

**Billing and Collection Agent Report
For period ending June 30, 2010**

To NANC

July 13, 2010

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010**

Assets

Cash Balance in bank account		\$ 1,714,511
Receivable from US Carriers	2,127,611	
Receivable from Canada	-	
Receivable from Caribbean countries	18,368	
Receivables forwarded to FCC for collection (Over 90 days)	291,315	
Allowance for uncollectible accounts	<u>(372,000)</u>	2,065,294
Prepaid maintenance contract		<u>4,800</u>
Total assets		3,784,605
Less: Accrued liabilities (see below for makeup)		(372,558)
Deferred revenue billed in June for July 2010 to June 2011 funding period		<u>(2,095,993)</u>
 Fund balance		 <u>\$ 1,316,054</u>

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

Welch LLP	26,802	
NEUSTAR Pooling 1K Block Pooling Expenses	206,585	
NEUSTAR Admin Expenses	131,274	
Data Collection Agent - USAC	<u>7,897</u>	
	<u>\$ 372,558</u>	

Other items of note

During June, the bank account earned an average rate of return of 0.447

The invoices for the 2010/11 funding year were mailed out on June 15, 2010. A total of 5,836 invoices were sent out.

**NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
JULY 2009 TO JUNE 2010**

	Actual												Total	Budget	Variance between actual balance at June 30/10 and budget	
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10				
Revenue																
International Contributions																
Canada	(1)	11,828	5,912	5,912	5,912	5,912	5,912	5,912	5,912	5,912	5,912	5,912	-	70,948	70,948	-
Caribbean countries	(1)	14,467	-	-	-	-	-	-	-	-	-	-	-	14,467	14,467	-
Total International Contributions		26,295	5,912	5,912	5,912	5,912	5,912	5,912	5,912	5,912	5,912	5,912	-	85,415	85,415	-
Domestic Contributions - US carriers	(1)	1,524,170	151,995	105,690	108,557	104,682	122,555	105,392	109,046	109,819	107,437	108,676	(1,117)	2,656,902	2,487,497	169,405
Late filing fees for Form 499A	(2)	(4,550)	-	(1,800)	1,700	(3,400)	4,100	(6,700)	200	(3,600)	(300)	2,100	134,000	121,750	115,000	6,750
Interest income	(3)	163	246	1,161	1,417	1,410	1,392	993	856	961	1,193	666	667	11,125	2,000	9,125
Total revenue		1,546,078	158,153	110,963	117,586	108,604	133,959	105,597	116,014	113,092	114,242	117,354	133,550	2,875,192	2,689,912	185,280
Expenses																
NANPA Administration	(4), (8)	122,883	122,309	131,876	177,304	122,743	129,567	128,500	133,316	132,536	129,132	130,041	131,274	1,591,481	1,475,600	115,881
1K Block Pooling Administration	(4), (7)	189,373	200,156	215,254	188,498	188,498	188,498	188,498	188,498	188,498	188,498	188,498	206,585	2,319,352	2,263,289	56,063
pANI	(9)	-	-	-	-	-	-	-	-	-	-	-	-	200,000	(200,000)	-
Billing and Collection																
Welch LLP	(4)	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	22,818	21,359	243,177	238,800	4,377
Data Collection Agent	(5)	4,183	9,456	6,532	3,915	4,231	3,405	4,545	2,580	3,246	6,255	3,480	3,447	55,275	53,400	1,875
Annual Operations Audit	(6)	-	-	34,000	-	-	-	-	-	-	-	-	-	34,000	34,000	-
Bank Charges		-	-	-	-	-	-	-	-	-	-	1,360	6,782	8,142	-	8,142
Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-	700,000	(700,000)
Bad debt expense	(11)	27,606	-	37,216	-	2,416	(6,684)	20,336	-	(5,460)	(4,868)	-	30,000	100,562	-	100,562
Total expenses		363,945	351,821	444,778	389,617	337,788	334,686	361,779	344,294	338,720	338,917	346,197	399,447	4,351,989	4,965,089	(613,100)
Net revenue (expenses)		1,182,133	(193,668)	(333,815)	(272,031)	(229,184)	(200,727)	(256,182)	(228,280)	(225,628)	(224,675)	(228,843)	(265,897)	1,476,797	(2,275,177)	798,380
Opening fund balance		2,792,851	3,974,984	3,781,316	3,447,501	3,175,470	2,946,286	2,745,559	2,489,377	2,261,097	2,035,469	1,810,794	1,581,951	2,792,851	1,775,177	17,674
Closing fund balance		3,974,984	3,781,316	3,447,501	3,175,470	2,946,286	2,745,559	2,489,377	2,261,097	2,035,469	1,810,794	1,581,951	1,316,054	1,316,054	500,000	816,054
Fund balance makeup:																
Contingency		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
Surplus		3,474,984	3,281,316	2,947,501	2,675,470	2,446,286	2,245,559	1,989,377	1,761,097	1,535,469	1,310,794	1,081,951	816,054	816,054	-	-
		<u>3,974,984</u>	<u>3,781,316</u>	<u>3,447,501</u>	<u>3,175,470</u>	<u>2,946,286</u>	<u>2,745,559</u>	<u>2,489,377</u>	<u>2,261,097</u>	<u>2,035,469</u>	<u>1,810,794</u>	<u>1,581,951</u>	<u>1,316,054</u>	<u>1,316,054</u>	<u>500,000</u>	<u>816,054</u>

Assumptions:

- (1) The US carrier contributions for the period from July 2009 to June 2010 and the International carrier revenue is 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 expenses for the NANPA Administration, 1K Block Pooling and Welch LLP are based on contracts in force. The contract with Welch LLP expired September 30, 2009. A six month extension until March 31, 2010 under the same terms was exercised. The expense for B&C Agent for April 2010 to June 2010 is based on the new interim contract
- (5) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2009 calendar year.
- (6) The contract for the annual operations audit has been awarded to Ernst & Young. The cost is \$34,000.
- (7) The June expense includes two change orders totalling \$18,087.
- (8) No commentary for June.
- (9) Interim p-ANI administration is now covered under the new Pooling contract. \$200,000 has been allowed for the cost of permanent pANI in 2009/10. No change order has been issued. There has been no further action regarding this matter so the \$200,000 has been removed from the forecast.
- (10) Bank fees are an expense to the Fund as per the new interim contract for the Billing and Collection Agent effective April 1, 2010. A change order was approved to charge a portion of the bank fees to the Fund for the period October 2008 to March 2010.
- (11) The budget allowed \$700,000 for carrier audits. There will not be any performed in the remaining period January to June 2010.
- (12) The allowance covers all accounts considered potentially uncollectible at June 30, 2010. This will be covered by the contingency allowance.

Reconciliation of Forecast at June 30, 2010 to Budget

Budgeted fund balance at June 30/10 - contingency	500,000
Increase in fund balance between budget period (March 2009) and June 2009	17,674
Additional billings over estimate from budget	169,405
Late filing fees (reversal) for Form 499A - 2009	6,750
Additional interest earned to date compared to budget	9,125
NANP Admin - difference between budget and actual contract awarded after budget period	(115,881)
Additional billings from B & C Agent due to renewal of contract	(4,377)
Data Collection fees - Adjustment to actual from budget	(1,875)
Bad debts not budgeted for	(100,562)
Pooling change orders	(56,063)
Carrier audits that will not be performed	700,000
Permanent pANI that will not be expended prior to June 30th.	200,000
Bank fees to be covered by Fund under new B&C Agent contract	(8,142)
Fund balance at June 30/10	1,316,054

**NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
JULY 2010 TO MAY 2011**

Projection												
	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
Projected Revenue												
International Contributions												
Canada	(1)	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670
Caribbean countries	(1)	16,403	-	-	-	-	-	-	-	-	-	-
Total International Contributions		23,073	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670
Domestic Contributions - US carriers	(1)	2,085,834	186,348	186,348	186,348	186,348	186,348	186,348	186,348	186,348	186,850	-
Late filing fees for Form 499A	(2)	-	-	-	-	-	-	-	-	-	-	115,000
Interest income	(3)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total projected revenue		2,109,907	194,018	194,018	194,018	194,018	194,018	194,018	194,018	194,018	194,520	122,670
Projected Expenses												
NANPA Administration	(4)	131,000	166,000	191,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000
1K Block Pooling Administration	(5)	188,498	186,934	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365	185,365
pANI	(6)	16,666	16,666	16,666	16,666	16,666	16,666	16,666	16,666	16,666	16,666	16,666
Billing and Collection												
Welch LLP	(7)	21,359	21,359	21,359	21,359	21,359	21,359	21,359	21,359	21,359	21,359	19,900
Data Collection Agent	(8)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Annual Operations Audit	(9)	-	-	36,000	-	-	-	-	-	-	-	-
Bank Charges	(10)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-
Carrier Audits	(11)	-	-	-	-	-	-	700,000	-	-	-	-
Bad debt expense (recovery)	(12)	-	-	70,000	-	-	-	-	-	-	-	-
Total projected expenses		363,023	396,459	525,890	359,890	359,890	359,890	1,059,890	359,890	359,890	359,890	357,431
Projected Net revenue (expenses)		1,746,884	(202,441)	(331,872)	(165,872)	(165,872)	(165,872)	(865,872)	(165,872)	(165,872)	(165,370)	(234,761)
Projected Opening fund balance		1,316,054	3,062,938	2,860,497	2,528,625	2,362,753	2,196,881	2,031,009	1,865,137	999,265	833,393	667,521
Projected Closing fund balance		3,062,938	2,860,497	2,528,625	2,362,753	2,196,881	2,031,009	1,865,137	999,265	833,393	667,521	502,151
Projected Fund balance makeup:												
Contingency		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	267,390
Surplus		2,562,938	2,360,497	2,028,625	1,862,753	1,696,881	1,531,009	1,365,137	499,265	333,393	167,521	-
		<u>3,062,938</u>	<u>2,860,497</u>	<u>2,528,625</u>	<u>2,362,753</u>	<u>2,196,881</u>	<u>2,031,009</u>	<u>1,865,137</u>	<u>999,265</u>	<u>833,393</u>	<u>667,521</u>	<u>267,390</u>

Assumptions:

- (1) The contributions for July 2010 - June 2011 is based on 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 cost of NANPA Administration is based on contract in force until January 8, 2011.
- (5) The expense for the 1K Block Pooling is based on the contract in force.
- (6) Interim p-ANNI administration is now covered under the new Pooling contract. \$200,000 has been allowed for the cost of permanent pANI in 2010/11. No change order has been issued.
- (7) The cost of B&C Agent is based on the cost of the interim Welch LLP contract.
- (8) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2010 calendar year.
- (9) The cost of the annual operations audit is based on the cost of the prior year's audit.
- (10) Bank fees are an expense to the Fund as per the new interim contract for the Billing and Collection Agent effective April 1, 2010.
- (11) The budget allowed \$700,000 for carrier audits.
- (12) The allowance covers all accounts considered potentially uncollectible. This will be covered by the contingency allowance

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>
NEUSTAR - NANPA Administration contract	131,274	131,000	166,000	191,000	131,000	131,000	131,000	131,000
- Payment authorized by the FCC on May 10/10, received by Welch June 3/10								
April 2010	129,132							
- Payment authorized by the FCC on June 8/10, received by Welch June 9/10								
May 2010	130,042							
- Authorization by the FCC has not been received for payment								
June 2010	\$ 131,274							
	<u>-</u>							
	<u>\$ 131,274</u>							
NEUSTAR - Block Pooling contract	206,585	188,498	186,934	185,365	185,365	185,365	185,365	185,365
- Payment authorized by the FCC on May 10/10, received by Welch June 3/10								
April 2010	188,498							
- Payment authorized by the FCC on June 8/10, received by Welch June 9/10								
May 2010	188,498							
- Authorization by the FCC has not been received for payment								
June 2010	\$ 188,498							
Change Order #9	4,441							
Change Order #10	13,646							
	<u>\$ 206,585</u>							
Welch LLP - Billing & Collection Agent	26,802	21,359	21,359	21,359	21,359	21,359	21,359	21,359
- Payment authorized by the FCC on May 10/10, received by Welch June 3/10								
April 2010	21,359							
- Payment authorized by the FCC on June 8/10, received by Welch June 9/10								
May 2010	21,359							
- Authorization by the FCC has not been received for payment								
June 2010	\$ 21,359							
Contract amendment	5,443							
	<u>\$ 26,802</u>							
USAC - Data Collection Agent	7,897	4,500	4,500	4,500	4,500	4,500	4,500	4,500
- Payment authorized by the FCC on May 10/10, received by Welch June 3/10								
March 2010	6,255							
- Payment authorized by the FCC on June 8/10, received by Welch June 9/10								
April 2010	3,480							
- Authorization by the FCC has not been received for payment								
May 2010	3,447							
June 2010 (estimate)	4,450							
	<u>\$ 7,897</u>							
Carrier audits	-	-	-	-	-	-	-	-
Ernst & Young LLP- Annual operations audit	-	-	-	36,000	-	-	-	-
Accrual for 2010/11 audit fee	\$ -							
NEUSTAR - pANI administration	-	16,666	16,666	16,666	16,666	16,666	16,666	16,666
	<u>\$ -</u>							
Total	<u>372,558</u>	<u>362,023</u>	<u>395,459</u>	<u>454,890</u>	<u>358,890</u>	<u>358,890</u>	<u>358,890</u>	<u>358,890</u>

Deliverables Report

Distributing invoices

The monthly invoices for carriers were mailed June 14, 2010

Processing Payments

Payment information from the lockbox service at Mellon Bank is received every Monday for the prior week's deposits. The deposit information is recorded on either Monday or Tuesday each week.

Late/Absent Payments

Statement of accounts were sent out for new receivable balances under 90 days old.

FCC Red Light Notices

No delinquent accounts sent to the FCC for collection and submission to the Red Light Site. There were no payments received from the FCC in May.

Complaints/Queries

All queries are directed to a voice mailbox. The information is transferred to an Access database. The date, nature of call, name of caller, Filer ID, who responded and on what date and the resolution is tracked. Calls are responded usually within 3 business days. 108 calls were received in June. Most calls were questions about the invoice received, who is NANP, complaints about the late filing penalty for filing the Form 499A late, why should they fund NANP, the company is out of business, change of address and request for copies of invoices.

Staffing Changes

Nothing new to report.

Contract Renewal

The FCC has not started this process yet. The contract expired October 1, 2009. Welch LLP is on the USGSA list. Welch LLP received a 6 month bridge extension with the same terms as the current contract which ended March 31, 2010. A four month interim contract was awarded to Welch LLP for the period from April 1, 2010 to July 31, 2010. Welch is in the process of submitting a proposal for further contract extension.

Accounts Receivable

The old receivables are gradually being cleared up as USAC identifies and verifies companies that are inactive. We have received procedures from the FCC as to how to apply for approval to write off debt. This has to be done on an individual carrier basis. The FCC has to approve each request for write off.

Due to preparation for the annual billing no work has been done on old receivables.