



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

**Billing and Collection Agent Report  
For period ending December 31, 2006**

**To NANC**

**January 15, 2007**

**NANPA FUND  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006**

**Assets**

Cash Balance in bank account		\$ 52,933
Dreyfus Government Cash Management Fund		5,087,000
Receivable from US Carriers	210,764	
Receivable from Canada	5,791	
Receivable from Caribbean countries	1,196	
Receivables forwarded to FCC for collection (Over 90 days)	154,506	
Allowance for uncollectible accounts	<u>(186,900)</u>	185,357
Interest receivable		<u>20,527</u>
<b>Total assets</b>		<b>5,345,817</b>
<b>Less: Accrued liabilities (see below for makeup)</b>		<b><u>(1,637,337)</u></b>
<b>Fund balance</b>		<b><u><u>\$ 3,708,480</u></u></b>

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

Welch and Company LLP	18,974	
NEUSTAR Pooling 1K Block Pooling Expenses	1,127,662	
NEUSTAR Admin Expenses	235,037	
Data Collection Agent - USAC	9,601	
Carrier audits	171,063	
Fund audit	<u>75,000</u>	
	<u>\$ 1,637,337</u>	

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**Other items of note**

During December 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 4.54%.

FCC approved change order 41 for Pooling Administration in the amount of \$6209.00. As well the FCC has approved the invoice submitted by Neustar under the old Pooling contract for \$170,310.24 for the merit bonus from Jan 1/06 to June 14/06.

**NANPA FUND  
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE  
JULY 2006 TO DECEMBER 2007**

		Actual								Difference between forecasted balance at June 30/07 and budget			Projected					
		July-06 - Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Total	Budget		Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
<b>Revenue</b>																		
International Contributions																		
Canada	(1)	34,746	5,791	5,791	5,791	5,791	5,791	5,794	-	69,495	69,495	-	5,791	5,791	5,791	5,791	5,791	5,791
Caribbean countries	(1)	13,743	-	-	-	-	-	-	-	13,743	13,743	-	-	-	-	-	-	-
<b>Total International Contributions</b>		<b>48,489</b>	<b>5,791</b>	<b>5,791</b>	<b>5,791</b>	<b>5,791</b>	<b>5,791</b>	<b>5,794</b>	<b>-</b>	<b>83,238</b>	<b>83,238</b>	<b>-</b>	<b>19,533</b>	<b>5,791</b>	<b>5,791</b>	<b>5,791</b>	<b>5,791</b>	<b>5,791</b>
Domestic Contributions - US carriers	(1)	3,600,224	219,858	220,616	220,616	220,616	220,616	220,616	25,000	4,948,162	4,876,926	71,236	4,416,594	220,616	220,616	220,616	220,616	220,616
Late filing fees for Form 499A	(2)	( 4,000)	( 100)	-	-	-	-	-	120,000	115,900	-	115,900	-	-	-	-	-	-
Interest income	(3)	107,687	20,758	15,000	15,000	15,000	15,000	15,000	15,000	218,445	180,000	38,445	15,000	15,000	15,000	15,000	15,000	15,000
<b>Total revenue</b>		<b>3,752,400</b>	<b>246,307</b>	<b>241,407</b>	<b>241,407</b>	<b>241,407</b>	<b>241,407</b>	<b>241,410</b>	<b>160,000</b>	<b>5,365,745</b>	<b>5,140,164</b>	<b>225,581</b>	<b>4,451,127</b>	<b>241,407</b>	<b>241,407</b>	<b>241,407</b>	<b>241,407</b>	<b>241,407</b>
<b>Expenses</b>																		
NANPA Administration	(4), (8)	590,790	116,217	118,928	118,928	118,928	118,928	118,929	118,929	1,420,577	1,421,467	( 890)	120,862	120,862	120,862	120,862	120,862	120,862
1K Block Pooling Administration	(4), (7)	556,509	243,823	307,751	296,420	296,420	296,420	296,420	296,420	2,590,183	3,501,341	( 911,158)	296,419	296,419	296,419	296,419	296,419	296,419
pANI	(9)	-	-	87,500	12,500	12,500	12,500	12,500	12,500	150,000	150,000	-	12,500	12,500	12,500	12,500	12,500	12,500
Billing and Collection Welch & Company LLP	(4)	99,500	19,900	19,900	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
Data Collection Agent	(5)	21,414	4,184	5,416	5,416	5,416	5,416	5,416	5,416	58,094	65,000	( 6,906)	5,416	5,416	5,416	5,416	5,416	5,416
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)	87,107	( 2,000)	-	-	-	-	-	-	85,107	-	85,107	-	-	-	-	-	-
Miscellaneous expense (recovery)	(12)	-	( 4,454)	-	-	-	-	-	-	4,454	-	( 4,454)	120,000	-	-	-	-	-
<b>Total expenses</b>		<b>1,400,320</b>	<b>377,670</b>	<b>539,495</b>	<b>453,164</b>	<b>453,164</b>	<b>1,153,164</b>	<b>453,165</b>	<b>483,165</b>	<b>5,313,307</b>	<b>6,106,608</b>	<b>( 793,301)</b>	<b>575,097</b>	<b>455,097</b>	<b>455,097</b>	<b>455,097</b>	<b>455,097</b>	<b>455,097</b>
<b>Net revenue (expenses)</b>		<b>2,352,080</b>	<b>( 131,363)</b>	<b>( 298,088)</b>	<b>( 211,757)</b>	<b>( 211,757)</b>	<b>( 911,757)</b>	<b>( 211,755)</b>	<b>( 323,165)</b>	<b>52,438</b>	<b>( 966,444)</b>	<b>1,018,882</b>	<b>3,876,030</b>	<b>( 213,690)</b>	<b>( 213,690)</b>	<b>( 213,690)</b>	<b>( 213,690)</b>	<b>( 213,690)</b>
<b>Opening fund balance</b>		<b>1,487,763</b>	<b>3,839,843</b>	<b>3,708,480</b>	<b>3,410,392</b>	<b>3,198,635</b>	<b>2,986,878</b>	<b>2,075,121</b>	<b>1,863,366</b>	<b>1,487,763</b>	<b>1,966,444</b>	<b>( 478,681)</b>	<b>1,540,201</b>	<b>5,416,231</b>	<b>5,202,541</b>	<b>4,988,851</b>	<b>4,775,161</b>	<b>4,561,471</b>
<b>Closing fund balance</b>		<b>3,839,843</b>	<b>3,708,480</b>	<b>3,410,392</b>	<b>3,198,635</b>	<b>2,986,878</b>	<b>2,075,121</b>	<b>1,863,366</b>	<b>1,540,201</b>	<b>1,540,201</b>	<b>1,000,000</b>	<b>540,201</b>	<b>5,416,231</b>	<b>5,202,541</b>	<b>4,988,851</b>	<b>4,775,161</b>	<b>4,561,471</b>	<b>4,347,781</b>
<b>Fund balance makeup:</b>																		
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	1,000,000	1,000,000
Surplus		2,839,844	2,708,480	2,410,392	2,198,635	1,986,878	1,075,121	863,366	540,201	540,201	-	-	4,416,231	4,202,541	3,988,851	3,775,161	3,561,471	3,347,781
		<b>3,839,843</b>	<b>3,708,480</b>	<b>3,410,392</b>	<b>3,198,635</b>	<b>2,986,878</b>	<b>2,075,121</b>	<b>1,863,366</b>	<b>1,540,201</b>	<b>1,540,201</b>	<b>1,000,000</b>	<b>540,201</b>	<b>5,416,231</b>	<b>5,202,541</b>	<b>4,988,851</b>	<b>4,775,161</b>	<b>4,561,471</b>	<b>4,347,781</b>

**Assumptions:**

- The US carrier contributions for the period from July 2006 to June 2007 is based upon actual billings in June 2006. The International carrier revenue is based on actual billings for 2006/07. The contributions for July 2007 are based on actual billed for 2006/07. Contributions for August - November 2007 are estimates based on 2006/07.
- 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 two possible one-month extensions, while the re-bid for the contract is taking place. The same figures were used the period November 15, 2006 to July 2007.
- The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2006 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 June 2007 is for the 2006/07 audit.
- The January forecasted amount includes the forecasted monthly billing of \$296,419 plus the cost of submitted change orders of \$17540
- The January forecasted amount includes the forecasted monthly billing of \$118,541
- The cost for pANI has been provided for as per the 2006/07 budget. NeuStar has been appointed Interim Routing Number Authority for pANI.
- The budget allowed \$700,000 for 16 carrier audits. The FCC indicated that there are 3 more audits completed for the 2005/06 at a cost of approximately \$171,000. This cost has been accounted for in the
- The allowance covers all accounts considered potentially uncollectible at December 31, 2006. This will be covered by the contingency allowance.
- The recovery represents funds that Neustar has been holding since 2000 for NANC travel. It has not been used for several years and has been turned over to NANP.

**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 - November	71,236
Late filing fees (reversal) for Form 499A - 2006	(4,100)
Additional interest earned in July - November over budget	38,445
Adjustment to June NANP Admin estimate to actual	890
Adjustment to May & June Pooling bill estimates to actual	888,580
Pooling Change Order #44 and 45 in budget but not yet billed	(11,332)
Pooling - estimate of fixed price portion of expired contract (Jan 1/06 to June 14/06)	(121,000)
Pooling - merit bonus portion of expired contract (Jan 1/06 to June 14/06)	(170,310)
Data Collection fees - Adjust June estimate to actual	783
Adjust July -November estimate of DCA fees to actual	6,123
Bad debts not budgeted for	(85,107)
Estimated late filing fees for 2007	120,000
Annual operations audit - 2005/06 not performed yet	(45,000)
Pooling change Order #43 not budgeted for	(599)
Increase of bridge contracts maximum over budget estimate	(55,692)
Adjustment to actual costs of Pooling for July- December	381,511
Funds received from Neustar re NANC travel from 2000	4,454
<b>Forecasted fund balance at June 30/07</b>	<b>1,540,201</b>

**NANPA FUND  
CURRENT AND FORECASTED LIABILITIES**

	Current <u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>
<b>NEUSTAR - NANPA Administration contract</b>	235,037	118,928	118,928	118,928	118,928	118,929	118,929	120,862
- Payment authorized by the FCC on Dec 11/06, received by Welch Nov 14/06 October 2006	118,260							
- Authorization by the FCC has not been received for payment November 2006	116,109							
December 2006 - estimate	118,928							
	<u>\$ 235,037</u>							
<b>NEUSTAR - Block Pooling contract</b>	1,127,662	307,751	296,420	296,420	296,420	296,420	296,420	296,419
- Authorization by the FCC has not been received for payment Change order 41	6,209							
Fixed fee billing - estimate	121,000							
2006 merit incentive	170,310							
October 2006	237,305							
November 2006 - estimate	296,419							
December 2006 - estimate	296,419							
	<u>\$ 1,127,662</u>							
<b>Welch &amp; Company LLP - Billing &amp; Collection Agent</b>	18,974	19,900	19,900	19,900	19,900	19,900	19,900	19,900
- Payment authorized by the FCC on Dec 11/06, received by Welch Dec 14/06 October 2006	18,332							
November 2006	19,900							
- Authorization by the FCC has not been received for payment December 2006	18,974							
<b>USAC - Data Collection Agent</b>	9,601	5,416	5,416	5,416	5,416	5,416	5,416	5,416
- Payment authorized by the FCC on Nov 6/06, received by Welch Nov 17/06 October 2006	4,183							
- Authorization by the FCC has not been received for payment November 2006	4,184							
December 2006 - estimate	5,417							
	<u>\$ 9,601</u>							
<b>Clifton Gunderson LLP - Carrier audits</b>	171,063	-	-	-	700,000	-	-	-
- Authorization by the FCC has not been received for payment - for 3 audits	<u>\$ 171,063</u>							
<b>External auditor- Annual operations audit</b>	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>							
<b>pANI Contract - vendor yet to be determined</b>	\$ -	-	87,500	12,500	12,500	12,500	12,500	12,500
- January liability includes potential liability not incurred in July - December								
<b>Total</b>	<u>1,637,337</u>	<u>539,495</u>	<u>453,164</u>	<u>453,164</u>	<u>1,153,164</u>	<u>453,165</u>	<u>483,165</u>	<u>455,097</u>