



**Welch & Company LLP**  
Lévesque Marchand, Chartered Accountants

## **Billing and Collection Agent Report**

**to NANC**

**January 19, 2005**

**NANPA FUND  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2004**

**Assets**

Cash Balance in bank account	\$	54,736
Dreyfus Government Cash Management Fund		9,061,000
Receivable from US Carriers	158,912	
Receivable from Canada	5,614	
Receivable from Caribbean countries	2,314	
Receivables forwarded to FCC for collection (Over 90 days)	49,475	216,315
Interest receivable		12,602
<b>Total assets</b>		<b>9,344,653</b>
<b>Less: Accrued liabilities (see below for makeup)</b>		<b>1,764,297</b>
<b>Fund balance</b>		<b><u>\$ 7,580,356</u></b>

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

NEUSTAR - NANPA Administration contract	\$	458,888
NEUSTAR - Block Pooling contract		1,089,858
Welch & Company LLP - Billing & Collection Agent		124,063
NECA - Data Collection Agent		50,000
Overpayments due to US carriers		39,240
WithumSmith+Brown		2,248
		<b>\$ 1,764,297</b>

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**Other items of note**

The Block Pooling Administration contract held by Neustar, Inc. has been modified for three change orders. The FCC approved the modification on January 6, 2005. The total cost of the modification is \$23,356.35. This has been included on the Forecasted Statement of Changes in Fund Balance in June 2005.

The FCC has authorized Clifton Gunderson LLP to perform three carrier audits for a cost not to exceed \$126,715. The 2004/05 budget allowed \$700,000 for carrier audits. This has been included on the Forecasted Statement of Changes in Fund Balance in June 2005.

In December 2004, the excess funds were transferred out of the Dreyfus Cash Management Plus Money Market Fund to the Dreyfus Government Cash Management Fund. The Dreyfus Cash Management Plus Money Market Fund is only available for investments \$10M or greater. The rate of return earned in December was 1.72%.

**NANPA FUND  
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE  
OCTOBER 2004 TO DECEMBER 2005**

		Actual	Forecasted											
		Oct - Dec	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
		2004												
<b>Revenue</b>														
International Contributions														
Canada	(1)	16,842	5,614	5,614	5,614	5,614	5,614	5,614	5,614	5,614	5,614	5,614	5,614	
Caribbean countries	(1)	-	-	-	-	-	-	13,102	-	-	-	-	-	
Total International Contributions		16,842	5,614	5,614	5,614	5,614	5,614	18,716	5,614	5,614	5,614	5,614	5,614	
Domestic Contributions - US carriers	(1)	620,667	208,985	205,720	205,720	205,720	205,720	205,720	2,657,498	205,720	205,720	205,720	205,720	
Interest income	(2)	37,286	12,000	12,000	11,500	11,500	11,000	10,000	12,500	12,500	12,500	12,000	12,000	
<b>Total revenue</b>		<b>674,795</b>	<b>226,599</b>	<b>223,334</b>	<b>222,834</b>	<b>222,834</b>	<b>221,334</b>	<b>2,688,714</b>	<b>223,834</b>	<b>223,834</b>	<b>223,334</b>	<b>223,334</b>	<b>223,334</b>	
<b>Expenses</b>														
NANPA Administration	(3)	341,167	115,055	115,055	115,055	115,055	115,055	115,055	119,835	119,835	119,835	119,835	119,835	
1K Block Pooling Administration	(3), (6)	882,259	272,464	272,464	272,464	272,464	272,464	295,820	291,778	291,778	291,778	291,778	291,778	
Carrier Audits	(7)	-	-	-	-	-	-	126,715	-	-	-	-	-	
Billing and Collection														
NBANC Billing		26,008	-	-	-	-	-	-	-	-	-	-	-	
Welch & Company LLP	(3)	73,210	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	
Data Collection Agent	(4)	25,000	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	
Annual Operations Audit	(5)	-	-	-	28,725	-	-	-	-	-	-	-	40,000	
<b>Total expenses</b>		<b>1,347,644</b>	<b>415,752</b>	<b>415,752</b>	<b>444,477</b>	<b>415,752</b>	<b>565,823</b>	<b>439,846</b>	<b>439,846</b>	<b>439,846</b>	<b>439,846</b>	<b>479,846</b>	<b>439,846</b>	
<b>Net revenue (expenses)</b>		<b>( 672,849)</b>	<b>( 189,153)</b>	<b>( 192,418)</b>	<b>( 221,643)</b>	<b>( 192,918)</b>	<b>( 193,418)</b>	<b>( 344,489)</b>	<b>2,248,868</b>	<b>( 216,012)</b>	<b>( 216,012)</b>	<b>( 216,512)</b>	<b>( 256,512)</b>	
<b>Opening fund balance</b>		<b>8,253,205</b>	<b>7,580,356</b>	<b>7,391,203</b>	<b>7,198,785</b>	<b>6,977,142</b>	<b>6,784,224</b>	<b>6,590,806</b>	<b>6,246,317</b>	<b>8,495,185</b>	<b>8,279,173</b>	<b>8,063,161</b>	<b>7,846,649</b>	
<b>Closing fund balance</b>		<b>7,580,356</b>	<b>7,391,203</b>	<b>7,198,785</b>	<b>6,977,142</b>	<b>6,784,224</b>	<b>6,590,806</b>	<b>6,246,317</b>	<b>8,495,185</b>	<b>8,279,173</b>	<b>8,063,161</b>	<b>7,846,649</b>	<b>7,373,625</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	
Surplus		6,580,356	6,391,203	6,198,785	5,977,142	5,784,224	5,590,806	5,246,317	7,495,185	7,279,173	7,063,161	6,846,649	6,373,625	
		<u>7,580,356</u>	<u>7,391,203</u>	<u>7,198,785</u>	<u>6,977,142</u>	<u>6,784,224</u>	<u>6,590,806</u>	<u>6,246,317</u>	<u>8,495,185</u>	<u>8,279,173</u>	<u>8,063,161</u>	<u>7,846,649</u>	<u>7,373,625</u>	

**Assumptions:**

- (1) The revenue for the period from July 2005 to December 2005 is based upon 2004 budget.
- (2) Interest income projections are estimates
- (3) The expenses for the NANPA Administration, Pooling Administration and Welch & Company LLP are based on contracts in force.
- (4) The expense for the Data Collection Agent is based on the 2004 budget. NECA was the DCA until December 2004. USAC is the DCA going forward in 2005.
- (5) The amount showing in November 2005 for the annual operations audit has not yet been negotiated. Amount recorded is based on prior year.
- (6) The June forecasted amount includes the forecasted monthly billing of \$272,464 plus the cost of the approved change orders of \$23,356
- (7) The budget allowed \$700,000 for 16 carrier audits. The forecast only allows for the 3 audits that have been approved by FCC to date.

**Reconciliation of Forecast to Budget**

Forecasted fund balance at June 30/05	6,246,317
Additional PA expenses not budgeted	23,356
Excess budget amount for carrier audit not included in forecast	( 573,285)
Pre-transition costs of Welch & Company LLP not budgeted	13,510
Excess budget amount for NBANC not included in forecast	( 82,464)
Original budgeted fund balance	5,627,434

**NANPA FUND  
CURRENT AND FORECASTED LIABILITIES**

	Current	Future Commitments					
	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
<b>NEUSTAR - NANPA Administration contract</b>	458,888	115,055	115,055	115,055	115,055	115,055	115,055
- Authorization by the FCC has not been received for payment							
September 2004 - estimate	114,722						
October 2004 - estimate	114,722						
November 2004 - estimate	114,722						
December 2004 - estimate	114,722						
	<u>\$ 458,888</u>						
<b>NEUSTAR - Block Pooling contract</b>	1,089,858	272,464	272,464	272,464	272,464	272,464	295,820
- Authorization by the FCC has not been received for payment							
September 2004 - estimate	272,465						
October 2004 - estimate	272,465						
November 2004 - estimate	272,464						
December 2004 - estimate	272,464						
	<u>\$ 1,089,858</u>						
<b>Welch &amp; Company LLP - Billing &amp; Collection Agent</b>	124,063	19,900	19,900	19,900	19,900	19,900	19,900
- Payment made January 6, 2005 for pre-transition costs and monthly fees for July to December 2004							
- Payment authorized December 22, 2004 by FCC							
<b>NECA - Data Collection Agent</b>	50,000	8,333	8,333	8,333	8,333	8,333	8,333
- Payment of \$8,464.89 made January 12, 2005 representing payment of invoices for service period October - November 2004							
- Payment authorized by the FCC on January 5, 2005							
- Starting in 2005 USAC will be the Data Collection Agent							
July 2004 - estimate	8,333						
August 2004 - estimate	8,333						
September 2004 - estimate	8,333						
October - actual	4,708						
November - actual	3,757						
December 2004 - estimate	8,333						
Overestimate of October and November	8,203						
	<u>\$ 50,000</u>						
<b>Clifton Gunderson LLP - Carrier audits</b>	-	-	-	-	-	-	126,715
- Authorization by the FCC has not been received for payment							
- Payment is for performance of three carrier audits							
<b>Overpayments due to US carriers</b>	39,240	-	-	-	-	-	-
Refunds to be sent out over the next several months. Welch & Company LLP can issue refunds as long as the carrier is not listed on the Redlight Report.							
<b>WithumSmith+Brown - Annual operations audit</b>	2,248	-	-	28,725	-	-	-
- Represents a balance of an accrual for interim audit fees for the 2003/04 fiscal year of NANPA by NBANC and estimate of the final invoice based on a total fee of \$40,000							
<b>Total</b>	<u>1,764,297</u>	<u>415,752</u>	<u>415,752</u>	<u>444,477</u>	<u>415,752</u>	<u>415,752</u>	<u>565,823</u>