

**Billing and Collection Agent Report
For period ending February 28, 2019**

To FCC Contract Oversight Sub-Committee

March 8, 2019

NANPA FUND
STATEMENT OF FINANCIAL POSITION
February 28, 2019

Assets

Cash in bank	\$	3,340,685
Receivables		
Receivable from US Carriers	87,816	
Receivable from Canada	-	
Receivable from Caribbean countries	10,394	
Receivables forwarded to Treasury for collection	107,554	
Receivable from US Treasury - see note below	204	
Allowance for uncollectible accounts	<u>(137,300)</u>	<u>68,668</u>
Total assets		3,409,353
Less: Accrued liabilities		
Welch LLP	56,800	
SOMOS	555,418	
Data Collection Agent - USAC	12,710	<u>(624,928)</u>
Fund balance	\$	<u>2,784,425</u>

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

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	9,144	-	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	9,144	-	132,753	132,753	-	
Domestic Contributions - US carriers	(1)	4,538,876	115,084	474,065	73,710	76,122	73,697	73,697	73,697	73,697	73,697	73,697	5,720,039	5,639,875	80,164	
Late filing fees for Form 499A	(2)	(1,300)	(400)	600	400	200	-	-	-	-	-	66,000	65,500	66,000	(500)	
Interest income	(3)	6,155	5,244	6,112	5,355	4,129	500	500	500	500	500	500	30,495	6,000	24,495	
Total revenue		4,585,053	129,071	489,920	88,608	89,594	83,340	83,340	83,340	83,340	83,341	66,500	5,948,787	5,844,628	104,159	
Expenses																
NANPA Administration - Somos	(4)(a)	-	240,833	240,833	240,833	240,833	243,333	243,333	243,333	243,333	243,333	243,333	2,666,663	2,088,152	(578,511)	
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)	
NANPA Administration - Change Order A	(4)(d)	-	-	-	-	-	-	-	-	19,606	-	-	19,606	-	(19,606)	
1K Block Pooling - Somos	(5)(a)	-	314,855	314,585	314,315	314,585	319,585	319,585	319,585	319,585	319,585	319,585	3,495,435	2,848,879	(646,556)	
1K Block Pooling - Somos pre-transition				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)	
1K Block Pooling - Change Order A	(5)(d)	-	-	-	-	-	-	-	-	64,004	-	-	64,004	-	(64,004)	
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	340,800	340,920	120	
Data Collection Agent	(7)	6,637	6,586	6,465	7,062	6,210	6,500	6,500	6,500	6,500	6,500	6,500	78,460	78,000	(460)	
Annual Operations Audit	(8)	-	-	38,400	9,600	-	-	-	-	-	-	-	48,000	48,000	-	
Bank Charges	(9)	3,835	7,530	2,478	2,456	2,821	3,167	3,167	3,166	3,166	3,166	3,166	41,285	38,000	(3,285)	
Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	
Bad debt expense	(11)	(525)	(4,449)	23,388	7,281	1,577	3,333	3,333	3,333	3,333	3,333	3,333	50,603	40,000	(10,603)	
Total expenses		482,807	1,040,733	1,293,957	609,947	594,426	604,318	604,318	604,318	604,317	687,927	604,317	8,335,702	6,130,771	(2,204,931)	
Net revenue (expenses)		4,102,246	(911,662)	(804,037)	(521,339)	(504,832)	(520,978)	(520,978)	(520,978)	(520,977)	(604,587)	(520,976)	(537,817)	(2,386,915)	(286,143)	(2,100,772)
Opening fund balance		1,424,049	5,526,295	4,614,633	3,810,596	3,289,257	2,784,425	2,263,447	1,742,469	1,221,491	700,514	95,927	(425,049)	1,424,049	1,286,143	137,906
Closing fund balance		5,526,295	4,614,633	3,810,596	3,289,257	2,784,425	2,263,447	1,742,469	1,221,491	700,514	95,927	(425,049)	(962,866)	1,000,000	(1,962,866)	
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	-	
Surplus		4,526,295	3,614,633	2,810,596	2,289,257	1,784,425	1,263,447	742,469	221,491	(299,486)	(904,073)	(1,425,049)	(1,962,866)	-	-	
		5,526,295	4,614,633	3,810,596	3,289,257	2,784,425	2,263,447	1,742,469	1,221,491	700,514	95,927	(425,049)	(962,866)	1,000,000	-	

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
- (4)(d) Change Order to combine the Central Office Code Assignment Guidelines and Thousands-Block Administration Guidelines into one document.
- (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
- (5)(d) Change Order to combine the Central Office Code Assignment Guidelines and Thousands-Block Administration Guidelines into one document.
- (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 February 28, 2019.

Reconciliation of forecast to budget at February 28, 2019

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	80,164
Late filing fees (reversal) for Form 499A	(500)
Underestimate of interest earned to date compared to budget	24,495
Somos - NANPA - excess of contract awarded over amount budgeted	(578,511)
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	(671,850)
NeuStar - Pooling - transitional month costs not budgeted	(511,359)
NeuStar - NANPA - transition costs not budgeted	(101,518)
Somos - NANPA Administration Change Order A - not budgeted	(19,606)
Somos - Pooling Change Order A - not budgeted	(64,004)
Decrease in B&C Agent costs	120
Data Collection fees - Adjustment to actual from budget	(460)
Bad debts - Adjustment to actual from budget	(10,603)
Carrier audits that will not be performed	200,000
Operations Audit - Adjustment to actual from budget	-
Bank fees - Variance between actual and budget	(3,285)
Forecasted fund balance at September 30, 2019	(962,866)

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on February 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 February 14th to all carriers with overdue balances. A total of 26 demand notices and statements of account were sent out. This is lower than in previous months as outstanding amounts from the 2018 annual billing were sent to Treasury for collections on January 10, 2019.

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 February 15 calls and 10 emails were received which is lower than 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.

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. The audits are complete at this time.

IPERIA: A kick-off meeting was held in November with the FCC and the auditors. Documentation requested was provided in December 2018.

Deliverable Reports Submission Dates

Monthly SSF 224 report - submitted March 4, 2019.

Quarterly Report on Fund Performance and Statement of Financial Position - NA for this period

Quarterly Crosswalk reporting package - NA for this period

Treasury Report on Receivables - NA for this period

Monthly COSC report - submitted on February 13, 2019

Accounts Receivable

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

At the end of February there are 557 accounts outstanding representing unpaid invoices from the September 2018 billing, amounting to \$56,152.99. Of the 557 accounts, 539 accounts totalling \$51,194.44 were submitted to Treasury on January 10, 2019 for collections.

CURRENT AND FORECASTED LIABILITIES

	<u>Current</u>						
	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	<u>Aug-19</u>
NANPA Administration - SOMOS	240,833	243,333	243,333	243,333	243,333	262,939	243,333
- Authorization by the FCC has not been received for payment							
Feb-19	\$ 240,833						
1K Block Pooling - SOMOS	314,585	319,585	319,585	319,585	319,585	383,589	319,585
- Authorization by the FCC has not been received for payment							
Feb-19	\$ 314,585						
Welch LLP - Billing & Collection Agent	56,800	28,400	28,400	28,400	28,400	28,400	28,400
- Authorization by the FCC has not been received for payment							
Jan-19	28,400						
Feb-19	\$ 28,400						
	56,800						
USAC - Data Collection Agent	12,710	6,500	6,500	6,500	6,500	6,500	6,500
- Authorization by the FCC received for payment							
Dec-18	\$ 7,062.00						
- Authorization by the FCC has not been received for payment							
Jan-19	\$ 6,210						
Feb-19	estimate \$ 6,500						
	\$ 12,710						
Carrier audits	-	-	-	-	-	-	-
Ernst & Young LLP- Annual operations audit	-	-	-	-	-	-	-
- Authorization by the FCC received for payment							
Jan-19	\$ 9,600						
Bank Fees		3,167	3,167	3,167	3,166	3,166	3,166
Total	<u>624,928</u>	<u>600,985</u>	<u>600,985</u>	<u>600,985</u>	<u>600,984</u>	<u>684,594</u>	<u>600,984</u>