

**Billing and Collection Agent Report  
For period ending September 30, 2018**

**To FCC Contract Oversight Sub-Committee**

**October 9, 2018**

**NANPA FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2018**

**Assets**

Cash in bank		\$ 2,434,527
Receivables		
Receivable from US Carriers	3,937,449	
Receivable from Canada	9,143	
Receivable from Caribbean countries	26,570	
Receivables forwarded to Treasury for collection	77,511	
Allowance for uncollectible accounts	<u>(125,300)</u>	<u>3,925,373</u>
<b>Total assets</b>		<b>6,359,900</b>
<b>Less: Accrued liabilities</b>		
Welch LLP	28,400	
NEUSTAR Pooling 1K Block	265,970	
NEUSTAR NANP Administration	189,460	
Data Collection Agent - USAC	6,451	
Treasury Deposits - see note below	<u>706</u>	<u>(490,987)</u>
Deferred revenue (2018/19 billing)		<u>(4,444,864)</u>
<b>Fund balance</b>		<b><u>\$ 1,424,049</u></b>

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Invoices for the 2018/19 funding period which runs from October 1, 2018 to September 30, 2019 were emailed/mailed on September 12th. Payments are due October 12, 2018.

Treasury Deposits are receipts from Treasury for unpaid debt for which the specific details are still unknown at this time. These funds may need to be repaid Treasury.

**NANP FUND  
ACTUAL STATEMENT OF CHANGES IN FUND BALANCE  
OCTOBER 2017 TO SEPTEMBER 2018**

Actual													Total	Budget	Variance between actual results and budget at Sept 30/18		
Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18						
<b>Revenue</b>																	
International Contributions																	
Canada	(1)	19,433	9,716	9,717	9,717	9,716	9,716	9,716	9,716	9,716	9,716	9,717	-	116,596	116,596	-	
Caribbean countries	(1)	24,429	-	-	-	-	-	-	-	-	-	-	-	24,429	24,429	-	
<b>Total International Contributions</b>		<b>43,862</b>	<b>9,716</b>	<b>9,717</b>	<b>9,717</b>	<b>9,716</b>	<b>9,716</b>	<b>9,716</b>	<b>9,716</b>	<b>9,716</b>	<b>9,716</b>	<b>9,717</b>	<b>-</b>	<b>141,025</b>	<b>141,025</b>	<b>-</b>	
Domestic Contributions - US carriers	(1)	5,718,956	184,162	183,850	178,191	354,142	150,876	152,907	154,515	167,717	156,908	160,508	198	7,562,930	7,506,473	56,457	
Late filing fees for Form 499A	(2)	(200)	-	200	100	(200)	300	700.00	600.00	-	400.00	600.00	90,900	93,400	65,000	28,400	
Interest income	(3)	1,174	1,765	1,811	2,086	3,123	2,509	3,323	2,926	2,807	2,654	2,268	2,352	28,798	5,000	23,798	
<b>Total revenue</b>		<b>5,763,792</b>	<b>195,643</b>	<b>195,578</b>	<b>190,094</b>	<b>366,781</b>	<b>163,401</b>	<b>166,646</b>	<b>167,757</b>	<b>180,240</b>	<b>169,678</b>	<b>173,093</b>	<b>93,450</b>	<b>7,826,153</b>	<b>7,717,498</b>	<b>108,655</b>	
<b>Expenses</b>																	
NANPA Administration	(4)	187,332	188,789	187,332	187,332	188,562	187,332	187,332	188,876	255,545	187,743	188,383	189,460	2,324,018	2,420,813	(96,795)	
1K Block Pooling	(5)	255,804	257,795	254,315	303,465	257,581	282,672	255,205	260,343	263,777	255,674	256,066	265,970	3,168,667	3,199,475	(30,808)	
Pooling Change Order 3 B																	
- CLIN 15	(5)(a)	211,750	211,750	-	-	-	-	-	-	-	-	-	-	423,500	423,500	-	
- CLIN 16	(5)(b)	2,052	2,679	-	-	-	-	-	-	-	-	-	-	4,731	14,535	(9,804)	
- CLIN 17	(5)(b)	-	-	43,333	43,333	43,333	43,333	43,333	43,333	-	-	-	-	303,331	303,331	-	
Pooling Change Order #6	(5)(c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pooling Change Order #7	(5)(d)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Billing and Collection																	
Welch LLP	(6)	28,410	28,410	28,410	28,410	28,410	28,410	28,410	28,400	28,400	28,400	28,400	28,400	340,870	340,920	(50)	
Data Collection Agent	(7)	6,843	6,927	5,798	7,113	6,253	6,593	6,462	6,818	6,666	6,599	6,535	6,816	79,423	74,844	4,579	
Annual Operations Audit	(8)	-	-	-	47,000	-	-	-	-	-	-	-	-	47,000	47,000	-	
Bank Charges	(9)	4,346	7,194	3,729	3,026	2,803	2,362	2,861	2,549	1,501	1,940	2,058	2,057	36,426	38,000	(1,574)	
Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	(200,000)	
Bad debt expense	(11)	(5,522)	(6,919)	32,260	6,680	(302)	(871)	544	(12,258)	335	1,998	(1,879)	39,798	53,864	40,000	13,864	
<b>Total expenses</b>		<b>691,015</b>	<b>696,625</b>	<b>555,177</b>	<b>626,359</b>	<b>526,640</b>	<b>549,831</b>	<b>524,147</b>	<b>518,061</b>	<b>599,557</b>	<b>482,354</b>	<b>479,563</b>	<b>532,501</b>	<b>6,781,830</b>	<b>7,102,418</b>	<b>(320,588)</b>	
<b>Net revenue (expenses)</b>		<b>5,072,777</b>	<b>( 500,982)</b>	<b>( 359,599)</b>	<b>( 436,265)</b>	<b>( 159,859)</b>	<b>( 386,430)</b>	<b>( 357,501)</b>	<b>( 350,304)</b>	<b>( 419,317)</b>	<b>( 312,676)</b>	<b>( 306,470)</b>	<b>( 439,051)</b>	<b>1,044,323</b>	<b>615,080</b>	<b>429,243</b>	
<b>Opening fund balance</b>		<b>379,726</b>	<b>5,452,503</b>	<b>4,951,521</b>	<b>4,591,922</b>	<b>4,155,657</b>	<b>3,995,798</b>	<b>3,609,368</b>	<b>3,251,867</b>	<b>2,901,563</b>	<b>2,482,246</b>	<b>2,169,570</b>	<b>1,863,100</b>	<b>379,726</b>	<b>384,920</b>	<b>(5,194)</b>	
<b>Closing fund balance</b>		<b>5,452,503</b>	<b>4,951,521</b>	<b>4,591,922</b>	<b>4,155,657</b>	<b>3,995,798</b>	<b>3,609,368</b>	<b>3,251,867</b>	<b>2,901,563</b>	<b>2,482,246</b>	<b>2,169,570</b>	<b>1,863,100</b>	<b>1,424,049</b>	<b>1,424,049</b>	<b>1,000,000</b>	<b>424,049</b>	
<b>Fund balance makeup:</b>																	
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	-	
Surplus		4,452,503	3,951,521	3,591,922	3,155,657	2,995,798	2,609,368	2,251,867	1,901,563	1,482,246	1,169,570	863,100	424,049	424,049	-	-	
		<b>5,452,503</b>	<b>4,951,521</b>	<b>4,591,922</b>	<b>4,155,657</b>	<b>3,995,798</b>	<b>3,609,368</b>	<b>3,251,867</b>	<b>2,901,563</b>	<b>2,482,246</b>	<b>2,169,570</b>	<b>1,863,100</b>	<b>1,424,049</b>	<b>1,424,049</b>	<b>1,000,000</b>	<b>424,049</b>	

**Assumptions:**

- (1) The US carrier contributions for the period from October 2017 to September 2018 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 NANPA Administration contract expires July 8, 2017. The cost for NANPA administration is an estimate based on the last option year plus a 3% increase. The percentage represents the average yearly increase over the expired 4 year contract. It also includes the cost of change order #7 of \$68,120. The budget had allowed for \$75,000 for this change order
- (5) The 1K Block Pooling Administration contract expires July 14, 2017. The cost for Pooling Administration is provided for based on the amount provided in the final option year of the contract. The costs included anticipated change order #4
- (5)(a) CLIN 15 is for the period March 22 to November 22, 2017 a cost of \$748,500. \$325,000 will be billed evenly between April and September 2017 with the remaining balance to be billed in the 2017/18 period.
- (5)(b) CLIN 16 is for the period July 31 to November 24, 2017 and is not to exceed \$29,070. Budgeted for evenly over the months of August to November 2017
- (5)(b) CLIN 17 is for the period November 24, 2017 to June 30, 2018 at \$43,333/month
- (5)(c) Pooling CO #6 addresses INC changes to the Thousands-Block Pooling Administration Guidelines at anticipated cost of \$20,053 (to be billed in 2018/19)
- (5)(d) Pooling CO #7 addresses INC changes to the Guidelines related to Pooling Administration activities when a code holder voluntarily returns or abandons an NXX code at anticipated cost of \$37,333. (to be billed in 2018/19)
- (6) The cost of B&C Agent is based on the contract with Welch LLP
- (7) The expense for the Data Collection Agent is based on an allocation of costs by USAC.
- (8) The expense for the annual operations audit performed by Ernst & Young LLP is based on the quote given.
- (9) Bank fees are an expense to the Fund.
- (10) The budget allowed \$200,000 for carrier audits. Per the FCC, this will not be expended during this funding period.
- (11) The bad debt expense includes all accounts considered potentially uncollectible at September 30, 2018.

**Reconciliation of actual at September 30, 2018 to budget**

Budgeted fund balance at September 30, 2018 - contingency	1,000,000
Decrease in opening fund balance between budget period and actual	(5,194)
Additional billings over estimate from budget	56,457
Late filing fees (reversal) for Form 499A	28,400
Underestimate of interest earned to date compared to budget	23,798
Pooling change order 3B - difference between budget and actual	9,804
NANP Admin - difference between budget and actual contract extension and change order #7 awarded and due to variable travel costs	96,795
Decrease in B&C Agent costs	50
Data Collection fees - Adjustment to actual from budget	(4,579)
Bad debts - Adjustment to actual from budget	(13,864)
1K Block Pooling - difference between budget and actual contract awarded due to variable travel costs and lower amount paid for change order #4	30,808
Pooling change orders #6 and #7	-
Carrier audits that will not be performed	200,000
Operations Audit - Adjustment to actual from budget	-
Bank fees - Variance between actual and budget	1,574
<b>Actual fund balance at September 30, 2018</b>	<b>1,424,049</b>

**NANPA FUND**  
**FORECASTED STATEMENT OF CHANGES IN FUND BALANCE**  
**OCTOBER 2018 TO SEPTEMBER 2019**

Projection based on budget												
	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
<b>Projected Revenue</b>												
International Contributions												
Canada	(1)	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144
Caribbean countries	(1)	23,036	-	-	-	-	-	-	-	-	-	-
Total International Contributions		32,179	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144
Domestic Contributions - US carriers	(1)	4,412,912	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160
Late filing fees for Form 499A	(2)	-	-	-	-	-	-	-	-	-	-	66,000
Interest income	(3)	500	500	500	500	500	500	500	500	500	500	500
<b>Total projected revenue</b>		<b>4,445,591</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>127,803</b>	<b>193,804</b>
<b>Projected Expenses</b>												
NANPA Administration	(4)	189,832	189,832	189,832	189,832	189,832	189,832	189,832	189,832	189,832	189,832	189,832
1K Block Pooling	(5)	258,989	258,989	258,989	258,989	258,989	258,989	258,989	258,989	258,989	258,989	258,988
Pooling Change Order #6	(5)(a)	20,053	-	-	-	-	-	-	-	-	-	-
Pooling Change Order #7	(5)(b)	37,333	-	-	-	-	-	-	-	-	-	-
Billing and Collection												
Welch LLP	(6)	28,410	28,410	28,410	28,410	28,410	28,410	28,410	28,410	28,410	28,410	28,410
Data Collection Agent - USAC	(7)	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Annual Operations Audit	(8)	-	-	-	48,000	-	-	-	-	-	-	-
Bank Charges	(9)	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,166	3,166	3,166	3,166
Carrier Audits	(10)	-	-	-	-	200,000	-	-	-	-	-	-
Bad debt expense (recovery)	(11)	3,334	3,334	3,334	3,334	3,333	3,333	3,333	3,333	3,333	3,333	3,333
<b>Total projected expenses</b>		<b>547,618</b>	<b>490,232</b>	<b>490,232</b>	<b>538,232</b>	<b>690,231</b>	<b>490,231</b>	<b>490,231</b>	<b>490,231</b>	<b>490,230</b>	<b>490,230</b>	<b>490,229</b>
<b>Projected Net revenue (expenses)</b>		<b>3,897,973</b>	<b>( 362,429)</b>	<b>( 362,429)</b>	<b>( 410,429)</b>	<b>( 562,428)</b>	<b>( 362,428)</b>	<b>( 362,428)</b>	<b>( 362,428)</b>	<b>( 362,427)</b>	<b>( 362,427)</b>	<b>( 296,425)</b>
<b>Projected Opening fund balance</b>		<b>1,424,049</b>	<b>5,322,022</b>	<b>4,959,593</b>	<b>4,597,164</b>	<b>4,186,735</b>	<b>3,624,307</b>	<b>3,261,879</b>	<b>2,899,451</b>	<b>2,537,023</b>	<b>2,174,596</b>	<b>1,812,169</b>
<b>Projected Closing fund balance</b>		<b>5,322,022</b>	<b>4,959,593</b>	<b>4,597,164</b>	<b>4,186,735</b>	<b>3,624,307</b>	<b>3,261,879</b>	<b>2,899,451</b>	<b>2,537,023</b>	<b>2,174,596</b>	<b>1,812,169</b>	<b>1,449,742</b>
<b>Projected Fund balance makeup:</b>												
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
Surplus		4,322,022	3,959,593	3,597,164	3,186,735	2,624,307	2,261,879	1,899,451	1,537,023	1,174,596	812,169	449,742
		<u>5,322,022</u>	<u>4,959,593</u>	<u>4,597,164</u>	<u>4,186,735</u>	<u>3,624,307</u>	<u>3,261,879</u>	<u>2,899,451</u>	<u>2,537,023</u>	<u>2,174,596</u>	<u>1,812,169</u>	<u>1,449,742</u>

**Assumptions:**

- (1) The contribution for October 2018 - September 2019 is based on actual billings.
- (2) These estimated 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 NANPA Administration contract expired July 8, 2017. The cost for NANPA administration is an estimate based on the last option year.
- (5) The 1K Block Pooling Administration contract expired July 14, 2017. The cost for Pooling Administration is provided for based on the amount provided in the final option year of the contract.
- (5)(a) Pooling CO #6 addresses INC changes to the Thousands-Block Pooling Administration Guidelines at anticipated cost of \$20,053 (to be billed in 2018/19)
- (5)(b) Pooling CO #7 addresses INC changes to the Guidelines related to Pooling Administration activities when a code holder voluntarily returns or abandons an NXX code at anticipated cost of \$37,333. (to be billed in 2018/19)
- (6) The cost of B&C Agent is based on the expected contract cost of \$28,410 per month
- (7) The expense for the Data Collection Agent is based on estimate of costs by USAC.
- (8) The cost of the annual operations audit is based on the cost of the prior year's history of billing from Ernst & Young LLP.
- (9) Bank fees are an expense to the Fund and are estimated based on prior years' history.
- (10) The budget allowed \$200,000 for carrier audits.
- (11) The bad debt expense covers all accounts considered potentially uncollectible for fees billed for the 2018-19 funding year.

# **Deliverables Report**

## **Distributing invoices**

The monthly and annual invoices for carriers were emailed/mailed on September 12<sup>th</sup>. A total of 6,128 invoices were issued for the 2018/19 fees

## **Processing Payments**

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

## **Late/Absent Payments**

Statement of accounts were emailed/mailed on September 14<sup>th</sup> to all carriers with overdue balances. Nine carriers were sent statements.

## **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 voicemail inbox or email inbox. The details of the query are documented in an Access database. The date, Filer ID, nature of query, name of person making the request, who responded to query and the resolution date. In September 87 calls and 457 emails were received which is comparable to the prior year. Most queries are about requesting copies of invoices, how to make changes to their email billing address, notification about closing their business, asking what the invoice was for or asking how to make a payment. The increased queries are directly attributed to the mailout of the annual invoices.

## **Staffing Changes**

There have been no changes to staffing this month.

## **Contract Renewal**

The Billing and Collection Agent contract was awarded to Welch LLP in April 2018. The contract is for a 5-year period from May 1, 2018 to April 30, 2023.

## **Status of Audits**

**FCC Audit:** We were given a listing by the auditors of the required documents and the due dates. We have been providing the FCC auditors with all of the documents by the required dates.

**Independent Audit:** The independent audit by Ernst & Young LLP of the financial statements and specified procedures will commence sometime near the end of November.

**IPERIA:** Annual risk assessment analysis completed and sent to the FCC and auditors in May, as well as the Entity Level Assessment as required by OMB Circular A-123. Testing and reporting for improper payments was completed at the end of September .

## **Accounts Receivable**

We did not receive any funds in September from Treasury for debts collected.

**CURRENT AND FORECASTED LIABILITIES**

	<b>Current</b>						
	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>
<b>NEUSTAR - NANPA Administration</b>	189,460	189,832	189,832	189,832	189,832	189,832	189,832
- Payment authorized by the FCC in September August 2018	\$ 188,383						
- Authorization by the FCC has not been received for payment September 2018		\$ 189,460					
<b>NEUSTAR -1K Block Pooling</b>	265,970	316,375	258,989	258,989	258,989	258,989	258,989
- Payment authorized by the FCC in September August 2018	\$ 256,066						
- Authorization by the FCC has not been received for payment September 2018		\$ 265,970					
<b>Welch LLP - Billing &amp; Collection Agent</b>	28,400	28,410	28,410	28,410	28,410	28,410	28,410
- Payment authorized by the FCC in September August 2018	\$ 28,400						
- Authorization by the FCC has not been received for payment September 2018		\$ 28,400					
<b>USAC - Data Collection Agent</b>	6,451	6,500	6,500	6,500	6,500	6,500	6,500
- Payment authorized by the FCC in September August 2018	\$ 6,816						
- Authorization by the FCC has not been received for payment September 2018		\$ 6,451					
<b>Carrier audits</b>	-	-	-	-	-	200,000	-
<b>Ernst &amp; Young LLP- Annual operations audit</b>	-	-	-	-	48,000	0	0
<b>Bank Fees</b>		3,167	3,167	3,167	3,167	3,167	3,167
<b>Total</b>	<b>490,281</b>	<b>544,284</b>	<b>486,898</b>	<b>486,898</b>	<b>534,898</b>	<b>686,898</b>	<b>486,898</b>