

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

To FCC Contract Oversight Sub-Committee

September 9, 2019

NANPA FUND
STATEMENT OF FINANCIAL POSITION
August 31, 2019

Assets

Cash in bank		\$ 284,809
Receivables		
Receivable from US Carriers	69,645	
Receivable from Canada	-	
Receivable from Caribbean countries	1,559	
Receivables forwarded to Treasury for collection	63,067	
Allowance for uncollectible accounts	<u>(81,600)</u>	<u>52,671</u>

Total assets 337,480

Less: Accrued liabilities

Welch LLP	28,400	
SOMOS	555,418	
Data Collection Agent - USAC	<u>6,500</u>	<u>(590,318)</u>

Fund balance \$ (252,838)

A decision to switch banks from BNY Mellon to Bank of America was made to allow for better rates for bank fees and allow for the potential to accept credit card payments.

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	78,385	77,128	74,148	5,726,732	5,639,875	86,857	
Late filing fees for Form 499A	(2)	(1,300)	(400)	600	400	200	-	100	900	700	-	1,300	66,000	66,000	2,500	
Interest income	(3)	6,155	5,244	6,112	5,355	4,129	3,902	3,267	2,490	1,851	1,047	446	40,498	6,000	34,498	
Total revenue		4,585,053	129,071	489,920	88,608	89,594	86,649	85,946	84,707	90,079	87,318	85,038	66,500	5,968,483	5,844,628	123,855
Expenses																
NANPA Administration - Somos	(4)(a)	-	240,833	240,833	240,833	240,833	243,545	240,833	242,991	240,833	240,833	243,333	2,656,533	2,088,152	(568,381)	
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	325,156	314,585	314,585	3,482,687	2,848,879	(633,808)	
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	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	6,296	6,209	6,155	6,500	76,995	78,000	1,005
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	2,035	1,862	1,927	3,166	34,751	38,000	3,249
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)	(1,788)	140	3,379	3,333	12,575	40,000	27,425
Total expenses		482,807	1,040,733	1,293,957	609,947	594,426	579,530	599,566	587,506	603,090	592,029	595,279	687,927	8,266,797	6,130,771	(2,136,026)
Net revenue (expenses)		4,102,246	(911,662)	(804,037)	(521,339)	(504,832)	(492,881)	(513,620)	(502,799)	(513,011)	(504,711)	(510,241)	(621,427)	2,298,314	286,143	(2,012,171)
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	762,114	257,403	(252,838)	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	762,114	257,403	(252,838)	(874,265)	1,000,000	1,000,000	(1,874,265)
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	-
Surplus		4,526,295	3,614,633	2,810,596	2,289,257	1,784,425	1,291,544	777,924	275,125	(237,886)	(742,597)	(1,252,838)	(1,874,265)	(1,874,265)	-	-
		5,526,295	4,614,633	3,810,596	3,289,257	2,784,425	2,291,544	1,777,924	1,275,125	762,114	257,403	(252,838)	(874,265)	1,000,000	1,000,000	-

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 August 31, 2019.

Reconciliation of forecast to budget

Budgeted fund balance at September 30, 2019 - contingency	1,000,000
Increase in opening fund balance between budget period and actual	137,906
Additional billings over estimate from budget	86,857
Late filing fees (reversal) for Form 499A	2,500
Underestimate of interest earned to date compared to budget	34,498
Somos - NANPA - excess of contract awarded over amount budgeted	(568,381)
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	(659,102)
NeuStar - Pooling - transitional month costs not budgeted	(511,359)
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	1,005
Bad debts - Adjustment to actual from budget	27,425
Carrier audits that will not be performed	200,000
Operations Audit - Adjustment to actual from budget	-
Bank fees - Variance between actual and budget	3,249
Forecasted fund balance at September 30, 2019	(874,265)

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on August 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 August 13th to all carriers with overdue balances. A total of 20 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 August, 8 calls and 8 emails were received which is comparable to 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 September 3, 2019.

Quarterly Report on Fund Performance and Statement of Financial Position - submitted July 4, 2019

Quarterly Crosswalk reporting package - submitted July 4, 2019

Treasury Report on Receivables - submitted on July 15, 2019

Monthly COSC report - submitted on August 20, 2019

Accounts Receivable

We received \$416.33 in August from Treasury for debts collected.

At the end of August there are 301 accounts outstanding representing unpaid invoices from the September 2018 billing, amounting to \$28,859.30. Of the 301 accounts, 289 accounts totaling \$27,525.69 were submitted to Treasury on January 10, 2019 for collections.

**NANPA FUND
FORECASTED STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2019 TO SEPTEMBER 2020**

Projection based on budget													
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total
Projected Revenue													
International Contributions													
Canada (1)	17,855	17,855	17,855	17,855	17,855	17,855	17,855	17,855	17,855	17,856	17,856	17,856	214,263
Caribbean countries (1)	43,355	-	-	-	-	-	-	-	-	-	-	-	43,355
Total International Contributions	61,210	17,855	17,855	17,855	17,855	17,855	17,855	17,855	17,855	17,856	17,856	17,856	257,618
Domestic Contributions - US carriers (1)	9,372,009	164,254	164,254	164,254	164,254	164,254	164,254	164,254	164,254	164,254	164,254	164,254	11,178,803
Late filing fees for Form 499A (2)	-	-	-	-	-	-	-	-	-	-	-	80,000	80,000
Interest income (3)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Total projected revenue	9,435,719	184,609	184,609	184,609	184,609	184,609	184,609	184,609	184,609	184,610	184,610	264,610	11,546,421
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	243,333	2,919,996
NANPA Administration - transition costs (4)(b)	240,833	240,833	-	-	-	-	-	-	-	-	-	-	481,666
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	319,585	3,835,020
1K Block Pooling - Transition costs (5)(b)	314,585	314,585	-	-	-	-	-	-	-	-	-	-	629,170
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
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	6,500	78,000
Annual Operations Audit (8)	-	-	-	49,000	-	-	-	-	-	-	-	-	49,000
Bank Charges (9)	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,166	3,166	3,166	3,166	38,000
Carrier Audits (10)	-	-	-	-	200,000	-	-	-	-	-	-	-	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	3,333	40,000
Total projected expenses	1,159,737	1,159,737	604,319	653,319	804,318	604,318	604,318	604,318	604,317	604,317	604,317	604,317	8,611,652
Projected Net revenue (expenses)	8,275,982	(975,128)	(419,710)	(468,710)	(619,709)	(419,709)	(419,709)	(419,709)	(419,708)	(419,707)	(419,707)	(339,707)	2,934,769
Projected Opening fund balance (12)	(874,265)	7,401,717	6,426,589	6,006,879	5,538,169	4,918,460	4,498,751	4,079,042	3,659,333	3,239,625	2,819,918	2,400,211	(874,265)
Projected Closing fund balance	7,401,717	6,426,589	6,006,879	5,538,169	4,918,460	4,498,751	4,079,042	3,659,333	3,239,625	2,819,918	2,400,211	2,060,504	2,060,504
Projected Fund balance makeup:													
Contingency	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Surplus	5,401,717	4,426,589	4,006,879	3,538,169	2,918,460	2,498,751	2,079,042	1,659,333.10	1,239,625	819,918	400,211	60,504	33,503
	<u>7,401,717</u>	<u>6,426,589</u>	<u>6,006,879</u>	<u>5,538,169</u>	<u>4,918,460</u>	<u>4,498,751</u>	<u>4,079,042</u>	<u>3,659,333</u>	<u>3,239,625</u>	<u>2,819,918</u>	<u>2,400,211</u>	<u>2,060,504</u>	<u>2,033,503</u>

Assumptions:

- (1) The contribution for October 2019 - September 2020 is based on proposed 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 with Somos expires Oct 31/19. Monthly costs are estimated based on the current contract.
- (4)(b) This is an additional two months of Somos NANPA Administration transitional costs if a new administrator is awarded
- (5)(a) The 1K Block Pooling Administration contract with Somos expires Oct 31/19. Monthly costs are estimated based on the current contract.
- (5)(b) This is an additional two months of Somos 1K Block Pooling transitional costs if a new administrator is awarded.
- (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.
- (12) The deficit recovery represents August and September payments to Somos which will be paid in October and covered by the 2019/20 fees due in October.

CURRENT AND FORECASTED LIABILITIES

		Current						
		Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
NANPA Administration - SOMOS		240,833	262,939	484,166	484,166	243,333	243,333	243,333
- Payment authorized by the FCC in August								
Jul-19	\$	<u>240,833</u>						
- Authorization by the FCC has not been received for payment								
Aug-19	\$		<u>240,833</u>					
1K Block Pooling - SOMOS		314,585	383,589	634,170	634,170	319,585	319,585	319,585
- Payment authorized by the FCC in August								
Jul-19	\$	<u>314,585</u>						
- Authorization by the FCC has not been received for payment								
Aug-19	\$		<u>314,585</u>					
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 August								
Jul-19	\$	28,400						
- Authorization by the FCC has not been received for payment								
Aug-19	\$		<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 August								
Jul-19	\$	6,155						
- Authorization by the FCC has not been received for payment								
Aug-19	estimate		<u>6,500</u>					
Carrier audits		-	-	-	-	-	0	200,000
Ernst & Young LLP- Annual operations audit		-	-	-	-	-	49,000	-
Bank Fees		-	3,166	3,167	3,167	3,167	3,167	3,167
Total		<u>590,318</u>	<u>684,594</u>	<u>1,156,403</u>	<u>1,156,403</u>	<u>600,985</u>	<u>649,985</u>	<u>800,985</u>