

**Billing and Collection Agent Report
For period ending December 31, 2017**

To B&C Working Group

January 8, 2018

NANPA FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2017

Assets

| | | |
|--------------|--|--------------|
| Cash in bank | | \$ 4,929,433 |
|--------------|--|--------------|

Receivables

| | | |
|--|------------------|----------------|
| Receivable from US Carriers | 230,307 | |
| Receivable from Canada | - | |
| Receivable from Caribbean countries | 17,868 | |
| Receivables forwarded to Treasury for collection | 39,241 | |
| Allowance for uncollectible accounts | <u>(105,300)</u> | <u>182,116</u> |

Total assets

5,111,549

Less: Accrued liabilities

| | | |
|------------------------------|--------------|------------------|
| Welch LLP | 28,410 | |
| NEUSTAR Pooling 1K Block | 297,648 | |
| NEUSTAR NANP Administration | 187,332 | |
| Data Collection Agent - USAC | <u>6,237</u> | <u>(519,627)</u> |

Fund balance

\$ 4,591,922

**NANP FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2017 TO SEPTEMBER 2018**

| | Actual | | | Budget | | | | | | | | | Total | Budget | Variance between forecasted results and budget at Sept 30/18 | | |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|--|-----------------|---|
| | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | | | | | |
| Revenue | | | | | | | | | | | | | | | | | |
| International Contributions | | | | | | | | | | | | | | | | | |
| Canada (1) | 19,433 | 9,716 | 9,717 | 9,717 | 9,716 | 9,716 | 9,716 | 9,716 | 9,716 | 9,716 | 9,716 | 9,717 | - | 116,596 | 116,596 | - | |
| Caribbean countries (1) | 24,429 | - | - | - | - | - | - | - | - | - | - | - | - | 24,429 | 24,429 | - | |
| Total International Contributions | 43,862 | 9,716 | 9,717 | 9,717 | 9,716 | 9,716 | 9,716 | 9,716 | 9,716 | 9,716 | 9,717 | 9,717 | - | 141,025 | 141,025 | - | |
| Domestic Contributions - US carriers (1) | 5,718,956 | 184,162 | 183,850 | 184,501 | 184,501 | 184,501 | 184,501 | 184,501 | 184,501 | 184,501 | 184,501 | 184,501 | - | 7,562,976 | 7,506,473 | 56,503 | |
| Late filing fees for Form 499A (2) | (200) | - | 200.00 | - | - | - | - | - | - | - | - | - | 65,000 | 65,000 | 65,000 | - | |
| Interest income (3) | 1,174 | 1,765 | 1,811 | 417 | 417 | 417 | 417 | 417 | 416 | 416 | 416 | 416 | 416 | 8,499 | 5,000 | 3,499 | |
| Total revenue | 5,763,792 | 195,643 | 195,578 | 194,635 | 194,634 | 194,634 | 194,634 | 194,634 | 194,633 | 194,633 | 194,634 | 194,634 | 65,416 | 7,777,500 | 7,717,498 | 60,002 | |
| Expenses | | | | | | | | | | | | | | | | | |
| NANPA Administration (4) | 187,332 | 188,789 | 187,332 | 195,484 | 270,484 | 195,484 | 195,484 | 195,484 | 195,484 | 195,484 | 195,484 | 195,484 | 195,484 | 2,397,809 | 2,420,813 | (23,004) | |
| 1K Block Pooling (5) | 255,804 | 257,795 | 254,315 | 258,989 | 350,597 | 258,989 | 258,989 | 258,989 | 258,989 | 258,989 | 258,989 | 258,989 | 258,989 | 3,190,423 | 3,199,475 | (9,052) | |
| Pooling Change Order 3 B | | | | | | | | | | | | | | | | | |
| - CLIN 15 (5)(a) | 211,750 | 211,750 | - | - | - | - | - | - | - | - | - | - | - | 423,500 | 423,500 | - | |
| - CLIN 16 (5)(b) | 2,052 | 2,679 | - | - | - | - | - | - | - | - | - | - | - | 4,731 | 14,535 | (9,804) | |
| - CLIN 17 (5)(b) | - | - | 43,333 | 43,333 | 43,333 | 43,333 | 43,333 | 43,333 | 43,333 | - | - | - | - | 303,331 | 303,331 | - | |
| Billing and Collection | | | | | | | | | | | | | | | | | |
| Welch LLP (6) | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 340,920 | 340,920 | - | |
| Data Collection Agent (7) | 6,843 | 6,927 | 5,798 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,451 | 75,915 | 74,844 | 1,071 | |
| Annual Operations Audit (8) | - | - | - | 47,000 | - | - | - | - | - | - | - | - | - | - | 47,000 | 47,000 | - |
| Bank Charges (9) | 4,346 | 7,194 | 3,729 | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 | 3,166 | 3,166 | 3,166 | 3,166 | 3,166 | 43,768 | 38,000 | 5,768 | |
| Carrier Audits (10) | - | - | - | - | 200,000 | - | - | - | - | - | - | - | - | - | 200,000 | 200,000 | - |
| Bad debt expense (11) | (5,522) | (6,919) | 32,260 | 3,334 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 49,817 | 40,000 | 9,817 | |
| Total expenses | 691,015 | 696,625 | 555,177 | 585,954 | 905,561 | 538,953 | 538,953 | 538,953 | 538,952 | 495,619 | 495,619 | 495,833 | 495,833 | 7,077,214 | 7,102,418 | (25,204) | |
| Net revenue (expenses) | 5,072,777 | (500,982) | (359,599) | (391,319) | (710,927) | (344,319) | (344,319) | (344,319) | (344,319) | (300,986) | (300,985) | (430,417) | (430,417) | 700,286 | 615,080 | 85,206 | |
| Opening fund balance | 379,726 | 5,452,503 | 4,951,521 | 4,591,922 | 4,200,603 | 3,489,676 | 3,145,357 | 2,801,038 | 2,456,719 | 2,112,400 | 1,811,414 | 1,510,429 | 1,510,429 | 379,726 | 384,920 | (5,194) | |
| Closing fund balance | 5,452,503 | 4,951,521 | 4,591,922 | 4,200,603 | 3,489,676 | 3,145,357 | 2,801,038 | 2,456,719 | 2,112,400 | 1,811,414 | 1,510,429 | 1,080,012 | 1,080,012 | 1,080,012 | 1,000,000 | 80,012 | |
| 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 | - | |
| Surplus | 4,452,503 | 3,951,521 | 3,591,922 | 3,200,603 | 2,489,676 | 2,145,357 | 1,801,038 | 1,456,719 | 1,112,400 | 811,414 | 510,429 | 80,012 | 80,012 | 80,012 | - | - | |
| | <u>5,452,503</u> | <u>4,951,521</u> | <u>4,591,922</u> | <u>4,200,603</u> | <u>3,489,676</u> | <u>3,145,357</u> | <u>2,801,038</u> | <u>2,456,719</u> | <u>2,112,400</u> | <u>1,811,414</u> | <u>1,510,429</u> | <u>1,080,012</u> | <u>1,080,012</u> | <u>1,080,012</u> | <u>1,000,000</u> | <u>80,012</u> | |

Assumptions:

- (1) The US carrier contributions for the period from October 2017 to September 2018 and the International contributions are based upon actual billings.
- (2) These fees represent the \$100 late filing fee charged to those companies that do not file the Form 499A by the due date.
- (3) Interest income projections are estimates
- (4) The NANPA Administration contract expires July 8, 2017. The cost for NANPA administration is an estimate based on the last option year plus a 3% increase. The percentage represents the average yearly increase over the expired 4 year contract.
- (5) The 1K Block Pooling Administration contract expires July 14, 2017. The cost for Pooling Administration is provided for based on the amount provided in the final option year of the contract.
- (5)(a) CLIN 15 is for the period March 22 to November 22, 2017 a cost of \$748,500. \$325,000 will be billed evenly between April and September 2017 with the remaining balance to be billed in the 2017/18 period.
- (5)(b) CLIN 16 is for the period July 31 to November 24, 2017 and is not to exceed \$29,070. Budgeted for evenly over the months of August to November 2017
- (5)(b) CLIN 17 is for the period November 24, 2017 to June 30, 2018 at \$43,333/month
- (6) The cost of B&C Agent is based on the current interim contract with Welch LLP in force until April 30, 2017.
- (7) The expense for the Data Collection Agent is based on estimate of costs by USAC.
- (8) The expense for the annual operations audit performed by Ernst & Young LLP is based on the quote given.
- (9) Bank fees are an expense to the Fund.
- (10) The budget allowed \$200,000 for carrier audits.
- (11) The allowance covers all accounts considered potentially uncollectible at December 31, 2017.

Reconciliation of forecast at September 30, 2018 to budget

| Budgeted fund balance at September 30, 2018 - contingency | 1,000,000 |
|---|------------------|
| Increase in opening fund balance between budget period and actual | (5,194) |
| Additional billings over estimate from budget | 56,503 |
| Late filing fees (reversal) for Form 499A | - |
| Underestimate of interest earned to date compared to budget | 3,499 |
| Pooling change order 3B - difference between budget and actual | 9,804 |
| NANP Admin - difference between budget and actual contract extension awarded and due to variable travel costs | 23,004 |
| NANP Admin - change orders issued | - |
| Decrease in B&C Agent costs - | - |
| Data Collection fees - Adjustment to actual from budget | (1,071) |
| Bad debts - Adjustment to actual from budget | (9,817) |
| 1K Block Pooling - difference between budget and actual contract awarded due to variable travel costs | 9,052 |
| Pooling change orders | - |
| Carrier audits that will not be performed | - |
| Operations Audit - Adjustment to actual from budget | - |
| Bank fees - Adjustment to actual from budget | (5,768) |
| Forecasted fund balance at September 30, 2018 | 1,080,012 |

CURRENT AND FORECASTED LIABILITIES

| | | Current | | | | | | |
|---|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | <u>Dec-17</u> | <u>Jan-18</u> | <u>Feb-18</u> | <u>Mar-18</u> | <u>Apr-18</u> | <u>May-18</u> | <u>Jun-18</u> |
| NEUSTAR - NANPA Administration | | 187,332 | 195,484 | 270,484 | 195,484 | 195,484 | 195,484 | 195,484 |
| - Payment authorized by the FCC in December November 2017 | \$ 188,789 | | | | | | | |
| - Authorization by the FCC has not been received for payment December 2018 | \$ 187,332 | | | | | | | |
| NEUSTAR -1K Block Pooling & Change Order 3B | | 297,648 | 302,322 | 393,930 | 302,322 | 302,322 | 302,322 | 302,322 |
| - Payment authorized by the FCC in December November 2017 | \$ 472,224 | | | | | | | |
| - Authorization by the FCC has not been received for payment December 2017 | \$ 297,648 | | | | | | | |
| Welch LLP - Billing & Collection Agent | | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 | 28,410 |
| - Payment authorized by the FCC in December November 2017 | \$ 28,410 | | | | | | | |
| - Authorization by the FCC has not been received for payment December 2017 | \$ 28,410 | | | | | | | |
| USAC - Data Collection Agent | | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 | 6,237 |
| - Payment authorized by the FCC in December November 2017 | \$ 5,797 | | | | | | | |
| - Authorization by the FCC has not been received for payment December 2017 | \$ 6,237 | | | | | | | |
| Carrier audits | | - | - | 200,000 | - | - | - | - |
| Ernst & Young LLP- Annual operations audit | | - | 47,000 | - | - | - | - | - |
| Audit fee for the 2016/2017 fiscal audit | \$ 47,000 | | | | | | | |
| Bank Fees | | | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 |
| Total | | <u>519,627</u> | <u>582,620</u> | <u>902,228</u> | <u>535,620</u> | <u>535,620</u> | <u>535,620</u> | <u>535,620</u> |

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on December 12th.

Processing Payments

Payment information from the lockbox service at Mellon Bank is downloaded on a daily basis. The deposit information is recorded daily.

Late/Absent Payments

Statement of accounts were emailed and mailed on December 7th to carriers with overdue outstanding balances greater than \$10 at that date.

FCC Red Light Notices

At a minimum, an updated red light report is posted to the FCC server for processing once a week. When required, additional updates are posted. Starting on December 18th, carriers were submitted to redlight if a balance was due regardless on the amount owing. Previously, carriers were not submitted to redlight if the balance due was less than \$5.

Helpdesk Queries

All queries are directed to a helpdesk voicemail inbox or email inbox. The details of the query are documented in an Access database. The date, Filer ID, nature of query, name of person making the request, who responded to query and on what date and the date of resolution is tracked in the database. Queries are returned within 1 business day or less. In December 14 calls and 73 emails were received which is comparable to the prior year. Most queries were about requesting copies of invoices, how to make changes to their email billing address, notification about closing their business, asking what the invoice was for or asking how to make a payment.

Staffing Changes

No new staffing changes to report since last month.

Contract Renewal

The contract expired October 1, 2009. Welch LLP is on the USGSA list. Welch LLP received an extension on the contract for 3 months up to March 31, 2018.

Accounts Receivable

In December we received \$186.20 from Treasury for debts collected.