

**Billing and Collection Agent Report
For period ending March 31, 2023**

To Numbering Administration Oversight Working Group

NANPA FUND
STATEMENT OF FINANCIAL POSITION
March 31, 2023

Assets

| | | |
|---|------------------|----------------------------|
| Cash in bank - NANP | \$ 5,196,345 | |
| Cash in bank - RND | <u>2,865,121</u> | \$ 8,061,466 |
| Receivables | | |
| Receivable from US Carriers | 98,500 | |
| Refunds due back to US Carriers (<i>see note below</i>) | (65,118) | |
| Receivable from Canada | - | |
| Receivable from other member countries | 5,716 | |
| Receivables forwarded to Treasury for collection | 87,386 | |
| Allowance for uncollectible accounts | <u>(116,000)</u> | 10,484 |
| RND receivable | | <u>1,186,507</u> |
| Total assets | | 9,258,457 |
| Less: Accrued liabilities | | |
| Welch LLP | 28,400 | |
| SOMOS - NANPA & Pooling | 578,778 | |
| Data Collection Agent | <u>6,700</u> | (613,878) |
| RND fees repayable to carriers | | <u>(4,054,523)</u> |
| Fund balance | | <u>\$ 4,590,056</u> |

There are credit balances of \$65,118 included in the accounts receivable balance. Refund checks totalling \$6,706 were issued in February.

The RND fees repayable to carriers represents amounts invoiced to carriers since September 2020 net of amounts refunded.

**NANP FUND
STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2022 TO SEPTEMBER 2023**

| | | Actual | | | | | | Forecasted | | | | | | Total | Budget | Variance between forecasted results and budget at Sept 30/23 | |
|--|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|--------------------|------------------|--|----------|
| | | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | | | | |
| Revenue | | | | | | | | | | | | | | | | | |
| International Contributions | | | | | | | | | | | | | | | | | |
| | Canada (1) | 25,032 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | - | 150,192 | 150,192 | - |
| | Caribbean countries (1) | 29,358 | - | - | - | - | - | - | - | - | - | - | - | - | 29,358 | 29,358 | - |
| Total International Contributions | | 54,390 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | 12,516 | - | 179,550 | 179,550 | - |
| Domestic Contributions - US carriers (1) | | 6,606,485 | 62,280 | 53,516 | 68,476 | 54,162 | 61,021 | 61,271 | 61,271 | 61,271 | 61,271 | 61,271 | 61,271 | - | 7,212,295 | 7,167,225 | 45,070 |
| Late filing fees for Form 499A (2) | | 600 | 4,100 | 300 | 1,000 | (800) | 300 | | | | | | | 80,000 | 85,500 | 80,000 | 5,500 |
| Interest income (3) | | 4,561 | 6,609 | 7,150 | 7,145 | 5,904 | 6,076 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 43,445 | 12,000 | 31,445 |
| Total revenue | | 6,666,036 | 85,505 | 73,482 | 89,137 | 71,782 | 79,913 | 74,787 | 74,787 | 74,787 | 74,787 | 74,787 | 81,000 | 7,520,790 | 7,438,775 | 82,015 | |
| Expenses | | | | | | | | | | | | | | | | | |
| NANPA and Pooling Administration (4) | | 578,778 | 578,778 | 585,684 | 578,778 | 578,778 | 578,778 | 581,695 | 581,695 | 581,694 | 581,694 | 581,694 | 581,694 | 581,694 | 6,969,740 | 6,980,336 | 10,596 |
| Billing and Collection | | | | | | | | | | | | | | | | | |
| | Welch LLP 28400 | 28,400 | 28,400 | 28,400 | 28,400 | 28,400 | 28,400 | 28,400 | 39,942 | 39,942 | 39,942 | 39,942 | 39,942 | 39,942 | 398,510 | 340,800 | (57,710) |
| | Data Collection Agent (6) | 7,028 | 6,865 | 6,866 | 6,857 | 7,054 | 6,934 | 6,700 | 6,700 | 6,700 | 6,700 | 6,700 | 6,700 | 6,700 | 81,804 | 80,400 | (1,404) |
| | Data Collection Agent (7) | - | - | 54,000 | - | - | - | - | - | - | - | - | - | - | 54,000 | 53,000 | (1,000) |
| | Bank Charges (8) | 5,625 | 9,618 | 4,414 | 2,815 | 2,699 | 2,396 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 3,333 | 47,565 | 40,000 | (7,565) | |
| | Carrier Audits (9) | - | - | - | - | - | - | - | - | - | - | - | 200,000 | 200,000 | 200,000 | - | |
| | Special refunds (11) | | | | | | | | | 350,000 | 505,000 | | | 855,000 | - | (855,000) | |
| | Bad debt expense (recovery) (10) | (9,500) | (6,899) | 6,701 | 6,300 | (9,800) | (800) | - | - | - | - | - | 40,000 | 26,002 | 40,000 | 13,998 | |
| Total expenses | | 610,331 | 616,762 | 686,065 | 623,150 | 607,131 | 615,708 | 620,128 | 631,670 | 981,669 | 1,136,669 | 631,669 | 871,669 | 8,632,621 | 7,734,536 | (898,085) | |
| Net revenue (expenses) | | 6,055,705 | (531,257) | (612,583) | (534,013) | (535,349) | (535,795) | (545,341) | (556,883) | (906,882) | (1,061,882) | (556,882) | (790,669) | (1,111,831) | (295,761) | (816,070) | |
| Opening fund balance | | 1,283,348 | 7,339,053 | 6,807,796 | 6,195,213 | 5,661,200 | 5,125,851 | 4,590,056 | 4,044,715 | 3,487,832 | 2,580,950 | 1,519,068 | 962,186 | 1,283,348 | 1,295,761 | (12,413) | |
| Closing fund balance | | 7,339,053 | 6,807,796 | 6,195,213 | 5,661,200 | 5,125,851 | 4,590,056 | 4,044,715 | 3,487,832 | 2,580,950 | 1,519,068 | 962,186 | 171,517 | 171,517 | 1,000,000 | (828,483) | |
| 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 | 1,000,000 | - |
| | Surplus (deficit) | 6,339,053 | 5,807,796 | 5,195,213 | 4,661,200 | 4,125,851 | 3,590,056 | 3,044,715 | 2,487,832 | 1,580,950 | 519,068 | (37,814) | (828,483) | (828,483) | - | - | |
| | | 7,339,053 | 6,807,796 | 6,195,213 | 5,661,200 | 5,125,851 | 4,590,056 | 4,044,715 | 3,487,832 | 2,580,950 | 1,519,068 | 962,186 | 171,517 | 171,517 | 1,000,000 | (828,483) | |

See Assumptions and Reconciliation to Budget on following page

NANP FUND
STATEMENT OF CHANGES IN FUND BALANCE
OCTOBER 2022 TO SEPTEMBER 2023

Reconciliation of forecast to budget

| | |
|--|---------------------|
| Budgeted fund balance at September 30, 2023 - contingency | \$ 1,000,000 |
| Increase (decrease) in opening fund balance between budget period and actual | (12,413) |
| Additional billings over estimate from budget | 45,070 |
| Late filing fees (reversal) for Form 499A | 5,500 |
| Interest earned - variance between actual and budget | 31,445 |
| NANPA - variance between actual and budget | 10,596 |
| Data Collection fees - variance between actual and budget | (1,404) |
| Annual operations audit - variance between actual and budget | (1,000) |
| Bad debts - variance between actual and budget | 13,998 |
| Carrier audits that are anticipated not to be performed | - |
| Bank fees - variance between actual and budget | (7,565) |
| Billing & Collection fees - variance between actual and budget | (57,710) |
| Special refunds | (855,000) |
| Forecasted fund balance at September 30, 2023 | \$ 171,517 |

Assumptions:

- (1) The US carrier contributions for the period from October 2022 to September 2023 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) The cost of NANPA administration is based on the contract with Somos.
- (5) The cost of B&C Agent is based on the current contract which expires April 30, 2023. Costs from May to September 2023 are based on a proposed one year contract extension.
- (6) The expense for the Data Collection Agent is based on an allocation of costs by USAC.
- (7) The expense for the annual operations audit performed by Ernst & Young LLP is based on actual cost.
- (8) Bank fees are an expense to the Fund.
- (9) The budget allows \$200,000 for carrier audits as may be required under 47 C.F.R. §52.15(k) and FCC Order FCC 00-42. In prior years at the time of the budgetary process, this cost was reset to \$0 for the months May to September, redesignated to surplus which was carried over to the following budget year. This year, per FCC directive, the cost is to remain as an expense and not be reset to \$0; any unexpended amount will be returned to the surplus usable for budget period 2024/25.
- (10) The allowance covers all accounts considered potentially uncollectible at March 31, 2023.
- (11) The amounts on this line are an estimate budgeted to account for refunds that are due to providers who, through 2021, should not have been billed the \$25 minimum NANP fee and the associated \$100 late fee. The refunds due will be charged against the FY 22/23 contingency fund. The final cost to the fund may vary from the amounts on this line as the B&C Agent and the FCC continue to analyze the amounts previously collected and the appropriate refund process.

Deliverables Report

Distributing invoices

The invoices for carriers were emailed/mailed on March 10th. Payment is due April 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 13 demand notices and statements of account were sent out. During the same month last year, 41 statements and demand notices were sent out.

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, 6 calls and 19 emails were received (2022 - 12 calls and 45 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

There are no changes to staffing.

Status of Contracts

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. At the request of the FCC, Welch has submitted a proposal to the FCC for a one year contract extension.

The NANPA and RNDA administration contract was awarded in December 2020. It allowed for a 3-month transition and development period from December 1, 2020 to February 28, 2021 and a 57-month administration period from March 1, 2021 to November 30, 2025 and 3 one-year extensions ending November 30, 2028.

Status of Audits

FCC Audit: The FCC and the auditors confirmed that they do not need much from NANP this year since they are now reporting NANP as a disclosure entity in their footnotes instead of as a consolidated entity. An audit kick-off meeting is scheduled for March 2023 for the 2023 fiscal audit.

Independent Audit: The independent audit by Ernst & Young LLP of the financial statements and specified procedures for 2022F was completed in December 2022. Audited statements were issued December 16, 2022.

PIIA: The audit began December 1, 2022 with a kick off meeting. Document requests were submitted on December 5, 2022. Biweekly audit meetings are attended by Welch.

Deliverable Reports Submission Dates

Quarterly Report on Fund Performance and Statement of Financial Position - not applicable

Quarterly Crosswalk reporting package - not applicable

Quarterly Treasury Report on Receivables - due April 14, 2023

February NAOWG report - submitted March 3, 2023

Accounts Receivable

In March, \$469.92 was received from Treasury for delinquents debts collected from 11 filers.

Reassigned Numbers Database (RND) Activities

| | | |
|--------------------------------|---------|------------------|
| Budgeted contributions | (6) | <u>6,000,000</u> |
| Contributions received | (1) | 5,890,215 |
| Contributions still receivable | (1) (a) | <u>2,870</u> |
| | | <u>5,893,085</u> |

| | Actual | | | | | | | Forecasted | | | | | | | Cumulative Forecasted to Sept 2023 |
|---|----------------------|---------------------------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------------------|
| | Actual Total to Date | Cumulative Sep 2020 to Sep 2022 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | |
| Contributions received from carriers | 5,890,215 | 5,890,199 | 16 | - | - | - | - | - | - | - | - | - | - | - | 5,890,215 |
| Repayment from Somos | 736,143 | 475,905 | - | 86,746 | - | 86,746 | 43,373 | 43,373 | 43,373 | 43,373 | 43,373 | 43,373 | 43,373 | 43,373 | 996,381 |
| Total monies received | <u>6,626,359</u> | <u>6,366,105</u> | <u>16</u> | <u>86,746</u> | <u>-</u> | <u>86,746</u> | <u>43,373</u> | <u>43,373</u> | <u>43,373</u> | <u>43,373</u> | <u>43,373</u> | <u>43,373</u> | <u>43,373</u> | <u>43,373</u> | <u>6,886,597</u> |
| Refunds issued | | | | | | | | | | | | | | | |
| Refunds (applied) reversed directly to NANP fee | (706,820) | (707,174) | - | - | 150 | 154 | 50 | - | - | - | - | - | - | - | (706,820) |
| Refund checks returned- undeliverable/uncashed | 34,051 | 33,619 | - | - | 432 | - | - | - | - | - | - | - | - | - | 34,051 |
| Refund checks issued to companies >\$500 | (1,147,712) | (1,147,712) | - | - | - | - | - | - | - | - | - | - | - | - | (1,147,712) |
| Refund checks issued to deactivated filers | (18,109) | (7,865) | - | - | - | - | (50) | (10,194) | - | - | - | - | - | - | (18,109) |
| Refunds issued | <u>(1,838,590)</u> | <u>(1,829,132)</u> | <u>-</u> | <u>-</u> | <u>582</u> | <u>154</u> | <u>-</u> | <u>10,194</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,838,590)</u> |
| Less expected costs: | | | | | | | | | | | | | | | |
| RND Administrator | (2) 1,753,764 | 1,753,764 | - | - | - | - | - | - | - | - | - | - | - | - | 1,753,764 |
| B&C Agent fees | (3) 145,000 | 115,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 950 | 950 | 950 | 950 | 950 | 154,750 |
| Data Collection Agent | (4) 18,600 | 12,900 | - | - | - | 5,700 | - | - | - | - | - | - | - | - | 18,600 |
| Bank fees | (5) 5,283 | 5,283 | - | - | - | - | - | - | - | - | - | - | - | - | 5,283 |
| Total costs | <u>1,922,647</u> | <u>1,886,947</u> | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>10,700</u> | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>950</u> | <u>950</u> | <u>950</u> | <u>950</u> | <u>950</u> | <u>1,932,397</u> |

Balance of funds available 2,865,121

Notes:

(1) This figure represents actual amounts received to date

(1) (a) This represents RND fees still unpaid by carriers.

(2) This represents the amount to be paid to the RNDA administrator for the creation of the database.

(3) 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 \$5,000/mth starting October 2020 until April 2023. Costs from May to September 2023 are based on a proposed one year contract extension.

(4) 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

(5) This represents monthly bank fees (net of interest earned) incurred specifically for the RND account. Included in the bank fees is the cost to collateralize the bank account.

(6) The budget provided that \$6M of fees were to be collected for the creation of the RND. In June 2021 the FCC approved the refund of \$2M of the total fees invoiced as the cost of the creation of the RND were lower than was provided in the budget. As a result, the carriers who were paying their fees monthly had their portion applied against their July and August RND fee obligation. The effect of this resulted in these companies not having to continue the payment of RND fees for July and August. In addition to this, those carriers who had not yet paid their portion of the RND creation fee had their fees reversed in an amount equivalent to their applicable portion of the refund.