



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

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

**To NANC**

**February 3, 2006**

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

**Assets**

Cash Balance in bank account	\$	73,710
Dreyfus Government Cash Management Fund		6,176,000
Receivable from US Carriers	66,680	
Receivable from Canada	5,863	
Receivable from Caribbean countries	3,421	
Receivables forwarded to FCC for collection (Over 90 days)	92,983	
Allowance for uncollectible accounts	<u>(110,000)</u>	58,947
Interest receivable		<u>19,956</u>
<b>Total assets</b>		<b>6,328,613</b>
<b>Less: Accrued liabilities (see below for makeup)</b>		<b><u>1,728,868</u></b>
<b>Fund balance</b>	<b>\$</b>	<b><u>4,599,745</u></b>

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

Welch and Company LLP	58,698	
NEUSTAR Pooling 1K Block Pooling Expenses	953,479	
NEUSTAR Admin Expenses	480,864	
Data Collection Agent - USAC	65,616	
Data Collection Agent - NECA	211	
Carrier audits	140,000	
Fund audit	<u>30,000</u>	
	<b>\$</b>	<b><u>1,728,868</u></b>

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**Other items of note**

In January 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 3.78%.

The FCC approved change orders 38 & 39 for the 1K Block Pooling in the amount of \$29,099.50 which was paid on February 2, 2006.

There is approximately \$16,000 in the accounts receivable which cannot be transferred to the FCC for collection of delinquent debt. These amounts cannot be transferred because the Data Collection Agent has not been able to contact the carriers in question and no FRN number is available. The debts cannot be transferred unless there is an FRN number associated with the carrier.

**NANPA FUND**  
**FORECASTED STATEMENT OF CHANGES IN FUND BALANCE**  
**OCTOBER 2005 TO JANUARY 2007**

		<u>Actual</u>												
		<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>
<b>Revenue</b>														
International Contributions														
Canada	(1)	23,453	5,863	5,863	5,863	5,863	5,863	5,791	5,791	5,791	5,791	5,791	5,791	5,791
Caribbean countries	(1)	-	-	-	-	-	-	13,743	-	-	-	-	-	-
Total International Contributions		23,453	5,863	5,863	5,863	5,863	5,863	19,534	5,791	5,791	5,791	5,791	5,791	5,791
Domestic Contributions - US carriers	(1)	220,525	51,409	51,409	51,409	51,409	51,409	6,819,100	51,409	51,409	51,409	51,409	51,409	51,409
Interest income	(2)	83,677	18,000	18,000	17,000	16,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Total revenue</b>		<b>327,655</b>	<b>75,272</b>	<b>75,272</b>	<b>74,272</b>	<b>73,272</b>	<b>72,272</b>	<b>6,853,634</b>	<b>72,200</b>	<b>72,200</b>	<b>72,200</b>	<b>72,200</b>	<b>72,200</b>	<b>72,200</b>
<b>Expenses</b>														
NANPA Administration	(3), (7)	477,687	143,514	120,140	120,140	120,140	120,140	118,456	118,456	118,456	118,456	118,456	118,456	118,456
1K Block Pooling Administration	(3), (6)	1,440,033	375,170	357,031	357,031	357,031	324,405	291,778	291,778	291,778	291,778	291,778	291,778	291,778
Carrier Audits	(8)	-	-	-	-	-	210,000	-	-	-	-	-	-	-
Billing and Collection														
Welch & Company LLP	(3)	79,600	19,900	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)	20,300	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416
Annual Operations Audit	(5)	-	-	-	-	-	45,000	-	-	-	-	-	-	-
Bad debt expense (recovery)	(9)	(15,831)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>		<b>2,001,789</b>	<b>544,000</b>	<b>502,487</b>	<b>502,487</b>	<b>502,487</b>	<b>724,861</b>	<b>435,550</b>	<b>435,550</b>	<b>435,550</b>	<b>435,550</b>	<b>435,550</b>	<b>435,550</b>	<b>435,550</b>
<b>Net revenue (expenses)</b>		<b>( 1,674,134)</b>	<b>( 468,728)</b>	<b>( 427,215)</b>	<b>( 428,215)</b>	<b>( 429,215)</b>	<b>( 652,589)</b>	<b>6,418,084</b>	<b>( 363,350)</b>	<b>( 363,350)</b>	<b>( 363,350)</b>	<b>( 363,350)</b>	<b>( 363,350)</b>	<b>( 363,350)</b>
<b>Opening fund balance</b>		<b>6,273,879</b>	<b>4,599,745</b>	<b>4,131,017</b>	<b>3,703,802</b>	<b>3,275,587</b>	<b>2,846,372</b>	<b>2,193,783</b>	<b>8,611,867</b>	<b>8,248,517</b>	<b>7,885,167</b>	<b>7,521,817</b>	<b>7,158,467</b>	<b>6,795,117</b>
<b>Closing fund balance</b>		<b>4,599,745</b>	<b>4,131,017</b>	<b>3,703,802</b>	<b>3,275,587</b>	<b>2,846,372</b>	<b>2,193,783</b>	<b>8,611,867</b>	<b>8,248,517</b>	<b>7,885,167</b>	<b>7,521,817</b>	<b>7,158,467</b>	<b>6,795,117</b>	<b>6,431,767</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	1,000,001
Surplus		3,599,745	3,131,017	2,703,802	2,275,587	1,846,372	1,193,783	7,611,867	7,248,517	6,885,167	6,521,817	6,158,467	5,795,117	5,431,766
		<u>4,599,745</u>	<u>4,131,017</u>	<u>3,703,802</u>	<u>3,275,587</u>	<u>2,846,372</u>	<u>2,193,783</u>	<u>8,611,867</u>	<u>8,248,517</u>	<u>7,885,167</u>	<u>7,521,817</u>	<u>7,158,467</u>	<u>6,795,117</u>	<u>6,431,767</u>

**Assumptions:**

- (1) The US carrier contributions for the period from July 2005 to June 2006 is based upon actual billings in June 2005.  
The International carrier revenue is based on actual for 2005/06.  
The contributions for US carriers for July - December 2006 are based on 2005/06 funding budget. The international contributions is based on proposed actual.
- (2) Interest income projections are estimates
- (3) The expenses for the NANPA Administration and Welch & Company LLP are based on contracts in force.  
The expenses for Pooling Administration is based on contracts in force until June 2006. July to January 2006 expenses are based on the last year of the expired contract.
- (4) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2006 calendar year.
- (5) \$30,000 has been accrued for the 2004/05 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.
- (6) The December forecasted amount includes the forecasted monthly billing of \$357,031 plus the cost of submitted change orders of \$18,139
- (7) The December forecasted amount includes the forecasted monthly billing of \$120,140 plus the cost of approved change orders of \$23,37
- (8) The budget allowed \$700,000 for 16 carrier audits. FCC indicated that only 3 were completed at a cost of approximately \$140,000 at September 30, 2005 and there additions audits completed since then for a cost of \$210,000 for a total cost of \$350,000.
- (9) The allowance covers all accounts considered potentially uncollectible at January 31, 2006. This will be covered by the contingency allowance.  
There was a large recovery of a debt by the FCC in November which accounts for the recovery of bad debts.

**Reconciliation of Forecast to Budget**

Forecasted fund balance at June 30/06 - contingency	1,000,000
Additional revenue due to higher contribution base than estimated on initial billing	133,073
Interest earned over estimate	127,026
Additional billings April -January	( 75,541)
Late filing fees for Form 499A	75,500
Carrier audit for 2004/05 not expended	560,000
Carrier audit for 2005/06 not expended	490,000
<b>Bad debts</b>	<b>( 85,357)</b>
Data Collection fees (2004/05) not expended	42,272
NANPA administration (2004/05) not expended	11,571
<b>1K Block Pooling (2004/05) not expended</b>	<b>( 66,622)</b>
<b>1k Block Pooling (2005/06) submitted change orders not in budget</b>	<b>( 18,139)</b>
Anticipated fund balance at June 30/06	2,193,783

**NANPA FUND  
CURRENT AND FORECASTED LIABILITIES**

	Current							
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06
<b>NEUSTAR - NANPA Administration contract</b>	480,864	143,514	120,140	120,140	120,140	120,140	118,456	118,456
- Payment authorized by the FCC on Decemrber 15, 2005, received by Welch December 30, 2005								
June 2005	115,567							
Oct 2005	118,738							
- Authorization by the FCC has not been received for payment								
August 2005	119,585							
November	120,999							
December - estimate	120,140							
January 2006 - estimate	120,140							
	<u>\$ 480,864</u>							
<b>NEUSTAR - Block Pooling contract</b>	953,479	375,170	357,031	357,031	357,031	324,405	291,778	291,778
- Payment authorized by the FCC on Decemrber 15, 2005, received by Welch December 30, 2005								
September	319,303							
October	149,611							
- Authorization by the FCC has not been received for payment								
November 2005	210,317							
December 2005 - estimate	357,031							
January 2006 - estimate	357,031							
Change orders 38 & 39	29,100							
	<u>\$ 953,479</u>							
<b>Welch &amp; Company LLP - Billing &amp; Collection Agent</b>	58,698	19,900	19,900	19,900	19,900	19,900	19900	19900
- Payment authorized by the FCC on Decemrber 15, 2005, received by Welch December 30, 2005								
October 2005	17,142							
- Authorization by the FCC has not been received for payment								
November 2005	18,898							
December 2005	19,900							
January 2006	19,900							
	<u>58,698</u>							
<b>NECA - Data Collection Agent</b>	211	-	-	-	-	-		
- Authorization by the FCC has not been received for payment								
December 2004	80							
January 2005	131							
	<u>211</u>							
<b>USAC - Data Collection Agent</b>	65,616	5,416	5,416	5,416	5,416	5,416	5,416	5,416
- Authorization by the FCC has not been received for payment								
January 2005	4,406							
February 2005	4,399							
March 2005	5,292							
April 2005	6,824							
May 2005	5,608							
June 2005	4,897							
July 2005	4,846							
August 2005	4,444							
September 2005	4,449							
October 2005	5,065							
November 2005 - estimate	5,008							
December 2005 - estimate	5,862							
January 2006 - estimate	4,516							
	<u>\$ 65,616</u>							
<b>Clifton Gunderson LLP - Carrier audits</b>	140,000	-	-	-	-	210,000		-
- Authorization by the FCC has not been received for payment	<u>\$ 140,000</u>							
-3 audits are completed								
<b>External auditor- Annual operations audit</b>	30,000	-	-	-	-	45,000		-
- Represents an accrual for audit fees for the 2004/05 fiscal year of NANPA. Auditor has not been determined	<u>\$ 30,000</u>							
<b>Total</b>	<u>1,728,868</u>	<u>544,000</u>	<u>502,487</u>	<u>502,487</u>	<u>502,487</u>	<u>724,861</u>	<u>435,550</u>	<u>435,550</u>