch Sept 16/10								
July 2010	3,636							
- Authorization by the FCC has not been received for payment								
August 2010	3,656							
September 2010 (estimate)	<u>4,500</u>							
	<u>\$ 8,156</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>	66,673	16,666	16,666	16,666	16,666	16,666	16,666
Total	<u>389,032</u>	<u>489,638</u>	<u>357,631</u>	<u>357,631</u>	<u>357,631</u>	<u>1,057,631</u>	<u>357,631</u>	<u>357,631</u>

Deliverables Report

Distributing invoices

The monthly invoices for carriers were mailed September 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 at October 1/10

FCC Red Light Notices

No delinquent accounts sent to the FCC for collection and submission to the Red Light Site. There was one payment received from the FCC in September for delinquent accounts in the amount of \$3,246.54 This represents collections from 27 carriers

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. 63 calls were received in September 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.