



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

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

To NANC

September 13, 2006

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

Assets

Cash Balance in bank account		\$ 74,457
Dreyfus Government Cash Management Fund		5,825,000
Receivable from US Carriers	542,293	
Receivable from Canada	5,791	
Receivable from Caribbean countries	4,469	
Receivables forwarded to FCC for collection (Over 90 days)	79,146	
Allowance for uncollectible accounts	<u>(232,000)</u>	399,699
Interest receivable		<u>19,500</u>
Total assets		6,318,656
Less: Accrued liabilities (see below for makeup)		(2,071,394)
		<u>-</u>
Fund balance		<u>\$ 4,247,262</u>

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

Welch and Company LLP	38,686	
NEUSTAR Pooling 1K Block Pooling Expenses	1,577,512	
NEUSTAR Admin Expenses	239,065	
Data Collection Agent - USAC	15,068	
Carrier audits	171,063	
Fund audit	<u>30,000</u>	
	<u>\$ 2,071,394</u>	

Other items of note

In July 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 4.72%.

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

		<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>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>Total</u>	<u>Budget</u>	<u>Difference between forecasted actual and budget</u>	<u>Jul-07</u>
Revenue																	
International Contributions																	
Canada	(1)	11,582	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,794	-	69,495	69,495	-	5,791
Caribbean countries	(1)	13,743	-	-	-	-	-	-	-	-	-	-	-	13,743	13,743	-	13,742
Total International Contributions		25,325	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,794	-	83,238	83,238	-	19,533
Domestic Contributions - US carriers	(1)	2,736,857	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	25,000	4,968,017	4,876,926	91,091	4,416,594
Late filing fees for Form 499A	(2)	(2,500)	-	-	-	-	-	-	-	-	-	-	120,000	117,500	-	117,500	-
Interest income	(3)	21,255	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	186,255	180,000	6,255	15,000
Total revenue		2,780,937	241,407	241,407	241,407	241,407	241,407	241,407	241,407	241,407	241,407	241,410	160,000	5,355,010	5,140,164	214,846	4,451,127
Expenses																	
NANPA Administration	(4), (8)	117,562	141,830	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456	1,443,952	1,421,467	22,485	120,862
1K Block Pooling Administration	(4), (7)	(255,876)	318,327	296,419	296,419	296,419	296,419	296,419	296,419	296,419	296,419	296,419	296,419	3,026,641	3,501,341	(474,700)	296,419
pANI	(9)	-	25,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000	150,000	-	12,500
Billing and Collection Welch & Company LLP	(4)	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	238,800	238,800	-	19,900
Data Collection Agent	(5)	9,652	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	69,228	65,000	4,228	5,416
Annual Operations Audit	(6)	-	-	75,000	-	-	-	-	-	-	-	-	30,000	105,000	30,000	75,000	-
Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	700,000	-	-	700,000	700,000	-	-
Bad debt expense (recovery)	(11)	130,200	-	-	-	-	-	-	-	-	-	-	-	130,200	-	130,200	120,000
Total expenses		21,438	510,473	527,691	452,691	452,691	452,691	452,691	452,691	452,691	1,152,691	452,691	482,691	5,863,821	6,106,608	(242,787)	575,097
Net revenue (expenses)		2,759,499	(269,066)	(286,284)	(211,284)	(211,284)	(211,284)	(211,284)	(211,284)	(211,284)	(911,284)	(211,281)	(322,691)	(508,811)	(966,444)	457,633	3,876,030
Opening fund balance		1,487,763	4,247,262	3,978,196	3,691,912	3,480,628	3,269,344	3,058,060	2,846,776	2,635,492	2,424,208	1,512,924	1,301,643	1,487,763	1,966,444	(478,681)	978,952
Closing fund balance		4,247,262	3,978,196	3,691,912	3,480,628	3,269,344	3,058,060	2,846,776	2,635,492	2,424,208	1,512,924	1,301,643	978,952	978,952	1,000,000	(21,048)	4,854,982
Fund balance makeup:																	
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	1,000,000	1,000,000	1,000,000	1,000,000
Surplus		3,247,262	2,978,196	2,691,912	2,480,628	2,269,344	2,058,060	1,846,776	1,635,492	1,424,208	512,924	301,643	(21,048)	(21,048)	-	(21,048)	3,854,982
		<u>4,247,262</u>	<u>3,978,196</u>	<u>3,691,912</u>	<u>3,480,628</u>	<u>3,269,344</u>	<u>3,058,060</u>	<u>2,846,776</u>	<u>2,635,492</u>	<u>2,424,208</u>	<u>1,512,924</u>	<u>1,301,643</u>	<u>978,952</u>	<u>978,952</u>	<u>1,000,000</u>	<u>978,952</u>	<u>4,854,982</u>

Assumptions:

- (1) 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 estimated based on budget for 2006/07.
- (2) 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.
- (3) Interest income projections are estimates.
- (4) 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.
- (5) The expense for the Data Collection Agent is based on estimate of costs by USAC for the 2006 calendar year.
- (6) \$30,000 and \$450,000 has been accrued for the 2004/05 and 2005/06 fiscal years respectively 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.
- (7) The August forecasted amount includes the forecasted monthly billing of \$296,419 plus the cost of submitted change orders of \$21,908.
- (8) The August forecasted amount includes the forecasted monthly billing of \$118,456 plus the cost of approved change orders of \$23,374.
- (9) The cost for pANI has been provided for as per the 2006/07 budget. The RFP for this has not yet been issued.
- (10) 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. These cost has been accounted for in the 2005/06 funding period.
- (11) The allowance covers all accounts considered potentially uncollectible at July 31, 2006. This will be covered by the contingency allowance. The invoices issued in June 2006 to current delinquent customers are considered as being uncollectible at the end of July.

Reconciliation of Forecast 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	91,091
Late filing fees (reversal) for Form 499A - 2006	(2,500)
Additional interest earned in July over budget	6,255
Adjustment to June NANP Admin estimate to actual	889
Adjustment to May & June Pooling bill estimates to actual	895,899
Pooling Change Order #41, 44, 45 in budget but not yet billed	(21,908)
Pooling - estimate of fixed price portion of expired contract (Jan 1/06 to June 14/06)	(118,000)
Pooling - estimate of merit bonus portion of expired contract (Jan 1/06 to June 14/06)	(225,000)
Data Collection fees - Adjust June estimate to actual	1,189
Over accrual of fees by one month in July	(5,417)
Bad debts not budgeted for	(130,200)
Estimated late filing fees for 2007	120,000
Change orders for NANP administration budgeted for in 2005/06 not billed	(23,374)
Pooling change Order #43 not budgeted for	(599)
Annual Operations audit - 2005 and 2006 audit not performed yet	(75,000)
Estimated increase of total contract cost based on bridge contract	(55,692)
Forecasted fund balance at June 30/07	<u>978,952</u>

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current							
	<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>	<u>Feb-07</u>
NEUSTAR - NANPA Administration contract	239,065	141,830	118,456	118,456	118,456	118,456	118,456	118,456
- Authorization by the FCC has not been received for payment								
June 2006	120,609							
July 2006 - estimate	118,456							
	<u>\$ 239,065</u>							
NEUSTAR - Block Pooling contract	1,577,512	318,327	296,419	296,419	296,419	296,419	296,419	296,419
- Authorization by the FCC has not been received for payment								
2005 Bonus billing	451,786							
May 2006	199,616							
Up to June 14th	224,312							
From June 15th to 30th	61,781							
July 2006 - estimate	296,418							
Change order 43	599							
Fixed fee billing - estimate	118,000							
2006 merit incentive - estimate	225,000							
	<u>\$ 1,577,512</u>							
Welch & Company LLP - Billing & Collection Agent	38,686	19,900	19,900	19,900	19,900	19,900	19,900	19,900
- Authorization by the FCC has not been received for payment								
June 2006	18,786							
July 2006	19,900							
	<u>\$ 38,686</u>							
USAC - Data Collection Agent	15,068	5,416	5,416	5,416	5,416	5,416	5,416	5,416
- Authorization by the FCC has not been received for payment								
May 2006	4,235.00							
June 2006 - estimate	5,417.00							
July 2006 - estimate	5,416.00							
	<u>\$ 15,068</u>							
Clifton Gunderson LLP - Carrier audits	171,063	-	-	-	-	-	-	-
- Authorization by the FCC has not been received for payment	<u>\$ 171,063</u>							
- for 3 audits								
External auditor- Annual operations audit	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>							
pANI Contract - vendor yet to be determined	\$ -	-	25,000	12,500	12,500	12,500	12,500	12,500
- August liability include potential liability not incurred in July								
Total	<u>2,071,394</u>	<u>510,473</u>	<u>497,691</u>	<u>452,691</u>	<u>452,691</u>	<u>452,691</u>	<u>452,691</u>	<u>452,691</u>