

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

To Numbering Administration Oversight Working Group

October 8, 2020

NANPA FUND
STATEMENT OF FINANCIAL POSITION
September 30, 2020

Assets

Cash in bank - NANP	\$ 6,183,111	
Cash in bank - RND	<u>877,736</u>	\$ 7,060,847
Receivables		
Receivable from US Carriers	8,009,569	
Refunds due back to US Carriers (on Redlight)	(13,396)	
Receivable from Canada	-	
Receivable from Caribbean countries	36,399	
Receivables forwarded to Treasury for collection	82,253	
Allowance for uncollectible accounts	<u>(146,800)</u>	<u>7,968,025</u>
Total assets		15,028,872
Less: Accrued liabilities		
Welch LLP	28,400	
Data Collection Agent - USAC	<u>6,500</u>	(34,900)
Deferred revenue (2020/21 billing)		(6,358,898)
RND fees repayable to carriers		<u>(5,147,987)</u>
Fund balance		<u>\$ 3,487,087</u>

There are credit balances of \$13,396 included in the accounts receivable balance which represents overpayments from carriers. The balance cannot be refunded because companies are on red light status. In addition, they could they be applied fully against the September 2020 annual billing.

6,104 invoices were emailed and 309 invoices were mailed on September 14.

The RND fees repayable to carriers represents the amount invoiced to carriers in September 2020. This fee is expected to be repaid once the Reassigned Numbers database (RND) is operational.

Prior to the collection of funds from the September 14th billing, the cash balance was \$4,082,644. The cash balance for the RND bank account does not reflect payments received on September 30th. Total deposits on September 30th were approximately \$1.6M of which approximately \$715K was for RND fees. The RND funds collected on September 30th were transferred to the RND bank account in October.

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

Actual													Total	Budget	Variance between actual 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	17,855	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	160,770	163,994	165,685	164,108	11,472	11,261,125	11,178,803	82,322	
Late filing fees for Form 499A	(2)	(2,600)	(100)	900	600	(9,600)	(500)	200	100	(800)	(600)	(100)	101,600	89,100	80,000	9,100	
Interest income	(3)	7,270	7,028	6,843	5,644	4,059	1,431	1,102	1,003	896	821	821	702	37,620	30,000	7,620	
Total revenue		9,690,928	188,297	188,907	188,819	178,702	184,388	183,527	179,728	181,946	183,762	182,685	113,774	11,645,463	11,546,421	99,042	
Expenses																	
NANPA Administration - Somos	(4)(a)	240,833	240,833	242,060	240,833	240,833	248,831	240,833	240,833	240,833	240,833	240,833	240,833	2,899,221	2,919,996	20,775	
NANPA Administration - transition costs	(4)(b)	-	-	-	-	-	-	-	-	-	-	-	-	-	481,666	481,666	
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	314,585	314,585	314,585	314,585	314,585	3,789,685	3,835,020	45,335	
1K Block Pooling - Transition Costs	(5)(b)	-	-	-	-	-	-	-	-	-	-	-	-	-	629,170	629,170	
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	28,400	340,800	340,800	-	
Data Collection Agent	(7)	6,178	6,159	6,158	6,252	6,366	6,315	6,420	6,380	6,148	6,331	6,271	6,301	75,279	78,000	2,721	
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	2,003	1,936	1,829	1,791	1,734	35,870	38,000	2,130	
Carrier Audits	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	
Bad debt expense (recovery)	(11)	15,680	(17,634)	4,095	3,388	(5,124)	925	(349)	335	462	(623)	(1,465)	58,584	58,274	40,000	(18,274)	
Total expenses		610,749	654,276	657,411	595,748	587,274	605,221	591,920	592,536	592,364	591,355	590,415	650,437	7,319,706	8,611,652	1,291,946	
Net revenue (expenses)		9,080,179	(465,979)	(468,504)	(406,929)	(408,572)	(420,833)	(408,393)	(412,808)	(410,418)	(407,593)	(407,730)	(536,663)	4,325,757	2,934,769	1,390,988	
Opening fund balance		(838,670)	8,241,509	7,775,530	7,307,026	6,900,097	6,491,525	6,070,692	5,662,299	5,249,491	4,839,073	4,431,480	4,023,750	(838,670)	(934,769)	96,099	
Closing fund balance		8,241,509	7,775,530	7,307,026	6,900,097	6,491,525	6,070,692	5,662,299	5,249,491	4,839,073	4,431,480	4,023,750	3,487,087	3,487,087	2,000,000	1,487,087	
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	3,249,491	2,839,073	2,431,480	2,023,750	1,487,087	1,487,087	-	-	
		8,241,509	7,775,530	7,307,026	6,900,097	6,491,525	6,070,692	5,662,299	5,249,491	4,839,073	4,431,480	4,023,750	3,487,087	3,487,087	2,000,000	-	

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	82,322
Late filing fees (reversal) for Form 499A	9,100
Additional interest earned to date compared to budget	7,620
Somos - NANPA Administration - adjustment to actual from budget	20,775
Somos - NANPA Administration - transitions cost not expended	481,666
Somos - Pooling - adjustment to actual from budget	45,335
Somos - Pooling - transition costs not expended	629,170
Somos - NANPA Administration Change Order A	(12,360)
Somos - Pooling Change Order A	(59,217)
Data Collection fees - Adjustment to actual from budget	2,721
Bad debts - Adjustment to actual from budget	(18,274)
Carrier audits that will not be performed	200,000
Bank fees - Variance between actual and budget	2,130
Actual fund balance at September 30, 2020	\$ 3,487,087

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. Anticipated 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. Anticipated 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 September 30, 2020

Deliverables Report

Distributing invoices

The monthly invoices for carriers were emailed/mailed on September 14th. Payment is due October 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 September 14th to all carriers with overdue balances. A total of 24 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 September, 48 calls and 660 emails were received (2019 - 79 calls and 462 emails). 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

All staff have been working remotely since March 15, 2020 due to Covid-19. One staff member is currently on medical leave. Her duties are being covered by other staff on this contract. Plans for additional help during the September - October billing cycle are in place. A Welch LLP employee who previously performed the bookkeeping functions on the contract will be available to help during that time period.

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. A change order has been submitted for work related to administration of collection of fees for the Reassigned Numbers Database.

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. The RFP for this contract has been issued.

Status of Audits

FCC Audit: The FCC audit for fiscal 2020 is underway. The FCC and the auditors confirmed that they do not need anything from NANP this year since they are now reporting NANP as a disclosure entity in their footnotes instead of as a consolidated entity. They will contact us if they need anything.

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. The audit is scheduled to take place in November 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 October 2, 2020

Quarterly Report on Fund Performance and Statement of Financial Position - submitted July 7, 2020

Quarterly Crosswalk reporting package - submitted October 7, 2020

Quarterly Treasury Report on Receivables - submission due October 23, 2020

August NAOWG report - submitted September 8, 2020

Accounts Receivable

In September, \$387.76 was received from Treasury for debts collected. This represents payments collected by Treasury from 5 carriers.

CURRENT AND FORECASTED LIABILITIES

NANP activity only

		<u>Current</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>
NANPA Administration - SOMOS		-	484,166	484,166	484,166	243,333	243,333	243,333
- Payment authorized by the FCC in September								
Sep-20	\$		<u>240,833</u>					
1K Block Pooling - SOMOS		-	634,170	634,170	634,170	319,585	319,585	319,585
- Payment authorized by the FCC in September								
Sep-20	\$		<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 September								
Sep-20	\$		<u>28,400</u>					
- Authorization by the FCC has not been received for payment								
Sep-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 September								
Aug-20	\$		<u>6,301</u>					
- Authorization by the FCC has not been received for payment								
Sep-20			estimate	<u>\$ 6,500</u>				
Carrier audits		-	-	-	-	-	200,000	-
Ernst & Young LLP- Annual operations audit		-	-	-	50,000	-	-	-
Bank Fees		-	3,167	3,167	3,167	3,167	3,167	3,167
Total		<u>34,900</u>	<u>1,156,403</u>	<u>1,156,403</u>	<u>1,206,403</u>	<u>600,985</u>	<u>800,985</u>	<u>600,985</u>

**NANP FUND
FORECATED STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2020 TO SEPTEMBER 2021**

Projection based on budget													Total	Budget	
Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21				
NANP Activities															
Projected Revenue															
International Contributions															
Canada	(1)	28,374	14,187	14,187	14,187	14,187	14,187	14,187	14,187	14,187	14,187	14,186	-	170,243	170,243
Caribbean countries	(1)	32,838	-	-	-	-	-	-	-	-	-	-	-	32,838	32,838
Total International Contributions		61,212	14,187	14,187	14,187	14,187	14,187	14,187	14,187	14,187	14,187	14,186	-	203,081	203,081
Domestic Contributions - US carriers	(1)	6,416,008	104,136	104,136	104,136	104,136	104,136	104,136	104,136	104,136	104,135	104,135	-	7,457,366	7,393,337
Late filing fees for Form 499A	(2)	-	-	-	-	-	-	-	-	-	-	-	80,000	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	30,000
Total projected revenue		6,479,720	120,823	120,823	120,823	120,823	120,823	120,823	120,823	120,822	120,821	82,500		7,770,447	7,706,418
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	2,919,996
NANPA Administration - transition costs	(4)(b)	240,833	240,833	240,833	-	-	-	-	-	-	-	-	-	722,499	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	3,835,020
1K Block Pooling - Transition Costs	(5)(b)	314,585	314,585	314,585	-	-	-	-	-	-	-	-	-	943,755	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	340,800
Data Collection Agent	(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	78,000
Annual Operations Audit	(8)	-	-	50,000	-	-	-	-	-	-	-	-	-	50,000	50,000
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	3,166	38,000	38,000
Carrier Audits	(10)	-	-	-	-	200,000	-	-	-	-	-	-	-	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	40,000
Total projected expenses		1,159,737	1,159,737	1,209,737	604,319	804,318	604,318	604,318	604,317	604,317	604,317	604,317	604,317	9,168,070	8,612,652
Projected Net revenue (expenses)		5,319,983	(1,038,914)	(1,088,914)	(483,496)	(683,495)	(483,495)	(483,495)	(483,495)	(483,494)	(483,495)	(483,496)	(521,817)	(1,397,623)	(906,234)
Projected Opening fund		3,487,087	8,807,070	7,768,156	6,679,242	6,195,746	5,512,251	5,028,756	4,545,261	4,061,766	3,578,272	3,094,777	2,611,281	3,487,087	2,906,234
Projected NANP Closing fund balance		8,807,070	7,768,156	6,679,242	6,195,746	5,512,251	5,028,756	4,545,261	4,061,766	3,578,272	3,094,777	2,611,281	2,089,464	2,089,464	2,000,000
Projected NANP 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		6,807,070	5,768,156	4,679,242	4,195,746	3,512,251	3,028,756	2,545,261	2,061,766	1,578,272	1,094,777	611,281	89,464	89,464	-
		8,807,070	7,768,156	6,679,242	6,195,746	5,512,251	5,028,756	4,545,261	4,061,766	3,578,272	3,094,777	2,611,281	2,089,464	2,089,464	2,000,000

See assumptions on following page

**NANP FUND
FORECATED STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2020 TO SEPTEMBER 2021**

Assumptions:

- (1) The contributions for October 2020 - September 2021 are 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 with Somos expires Oct 31/20. 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 31/20. 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 as budgeted.
- (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 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 2020-21 funding year.

Reassigned Numbers Database (RND) Activities

Budgeted contributions		<u>\$ 6,000,000</u>
Contributions Invoiced at Sept 30/20	(1)	\$ 5,147,987
Monthly contributions to be received	(1)	930,815
Less: estimated uncollectible amounts	(2)	<u>(60,000)</u>
Anticipated contributions		<u>\$ 6,018,802</u>
Contributions received to Sept 30/20		\$ 877,736
Less expected costs:		
RND Administrator	(3)	-
B&C Agent fees	(4)	-
Audit fees	(5)	-
Bank fees	(6)	<u>-</u>
Balance of funds collected		<u>\$ 877,736</u>

Notes:

(1) This figure represents actual amounts billed in September 2020. Additional amounts will be billed on a monthly basis to those carriers who opted to pay the fees monthly.

(2) An estimate of approximately 1% of amounts billed is anticipated to not be collected.

(3) This represents the amount to be paid to the RND administrator for the creation of the database.

(4) This represents additional fees for the B&C Agent to administer the RND collection of fees and payments. A change order has been approved at \$5000/mth starting October 2020 until April 2023.

(5) This represents additional audit fees that will be incurred to perform additional audit procedure on the collection and payment of the RND funds. This will be an annual cost until the program is completed

(6) This represents monthly bank fees incurred specifically for the RND account. Included in the bank fees is the cost to collateralize the bank account.