

**Billing and Collection Agent Report
For period ending October 31, 2018**

To FCC Contract Oversight Sub-Committee

November 14, 2018

NANPA FUND
STATEMENT OF FINANCIAL POSITION
October 31, 2018

Assets

Cash in bank		\$ 5,848,916
Receivables		
Receivable from US Carriers	190,424	
Receivable from Canada	-	
Receivable from Caribbean countries	15,272	
Receivables forwarded to Treasury for collection	75,749	
Allowance for uncollectible accounts	<u>(124,000)</u>	<u>157,445</u>
Total assets		6,006,361
Less: Accrued liabilities		
Welch LLP	28,400	
NEUSTAR Pooling 1K Block	257,128	
NEUSTAR NANP Administration	187,332	
Data Collection Agent - USAC	6,500	
Treasury Deposits - see note below	<u>706</u>	<u>(480,066)</u>
Fund balance		<u>\$ 5,526,295</u>

Treasury Deposits are receipts from Treasury for unpaid debt for which the specific details are still unknown at this time. These funds may need to be repaid Treasury.

The forecasted statement of changes in fund balance has been presented in this report with two scenarios. The first scenario represents the fund balance if payment to Somos must be made according to contract terms and the second scenario represents the fund balance if a portion of the payment to Somos can be deferred until October 2019.

NANP FUND
 FORECASTED STATEMENT OF CHANGES IN FUND BALANCE BASED ON NO DEFERRAL OF SOMOS PAYMENT
 OCTOBER 2018 TO SEPTEMBER 2019

	Actual Oct-18	Cash Flow Projection										Total	Original Budget	Variance between actual results and budget at Sept 30/19	
		Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19				Sep-19
Projected cash inflow															
International Contributions															
Canada	(1) 18,286	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144	-	109,717	109,717	-
Caribbean countries	(1) 23,036	-	-	-	-	-	-	-	-	-	-	-	23,036	23,036	-
Total International Contributions	41,322	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144	-	132,753	132,753	-
Domestic Contributions - US carriers	(1) 4,538,876	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	-	5,720,476	5,639,875	80,601
Late filing fees for Form 499A	(2) (1,300)	-	-	-	-	-	-	-	-	-	-	66,000	64,700	66,000	(1,300)
Interest income	(3) 6,155	500	500	500	500	500	500	500	500	500	500	500	11,655	6,000	5,655
Total projected cash inflow	4,585,053	127,803	127,803	127,803	127,803	127,803	127,803	127,803	127,803	127,803	127,804	66,500	5,929,584	5,844,628	84,956
Projected Expenses - cash outflow															
NANPA Administration - Somos	(4)(a) 187,332	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	243,333	2,676,663	2,088,152	(588,511)
NANPA Administration -NeuStar	(4)(b) 187,332	-	-	-	-	-	-	-	-	-	-	-	187,332	189,832	2,500
NANPA Administration -NeuStar	(4)(b) 190,332	190,332	190,332	190,332	190,332	190,332	190,332	190,332	190,332	190,332	190,332	190,332	380,664	380,664	(380,664)
NANPA Administration - NeuStar transition	(4)(c) 135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	270,602	270,602	(270,602)
1K Block Pooling - Somos	(5)(a) -	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	319,585	3,515,435	2,848,879	(666,556)
1K Block Pooling - NeuStar	(5)(b) 257,128	-	-	-	-	-	-	-	-	-	-	-	257,128	258,988	1,860
1K Block Pooling - NeuStar	(5)(b) 258,988	258,988	258,988	258,988	258,988	258,988	258,988	258,988	258,988	258,988	258,988	258,988	517,976	517,976	(517,976)
1K Block Pooling - NeuStar transition	(5)(c) 135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	135,301	270,602	270,602	(270,602)
Billing and Collection															
Welch LLP	(6) 28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	340,800	340,920	120
Data Collection Agent - USAC	(7) 6,637	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,137	78,000	(137)
Annual Operations Audit	(8) -	-	-	48,000	-	-	-	-	-	-	-	-	48,000	48,000	-
Bank Charges	(9) 3,835	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,166	3,166	3,166	3,166	38,668	38,000	(668)
Carrier Audits	(10) -	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Bad debt expense (recovery)	(11) (525)	3,334	3,334	3,334	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	36,141	40,000	3,859
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Total projected cash outflow	482,807	1,324,241	1,324,241	652,319	604,318	604,318	604,318	604,318	604,317	604,317	604,317	604,317	8,618,148	7,130,771	(1,487,377)
Net Cash inflow (outflow)	4,102,246	(1,196,438)	(1,196,438)	(524,516)	(476,515)	(476,515)	(476,515)	(476,515)	(476,514)	(476,514)	(476,513)	(537,817)	(2,688,564)	(1,286,143)	(1,402,421)
Opening fund balance	1,424,049	5,526,295	4,329,857	3,133,419	2,608,903	2,132,388	1,655,873	1,179,358	702,843	226,329	(250,185)	(726,698)	1,424,049	1,286,143	137,906
Projected fund balance	5,526,295	4,329,857	3,133,419	2,608,903	2,132,388	1,655,873	1,179,358	702,843	226,329	(250,185)	(726,698)	(1,264,515)	(1,264,515)	-	(1,264,515)
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	702,843	226,329	-	-	-	-	1,000,000	-
Surplus (deficit)	4,526,295	3,329,857	2,133,419	1,608,903	1,132,388	655,873	179,358	-	-	(250,185)	(726,698)	(1,264,515)	(1,264,515)	-	(1,264,515)
	5,526,295	4,329,857	3,133,419	2,608,903	2,132,388	1,655,873	1,179,358	702,843	226,329	(250,185)	(726,698)	(1,264,515)	(1,264,515)	1,000,000	(1,264,515)

Assumptions:

- (1) The contribution for October 2018 - September 2019 is based on actual billings.
- (2) These estimated 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)(a) The NANPA Administration contract for Somos covers the period from November 1/18 to October 31/18
- (4)(b) The NANPA Administration contract extension for NeuStar covers the period from October 1/18 to December 31/18
- (4)(c) The NANPA Administration contract for NeuStar provides for transitional costs for the period from November 1/18 to December 31/18
- (5)(a) The 1K Block Pooling Administration contract for Somos covers the period from November 1/18 to October 31/19
- (5)(b) The 1K Block Pooling contract extension for NeuStar covers the period from October 1/18 to December 31/18
- (5)(c) The 1K Block Pooling contract for NeuStar provides for transitional costs for the period from November 1/18 to December 31/18
- (6) The cost of B&C Agent is based on the actual contract cost of \$28,400 per month. Contract covers the period from May 1/18 to April 30/19
- (7) The expense for the Data Collection Agent is based on estimate of costs by USAC.
- (8) The cost of the annual operations audit is based on the cost of the prior year's history of billing from Ernst & Young LLP.
- (9) Bank fees are an expense to the Fund and are estimated based on prior years' history.
- (10) The budget allowed \$200,000 for carrier audits. Assuming that none will be performed in the year
- (11) The bad debt expense covers all accounts considered potentially uncollectible for fees billed for the 2018-19 funding year.

**NANP FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE BASED ON
DEFERRAL OF SOMOS PAYMENT
OCTOBER 2018 TO SEPTEMBER 2019**

	Actual	Cash Flow Projection											Total	Original Budget	Variance between actual results and budget at Sept 30/19	
		Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19				
Projected cash inflow																
International Contributions																
Canada	(1)	18,286	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144	-	109,717	109,717	-
Caribbean countries	(1)	23,036	-	-	-	-	-	-	-	-	-	-	-	23,036	23,036	-
Total International Contributions		41,322	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,144	-	132,753	132,753	-
Domestic Contributions - US carriers	(1)	4,538,876	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	-	5,720,476	5,639,875	80,601
Late filing fees for Form 499A	(2)	(1,300)	-	-	-	-	-	-	-	-	-	-	66,000	64,700	66,000	(1,300)
Interest income	(3)	6,155	500	500	500	500	500	500	500	500	500	500	500	11,655	6,000	5,655
Total projected cash inflow		<u>4,585,053</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,803</u>	<u>127,804</u>	<u>66,500</u>	<u>5,929,584</u>	<u>5,844,628</u>	<u>84,956</u>
Projected Expenses - cash outflow																
NANPA Administration - Somos	(4)(a)		188,467	188,467	188,467	188,467	188,467	188,467	188,467	188,467	188,467	188,467	188,467	2,073,137	2,088,152	15,015
NANPA Administration - NeuStar	(4)(b)	187,332												187,332	189,832	2,500
NANPA Administration - NeuStar	(4)(b)		190,332	190,332										380,664		(380,664)
NANPA Administration - NeuStar transition	(4)(c)		135,301	135,301										270,602		(270,602)
1K Block Pooling - Somos	(5)(a)	-	257,624	257,624	257,624	257,624	257,624	257,624	257,624	257,624	257,624	257,624	257,624	2,833,864	2,848,879	15,015
1K Block Pooling - NeuStar	(5)(b)	257,128												257,128	258,988	1,860
1K Block Pooling - NeuStar	(5)(b)		258,988	258,988										517,976		(517,976)
1K Block Pooling - NeuStar transition	(5)(c)		135,301	135,301										270,602		(270,602)
Billing and Collection																
Welch LLP	(6)	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	340,800	340,920	120
Data Collection Agent - USAC	(7)	6,637	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,137	78,000	(137)
Annual Operations Audit	(8)	-	-	-	48,000	-	-	-	-	-	-	-	-	48,000	48,000	-
Bank Charges	(9)	3,835	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,166	3,166	3,166	3,166	38,668	38,000	(668)
Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Bad debt expense (recovery)	(11)	(525)	3,334	3,334	3,334	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	36,141	40,000	3,859
Contingency		-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Total projected cash outflow		<u>482,807</u>	<u>1,207,414</u>	<u>1,207,414</u>	<u>535,492</u>	<u>487,491</u>	<u>487,491</u>	<u>487,491</u>	<u>487,490</u>	<u>487,490</u>	<u>487,490</u>	<u>487,490</u>	<u>487,490</u>	<u>7,333,051</u>	<u>7,130,771</u>	<u>(202,280)</u>
Net Cash inflow (outflow)		<u>4,102,246</u>	<u>(1,079,611)</u>	<u>(1,079,611)</u>	<u>(407,689)</u>	<u>(359,688)</u>	<u>(359,688)</u>	<u>(359,688)</u>	<u>(359,688)</u>	<u>(359,687)</u>	<u>(359,687)</u>	<u>(359,686)</u>	<u>(420,990)</u>	<u>(1,403,467)</u>	<u>(1,286,143)</u>	<u>(117,324)</u>
Opening fund balance		<u>1,424,049</u>	<u>5,526,295</u>	<u>4,446,684</u>	<u>3,367,073</u>	<u>2,959,384</u>	<u>2,599,696</u>	<u>2,240,008</u>	<u>1,880,320</u>	<u>1,520,632</u>	<u>1,160,945</u>	<u>801,258</u>	<u>441,572</u>	<u>1,424,049</u>	<u>1,286,143</u>	<u>137,906</u>
Projected fund balance		<u>5,526,295</u>	<u>4,446,684</u>	<u>3,367,073</u>	<u>2,959,384</u>	<u>2,599,696</u>	<u>2,240,008</u>	<u>1,880,320</u>	<u>1,520,632</u>	<u>1,160,945</u>	<u>801,258</u>	<u>441,572</u>	<u>20,582</u>	<u>20,582</u>	<u>-</u>	<u>20,582</u>
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	801,258	441,572	20,582	20,582	1,000,000	-	-
Surplus (deficit)		4,526,295	3,446,684	2,367,073	1,959,384	1,599,696	1,240,008	880,320	520,632	160,945	-	-	-	-	-	20,582
		<u>5,526,295</u>	<u>4,446,684</u>	<u>3,367,073</u>	<u>2,959,384</u>	<u>2,599,696</u>	<u>2,240,008</u>	<u>1,880,320</u>	<u>1,520,632</u>	<u>1,160,945</u>	<u>801,258</u>	<u>441,572</u>	<u>20,582</u>	<u>20,582</u>	<u>1,000,000</u>	<u>20,582</u>

Assumptions:

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- (2) These estimated 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)(a) The NANPA Administration contract for Somos covers the period from November 1/18 to October 31/19
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- (6) The cost of B&C Agent is based on the actual contract cost of \$28,400 per month. Contract covers the period from May 1/18 to April 30/23
- (7) The expense for the Data Collection Agent is based on estimate of costs by USAC.
- (8) The cost of the annual operations audit is based on the cost of the prior year's history of billing from Ernst & Young LLP
- (9) Bank fees are an expense to the Fund and are estimated based on prior years' history
- (10) The budget allowed \$200,000 for carrier audits. Assuming that none will be performed in the year
- (11) The bad debt expense covers all accounts considered potentially uncollectible for fees billed for the 2018-19 funding year.

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on October 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

Demand notices were emailed/mailed on October 15th to all carriers with overdue balances. A total of 1,510 demand notices were sent out.

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.

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 the query and the resolution date. In October, 439 calls and 1022 emails were received which is higher than the prior year. Most queries are 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. The increased queries are attributed to the payment reminder email sent to carriers with outstanding amounts on October 2nd, the email sent on October 15th with the Demand Notices and the Red Light Status Alert sent by USAC on October 15th to carriers.

Staffing Changes

There have been no changes to staffing this month.

Contract Renewals

The Billing and Collection Agent contract was awarded to Welch LLP in April 2018. The contract is for a 5-year period from May 1, 2018 to April 30, 2023.

The NANPA Administration contract for NeuStar was extended for the period of October 1, 2018 to December 31, 2018 which includes a 2 month transition to the new administrator, Somos, Inc. The contract with Somos for the NANPA Administration Contract covers the period of November 1, 2018 to October 31, 2019.

The 1K Block Pooling contract for NeuStar was extended for the period of October 1, 2018 to December 31, 2018 which includes a 2 month transition to the new administrator, Somos, Inc. the contract with Somos for the 1K Block Pooling covers the period of November 1, 2018 to October 31, 2019.

Status of Audits

FCC Audit: We were given a listing by the auditors of the required documents and the due dates. We have been providing the FCC auditors with all of the documents by the required dates.

Independent Audit: The independent audit by Ernst & Young LLP of the financial statements and specified procedures will commence November 19th, 2018.

IPERIA: Annual risk assessment analysis completed and sent to the FCC and auditors in May, as well as the Entity Level Assessment as required by OMB Circular A-123. Testing and reporting for improper payments was completed at the end of September .

Deliverable Reports Submission Dates

Monthly SSF 224 report - submitted November 5, 2018.

Quarterly Report on Fund Performance and Statement of Financial Position for quarter end September 30, 2018 - submitted on October 9, 2018

Quarterly Crosswalk reporting package for quarter end September 30, 2018 - submitted on October 9, 2018.

Treasury Report on Receivables - submitted on October 23, 2018 (per email from FCC, an extension of the due date was given to October 31)

Monthly COSC report - submitted on October 9, 2018.

Accounts Receivable

We did not receive any funds from Treasury in October for debts collected.

At the end of October, there are 915 accounts outstanding representing unpaid invoices from the September 2018 billing, amounting to \$84,373. Of the 915 accounts, 344 accounts already have balance owing from prior years which has been submitted to Treasury for collections.

CURRENT AND FORECASTED LIABILITIES

	Current						
	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
NANPA Administration - NEUSTAR	187,332	325,633	325,633	-	-	-	-
- Payment authorized by the FCC in October September 2018	<u>\$ 189,460</u>						
- Authorization by the FCC has not been received for payment October 2018		<u>\$ 187,332</u>					
NANPA Administration - SOMOS		243,333	243,333	243,333	243,333	243,333	243,333
1K Block Pooling - NEUSTAR	257,128	394,289	394,289	-	-	-	-
- Payment authorized by the FCC in October September 2018	<u>\$ 265,970</u>						
- Authorization by the FCC has not been received for payment October 2018		<u>\$ 257,128</u>					
1K Block Pooling - SOMOS		319,585	319,585	319,585	319,585	319,585	319,585
Welch LLP - Billing & Collection Agent	28,400	28,400	28,400	28,400	28,400	28,400	28,400
- Payment authorized by the FCC in October September 2018	<u>\$ 28,400</u>						
- Authorization by the FCC has not been received for payment October 2018		<u>\$ 28,400</u>					
USAC - Data Collection Agent	6,500	6,500	6,500	6,500	6,500	6,500	6,500
- Payment authorized by the FCC in October September 2018	<u>\$ 6,637</u>						
- Authorization by the FCC has not been received for payment October 2018		<u>\$ 6,500</u>					
Carrier audits	-	-	-	-	-	-	-
Ernst & Young LLP- Annual operations audit	-	-	-	48,000	0	0	0
Bank Fees		3,167	3,167	3,167	3,167	3,167	3,167
Total	# 479,360	1,320,907	1,320,907	648,985	600,985	600,985	600,985