



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

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

To NANC

June 5, 2006

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

Assets

Cash Balance in bank account	\$	70,164
Dreyfus Government Cash Management Fund		4,331,000
Receivable from US Carriers	94,719	
Receivable from Canada	11,748	
Receivable from Caribbean countries	3,179	
Receivables forwarded to FCC for collection (Over 90 days)	79,265	
Allowance for uncollectible accounts	<u>(99,900)</u>	89,011
Interest receivable		<u>16,558</u>
Total assets		4,506,733
Less: Accrued liabilities (see below for makeup)		<u>2,058,778</u>
Fund balance	\$	<u>2,447,955</u>

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

Welch and Company LLP	38,645	
NEUSTAR Pooling 1K Block Pooling Expenses	1,373,739	
NEUSTAR Admin Expenses	358,741	
Data Collection Agent - USAC	86,379	
Data Collection Agent - NECA	211	
Carrier audits	171,063	
Fund audit	<u>30,000</u>	
	\$	<u>2,058,778</u>

Other items of note

In May 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 4.42%.

In May, the FCC approved change order #37 for NANPA Block Pooling for \$1,325

In May, the FCC approved invoices for 6 carrier audits performed in 2004-2005. The invoices were for \$166,698 and \$138,527. These invoices were paid in May.

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

		<u>Actual</u> <u>Oct 2005 to May</u>												
		2006	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
Revenue														
International Contributions														
Canada	(1)	46,906	5,863	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791
Caribbean countries	(1)	-	-	13,743	-	-	-	-	-	-	-	-	-	-
Total International Contributions		46,906	5,863	19,534	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791
Domestic Contributions - US carriers	(1)	457,053	51,409	3,213,235	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Interest income	(2)	155,811	18,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total revenue		659,770	75,272	3,247,769	150,791	150,791	150,791	150,791	150,791	150,791	150,791	150,791	150,791	150,791
Expenses														
NANPA Administration	(3), (7)	971,503	143,380	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456	118,456
1K Block Pooling Administration	(3), (6)	3,003,949	457,926	291,778	291,778	291,778	291,778	291,778	291,778	291,778	291,778	291,778	291,778	291,778
pANI	(8)	-	-	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Billing and Collection														
Welch & Company LLP	(3)	159,200	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)	41,064	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	-	-	-	-	-	-	-	-	-	-	-
Carrier Audits	(9)	336,288	-	-	-	-	-	-	-	700,000	-	-	-	-
Bad debt expense (recovery)	(10)	(26,310)	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses		4,485,694	671,622	448,050	448,050	448,050	448,050	448,050	448,050	448,050	1,148,050	448,050	448,050	448,050
Net revenue (expenses)		(3,825,924)	(596,350)	2,799,719	(297,259)	(297,259)	(297,259)	(297,259)	(297,259)	(297,259)	(997,259)	(297,259)	(297,259)	(297,259)
Opening fund balance		6,273,879	2,447,955	1,851,605	4,651,324	4,354,065	4,056,806	3,759,547	3,462,288	3,165,029	2,867,770	1,870,511	1,573,252	1,275,993
Closing fund balance		2,447,955	1,851,605	4,651,324	4,354,065	4,056,806	3,759,547	3,462,288	3,165,029	2,867,770	1,870,511	1,573,252	1,275,993	978,734
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
Surplus		1,447,955	851,605	3,651,324	3,354,065	3,056,806	2,759,547	2,462,288	2,165,029	1,867,770	870,511	573,252	275,993	(21,266)
		2,447,955	1,851,605	4,651,324	4,354,065	4,056,806	3,759,547	3,462,288	3,165,029	2,867,770	1,870,511	1,573,252	1,275,993	978,734

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 estimated contributions for US carriers for July 2006 - May 2007 are based on option 1 of the 2006/07 funding budget. The monthly contributions are estimates.
The International contributions is based on actual for 2006/07.
- (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 2006 to May 2007 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. The amount shown in June 2006 is for the 2005/06 audit.
- (6) The June forecasted amount includes the forecasted monthly billing of \$435,419 plus the cost of submitted change orders of \$22,507
- (7) The June forecasted amount includes the forecasted monthly billing of \$120,006 plus the cost of approved change orders of \$23,374.
- (8) The cost for pANI has been provided for as per the 2006/07 budget. The RFP for this has not yet been issued.
- (9) 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. The actual cost was \$138,527 for 3 audits which was paid in May. An additional \$166,698 was paid in May for 3 more audits.
The FCC indicated that there are 3 more audits completed for the 2005/06 at a cost of approximately \$171,000. In previous reports, an estimated cost for the additional audits completed was \$210,000 based on information provided from the FCC. As a result \$127,698 of costs were not included in prior reports or in the surplus available at June 30, 2006
- (10) The allowance covers all accounts considered potentially uncollectible at May 30, 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 debt

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	126,118
Additional billings April 2005 - May 2006	(48,191)
Late filing fees for Form 499A	75,500
Carrier audit for 2004/05 not expended	561,473
Carrier audit for 2005/06 not expended	362,239
Bad debts	(56,145)
Data Collection fees (2004/05) not expended	41,613
NANPA administration (2004/05) not expended	11,571
1K Block Pooling (2003/04)	(66,622)
1k Block Pooling (2005/06) submitted change orders not in budget	(30,424)
1K Block Pooling fixed fee billing 2003/04	(130,662)
1K Block Pooling fixed fee billing 2004/05	(114,817)
NANPA administration change order not in budget	(13,121)
Anticipated fund balance at June 30/06	1,851,605

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
NEUSTAR - NANPA Administration contract	358,741	143,380	118,456	118,456	118,456	118,456	118,456	118,456
- Payment authorized by the FCC on April 24/06, received by Welch May 2/06								
March 2006	124,774							
- Authorization by the FCC has not been received for payment								
August 2005	119,585							
April 2006 - estimate	119,150							
May - estimate	120,006							
	<u>358,741</u>							
NEUSTAR - Block Pooling contract	1,373,739	457,926	291,778	291,778	291,778	291,778	291,778	291,778
- Payment authorized by the FCC on April 25/06, received by Welch May 2/06								
February 2006	200,910							
Change order 37	1,325							
- Authorization by the FCC has not been received for payment								
March 2006 - estimate	215,621							
April 2006 - estimate	579,059							
May 2006 - estimate	579,059							
	<u>1,373,739</u>							
Welch & Company LLP - Billing & Collection Agent	38,645	19,900	19,900	19,900	19,900	19,900	19,900	19,900
- Payment authorized by the FCC on April 24/06, received by Welch May 2/06								
March 2006	18,803							
18,799								
- Authorization by the FCC has not been received for payment								
April 2006	18,745							
May 2006	19,900							
	<u>38,645</u>							
NECA - Data Collection Agent	211	-	-	-	-	-	-	-
- Authorization by the FCC has not been received for payment								
December 2004	80							
January 2005	131							
	<u>211</u>							
USAC - Data Collection Agent	86,379	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	5,008							
December 2005	5,862							
January 2006	4,846							
February 2006	4,186							
March 2006 - estimate	5,416							
April 2006 - estimate	5,416							
May 2006 - estimate	5,415							
	<u>86,379</u>							
Clifton Gunderson LLP - Carrier audits	171,063	-	-	-	-	-	-	-
- Payment authorized by the FCC on April 24/06, received by Welch May 2/06								
Work performed for 3 audits	138,527							
- Authorization by the FCC has not been received for payment								
for 3 audits	<u>171,063</u>							
KPMG - Carrier audits								
- Payment authorized by the FCC on April 24/06, received by Welch May 2/06								
Work performed for 3 audits	166,698							
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	\$ -	-	-	12,500.00	12,500.00	12,500	12,500	12,500
Total	<u>2,058,778</u>	<u>671,622</u>	<u>448,050</u>	<u>448,050</u>	<u>448,050</u>	<u>448,050</u>	<u>448,050</u>	<u>448,050</u>