

**Billing and Collection Agent Report
For period ending May 31, 2019**

To FCC Contract Oversight Sub-Committee

June 4, 2019

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
May 31, 2019**

Assets

| | | | |
|--|-----------------|-----------|-------------------------|
| Cash in bank | | \$ | 1,801,608 |
| Receivables | | | |
| Receivable from US Carriers | 76,645 | | |
| Receivable from Canada | - | | |
| Receivable from Caribbean countries | 1,540 | | |
| Receivables forwarded to Treasury for collection | 71,106 | | |
| Receivable from US Treasury - see note below | 44 | | |
| Allowance for uncollectible accounts | <u>(85,500)</u> | | <u>63,835</u> |
| Total assets | | | 1,865,443 |
| Less: Accrued liabilities | | | |
| Welch LLP | 28,400 | | |
| SOMOS | 555,418 | | |
| Data Collection Agent - USAC | <u>6,500</u> | | <u>(590,318)</u> |
| Fund balance | | \$ | <u>1,275,125</u> |

Amounts receivable from US Treasuries are amounts Treasury has indicated have been collected from filers but the funds have not yet been disbursed to NANP.

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

| | Actual | | | | | | | | Forecasted | | | | Total | Budget | Variance between forecasted results and budget at Sept 30/19 | |
|---|--------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--|---------------------|
| | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | | | | |
| Revenue | | | | | | | | | | | | | | | | |
| International Contributions | | | | | | | | | | | | | | | | |
| Canada | (1) | 18,286 | 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 | 9,144 | - | 132,753 | 132,753 | - | |
| Domestic Contributions - US carriers | (1) | 4,538,876 | 115,084 | 474,065 | 73,710 | 76,122 | 73,604 | 73,436 | 72,174 | 73,697 | 73,697 | 73,697 | 5,718,162 | 5,639,875 | 78,287 | |
| Late filing fees for Form 499A | (2) | (1,300) | (400) | 600 | 400 | 200 | - | 100 | 900 | - | - | 66,000 | 66,500 | 66,000 | 500 | |
| Interest income | (3) | 6,155 | 5,244 | 6,112 | 5,355 | 4,129 | 3,902 | 3,267 | 2,490 | 500 | 500 | 500 | 38,654 | 6,000 | 32,654 | |
| Total revenue | | 4,585,053 | 129,071 | 489,920 | 88,608 | 89,594 | 86,649 | 85,946 | 84,707 | 83,340 | 83,340 | 83,341 | 66,500 | 5,956,069 | 5,844,628 | 111,441 |
| Expenses | | | | | | | | | | | | | | | | |
| NANPA Administration - Somos | (4)(a) | - | 240,833 | 240,833 | 240,833 | 240,833 | 240,833 | 243,545 | 240,833 | 243,333 | 243,333 | 243,333 | 2,661,875 | 2,088,152 | (573,723) | |
| NANPA Administration - Neustar | (4)(b) | 187,332 | - | - | - | - | - | - | - | - | - | - | 187,332 | 189,832 | 2,500 | |
| NANPA Administration - Neustar | (4)(b) | - | 188,201 | 187,332 | - | - | - | - | - | - | - | - | 375,533 | - | (375,533) | |
| NANPA Administration - Neustar transition | (4)(c) | - | - | 70,822 | - | - | - | - | - | - | - | - | 70,822 | - | (70,822) | |
| NANPA Administration - Change Order A | (4)(d) | - | - | - | - | - | - | - | - | 19,606 | - | - | 19,606 | - | (19,606) | |
| 1K Block Pooling - Somos | (5)(a) | - | 314,855 | 314,585 | 314,315 | 314,585 | 314,585 | 321,266 | 314,585 | 319,585 | 319,585 | 319,585 | 3,487,116 | 2,848,879 | (638,237) | |
| 1K Block Pooling - Somos pre-transition | | - | - | 25,294 | - | - | - | - | - | - | - | - | 25,294 | - | (25,294) | |
| 1K Block Pooling - Neustar | (5)(b) | 257,128 | - | - | - | - | - | - | - | - | - | - | 257,128 | 258,988 | 1,860 | |
| 1K Block Pooling - Neustar | (5)(b) | - | 258,777 | 254,442 | - | - | - | - | - | - | - | - | 513,219 | - | (513,219) | |
| 1K Block Pooling - Neustar transition | (5)(c) | - | - | 101,518 | - | - | - | - | - | - | - | - | 101,518 | - | (101,518) | |
| 1K Block Pooling - Change Order A | (5)(d) | - | - | - | - | - | - | - | - | 64,004 | - | - | 64,004 | - | (64,004) | |
| 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 | 340,800 | 340,920 | 120 | |
| Data Collection Agent | (7) | 6,637 | 6,586 | 6,465 | 7,062 | 6,210 | 6,210 | 6,403 | 6,262 | 6,500 | 6,500 | 6,500 | 77,835 | 78,000 | 165 | |
| Annual Operations Audit | (8) | - | - | 38,400 | 9,600 | - | - | - | - | - | - | - | 48,000 | 48,000 | - | |
| Bank Charges | (9) | 3,835 | 7,530 | 2,478 | 2,456 | 2,821 | 2,148 | 2,555 | 1,938 | 3,166 | 3,166 | 3,166 | 38,425 | 38,000 | (425) | |
| Carrier Audits | (10) | - | - | - | - | - | - | - | - | - | - | - | - | 200,000 | 200,000 | |
| Bad debt expense | (11) | (525) | (4,449) | 23,388 | 7,281 | 1,577 | (12,646) | (2,603) | (4,512) | 3,333 | 3,333 | 3,333 | 20,843 | 40,000 | 19,157 | |
| Total expenses | | 482,807 | 1,040,733 | 1,293,957 | 609,947 | 594,426 | 579,530 | 599,566 | 587,506 | 604,317 | 687,927 | 604,317 | 8,289,350 | 6,130,771 | (2,158,579) | |
| Net revenue (expenses) | | 4,102,246 | (911,662) | (804,037) | (521,339) | (504,832) | (492,881) | (513,620) | (502,799) | (520,977) | (604,587) | (520,976) | (537,817) | (2,333,281) | (286,143) | (2,047,138) |
| Opening fund balance | | 1,424,049 | 5,526,295 | 4,614,633 | 3,810,596 | 3,289,257 | 2,784,425 | 2,291,544 | 1,777,924 | 1,275,125 | 754,148 | 149,561 | (371,415) | 1,424,049 | 1,286,143 | 137,906 |
| Closing fund balance | | 5,526,295 | 4,614,633 | 3,810,596 | 3,289,257 | 2,784,425 | 2,291,544 | 1,777,924 | 1,275,125 | 754,148 | 149,561 | (371,415) | (909,232) | 1,000,000 | (1,909,232) | |
| 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 | | 4,526,295 | 3,614,633 | 2,810,596 | 2,289,257 | 1,784,425 | 1,291,544 | 777,924 | 275,125 | (245,852) | (850,439) | (1,371,415) | (1,909,232) | (1,909,232) | - | |
| | | 5,526,295 | 4,614,633 | 3,810,596 | 3,289,257 | 2,784,425 | 2,291,544 | 1,777,924 | 1,275,125 | 754,148 | 149,561 | (371,415) | (909,232) | 1,000,000 | (1,909,232) | |

Assumptions:

- (1) The US carrier contributions for the period from October 2018 to September 2019 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)(a) The NANPA Administration contract for Somos covers the period from November 1/18 to October 31/19
- (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
- (4)(d) Change Order to combine the Central Office Code Assignment Guidelines and Thousands-Block Administration Guidelines into one document.
- (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
- (5)(d) Change Order to combine the Central Office Code Assignment Guidelines and Thousands-Block Administration Guidelines into one document.
- (6) The cost of B&C Agent is based on the contract with Welch LLP
- (7) The expense for the Data Collection Agent is based on an allocation 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 allows \$200,000 for carrier audits. This will not be expended.
- (11) The allowance covers all accounts considered potentially uncollectible at May 31, 2019.

Reconciliation of forecast to budget

| Budgeted fund balance at September 30, 2019 - contingency | 1,000,000 |
|---|------------------|
| Decrease in opening fund balance between budget period and actual | 137,906 |
| Additional billings over estimate from budget | 78,287 |
| Late filing fees (reversal) for Form 499A | 500 |
| Underestimate of interest earned to date compared to budget | 32,654 |
| Somos - NANPA - excess of contract awarded over amount budgeted | (573,723) |
| NeuStar - NANPA - transitional month costs not budgeted | (373,033) |
| NeuStar - NANPA - transition costs not budgeted | (70,822) |
| Somos - Pooling - excess of contract awarded over amount budgeted | (663,531) |
| NeuStar - Pooling - transitional month costs not budgeted | (513,539) |
| NeuStar - NANPA - transition costs not budgeted | (101,518) |
| Somos - NANPA Administration Change Order A - not budgeted | (19,606) |
| Somos - Pooling Change Order A - not budgeted | (64,004) |
| Decrease in B&C Agent costs | 120 |
| Data Collection fees - Adjustment to actual from budget | 165 |
| Bad debts - Adjustment to actual from budget | 19,157 |
| Carrier audits that will not be performed | 200,000 |
| Operations Audit - Adjustment to actual from budget | - |
| Bank fees - Variance between actual and budget | (425) |
| Forecasted fund balance at September 30, 2019 | (909,232) |

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on May 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 and statements of account were emailed/mailed on May 13th to all carriers with overdue balances. A total of 26 demand notices and statements of account were sent out. This is on par with the previous month. The outstanding balances from the 2018 annual billing were sent to Treasury for collections on January 10, 2019.

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 May 8 calls and 12 emails were received which is lower 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.

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: The FCC financial audit has started. A kick off meeting was held with the auditors on April 23. A listing has been provided by the auditors of the required documents and the due dates. We have begun submitting requested documents.

Independent Audit: The independent audit by Ernst & Young LLP of the financial statements and specified procedures commenced November 19th, 2018. The audits are complete at this time.

IPERIA: A kick-off meeting was held in November with the FCC and the auditors. Documentation requested was provided in December 2018. Ongoing biweekly conference calls are attended. This audit is in the final stages of completion

Deliverable Reports Submission Dates

Monthly SSF 224 report - submitted June 4, 2019.

Quarterly Report on Fund Performance and Statement of Financial Position - submitted April 5, 2019

Quarterly Crosswalk reporting package - submitted April 5, 2019

Treasury Report on Receivables - April 10, 2019

Monthly COSC report - submitted on May 6, 2019

Accounts Receivable

We received \$3,051.02 in May from Treasury for debts collected.

At the end of May there are 340 accounts outstanding representing unpaid invoices from the September 2018 billing, amounting to \$32,396.17. Of the 340 accounts, 328 accounts totalling \$31,062.56 were submitted to Treasury on January 10, 2019 for collections.

CURRENT AND FORECASTED LIABILITIES

| | | <u>Current</u> | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|----------------|
| | | <u>May-19</u> | <u>Jun-19</u> | <u>Jul-19</u> | <u>Aug-19</u> | <u>Sep-19</u> |
| NANPA Administration - SOMOS | | 240,833 | 243,333 | 262,939 | 243,333 | 243,333 |
| - Payment authorized by the FCC in May | | | | | | |
| Apr-19 | \$ 243,546 | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | |
| May-19 | \$ 240,833 | | | | | |
| 1K Block Pooling - SOMOS | | 314,585 | 319,585 | 383,589 | 319,585 | 319,585 |
| - Payment authorized by the FCC in May | | | | | | |
| Apr-19 | \$ 321,266 | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | |
| May-19 | \$ 314,585 | | | | | |
| Welch LLP - Billing & Collection Agent | | 28,400 | 28,400 | 28,400 | 28,400 | 28,400 |
| - Payment authorized by the FCC in May | | | | | | |
| Apr-19 | \$ 28,400 | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | |
| May-19 | \$ 28,400 | | | | | |
| USAC - Data Collection Agent | | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| - Payment authorized by the FCC in May | | | | | | |
| Apr-19 | \$ 6,262 | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | |
| May-19 | estimate \$ 6,500 | | | | | |
| Carrier audits | | - | - | - | - | - |
| Ernst & Young LLP- Annual operations audit | | - | - | - | - | - |
| Bank Fees | | | 3,166 | 3,166 | 3,166 | 3,166 |
| Total | | <u>590,318</u> | <u>600,984</u> | <u>684,594</u> | <u>600,984</u> | <u>600,984</u> |

NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2018 TO SEPTEMBER 2019

| Projection based on revised forecast | | | | | | | | | | | | |
|---|--------|------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 |
| Projected Revenue | | | | | | | | | | | | |
| International Contributions | | | | | | | | | | | | |
| Canada | (1) | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,144 |
| Caribbean countries | (1) | 23,036 | - | - | - | - | - | - | - | - | - | - |
| Total International Contributions | | 32,179 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,143 | 9,144 |
| Domestic Contributions - US carriers | (1) | 4,412,912 | 118,160 | 118,160 | 118,160 | 118,160 | 118,160 | 118,160 | 118,160 | 118,160 | 118,160 | 118,160 |
| Late filing fees for Form 499A | (2) | - | - | - | - | - | - | - | - | - | - | 66,000 |
| Interest income | (3) | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Total projected revenue | | 4,445,591 | 127,803 | 127,803 | 127,803 | 127,803 | 127,803 | 127,803 | 127,803 | 127,803 | 127,803 | 193,804 |
| Projected Expenses | | | | | | | | | | | | |
| NANPA Administration - Somos | (4)(a) | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 |
| NANPA Administration - NeuStar | (4)(b) | 190,332 | 190,332 | 190,332 | - | - | - | - | - | - | - | - |
| NANPA Administration - NeuStar transition | (4)(c) | 135,301 | 135,301 | - | - | - | - | - | - | - | - | - |
| 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 |
| 1K Block Pooling - NeuStar | (5)(b) | 258,988 | 258,988 | - | - | - | - | - | - | - | - | - |
| 1K Block Pooling - NeuStar transition | (5)(c) | 135,301 | 135,301 | - | - | - | - | - | - | - | - | - |
| 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 |
| Data Collection Agent - USAC | (7) | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| Annual Operations Audit | (8) | - | - | - | 48,000 | - | - | - | - | - | - | - |
| Bank Charges | (9) | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 | 3,167 | 3,166 | 3,166 | 3,166 | 3,166 |
| Carrier Audits | (10) | - | - | - | 200,000 | - | - | - | - | - | - | - |
| Bad debt expense (recovery) | (11) | 3,334 | 3,334 | 3,334 | 3,334 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 |
| Total projected expenses | | 490,721 | 1,324,241 | 1,324,241 | 652,319 | 804,318 | 604,318 | 604,318 | 604,318 | 604,317 | 604,317 | 604,317 |
| Projected Net revenue (expenses) | | 3,954,870 | (1,196,438) | (1,196,438) | (524,516) | (676,515) | (476,515) | (476,515) | (476,515) | (476,514) | (476,514) | (476,514) |
| Projected Opening fund balance | | 1,424,049 | 5,378,919 | 4,182,481 | 2,986,043 | 2,461,527 | 1,785,012 | 1,308,497 | 831,982 | 355,467 | - | 121,047 |
| Projected Closing fund balance | | 5,378,919 | 4,182,481 | 2,986,043 | 2,461,527 | 1,785,012 | 1,308,497 | 831,982 | 355,467 | - | 121,047 | - |
| Projected 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 |
| Surplus | | 4,378,919 | 3,182,481 | 1,986,043 | 1,461,527 | 785,012 | 308,497 | - | 168,018 | (644,533.00) | (1,121,047) | (1,597,561) |
| | | <u>5,378,919</u> | <u>4,182,481</u> | <u>2,986,043</u> | <u>2,461,527</u> | <u>1,785,012</u> | <u>1,308,497</u> | <u>831,982</u> | <u>355,467</u> | <u>-</u> | <u>121,047</u> | <u>-</u> |

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 31/19
- (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
- (5)(d) Pooling CO #6 addresses INC changes at anticipated cost of \$20,053 (change order and cost not yet approved by FCC)
- (5)(d) Pooling CO #7 addresses INC changes at anticipated cost of \$37,333 (change order and cost not yet approved by FCC)
- (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.
- (11) The bad debt expense covers all accounts considered potentially uncollectible for fees billed for the 2018-19 funding year.