



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

**Billing and Collection Agent Report
For period ending February 28, 2007**

To NANC

March 2, 2007

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
FEBRUARY 28, 2007**

Assets

Cash Balance in bank account		\$ 74,602
Dreyfus Government Cash Management Fund		4,365,000
Receivable from US Carriers	327,661	
Receivable from Canada	5,791	
Receivable from Caribbean countries	1,165	
Receivables forwarded to FCC for collection (Over 90 days)	124,317	
Allowance for uncollectible accounts	<u>(166,700)</u>	292,234
Interest receivable		<u>16,766</u>
38701		
Total assets		4,748,602
Less: Accrued liabilities (see below for makeup)		<u>(1,302,360)</u>
Fund balance		<u><u>\$ 3,446,242</u></u>

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

Welch and Company LLP	38,701	
NEUSTAR Pooling 1K Block Pooling Expenses	934,077	
NEUSTAR Admin Expenses	238,331	
Data Collection Agent - USAC	16,251	
Fund audit	<u>75,000</u>	
	<u>\$ 1,302,360</u>	

Other items of note

During February 2007, the Dreyfus Government Cash Management Fund earned a rate of return of 4.76%.

The FCC approved for payment 3 carrier audits that were performed in 2005 for \$171,063.

The \$700,000 budgeted for 2006/07 for carrier audits will not be spent. Per the FCC, no carrier audits were conducted in 2006. Until the new procurement process is in place, no further audits will be performed. As a result the budget surplus has increased since the last report.

An additional \$367,000 has been added to the budget for pANI costs based on a proposed change order.

**NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
JULY 2006 TO February 2008**

		Actual						Total	Budget	Difference between forecasted balance at June 30/07 and budget	Projected							
		July-06 - Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07				Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Revenue																		
International Contributions																		
Canada	(1)	46,328	5,791	5,791	5,791	5,794	-	69,495	69,495	-	5,910	5,910	5,910	5,910	5,910	5,910	5,910	
Caribbean countries	(1)	13,743	-	-	-	-	-	13,743	13,743	-	13,849	-	-	-	-	-	-	
Total International Contributions		60,071	5,791	5,791	5,791	5,794	-	83,238	83,238	-	19,759	5,910	5,910	5,910	5,910	5,910	5,910	
Domestic Contributions - US carriers	(1)	4,040,618	282,981	220,616	220,616	220,616	25,000	5,010,447	4,876,926	133,521	2,703,409	220,616	220,616	220,616	220,616	220,616	220,616	
Late filing fees for Form 499A	(2)	(4,100)	(900)	-	-	-	120,000	115,000	-	115,000	-	-	-	-	-	-	-	
Interest income	(3)	147,525	16,791	15,000	15,000	15,000	15,000	224,316	180,000	44,316	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Total revenue		4,244,114	304,663	241,407	241,407	241,410	160,000	5,433,001	5,140,164	292,837	2,738,168	241,526	241,526	241,526	241,526	241,526	241,526	
Expenses																		
NANPA Administration	(4), (8)	824,746	119,165	130,867	119,166	119,166	119,166	1,432,276	1,421,467	10,809	120,862	120,862	120,862	120,862	120,862	120,862	120,862	
1K Block Pooling Administration	(4), (7)	1,044,431	296,419	314,471	296,420	296,420	296,420	2,544,581	3,501,341 (	956,760)	291,667	291,667	291,667	291,667	291,667	291,667	291,667
pANI	(9)	-	-	112,500	12,500	12,500	379,522	517,022	150,000	367,022	43,750	43,750	43,750	43,750	43,750	43,750	43,750	
Billing and Collection																		
Welch & Company LLP	(4)	139,300	19,900	19,900	19,900	19,900	19,900	238,800	238,800	-	19,900	19,900	19,900	19,900	19,900	19,900	19,900	
Data Collection Agent	(5)	31,014	5,416	5,416	5,416	5,416	5,416	58,094	65,000 (	6,906)	4,667	4,667	4,667	4,667	4,667	4,667	4,667
Annual Operations Audit	(6)	45,000	-	-	-	-	30,000	75,000	30,000	45,000	-	-	-	-	-	-	-	
Carrier Audits	(10)	-	-	-	-	-	-	-	700,000 (	700,000)	-	-	-	-	-	-	700,000
Bad debt expense (recovery)	(11)	81,007 (	16,100)	-	-	-	-	64,907	-	64,907	120,000	-	-	-	-	-	-
Miscellaneous expense (recovery)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total expenses		2,165,498	424,800	583,154	453,402	453,402	850,424	4,930,680	6,106,608 (	1,175,928)	600,846	480,846	480,846	480,846	480,846	480,846	1,180,846
Net revenue (expenses)		2,078,616 (	120,137)	341,747)	(211,995)	(211,992)	(690,424)	502,321 (	965,444)	1,468,765	2,137,322 (	239,320)	(239,320)	(239,320)	(239,320)	(239,320)	(939,320)
Opening fund balance		1,487,763	3,566,379	3,446,242	3,104,495	2,892,500	2,680,508	1,487,763	1,965,444 (478,681)	1,990,084	4,127,406	3,888,086	3,648,766	3,409,446	3,170,126	2,930,806	2,691,486
Closing fund balance		3,566,379	3,446,242	3,104,495	2,892,500	2,680,508	1,990,084	1,990,084	1,000,000	990,084	4,127,406	3,888,086	3,648,766	3,409,446	3,170,126	2,930,806	2,691,486	1,752,166
Fund balance make-up:																		
Contingency		999,999	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	1,000,001	
Surplus		2,566,380	2,446,242	2,104,495	1,892,500	1,680,508	990,084	990,084	-	-	3,127,406	2,888,086	2,648,766	2,409,446	2,170,126	1,930,806	1,691,486	
		3,566,379	3,446,242	3,104,495	2,892,500	2,680,508	1,990,084	1,990,084	1,000,000	990,084	4,127,406	3,888,086	3,648,766	3,409,446	3,170,126	2,930,806	2,691,486	

Assumptions:

- The US carrier contributions for the period from July 2006 to June 2007 is based upon actual billings in June 2006. 2007/08 International carrier revenue is based on actual. The contributions for July 2007 - February 2008 are based on estimate per proposed budget.
- These fees represent the \$100 late filing fee charged to those companies that do not file the Form 499A by the due date. Amount for June 2007 is based on an estimate.
- Interest income projections are estimates.
- The expenses for the NANPA Administration and Welch & Company LLP are based on contracts in force. The FCC has approved a modification and extension of the Pooling contract for the period June 15, 2006 to September 14, 2006, with one-month extensions, while the re-bid for the contract is taking place. The same figures were used the period November 15, 2006 to June 2007. The figures for July 2007 to February 2008 are based on the proposed budget.
- The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2007 calendar year.
- \$30,000 and \$45,000 has been accrued for the 2004/05 and 2005/06 fiscal year for the annual operations audit that will be conducted once the FCC determines the scope of the audit. The cost of this audit has not been negotiated. Amount recorded is based on prior year. The amount shown in July 2007 is for the 2006/07 audit.
- The March forecasted amount includes the forecasted monthly billing of \$296,420 plus the cost of submitted change orders of \$180,651.
- The March forecasted amount includes the forecasted monthly billing of \$119,166 plus approved changes orders of \$99,94 and contract amendment #12 of \$1715.
- NeuStar has been appointed Interim Routing Number Authority for pANI. The cost for pANI has been provided for as per proposed change order #48. The change order has not yet been approved by the FCC so the value may change. It is to cover the time period from October 2006 up to the time the Pooling contract is awarded in 2007. The figures for July 2007 to February 2008 are based on the proposed budget.
- The budget allowed \$700,000 for 16 carrier audits. There were no audits conducted in the calendar year 2006 and none have been done in 2007. The FCC is revising the procurement procedure and will not be conducting any audits until this is in place. As a result, the \$700,000 provided in the 2006/07 budget will not be spent.
- The allowance covers all accounts considered potentially uncollectible at February 28, 2007. This will be covered by the contingency allowance.

Reconciliation of Forecast at June 30, 2007 to Budget

Budgeted fund balance at June 30/07 - contingency	1,000,000
Shortfall in fund incurred between budget period (March 2006) and June 2006	(478,681)
Additional billings in July - January	129,067
Late filing fees (reversal) for Form 499A - 2006	(6,000)
Additional interest earned in July - November over budget	44,316
Adjustment to June NANP Admin estimate to actual	890
NANP Admin contract change orders # 8 and 9 not budgeted for	(9,199)
NANP Admin contract amendment # 12 not budgeted for	(2,500)
Data Collection fees - Adjust June estimate to actual	783
Adjust July -January estimate of DCA fees to actual	6,123
Funds received from Neustar re NANC travel from 2000	4,454
Bad debts not budgeted for	(64,907)
Estimated late filing fees for 2007	120,000
Annual operations audit - 2005/06 not performed yet	(45,000)
Unexpended budget for carrier audits not performed in 2006/07 budget year	700,000
Increase of pANI costs based on proposed change order #48	(367,022)
Pooling - merit bonus portion of expired contract (Jan 1/06 to June 14/06)	(170,310)
Pooling change Order #41, 43, 46, 47, 49 and 50 not budgeted for	(20,066)
Increase of bridge contracts maximum over budget estimate	(55,892)
Adjustment to actual costs of Pooling for July 2006 to January 2007	440,041
Adjustment to May & June Pooling bill estimates to actual	888,580
Pooling - estimate of fixed price portion of expired contract (Jan 1/06 to June 14/06)	(121,000)
Pooling Change Order #44 in budget but not yet billed	(6,733)
Forecasted fund balance at June 30/07	1,990,084

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>
NEUSTAR - NANPA Administration contract	238,331	130,867	119,166	119,166	119,166	120,862	120,862	120,862
- Payment authorized by the FCC on Jan 16/07, received by Welch Feb 7/07 December 2006	117,501							
- Authorization by the FCC has not been received for payment January 2007 - estimate	119,165							
February 2007 - estimate	119,166							
	<u>\$ 238,331</u>							
NEUSTAR - Block Pooling contract	934,077	314,471	296,420	296,420	296,420	291,667	291,667	291,667
- Payment authorized by the FCC on Feb 7/07, received by Welch Feb 7/07 December 2006	320,279							
- Authorization by the FCC has not been received for payment Fixed fee billing - estimate	121,000							
November 2006	220,239							
January 2007 - estimate	296,419							
February 2007 - estimate	296,419							
	<u>\$ 934,077</u>							
Welch & Company LLP - Billing & Collection Agent	38,701	19,900	19,900	19,900	19,900	19,900	19,900	19,900
- Payment authorized by the FCC on Jan 16/07, received by Welch Feb 7/07 December 2006	18,123							
- Authorization by the FCC has not been received for payment January 2007	18,801							
February 2007	19,900							
	<u>\$ 38,701</u>							
USAC - Data Collection Agent	16,251	5,416	5,416	5,416	5,416	4,667	4,667	4,667
- Payment authorized by the FCC on Jan 16/07, received by Welch Feb 7/07 November 2006	4,184							
- Authorization by the FCC has not been received for payment December 2006 - estimate	5,417							
February 2007 - estimate	5,417							
January 2007 - estimate	5,417							
	<u>\$ 16,251</u>							
Clifton Gunderson LLP - Carrier audits	-	-	-	-	-	-	-	-
- Payment authorized by the FCC on Jan 22/07, received by Welch Feb 23/07	<u>\$ 171,063</u>							
External auditor- Annual operations audit	75,000	-	-	-	30,000	-	-	-
- \$75,000 represents an accrual for audit fees for the 2004/05 and 2005/06 fiscal year of NANPA. Auditor has not been determined	<u>\$ 75,000</u>							
pANI Contract - vendor yet to be determined	\$ -	-	112,500	12,500	12,500	379,522	43,750	43,750
- March liability includes potential liability not incurred in July 2006 to March 2007								
Total	<u>1,302,360</u>	<u>583,154</u>	<u>453,402</u>	<u>453,402</u>	<u>850,424</u>	<u>480,846</u>	<u>480,846</u>	<u>480,846</u>