

**Billing and Collection Agent Report  
For period ending May 31, 2010**

**To NANC**

**June 16, 2010**

**NANPA FUND  
STATEMENT OF FINANCIAL POSITION  
MAY 31, 2010**

**Assets**

Cash Balance in bank account		\$ 2,151,690
Receivable from US Carriers	161,966	
Receivable from Canada	5,912	
Receivable from Caribbean countries	2,020	
Receivables forwarded to FCC for collection (Over 90 days)	290,636	
Allowance for uncollectible accounts	<u>(342,000)</u>	118,534
Prepaid maintenance contract		<u>4,800</u>
<b>Total assets</b>		<b>2,275,024</b>
<b>Less: Accrued liabilities (see below for makeup)</b>		<b><u>(693,073)</u></b>
 <b>Fund balance</b>		 <b><u>\$ 1,581,951</u></b>

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

Welch LLP	42,718	
NEUSTAR Pooling 1K Block Pooling Expenses	376,996	
NEUSTAR Admin Expenses	259,174	
Data Collection Agent - USAC	<u>14,185</u>	
	<u>\$ 693,073</u>	

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**Other items of note**

During May, the bank account earned an average rate of return of 0.359

Welch is negotiated an interim contract with the FCC for the period April 1, 2010 to July 31, 2010.

The annual billing for the 2010/2011 funding year was prepared and mailed out June 14, 2010.

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

	Actual											Budgeted	Total	Budget	Variance between forecasted 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				
<b>Revenue</b>																
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	-	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		2,658,019	2,487,497	170,522
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	115,000	102,750	115,000	( 12,250)
Interest income	(3)	163	246	1,161	1,417	1,410	1,392	993	856	961	1,193	666	167	10,625	2,000	8,625
<b>Total revenue</b>		<b>1,546,078</b>	<b>158,153</b>	<b>110,963</b>	<b>117,586</b>	<b>108,604</b>	<b>133,959</b>	<b>105,597</b>	<b>116,014</b>	<b>113,092</b>	<b>114,242</b>	<b>117,354</b>	<b>115,167</b>	<b>2,856,809</b>	<b>2,689,912</b>	<b>166,897</b>
<b>Expenses</b>																
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	131,833	1,592,040	1,475,600	116,440
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	188,498	2,301,265	2,263,289	37,976
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	4,450	56,278	53,400	2,878
Annual Operations Audit	(6)	-	-	34,000	-	-	-	-	-	-	-	-	-	34,000	34,000	
Bank Charges		-	-	-	-	-	-	-	-	-	-	1,360	-	1,360	-	1,360
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)	-	-	70,562	-	70,562
<b>Total expenses</b>		<b>363,945</b>	<b>351,821</b>	<b>444,778</b>	<b>389,617</b>	<b>337,788</b>	<b>334,686</b>	<b>361,779</b>	<b>344,294</b>	<b>338,720</b>	<b>338,917</b>	<b>346,197</b>	<b>346,140</b>	<b>4,298,682</b>	<b>4,965,089</b>	<b>(666,407)</b>
<b>Net revenue (expenses)</b>		<b>1,182,133</b>	<b>( 193,668)</b>	<b>( 333,815)</b>	<b>( 272,031)</b>	<b>( 229,184)</b>	<b>( 200,727)</b>	<b>( 256,182)</b>	<b>( 228,280)</b>	<b>( 225,628)</b>	<b>( 224,675)</b>	<b>( 228,843)</b>	<b>( 230,973)</b>	<b>( 1,441,873)</b>	<b>( 2,275,177)</b>	<b>833,304</b>
<b>Opening fund balance</b>		<b>2,792,851</b>	<b>3,974,984</b>	<b>3,781,316</b>	<b>3,447,501</b>	<b>3,175,470</b>	<b>2,946,286</b>	<b>2,745,559</b>	<b>2,489,377</b>	<b>2,261,097</b>	<b>2,035,469</b>	<b>1,810,794</b>	<b>1,581,951</b>	<b>2,792,851</b>	<b>1,775,177</b>	<b>17,674</b>
<b>Closing fund balance</b>		<b>3,974,984</b>	<b>3,781,316</b>	<b>3,447,501</b>	<b>3,175,470</b>	<b>2,946,286</b>	<b>2,745,559</b>	<b>2,489,377</b>	<b>2,261,097</b>	<b>2,035,469</b>	<b>1,810,794</b>	<b>1,581,951</b>	<b>1,350,978</b>	<b>1,350,978</b>	<b>500,000</b>	<b>850,978</b>
<b>Fund balance makeup:</b>																
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	850,978	850,978	-	
		<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>1,350,978</u>	<u>1,350,978</u>	<u>500,000</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 expires September 30, 2009. A six month extension until March 31, 2010 under the same terms has been 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 forecasted amount includes the forecasted monthly billing of \$188,498.
- (8) The June forecasted amount includes the forecasted monthly billing of \$131,833
- (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.
- (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 May 31, 2010. This will be covered by the contingency allowance.

**Reconciliation of Forecast at June 30, 2010 to Budget**

<b>Budgeted fund balance at June 30/10 - contingency</b>	<b>500,000</b>
Increase in fund balance between budget period (March 2009) and June 2009	17,674
Additional billings over estimate from budget	170,522
Late filing fees (reversal) for Form 499A - 2009	(12,250)
Additional interest earned to date compared to budget	8,625
NANP Admin - difference between budget and actual contract awarded after budget period	(116,440)
Additional billings from B & C Agent due to renewal of contract	(4,377)
Data Collection fees - Adjustment to actual from budget	(2,878)
Bad debts not budgeted for	(70,562)
Pooling change orders	(37,976)
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	(1,360)
<b>Fund balance at June 30/10</b>	<b>1,350,978</b>

**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
<b>Projected Revenue</b>											
International Contributions											
Canada	(1)	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
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)	-	-	-	-	-	-	-	-	-	-
Interest income	(3)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total projected revenue</b>		<u>2,109,907</u>	<u>194,018</u>	<u>194,018</u>	<u>194,018</u>	<u>194,018</u>	<u>194,018</u>	<u>194,018</u>	<u>194,018</u>	<u>194,018</u>	<u>194,520</u>
<b>Projected Expenses</b>											
NANPA Administration	(4)	131,000	166,000	191,000	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
pANI	(6)	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
Data Collection Agent	(8)	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	-	-	-	-	-	-	-
<b>Total projected expenses</b>		<u>363,023</u>	<u>396,459</u>	<u>525,890</u>	<u>359,890</u>	<u>359,890</u>	<u>359,890</u>	<u>1,059,890</u>	<u>359,890</u>	<u>359,890</u>	<u>359,890</u>
<b>Projected Net revenue (expenses)</b>		<u>1,746,884</u>	<u>( 202,441)</u>	<u>( 331,872)</u>	<u>( 165,872)</u>	<u>( 165,872)</u>	<u>( 165,872)</u>	<u>( 865,872)</u>	<u>( 165,872)</u>	<u>( 165,872)</u>	<u>( 165,370)</u>
<b>Projected Opening fund balance</b>		<u>1,350,978</u>	<u>3,097,862</u>	<u>2,895,421</u>	<u>2,563,549</u>	<u>2,397,677</u>	<u>2,231,805</u>	<u>2,065,933</u>	<u>1,900,061</u>	<u>1,034,189</u>	<u>868,317</u>
<b>Projected Closing fund balance</b>		<u>3,097,862</u>	<u>2,895,421</u>	<u>2,563,549</u>	<u>2,397,677</u>	<u>2,231,805</u>	<u>2,065,933</u>	<u>1,900,061</u>	<u>1,034,189</u>	<u>868,317</u>	<u>702,445</u>
<b>Projected Fund balance makeup:</b>											
Contingency		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Surplus		2,597,862	2,395,421	2,063,549	1,897,677	1,731,805	1,565,933	1,400,061	534,189	368,317	37,075
		<u>3,097,862</u>	<u>2,895,421</u>	<u>2,563,549</u>	<u>2,397,677</u>	<u>2,231,805</u>	<u>2,065,933</u>	<u>1,900,061</u>	<u>1,034,189</u>	<u>868,317</u>	<u>537,075</u>

**Assumptions:**

- (1) The contributions for July 2010 - April 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>May-10</u>	<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>
<b>NEUSTAR - NANPA Administration contract</b>	259,174	131,833	131,000	166,000	191,000	131,000	131,000	131,000
- Payment authorized by the FCC on April 8/10, received by Welch April 30/10								
March 2010	132,537							
- Authorization by the FCC has not been received for payment								
April 2010	\$ 129,132							
May 2010	<u>130,042</u>							
	<u>\$ 259,174</u>							
<b>NEUSTAR - Block Pooling contract</b>	376,996	188,498	188,498	186,934	185,365	185,365	185,365	185,365
- Payment authorized by the FCC on April 8/10, received by Welch April 30/10								
March 2010	188,498							
- Authorization by the FCC has not been received for payment								
April 2010	\$ 188,498							
May 2010	<u>188,498</u>							
	<u>\$ 376,996</u>							
<b>Welch LLP - Billing &amp; Collection Agent</b>	42,718	21,359	21,359	21,359	21,359	21,359	21,359	21,359
- Payment authorized by the FCC on April 8/10, received by Welch April 30/10								
March 2010	18,390							
- Authorization by the FCC has not been received for payment								
April 2010	\$ 21,359							
May 2010	<u>21,359</u>							
	<u>\$ 42,718</u>							
<b>USAC - Data Collection Agent</b>	14,185	4,450	4,500	4,500	4,500	4,500	4,500	4,500
- Payment authorized by the FCC on April 8/10, received by Welch April 30/10								
February 2010	3,246							
- Authorization by the FCC has not been received for payment								
March 2010	6,255							
April 2010	3,480							
May 2010 (estimate)	<u>4,450</u>							
	<u>\$ 14,185</u>							
<b>Carrier audits</b>	-	-	-	-	-	-	-	-
<b>Ernst &amp; Young LLP- Annual operations audit</b>	-	-	-	-	36,000	-	-	-
Accrual for 2010/11 audit fee	\$ -							
<b>NEUSTAR - pANI administration</b>	\$ -	-	16,666	16,666	16,666	16,666	16,666	16,666
<b>Total</b>	<u>693,073</u>	<u>346,140</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>

# **Deliverables Report**

## **Distributing invoices**

The monthly invoices for carriers were mailed May 12, 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**

There were 7 delinquent accounts sent to the FCC for collection and submission to the Red Light Site. The total value of the delinquent accounts was \$1,019.77. 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. 13 calls were received in May. Most calls were questions about the statement received, who is NANP, why should they fund NANP, the company is out of business, change of address and request for copies of invoices and why they were sent to collections with the FCC.

## **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.

## **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.