



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

**Billing and Collection Agent Report
For period ending September 30, 2006**

To NANC

October 11, 2006

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2006**

Assets

Cash Balance in bank account	\$	67,286
Dreyfus Government Cash Management Fund		5,323,000
Receivable from US Carriers	266,789	
Receivable from Canada	5,791	
Receivable from Caribbean countries	3,235	
Receivables forwarded to FCC for collection (Over 90 days)	76,189	
Allowance for uncollectible accounts	<u>(270,000)</u>	82,004
Interest receivable		<u>20,667</u>
Total assets		5,492,957
Less: Accrued liabilities (see below for makeup)		<u>(1,471,430)</u>
Fund balance		<u>\$ 4,021,527</u>

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

Welch and Company LLP	19,900	
NEUSTAR Pooling 1K Block Pooling Expenses	955,824	
NEUSTAR Admin Expenses	235,818	
Data Collection Agent - USAC	13,825	
Carrier audits	171,063	
Fund audit	75,000	
	<u>1,471,430</u>	\$

Other items of note

During September 2006, the Dreyfus Government Cash Management Fund earned a rate of return of 4.79%.

The fiscal year end of the Fund is September 30, 2006. Work has commenced with the FCC auditors.

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

		Actual		Projected									Total	Budget	Difference between forecasted balance at June 30/07 and budget	Projected		
		July-06 - Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07				Jul-07	Aug-07	Sep-07
Revenue																		
International Contributions																		
Canada	(1)	17,373	5,791	5,791	5,791	5,791	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		31,116	5,791	5,791	5,791	5,791	5,791	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)	2,916,864	221,861	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	220,616	
Late filing fees for Form 499A	(2)	(3,700)	(800)															
Interest income	(3)	43,768	21,241	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Total revenue		2,988,048	248,093	241,407	241,407	241,407	241,407	241,407	241,407	241,407	241,410	160,000	5,327,400	5,140,164	187,236	4,451,127	241,407	241,407
Expenses																		
NANPA Administration	(4), (8)	238,307	117,590	118,297	118,298	118,298	118,298	118,298	118,297	118,298	118,298	118,298	1,420,577	1,421,467	(890)	120,862	120,862	120,862
1K Block Pooling Administration	(4), (7)	40,543	19,986	313,959	296,419	296,419	296,419	296,420	296,420	296,420	296,420	296,420	2,745,845	3,501,341	(755,496)	296,419	296,419	296,419
pANI	(9)	-	-	50,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000	150,000		12,500	12,500	12,500
Billing and Collection																		
Welch & Company LLP	(4)	39,800	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	19,900	19,900
Data Collection Agent	(5)	15,474	(2,427)	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	61,791	65,000	(3,209)	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)	127,600	40,604	-	-	-	-	-	-	-	-	-	168,204	-	168,204	120,000	-	-
Total expenses		461,724	240,653	507,572	452,533	452,533	452,533	452,534	452,534	1,152,533	452,534	482,534	5,560,217	6,106,608	(546,391)	575,097	455,097	455,097
Net revenue (expenses)		2,526,324	7,440	(266,165)	(211,126)	(211,126)	(211,126)	(211,127)	(211,127)	(911,126)	(211,124)	(322,534)	(232,817)	(966,444)	733,627	3,876,030	(213,690)	(213,690)
Opening fund balance		1,487,763	4,014,087	4,021,527	3,755,362	3,544,236	3,333,110	3,121,984	2,910,857	2,699,730	1,788,604	1,577,480	1,487,763	1,966,444		1,254,946	5,130,976	5,130,976
Closing fund balance		4,014,087	4,021,527	3,755,362	3,544,236	3,333,110	3,121,984	2,910,857	2,699,730	1,788,604	1,577,480	1,254,946	1,254,946	1,000,000		5,130,976	4,917,286	4,917,286
Fund balance makeup:																		
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		3,014,088	3,021,527	2,755,362	2,544,236	2,333,110	2,121,984	1,910,857	1,699,730	788,604	577,480	254,946	254,946	-		4,130,976	3,917,286	3,917,286
		<u>4,014,087</u>	<u>4,021,527</u>	<u>3,755,362</u>	<u>3,544,236</u>	<u>3,333,110</u>	<u>3,121,984</u>	<u>2,910,857</u>	<u>2,699,730</u>	<u>1,788,604</u>	<u>1,577,480</u>	<u>1,254,946</u>	<u>1,254,946</u>	<u>1,000,000</u>		<u>5,130,976</u>	<u>4,917,286</u>	<u>4,917,286</u>

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 and September 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 October forecasted amount includes the forecasted monthly billing of \$296,419 plus the cost of submitted change orders of \$17540
- The October forecasted amount includes the forecasted monthly billing of \$118,298
- 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 2005/06 funding period.
- The allowance covers all accounts considered potentially uncollectible at September 30, 2006. This will be covered by the contingency allowance. The invoice issued in June 2006 to current delinquent customers are considered as being uncollectible.

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 and August	51,727
Late filing fees (reversal) for Form 499A - 2006	(4,500)
Additional interest earned in July and August over budget	20,009
Adjustment to June NANP Admin estimate to actual	890
Adjustment to May & June Pooling bill estimates to actual	888,580
Pooling Change Order #41, 44, 45 in budget but not yet billed	(17,540)
Pooling - estimate of fixed price portion of expired contract (Jan 1/06 to June 14/06)	(121,000)
Pooling - estimate of merit bonus portion of expired contract (Jan 1/06 to June 14/06)	(170,000)
Data Collection fees - Adjust June estimate to actual	783
Adjust July and August estimate of DCA fees to actual	2,426
Bad debts not budgeted for	(168,204)
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 and August	231,747
Forecasted fund balance at June 30/07	1,254,946

**NANPA FUND
CURRENT AND FORECASTED LIABILITIES**

	Current							
	<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>
NEUSTAR - NANPA Administration contract	235,818	118,297	118,297	118,297	118,297	118,297	118,297	118,297
- Payment authorized by the FCC on August 31/06, received by Welch August 31/06								
July 2006	120,974							
- Authorization by the FCC has not been received for payment								
August 2006	117,521							
September 2006 - estimate	118,297							
	<u>\$ 235,818</u>							
NEUSTAR - Block Pooling contract	955,824	318,327	296,419	296,419	296,419	296,419	296,419	296,419
- Authorization by the FCC has not been received for payment								
June - additional amount under expired contract	7,314							
July 2006	182,787							
August 2006	178,304							
Fixed fee billing - estimate	121,000							
2006 merit incentive - estimate	170,000							
September 2006 - estimate	296,419							
	<u>\$ 955,824</u>							
Welch & Company LLP - Billing & Collection Agent	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900
- Payment authorized by the FCC on September 14/06, received by Welch September 18/06								
August 2006	18,322							
- Authorization by the FCC has not been received for payment								
September 2006	<u>\$ 19,900</u>							
USAC - Data Collection Agent	13,825	5,416	5,416	5,416	5,416	5,416	5,416	5,416
- Authorization by the FCC has not been received for payment								
Jul-06	4,223							
Aug-06	4,186							
Sep-06	5,416							
	<u>\$ 13,825</u>							
Clifton Gunderson LLP - Carrier audits	171,063	-	-	-	-	-	-	-
- Authorization by the FCC has not been received for payment								
- for 3 audits	<u>\$ 171,063</u>							
External auditor- Annual operations audit	75,000	0	-	-	-	-	-	-
- 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>							
pANI Contract - vendor yet to be determined	\$ -	-	50,000	12,500	12,500	12,500	12,500	12,500
- October liability includes potential liability not incurred in July - September								
Total	<u>1,471,430</u>	<u>511,940</u>	<u>452,532</u>	<u>452,532</u>	<u>452,532</u>	<u>452,532</u>	<u>452,532</u>	<u>452,532</u>