

**Billing and Collection Agent Report
For period ending December 31, 2018**

To FCC Contract Oversight Sub-Committee

January 17, 2019

NANPA FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2018

Assets

Cash in bank	\$	4,564,204
Receivables		
Receivable from US Carriers	534,079	
Receivable from Canada	-	
Receivable from Caribbean countries	10,753	
Receivables forwarded to Treasury for collection	71,582	
Receivable from US Treasury - see note below	204	
Allowance for uncollectible accounts	<u>(140,500)</u>	<u>476,118</u>
Total assets		5,040,322
Less: Accrued liabilities		
Welch LLP	28,400	
NEUSTAR - Pooling	355,960	
NEUSTAR NANP - Administration	258,154	
Somos, Inc - NANPA	240,833	
Somos, Inc - Pooling	339,879	
Data Collection Agent - USAC	6,500	<u>(1,229,726)</u>
Fund balance	\$	<u>3,810,596</u>

Amounts receivable from US Treasury are amounts Treasury has indicated have been collected from filers but the funds have not yet been disbursed to NANP.

The total transition costs for NeuStar were \$369,864 less than projected based on the maximum costs projected as allowed in the two NeuStar contracts.

Somos was paid \$25,294 for pre-transition costs which had not been previously allowed for in the projected expenses.

Overall there is a \$343,570 of projected cash flow available for payment of the Somos contract as a result of the transition costs being lower than anticipated. As a result the Fund will have sufficient funds to pay expenses until the end of July 2019.

NANP FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE BASED ON NO DEFERRAL OF SOMOS PAYMENT
OCTOBER 2018 TO SEPTEMBER 2019

	Actual			Forecasted									Total	Budget	Variance between forecasted results and budget at Sept 30/19	
	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19				
Revenue																
International Contributions																
Canada (1)	18,286	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144	-	109,717	109,717	-
Caribbean countries (1)	23,036	-	-	-	-	-	-	-	-	-	-	-	-	23,036	23,036	-
Total International Contributions	41,322	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144	-	132,753	132,753	-
Domestic Contributions - US carriers (1)	4,538,876	115,084	474,065	73,697	73,697	73,697	73,697	73,697	73,697	73,697	73,697	73,697	-	5,717,601	5,639,875	77,726
Late filing fees for Form 499A (2)	(1,300)	(400)	600	-	-	-	-	-	-	-	-	-	66,000	64,900	66,000	(1,100)
Interest income (3)	6,155	5,244	6,112	500	500	500	500	500	500	500	500	500	500	22,011	6,000	16,011
Total revenue	4,585,053	129,071	489,920	83,340	83,340	83,340	83,340	83,340	83,340	83,340	83,340	83,341	66,500	5,937,265	5,844,628	92,637
Expenses																
NANPA Administration - Somos (4)(a)	-	240,833	240,833	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	2,671,663	2,088,152	(583,511)
NANPA Administration - Neustar (4)(b)	187,332	-	-	-	-	-	-	-	-	-	-	-	-	187,332	189,832	2,500
NANPA Administration - Neustar (4)(b)	-	188,201	187,332	-	-	-	-	-	-	-	-	-	-	375,533	-	(375,533)
NANPA Administration - Neustar transition (4)(c)	-	-	70,822	-	-	-	-	-	-	-	-	-	-	70,822	-	(70,822)
1K Block Pooling - Somos (5)(a)	-	314,855	314,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	3,505,705	2,848,879	(656,826)
1K Block Pooling - Somos pre-transition (5)(a)	-	-	25,294	-	-	-	-	-	-	-	-	-	-	25,294	-	(25,294)
1K Block Pooling - Neustar (5)(b)	257,128	-	-	-	-	-	-	-	-	-	-	-	-	257,128	258,988	1,860
1K Block Pooling - Neustar (5)(b)	-	258,777	254,442	-	-	-	-	-	-	-	-	-	-	513,219	-	(513,219)
1K Block Pooling - Neustar transition (5)(c)	-	-	101,518	-	-	-	-	-	-	-	-	-	-	101,518	-	(101,518)
Billing and Collection																
Welch LLP (6)	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	340,800	340,920	120
Data Collection Agent (7)	6,637	6,586	6,465	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,188	78,000	(188)
Annual Operations Audit (8)	-	-	38,400	9,600	-	-	-	-	-	-	-	-	-	48,000	48,000	-
Bank Charges (9)	3,835	7,530	2,478	3,167	3,167	3,167	3,167	3,167	3,166	3,166	3,166	3,166	3,166	42,342	38,000	(4,342)
Carrier Audits (10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Bad debt expense (11)	(525)	(4,449)	23,388	3,334	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	48,412	40,000	(8,412)
Total expenses	482,807	1,040,733	1,293,957	613,919	604,318	604,318	604,318	604,318	604,317	604,317	604,317	604,317	604,317	8,265,956	6,130,771	(2,135,185)
Net revenue (expenses)	4,102,246	(911,662)	(804,037)	(530,579)	(520,978)	(520,978)	(520,978)	(520,978)	(520,977)	(520,977)	(520,976)	(537,817)	(537,817)	(2,328,691)	(286,143)	(2,042,548)
Opening fund balance	1,424,049	5,526,295	4,614,633	3,810,596	3,280,017	2,759,039	2,238,061	1,717,083	1,196,105	675,128	154,151	(366,825)	(366,825)	1,424,049	1,286,143	137,906
Closing fund balance	5,526,295	4,614,633	3,810,596	3,280,017	2,759,039	2,238,061	1,717,083	1,196,105	675,128	154,151	(366,825)	(904,642)	(904,642)	1,000,000	(1,904,642)	
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	4,526,295	3,614,633	2,810,596	2,280,017	1,759,039	1,238,061	717,083	196,105	(324,872)	(845,849)	(1,366,825)	(1,904,642)	(1,904,642)	-	-	-
	5,526,295	4,614,633	3,810,596	3,280,017	2,759,039	2,238,061	1,717,083	1,196,105	675,128	154,151	(366,825)	(904,642)	(904,642)	1,000,000	(1,904,642)	

Assumptions:

- (1) The US carrier contributions for the period from October 2018 to September 2019 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)(a) The NANPA Administration contract for Somos covers the period from November 1/18 to October 31/19
- (4)(b) The NANPA Administration contract extension for NeuStar covers the period from October 1/18 to December 31/18
- (4)(c) The NANPA Administration contract for NeuStar provides for transitional costs for the period from November 1/18 to December 31/18
- (5)(a) The 1K Block Pooling Administration contract for Somos covers the period from November 1/18 to October 31/19
- (5)(b) The 1K Block Pooling contract extension for NeuStar covers the period from October 1/18 to December 31/18
- (5)(c) The 1K Block Pooling contract for NeuStar provides for transitional costs for the period from November 1/18 to December 31/18
- (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 allows \$200,000 for carrier audits. This will not be expended.
- (11) The allowance covers all accounts considered potentially uncollectible at December 31, 2018

Reconciliation of forecast to budget at December 31, 2018

Budgeted fund balance at September 30, 2019 - contingency	1,000,000
Decrease in opening fund balance between budget period and actual	137,906
Additional billings over estimate from budget	77,726
Late filing fees (reversal) for Form 499A	(1,100)
Underestimate of interest earned to date compared to budget	16,011
Somos - NANPA - excess of contract awarded over amount budgeted	(583,511)
NeuStar - NANPA - transitional month costs not budgeted	(373,033)
NeuStar - NANPA - transition costs not budgeted	(70,822)
Somos - Pooling - excess of contract awarded over amount budgeted	(682,120)
NeuStar - Pooling - transitional month costs not budgeted	(511,359)
NeuStar - NANPA - transition costs not budgeted	(101,518)
Decrease in B&C Agent costs	120
Data Collection fees - Adjustment to actual from budget	(188)
Bad debts - Adjustment to actual from budget	(8,412)
Carrier audits that will not be performed	200,000
Operations Audit - Adjustment to actual from budget	-
Bank fees - Variance between actual and budget	(4,342)
Forecasted fund balance at September 30, 2019	(904,642)

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on December 12th.

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

Demand notices and statements of account were emailed/mailed on December 13th to all carriers with overdue balances. A total of 748 demand notices and statements of account were sent out

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 the query and the resolution date. In December, 19 calls and 76 emails were received which is lower than the comparable to 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.

Staffing Changes

There have been no changes to staffing this month.

Contract Renewals

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.

The NANPA Administration contract for NeuStar was extended for the period of October 1, 2018 to December 31, 2018 which includes a 2 month transition to the new administrator, Somos, Inc. The contract with Somos for the NANPA Administration Contract covers the period of November 1, 2018 to October 31, 2019.

The 1K Block Pooling contract for NeuStar was extended for the period of October 1, 2018 to December 31, 2018 which includes a 2 month transition to the new administrator, Somos, Inc. the contract with Somos for the 1K Block Pooling covers the period of November 1, 2018 to October 31, 2019.

Status of Audits

FCC Audit: The FCC audit for 2018 is completed.

Independent Audit: The independent audit by Ernst & Young LLP of the financial statements and specified procedures commenced November 19th, 2018.

IPERIA: A kick-off meeting was held in November with the FCC and the auditors.

Deliverable Reports Submission Dates

Monthly SSF 224 report - submitted January 3, 2019.

Quarterly Report on Fund Performance and Statement of Financial Position - submitted on January 10, 2019

Quarterly Crosswalk reporting package - submitted on January 10, 2019

Monthly COSC report - submitted on December 10, 2018

Accounts Receivable

We did not receive any funds from Treasury for debts collected this month.

At the end of December there are 702 accounts outstanding representing unpaid invoices from the September 2018 billing, amounting to \$72,957. Of the 702 accounts, 321 accounts already have a balance owing from prior years which has been submitted to Treasury for collections.

CURRENT AND FORECASTED LIABILITIES

		Current						
		Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
NANPA Administration - NEUSTAR		258,153	-	-	-	-	-	-
- Payment authorized by the FCC in December								
Nov-18	\$ 188,201							
- Authorization by the FCC has not been received for payment								
Dec-18	\$ 258,153							
NANPA Administration - SOMOS		240,833	243,333	243,333	243,333	243,333	243,333	243,333
- Payment authorized by the FCC in December								
Nov-18	\$ 240,833							
- Authorization by the FCC has not been received for payment								
Dec-18	\$ 240,833							
1K Block Pooling - NEUSTAR		355,960	-	-	-	-	-	-
- Payment authorized by the FCC in December								
Nov-18	\$ 258,777							
- Authorization by the FCC has not been received for payment								
Dec-18	\$ 355,957							
1K Block Pooling - SOMOS		339,879	319,585	319,585	319,585	319,585	319,585	319,585
- Payment authorized by the FCC in December	314,855							
Nov-18								
- Authorization by the FCC has not been received for payment								
Dec-18	\$ 339,879							
Welch LLP - Billing & Collection Agent		28,400	28,400	28,400	28,400	28,400	28,400	28,400
- Payment authorized by the FCC in December								
Nov-18	\$ 28,400							
- Authorization by the FCC has not been received for payment								
Dec-18	\$ 28,400							
USAC - Data Collection Agent		6,465	6,500	6,500	6,500	6,500	6,500	6,500
- Payment authorized by the FCC in December								
Nov-18	\$ 6,586							
- Authorization by the FCC has not been received for payment								
Dec-18	\$ 6,465							
Carrier audits		-	-	-	-	-	-	-
Ernst & Young LLP- Annual operations audit		-	9,600	-	-	-	-	-
Bank Fees		-	3,167	3,167	3,167	3,167	3,167	3,166
Total		<u>1,229,690</u>	<u>610,585</u>	<u>600,985</u>	<u>600,985</u>	<u>600,985</u>	<u>600,985</u>	<u>600,984</u>