

May 7, 2025

Celeste Chaney-Tucker – [celeste.chaney-tucker@ks.gov](mailto:celeste.chaney-tucker@ks.gov)  
Executive Director  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

**Re:** Docket No. 25-RGCV-106-KSF

*In the Matter of the Audit of Ring Central, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 27, Fiscal Year March 2023-February 2024*

Dear Celeste:

In its August 1, 2024 Order, the Kansas Corporation Commission (KCC) directed Vantage Point Solutions (VPS) to perform a KUSF carrier audit of Ring Central, Inc. (Ring Central or Company) to ensure that the data submitted to the KUSF via the KUSF CRWs, the assessments paid, and the calculation and application of the flow-through surcharge billed to and collected from Ring Central's customers, if applicable, are appropriate and accurate.

The KCC directed VPS to file two (2) versions of the audit report with the KCC; one (1) version containing confidential information and one (1) version with the confidential data redacted for public disclosure. Ring Central's audit does not require a separate confidential report; therefore, only the enclosed public audit report for Ring Central is being filed.

Copies of the supporting documentation, including VPS' audit work papers and information provided by the company, are not included with the audit report, but are available from VPS, upon request.

Sincerely,



Dennis C. Smith, CPA

cc: Steve Garrett - [steve.garrett@ks.gov](mailto:steve.garrett@ks.gov)

## CERTIFICATE OF SERVICE

I hereby certify that on this 7<sup>th</sup> day of May, 2025, the above Kansas Universal Service Fund Audit Report was e-filed with the Kansas Corporation Commission and a copy was sent via electronic mail and/or U.S. Mail to:

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Dennis C. Smith, CPA



**Vantage Point Solutions, Inc.  
Audit Report for  
Ring Central, Inc.**

**From:** Dennis C Smith, Auditor

**Company Personnel:** Gerardo Caraveo, Telecom & Sales Tax Manager  
Katherine Monson, Indirect Tax Director

**Date:** March 24, 2025

**On-Site Visit Date:** February 25-26, 2025

**KUSF Status:** Delinquent with Reporting & Payment obligations

**Re:** Docket No. 25-RGCV-106-KSF

*In the Matter of the Audit of Ring Central, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 66-2010(b) for KUSF Operating Year 27, Fiscal Year March 2023-February 2024*

**Audit Summary**

Pursuant to the Kansas Corporation Commission's (KCC or Commission) August 1, 2024 Order, Vantage Point Solutions, Inc. (VPS) conducted an audit of Ring Central, Inc. (Ring Central or Company) based on the Kansas Universal Service Fund (KUSF) Audit Procedures adopted for KUSF Fiscal Year 27 (FY27).<sup>1</sup> VPS identified two (2) findings resulting from the Company's non-compliance with the Commission's KUSF policies, with a net impact of an increase of \$5,832.82 to the KUSF. The Company is delinquent with its KUSF obligations.

- **Finding No. 1** – Ring Central deducted adjustments from discounts and promotional credits twice on its CRWs. This resulted in an underpayment of \$5,832.82.
- **Finding No. 2** – Ring Central collected the KUSF surcharge from some customers based on the FY26 rate of 11.44% instead of the FY27 rate of 11.37% for a portion of FY27. However, the result of this finding was immaterial.

VPS recommends the Commission issue an Order to adopt this Audit Report and the identified findings and direct Ring Central to:

1. File audit True-ups for FYs 26 and 27 to exclude the double deduction from discounts and promotional credits from its reporting;
2. Remit \$5,832.82 to the KUSF;

<sup>1</sup> Order Accepting VPS' KUSF Proposed Revisions to Selection Criteria and Carrier Review Procedures, Docket No. 23-GIMT-261-GIT, Jul. 2, 2043 (23-261 Order).

3. Update its internal procedures so the KUSF rate billed to all Kansas customers is updated in a timely manner;
4. File an affidavit, signed by an officer of the Company, attesting that the Company:
  - a. Update its internal procedures so the KUSF rate billed to all Kansas customers is updated in a timely manner; and
  - b. Remitted \$5,832.82 to the KUSF.

The affidavit should provide the date the corrective actions were implemented.

The Company is delinquent with an outstanding KUSF obligation of \$396.33. VPS also recommends the Company be directed to resolve its outstanding KUSF obligation within 30-days from the date of the Commission's Order.

VPS recommends Ring Central be directed to take all corrective actions within 30-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 60-days of the Order.

Ring Central agrees with the Audit Report.

### **Background**

During the course of the audit, VPS issued 15 Data Requests (DRs) to Ring Central. DR No. 15 is included as Attachment A.

Ring Central operates as a voice over internet protocol (VoIP) provider in Kansas and is headquartered in Belmont, CA.

Ring Central is required to report its revenue and pay the related assessments to the KUSF on a monthly basis.<sup>2</sup> The Company is authorized to collect an amount equal to or less than its KUSF assessment from customers, and does so.<sup>3</sup> The Company is not a designated Eligible Telecommunications Carrier (ETC) in Kansas, therefore, it does not offer Lifeline services to its customers.

Pursuant to Commission Order,<sup>4</sup> VPS confirmed that Ring Central offers assessable and non-assessable services in a bundle. The Company utilizes an unbundling factor to separate the assessable and non-assessable services, and reports revenue and remits assessments to the KUSF based on the unbundled service price of the assessable service. The Company states it uses this same allocation methodology for Federal USF (FUSF) and KUSF purposes.<sup>5</sup>

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<sup>2</sup> Order Setting the Kansas Universal Service Fund Assessment Rate for Year Ten and Establishing Reporting Requirements, Docket No. 06-GIMT-332-GIT, Jan. 23, 2006 (06-332 Order).

<sup>3</sup> K.S.A. 66-2008(a).

<sup>4</sup> Order Determining KUSF Contribution Methodology, ¶ 27, Docket No. 14-GIMT-105-GIT, Oct. 20, 2016.

<sup>5</sup> Ring Central's response to DR 11.

## Current KUSF Obligations

The Company is delinquent with an outstanding KUSF obligation of \$396.33, consisting of:<sup>6</sup>

- Delinquent Balance Penalty - \$3.92 (3/31/25) – Under 30 days delinquent;
- Late Payment Penalty - \$387.03 (2/28/25) – Over 30 days delinquent;
- Delinquent Balance Penalty - \$0.05 (2/28/25) – Over 60 days delinquent;
- Delinquent Balance Penalty - \$5.23 (11/30/24) – Over 90 days delinquent;
- Delinquent Balance Penalty - \$0.05 (12/31/24) – Over 90 days delinquent;
- Delinquent Balance Penalty - \$0.05 (1/31/25) – Over 90 days delinquent.

## Current Audit Findings

VPS conducted the audit of Ring Central in accordance with the KUSF Audit Procedures adopted by the KCC.<sup>7</sup> Based on the referenced procedures, VPS identified the following audit findings and provides the following recommendations:

### Audit Finding No. 1

**Standard:** Carriers are required to report actual intrastate retail revenues, and may report uncollectible revenue written-off, to the KUSF to determine their KUSF assessment obligation.<sup>8</sup>

**Finding 1:** Ring Central deducted adjustments from discounts and promotional credits twice when reporting revenues on its CRWs. This practice occurred from March 2022 through October 2023, and ceased in November 2023. No revisions were filed to correct this error. This resulted in an underpayment of \$5,832.82.

**Recommendation:** VPS recommends that Ring Central be directed to file audit True-ups for FYs 26 and 27 to exclude the double deduction from discounts and promotional credits from its reporting, and to remit \$5,832.82 to the KUSF.

VPS also recommends the Company be directed to file an affidavit, signed by an officer of the Company, attesting the Company remitted \$5,832.82 to the KUSF.

VPS recommends Ring Central be directed to take all corrective actions within 30-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 60-days of the Order.

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<sup>6</sup> Confirmed with the KUSF Administrator on Mar. 24, 2025.

<sup>7</sup> 23-261 Order.

<sup>8</sup> K.S.A. 66-2008(a), and Order, ¶ 108-110, Dec. 27, 1996; Order and Attachment, Feb. 3, 1997; Order, ¶ 9, 31, 56, March 25, 1999, Docket No. 94-GIMT-478-GIT. See also, Order, Docket No. 16-GIMT-517- GIT, Feb. 17, 2017.

## **Audit Finding No. 2**

**Standard:** The KUSF Year 27 (March 2023 – February 2024) assessment rate shall be 11.37%.<sup>9</sup>

**Finding 2:** Ring Central collected the KUSF surcharge from some customers based on the FY26 rate of 11.44% instead of the FY27 rate of 11.37% for a portion of FY27.<sup>10</sup> This occurred from March 2023 through June 2023. However, the result of this finding was immaterial.

**Recommendation:** VPS recommends that the Company be directed to file an affidavit, signed by an officer of the Company, attesting that the Company has updated its internal procedures to ensure the Company's billing system uses the correct KUSF rate for the appropriate fiscal year.

VPS recommends Ring Central be directed to take all corrective actions within 30-days from the date of the Commission's Order. VPS will file a Compliance Report in the Docket within 60-days of the Order.

VPS also notes that billing the incorrect KUSF rate is a repeat finding from the Company's most recent audit in Docket 21-RGCV-067-KSF. As such, VPS recommends the Commission consider statutory penalties for non-compliance.

## **FOLLOW-UP DOCKET 21-RGCV-067-KSF AUDIT COMPLIANCE**<sup>11</sup>

**Finding No. 1:** GVNW identified that the Company's reporting methodology did not capture all its revenues, resulting in the Company owing an additional \$82.33 to the KUSF.

**Audit Finding Compliance:** On July 15, 2021, the Company filed an audit True-up Report to correct its reported revenues. On July 15, 2021, the Company also provided an affidavit signed by a corporate officer, attesting to the implementation of KUSF reporting procedures to reconcile differences between reported and recorded revenue.

During the course of the current audit, VPS did not detect any issues with the Company's reporting methodology in not capturing all of its revenues. This finding has been resolved.

**Finding No. 2:** GVNW identified that the Company charged some customers the FY22 assessment rate (7.50%) instead of the FY23 assessment rate (6.88%) in March 2019.

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<sup>9</sup> Order Adopting KUSF Year 27 Assessment Rate and Affordable Rates, Docket No. 23-GIMT-261-GIT, Jan 17, 2023.

<sup>10</sup> Attachment A.

<sup>11</sup> Order Accepting and Adopting Compliance Report and Closing Docket, Docket No. 21-RGCV-067-KSF, Jul. 29, 2021.



**Audit Finding Compliance:** On July 15, 2021, the Company filed an affidavit signed by a corporate officer, attesting to the implementation of KUSF reporting procedures to ensure it updates its systems to the correct assessment rate each March.<sup>12</sup> This finding has not been resolved, and was a repeat finding during the current FY27 audit.

VPS recommends the Commission consider statutory penalties for non-compliance.

**Finding No. 3:** GVNW identified that the Company did not file a revised CRW to correct over-reporting of revenue to the Company's August 2018 CRW.

**Audit Finding Compliance:** On July 15, 2021, the Company filed an audit True-up Report to correct its reported revenues. On July 15, 2021, the Company also provided an affidavit, signed by a corporate officer, attesting to the implementation of KUSF reporting procedures to reconcile differences between reported and recorded revenue.

During the course of the current audit, VPS did not detect any issues with the Company's reporting methodology not capturing all of its revenues. This finding has been resolved.

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<sup>12</sup> RingCentral Inc. FY23 Compliance Affidavit, Docket No. 21-RGCV-067-KSF, Jul. 20, 2021.

## KUSF Carrier Audit Information Request

**Submitted By:** Dennis Smith

**Submitted To:** Gerardo Caraveo, Telecom Sales & Tax Manager  
Katherine Monson, Indirect Tax Manager

**Company Name:** Ring Central, Inc.

**Docket Number:** 25-RGCV-106-KSF

**Request Date:** February 25, 2025

**Due Date:** **March 6, 2025**

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### Data Request No. 15

#### RE: Confirmation of Auditor Understanding

Please confirm the Auditor's understanding of the following statements by indicating "yes" or "correct." If the statement is inaccurate or incorrect, please expand.

- The Company does not list the KUSF Surcharge separately on its customer invoices, and instead combines it with State and Local Taxes. **Yes, but Invoices generated on payment portal contain KUSF Surcharge clearly listed. Confirmed by Dennis.**
- For the periods of March 2022 to October 2023 the Company deducted Adjustments (discounts and promotional credits) twice when reporting revenues on its CRWs. **YES**
  - Once to arrive at Kansas intrastate revenues, and again on CRW Line 12 as Uncollectibles (Bad Debt).
  - The practice ceased in November 2023.
- The Company did not update the KUSF rate collected from customers for some revenue types, from FY 26 (11.44%) to FY 27 (11.37%) until July 2023. **YES**

**NOTE:** If for some reason, the above information cannot be provided by the date requested, your Company must submit a Request for Additional Time.



## KUSF Carrier Audit Information Request

### Verification of Response – DR15

I have read the foregoing Data Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to VPS' auditor any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Sign: Gerardo Caraveo

Date: 3/4/2025