

**Billing and Collection Agent Report
For period ending April 30,
2020**

To FCC Contract Oversight Sub-Committee

May 5, 2020

NANPA FUND
STATEMENT OF FINANCIAL POSITION
April 30, 2020

Assets

| | | |
|--|----|---------------------|
| Cash in bank | \$ | 6,269,357 |
| Receivables | | |
| Receivable from US Carriers | | 7,730 |
| Refunds due back to US Carriers (on Redlight) | | (23,747) |
| Receivable from Canada | | - |
| Receivable from Caribbean countries | | 3,698 |
| Receivables forwarded to Treasury for collection | | 90,379 |
| Allowance for uncollectible accounts | | (94,800) |
| | | (16,740) |
| Total assets | | 6,252,617 |
| Less: Accrued liabilities | | |
| Welch LLP | | 28,400 |
| SOMOS - NANPA | | 240,833 |
| SOMOS - Pooling | | 314,585 |
| Data Collection Agent - USAC | | 6,500 |
| | | (590,318) |
| Fund balance | | \$ 5,662,299 |

The credit balance of \$23,747 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 | | | | | Total | Budget | Variance between forecasted results and budget at Sept 30/20 | | |
|---|-----------------------|--------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--|-------------------|----------------|
| | | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | | | | Sep-20 | |
| Revenue | | | | | | | | | | | | | | | | | |
| International Contributions | | | | | | | | | | | | | | | | | |
| | Canada | (1) | 35,710 | 17,855 | 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 | | (1) | 9,607,193 | 163,514 | 163,309 | 164,720 | 166,388 | 165,602 | 164,370 | 164,254 | 164,254 | 164,254 | - | 11,252,112 | 11,178,803 | 73,309 | |
| Late filing fees for Form 499A | | (2) | (2,600) | (100) | 900 | 600 | (9,600) | (500) | 200 | - | - | - | 80,000 | 68,900 | 80,000 | (11,100) | |
| Interest income | | (3) | 7,270 | 7,028 | 6,843 | 5,644 | 4,059 | 1,431 | 1,102 | 2,500 | 2,500 | 2,500 | 2,500 | 45,877 | 30,000 | 15,877 | |
| Total revenue | | | <u>9,690,928</u> | <u>188,297</u> | <u>188,907</u> | <u>188,819</u> | <u>178,702</u> | <u>184,388</u> | <u>183,527</u> | <u>184,609</u> | <u>184,610</u> | <u>184,610</u> | <u>82,500</u> | <u>11,624,507</u> | <u>11,546,421</u> | <u>78,086</u> | |
| Expenses | | | | | | | | | | | | | | | | | |
| NANPA Administration - Somos | | (4)(a) | 240,833 | 240,833 | 242,060 | 240,833 | 240,833 | 248,831 | 240,833 | 243,333 | 243,333 | 243,333 | 243,333 | 243,333 | 2,911,721 | 2,919,996 | 8,275 |
| NANPA Administration - transition costs | | (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 | | (5)(a) | 314,585 | 314,585 | 325,192 | 314,585 | 314,585 | 318,643 | 314,585 | 319,585 | 319,585 | 319,585 | 319,585 | 3,814,685 | 3,835,020 | 20,335 | |
| 1K Block Pooling - Transition Costs | | (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 | 6,420 | 6,500 | 6,500 | 6,500 | 6,500 | 76,348 | 78,000 | 1,652 | |
| 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 | 2,031 | 3,167 | 3,166 | 3,166 | 3,166 | 42,408 | 38,000 | (4,408) | |
| Carrier Audits | | (10) | - | - | - | - | - | - | - | - | - | - | - | - | 200,000 | 200,000 | |
| Bad debt expense (recovery) | | (11) | 15,680 | (17,634) | 4,095 | 3,388 | (5,124) | 925 | (349) | 3,333 | 3,333 | 3,333 | 3,333 | 17,646 | 40,000 | 22,354 | |
| Total expenses | | | <u>610,749</u> | <u>654,276</u> | <u>657,411</u> | <u>595,748</u> | <u>587,274</u> | <u>605,221</u> | <u>591,920</u> | <u>604,318</u> | <u>604,317</u> | <u>604,317</u> | <u>1,159,735</u> | <u>7,879,603</u> | <u>8,611,652</u> | <u>732,049</u> | |
| Net revenue (expenses) | | | <u>9,080,179</u> | <u>(465,979)</u> | <u>(468,504)</u> | <u>(406,929)</u> | <u>(408,572)</u> | <u>(420,833)</u> | <u>(408,393)</u> | <u>(419,709)</u> | <u>(419,707)</u> | <u>(419,707)</u> | <u>(419,707)</u> | <u>(1,077,235)</u> | <u>3,744,904</u> | <u>2,934,769</u> | <u>810,135</u> |
| Opening fund balance | | | <u>(838,670)</u> | <u>8,241,509</u> | <u>7,775,530</u> | <u>7,307,026</u> | <u>6,900,097</u> | <u>6,491,525</u> | <u>6,070,692</u> | <u>5,662,299</u> | <u>5,242,590</u> | <u>4,822,883</u> | <u>4,403,176</u> | <u>3,983,469</u> | <u>(838,670)</u> | <u>(934,769)</u> | <u>96,099</u> |
| Closing fund balance | | | <u>8,241,509</u> | <u>7,775,530</u> | <u>7,307,026</u> | <u>6,900,097</u> | <u>6,491,525</u> | <u>6,070,692</u> | <u>5,662,299</u> | <u>5,242,590</u> | <u>4,822,883</u> | <u>4,403,176</u> | <u>3,983,469</u> | <u>2,906,234</u> | <u>2,906,234</u> | <u>2,000,000</u> | <u>906,234</u> |
| 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 | 2,000,000 | - |
| Surplus (deficit) | | | 6,241,509 | 5,775,530 | 5,307,026 | 4,900,097 | 4,491,525 | 4,070,692 | 3,662,299 | 3,242,590 | 2,822,883 | 2,403,176 | 1,983,469 | 906,234 | 906,234 | - | - |
| | | | <u>8,241,509</u> | <u>7,775,530</u> | <u>7,307,026</u> | <u>6,900,097</u> | <u>6,491,525</u> | <u>6,070,692</u> | <u>5,662,299</u> | <u>5,242,590</u> | <u>4,822,883</u> | <u>4,403,176</u> | <u>3,983,469</u> | <u>2,906,234</u> | <u>2,906,234</u> | <u>2,000,000</u> | <u>906,234</u> |

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 | 73,309 |
| Late filing fees (reversal) for Form 499A | (11,100) |
| Additional interest earned to date compared to budget | 15,877 |
| Somos - NANPA Administration - adjustment to actual from budget | 8,275 |
| Somos - NANPA Administration - transitions cost not expended | 240,833 |
| Somos - Pooling - adjustment to actual from budget | 20,335 |
| 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 | 1,652 |
| Bad debts - Adjustment to actual from budget | 22,354 |
| Carrier audits that will not be performed | 200,000 |
| Bank fees - Variance between actual and budget | (4,408) |
| | |
| Forecasted fund balance at September 30, 2020 | \$ 2,906,234 |

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 provided in the budget. Anticipate having transitions costs in September 2020 only.
- (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. Anticipate having transitions costs in September 2020 only.
- (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 April 30, 2020.

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on April 13th.

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 April 13th to all carriers with overdue balances. A total of 31 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 April 9 calls and 37 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. All staff have been working remotely since March 15, 2020 due to Covid-19.

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 for fiscal 2020 is underway. A kick-off meeting was held in April and work will be performed from April to October with final reports expected by November.

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 final wrap up meeting was held in April. There were no issues with respect to NANP activities.

Deliverable Reports Submission Dates

Monthly SSF 224 report - submitted May 4, 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 - submitted April 13, 2020

March COSC report - submitted April 8, 2020

Accounts Receivable

In April, \$580.84 was received from Treasury for debts collected.

At the end of March there are 398 out of the 6040 invoices issued in September still outstanding, representing \$48,378.42. 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 April 30, 2019 there were 455 invoices outstanding, totalling \$44,611.21).

CURRENT AND FORECASTED LIABILITIES

| | | Current | | | | | |
|--|--------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | | <u>Apr-20</u> | <u>May-20</u> | <u>Jun-20</u> | <u>Jul-20</u> | <u>Aug-20</u> | <u>Sep-20</u> |
| NANPA Administration - SOMOS | | 240,833 | 243,333 | 243,333 | 243,333 | 243,333 | 484,166 |
| - Payment authorized by the FCC in April | | | | | | | |
| Mar-20 | \$ <u>248,831</u> | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | |
| Apr-20 | \$ <u>240,833</u> | | | | | | |
| 1K Block Pooling - SOMOS | | 314,585 | 319,585 | 319,585 | 319,585 | 319,585 | 634,170 |
| - Payment authorized by the FCC in April | | | | | | | |
| Mar-20 | \$ <u>318,643</u> | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | |
| Apr-20 | \$ <u>314,585</u> | | | | | | |
| Weich LLP - Billing & Collection Agent | | 28,400 | 28,400 | 28,400 | 28,400 | 28,400 | 28,400 |
| - Payment authorized by the FCC in April | | | | | | | |
| Mar-20 | \$ 28,400 | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | |
| Apr-20 | \$ <u>28,400</u> | | | | | | |
| USAC - Data Collection Agent | | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| - Payment authorized by the FCC in April | | | | | | | |
| Mar-20 | \$ 6,420 | | | | | | |
| - Authorization by the FCC has not been received for payment | | | | | | | |
| Apr-20 | estimate \$ <u>6,500</u> | | | | | | |
| Carrier audits | | | - | - | - | - | - |
| Bank Fees | | | 3,167 | 3,166 | 3,166 | 3,166 | 3,166 |
| Total | | <u>590,318</u> | <u>600,985</u> | <u>600,984</u> | <u>600,984</u> | <u>600,984</u> | <u>1,156,402</u> |