

**Billing and Collection Agent Report
For period ending March 31, 2020**

To FCC Contract Oversight Sub-Committee

April 8, 2020

NANPA FUND
STATEMENT OF FINANCIAL POSITION
March 31, 2020

Assets

Cash in bank	\$	6,686,177
Receivables		
Receivable from US Carriers		8,200
Refunds due back to US Carriers (on Redlight)		(20,444)
Receivable from Canada		-
Receivable from Caribbean countries		3,670
Receivables forwarded to Treasury for collection		93,013
Allowance for uncollectible accounts		(97,550)
		(13,111)
Total assets		6,673,066
Less: Accrued liabilities		
Welch LLP		28,400
SOMOS - NANPA		248,831
SOMOS - Pooling		318,643
Data Collection Agent - USAC		6,500
		(602,374)
Fund balance		\$ 6,070,692

The credit balance of \$20,444 included in the accounts receivable balance is due to overpayments from carriers. Most of this balance cannot be refunded because companies are on red light status.

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

		Actual					Forecasted								Variance		
		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	Budget	between forecasted results and budget at Sept 30/20	
Revenue																	
International Contributions																	
	Canada	(1)	35,710	17,855	17,855	17,855	17,855	17,855	17,855	17,856	17,856	17,856	-	214,263	214,263	-	
	Caribbean countries	(1)	43,355	-	-	-	-	-	-	-	-	-	-	43,355	43,355	-	
Total International Contributions			79,065	17,855	17,855	17,855	17,855	17,855	17,855	17,856	17,856	17,856	-	257,618	257,618	-	
Domestic Contributions - US carriers																	
	Late filing fees for Form 499A	(1)	9,607,193	163,514	163,309	164,720	166,388	165,602	164,254	164,254	164,254	164,254	-	11,251,996	11,178,803	73,193	
	Interest income	(2)	(2,600)	(100)	900	600	(9,600)	(500)	-	-	-	-	80,000	68,700	80,000	(11,300)	
	Interest income	(3)	7,270	7,028	6,843	5,644	4,059	1,431	2,500	2,500	2,500	2,500	2,500	47,275	30,000	17,275	
Total revenue			9,690,928	188,297	188,907	188,819	178,702	184,388	184,609	184,609	184,610	184,610	82,500	11,625,589	11,546,421	79,168	
Expenses																	
NANPA Administration - Somos																	
	NANPA Administration - transition costs	(4)(a)	240,833	240,833	242,060	240,833	240,833	248,831	243,333	243,333	243,333	243,333	243,333	2,914,221	2,919,996	5,775	
	NANPA Administration - Change Order A	(4)(b)	-	-	-	-	-	-	-	-	-	-	240,833	240,833	481,666	240,833	
	NANPA Administration - Change Order A	(4)(c)	-	12,360	-	-	-	-	-	-	-	-	-	12,360	-	(12,360)	
1K Block Pooling - Somos																	
	1K Block Pooling - Transition Costs	(5)(a)	314,585	314,585	325,192	314,585	314,585	318,643	319,585	319,585	319,585	319,585	319,585	3,819,685	3,835,020	15,335	
	1K Block Pooling - Change Order A	(5)(b)	-	-	-	-	-	-	-	-	-	-	314,585	314,585	629,170	314,585	
	1K Block Pooling - Change Order A	(5)(c)	-	59,217	-	-	-	-	-	-	-	-	-	59,217	-	(59,217)	
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	340,800	-	
	Data Collection Agent	(7)	6,178	6,159	6,158	6,252	6,366	6,315	6,500	6,500	6,500	6,500	6,500	76,428	78,000	1,572	
	Annual Operations Audit	(8)	-	-	49,000	-	-	-	-	-	-	-	-	49,000	49,000	-	
	Bank Charges	(9)	5,073	10,356	2,506	2,290	2,214	2,107	3,167	3,167	3,166	3,166	3,166	43,544	38,000	(5,544)	
	Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	
	Bad debt expense	(11)	15,680	(17,634)	4,095	3,388	(5,124)	925	3,333	3,333	3,333	3,333	3,333	21,328	40,000	18,672	
Total expenses			610,749	654,276	657,411	595,748	587,274	605,221	604,318	604,318	604,317	604,317	1,159,735	7,892,001	8,611,652	719,651	
Net revenue (expenses)			9,080,179	(465,979)	(468,504)	(406,929)	(408,572)	(420,833)	(419,709)	(419,709)	(419,707)	(419,707)	(419,707)	(1,077,235)	3,733,588	2,934,769	798,819
Opening fund balance			(838,670)	8,241,509	7,775,530	7,307,026	6,900,097	6,491,525	6,070,692	5,650,983	5,231,274	4,811,567	4,391,860	3,972,153	(838,670)	96,099	
Closing fund balance			8,241,509	7,775,530	7,307,026	6,900,097	6,491,525	6,070,692	5,650,983	5,231,274	4,811,567	4,391,860	3,972,153	2,894,918	2,000,000	894,918	
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 (deficit)		6,241,509	5,775,530	5,307,026	4,900,097	4,491,525	4,070,692	3,650,983	3,231,274	2,811,567	2,391,860	1,972,153	894,918	-	-	
			8,241,509	7,775,530	7,307,026	6,900,097	6,491,525	6,070,692	5,650,983	5,231,274	4,811,567	4,391,860	3,972,153	2,894,918	2,000,000	894,918	

See Assumptions and Reconciliation to Budget on following page

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

Reconciliation of actual to budget

Budgeted fund balance at September 30, 2020 - contingency	\$ 2,000,000
Increase in opening fund balance between budget period and actual	96,099
Additional billings over estimate from budget	73,193
Late filing fees (reversal) for Form 499A	(11,300)
Additional interest earned to date compared to budget	17,275
Somos - NANPA Administration - adjustment to actual from budget	5,775
Somos - NANPA Administration - transitions cost not expended	240,833
Somos - Pooling - adjustment to actual from budget	15,335
Somos - Pooling - transition costs not expended	314,585
Somos - NANPA Administration Change Order A	(12,360)
Somos - Pooling Change Order A	(59,217)
Data Collection fees - Adjustment to actual from budget	1,572
Bad debts - Adjustment to actual from budget	18,672
Carrier audits that will not be performed	200,000
Bank fees - Variance between actual and budget	(5,544)
Forecasted fund balance at September 30, 2020	\$ 2,894,918

Assumptions:

- (1) The US carrier contributions for the period from October 2019 to September 2020 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 with Somos expires Oct 31/19. The contract was extended on the same terms for another 6 month period with two 3 month extension options.
- (4)(b) This is an additional two months of Somos NANPA Administration transitional costs if a new administrator is awarded.
- (4)(c) 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 with Somos expire Oct 31/19. The contract was extended on the same terms for another 6 month period with two 3 month extension options.
- (5)(b) This is an additional two months of Somos 1K Block Pooling transitional costs if a new administrator is awarded as budgeted.
- (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 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.
- (11) The allowance covers all accounts considered potentially uncollectible at March 31, 2020.

Deliverables Report

Distributing invoices

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

Processing Payments

Payment information from the lockbox service at 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 March 13th to all carriers with overdue balances. A total of 20 demand notices and statements of account were sent out. This is comparable to prior 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 MS Access 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 March 10 calls and 23 emails were received which is similar 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 initial contracts with Somos for the NANPA Administration and 1K Pooling contracts covered the period from November 1, 2018 to October 31, 2019. The contracts were extended for an additional 6 months with two 3-month extension options under the same terms.

Status of Audits

FCC Audit: The FCC audit is completed for fiscal 2019.

Independent Audit: The independent audit by Ernst & Young LLP of the financial statements and specified procedures commenced in November. The financial statement audit report was issued December 13, 2019. The specified procedures audit report was issued January 13, 2020.

IPERIA: A kick-off meeting was held in November with the FCC and the auditors. Documentation requested by the auditors in December with a due date of December 23, 2019 was submitted December 16, 2019. Ongoing biweekly meetings attended as required.

Deliverable Reports Submission Dates

Monthly SSF 224 report - submitted April 2, 2020

Quarterly Report on Fund Performance and Statement of Financial Position -submitted April 3, 2020

Quarterly Crosswalk reporting package - submitted April 3, 2020

Treasury Report on Receivables - due April 10, 2020

February COSC report - submitted March 5, 2020

Accounts Receivable

In March, \$1,322.77 was received from Treasury for debts collected.

At the end of March there are 418 out of the 6040 invoices issued in September still outstanding, representing \$50,143.03. Payment for these invoices was due October 15, 2019. Invoices still unpaid at January 9, 2020 were sent to Treasury for collections. The number of invoices outstanding is less than in the prior year at the same date (at March 31, 2019 there were 493 invoices outstanding, totalling \$47,885.54).

CURRENT AND FORECASTED LIABILITIES

			Current						
			Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
NANPA Administration - SOMOS			248,831	243,333	243,333	243,333	243,333	243,333	484,166
- Payment authorized by the FCC in March									
Feb-20	\$	<u>240,833</u>							
- Authorization by the FCC has not been received for payment									
Mar-20	\$	<u>248,831</u>							
1K Block Pooling - SOMOS			318,643	319,585	319,585	319,585	319,585	319,585	634,585
- Payment authorized by the FCC in March									
Feb-20	\$	<u>314,585</u>							
- Authorization by the FCC has not been received for payment									
Mar-20	\$	<u>318,643</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 March									
Feb-20	\$	28,400							
- Authorization by the FCC has not been received for payment									
Mar-20	\$	<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 March									
Feb-20	\$	6,315							
- Authorization by the FCC has not been received for payment									
Mar-20	estimate	<u>6,500</u>							
Carrier audits									
Bank Fees				3,167	3,167	3,166	3,166	3,166	3,166
Total			<u>602,374</u>	<u>600,985</u>	<u>600,985</u>	<u>600,984</u>	<u>600,984</u>	<u>600,984</u>	<u>1,156,402</u>