

**Billing and Collection Agent Report
For period ending September 30, 2019**

To FCC Contract Oversight Sub-Committee

October 9, 2019

**NANPA FUND
STATEMENT OF FINANCIAL POSITION
September 30, 2019**

Assets

Cash in bank		\$ 1,738,962
Receivables		
Receivable from US Carriers	7,561,282	
Receivable from Canada	-	
Receivable from Caribbean countries	44,278	
Receivables forwarded to Treasury for collection	62,905	
Allowance for uncollectible accounts	<u>(137,300)</u>	<u>7,531,165</u>

Total assets 9,270,127

Less: Accrued liabilities

Welch LLP	28,400	
SOMOS	567,232	
Data Collection Agent - USAC	6,500	
BNY Bank Fees	<u>1,945</u>	<u>(604,077)</u>

 Deferred revenue (2019/20 billing) (9,504,720)

Fund balance \$ (838,670)

Invoices for the 2019/20 funding period which runs from October 1, 2019 to September 30, 2020 were emailed/mailed on September 12th. Payments are due October 15, 2019.

During the month of September, the transition from BNY Mellon to Bank of America occurred. The account at BNY Mellon will be formally closed at the end of October.

**NANP FUND
STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2018 TO SEPTEMBER 2019**

		Actual											Total	Budget	Variance between actual 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	9,143	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	115,084	474,065	73,710	76,122	73,604	73,436	72,174	78,385	77,128	74,148	(31)	5,726,701	5,639,875	86,826
	Late filing fees for Form 499A (2)	(1,300)	(400)	600	400	200	-	100	900	700	-	1,300	73,400	75,900	66,000	9,900
	Interest income (3)	6,155	5,244	6,112	5,355	4,129	3,902	3,267	2,490	1,851	1,047	446	581	40,579	6,000	34,579
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	73,950	5,975,933	5,844,628	131,305
Expenses																
	NANPA Administration - Somos (4)(a)	-	240,833	240,833	240,833	240,833	240,833	243,545	240,833	242,991	240,833	240,833	244,336	2,657,536	2,088,152	(569,384)
	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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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	322,896	3,485,998	2,848,879	(637,119)
	1K Block Pooling - Somos pre-transition (5)(b)	257,128	-	25,294	-	-	-	-	-	-	-	-	-	25,294	-	(25,294)
	1K Block Pooling - Neustar (5)(b)	-	258,777	254,442	-	-	-	-	-	-	-	-	-	257,128	258,988	1,860
	1K Block Pooling - Neustar (5)(b)	-	-	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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	6,202	76,697	78,000	1,303
	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	2,005	33,590	38,000	4,410
	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	55,943	65,185	40,000	(25,185)
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	659,782	8,238,652	6,130,771	(2,107,881)
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	(585,832)	2,262,719	286,143	(1,976,576)
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)	(838,670)	1,000,000	1,000,000	(1,838,670)
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 (deficit)	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)	1,838,670	1,838,670	-	-
		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)	(838,670)	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 is based on actual amounts received.
- (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 was not paid in this period
- (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 September 30, 2019.

Reconciliation of actual 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	86,826
Late filing fees (reversal) for Form 499A	9,900
Underestimate of interest earned to date compared to budget	34,579
Somos - NANPA - excess of contract awarded over amount budgeted	(569,384)
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	(662,413)
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	-
Somos - Pooling Change Order A - not budgeted	-
Decrease in B&C Agent costs	120
Data Collection fees - Adjustment to actual from budget	1,303
Bad debts - Adjustment to actual from budget	(25,185)
Carrier audits that will not be performed	200,000
Operations Audit - Adjustment to actual from budget	-
Bank fees - Variance between actual and budget	4,410
Actual fund deficit at September 30, 2019	(838,670)

Deliverables Report

Distributing invoices

The monthly and annual invoices for carriers were emailed/mailed on September 12th. A total of 6,040 invoices were issued for the 2019/20 fees

Processing Payments

Payment information from the lockbox service at Mellon Bank and Bank of America 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 September 13th to all carriers with overdue balances. A total of 21 demand notices and statements of account were sent out. This is on par with the previous month.

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 MSAccess database including the date, Filer ID, nature of query, name of person making the request, who responded to the query and the resolution date. In September 79 calls and 462 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 October 2, 2019.

Quarterly Report on Fund Performance and Statement of Financial Position - submitted on October 9, 2019

Quarterly Crosswalk reporting package - submitted October 9, 2019

Treasury Report on Receivables - due by October 18, 2019

Monthly COSC report - submitted on October 9, 2019

Accounts Receivable

We received \$577.82 in September from Treasury for debts collected.

At the end of September there are 4,261 of the 6040 invoices issued still outstanding representing \$7,604,454.93. Payment for these invoices are due October 15th. A reminder email was sent to carriers on October 2nd.

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	184,610	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
NANPA Administration - Change Order A	(5)(c)	19,606	-	-	-	-	-	-	-	-	-	-	-	19,606
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
1K Block Pooling - Change Order A	(5)(c)	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
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		1,243,347	1,159,737	604,319	653,319	804,318	604,318	604,318	604,318	604,317	604,317	604,317	604,317	8,695,262
Projected Net revenue (expenses)		8,192,372	(975,128)	(419,710)	(468,710)	(619,709)	(419,709)	(419,709)	(419,709)	(419,708)	(419,707)	(419,707)	(339,707)	2,851,159
Projected Opening fund balance	(12)	(838,670)	7,353,702	6,378,574	5,958,864	5,490,154	4,870,445	4,450,736	4,031,027	3,611,318	3,191,610	2,771,903	2,352,196	(838,670)
Projected Closing fund balance		7,353,702	6,378,574	5,958,864	5,490,154	4,870,445	4,450,736	4,031,027	3,611,318	3,191,610	2,771,903	2,352,196	2,012,489	2,012,489
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		5,353,702	4,378,574	3,958,864	3,490,154	2,870,445	2,450,736	2,031,027	1,611,318	1,191,610	771,903	352,196	12,489	12,489
		<u>7,353,702</u>	<u>6,378,574</u>	<u>5,958,864</u>	<u>5,490,154</u>	<u>4,870,445</u>	<u>4,450,736</u>	<u>4,031,027</u>	<u>3,611,318</u>	<u>3,191,610</u>	<u>2,771,903</u>	<u>2,352,196</u>	<u>2,012,489</u>	<u>2,012,489</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.
- (5)(c) 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 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

			<u>Current</u>						
			<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>
NANPA Administration - SOMOS			244,336	484,166	484,166	243,333	243,333	243,333	243,333
- Payment authorized by the FCC in September									
Aug-19	\$	<u>240,833</u>							
- Authorization by the FCC has not been received for payment									
Sep-19	\$	<u>244,336</u>							
1K Block Pooling - SOMOS			322,896	698,174	634,170	319,585	319,585	319,585	319,585
- Payment authorized by the FCC in September									
Aug-19	\$	<u>314,585</u>							
- Authorization by the FCC has not been received for payment									
Sep-19	\$	<u>322,896</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 September									
Aug-19	\$	<u>28,400</u>							
- Authorization by the FCC has not been received for payment									
Sep-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 September									
Aug-19	\$	<u>6,202</u>							
- Authorization by the FCC has not been received for payment									
Sep-19	estimate	<u>6,500</u>							
Carrier audits			-	-	-	-	-	200,000	-
Ernst & Young LLP- Annual operations audit				-	-	-	49,000	-	-
BNY Bank Fees	Sep	\$ <u>1,945</u>	1,945	3,167	3,167	3,167	3,167	3,167	3,167
Total			<u>604,077</u>	<u>1,220,407</u>	<u>1,156,403</u>	<u>600,985</u>	<u>649,985</u>	<u>800,985</u>	<u>600,985</u>