

# ICANN Unaudited Quarterly Financials – Fiscal Year 2022

June 2022



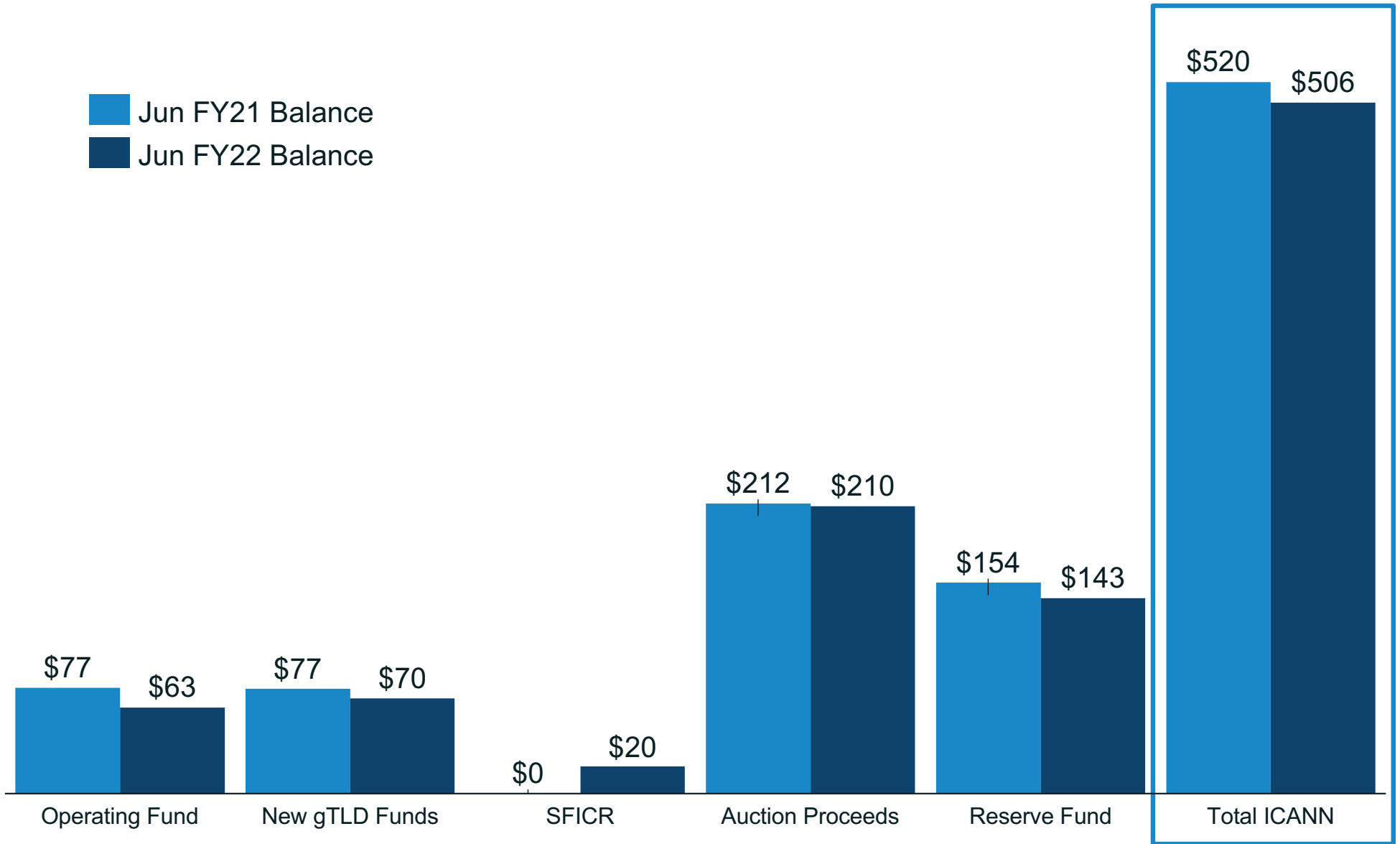
# Background

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- This report is published quarterly.
- The following information reflects ICANN's unaudited financials for the full fiscal year 2022 (FY22), corresponding to the twelve months beginning 1 July 2021 and ending 30 June 2022.
- To provide useful information regarding ICANN's financial results in addition to what is determined by generally accepted accounting principles (GAAP), ICANN supplements its audited GAAP financial reporting by including non-GAAP information in these quarterly publications.
- ICANN org reports non-GAAP information because it provides useful supplemental information and removes non-operational expenses. This improves clarity and transparency by providing a more accurate measure of ICANN's operational funding and expenses and enables comparability of financial results period-over-period.
- Whereas GAAP reporting aligns to accounting rules and standards which can make it challenging to properly understand operations and performance.

# Total ICANN

# Total ICANN – Funds Under Management (as of Jun 22)



*Total ICANN represents sum of month-end balances for all accounts*

# Total ICANN – Financial Overview (Jul 21 – Jun 22)

ICANN Cash Flow In Millions, US dollars	For the Twelve Months Ending 30 Jun 2022						Total
	ICANN Operations	New gTLD 2012 Round	SubPro ODP	SFICR	Auction Proceeds	Reserve Fund	
<b>Funds Under Management - 30 Jun 2021</b>	<b>77.4</b>	<b>67.5</b>	<b>9.0</b>	<b>-</b>	<b>212.2</b>	<b>154.3</b>	<b>520.5</b>
Funding Collected from Contracted Parties	148.4	(0.1)	-	-	-	-	148.3
Expenses paid to Employees	(78.4)	(0.7)	(1.2)	-	-	-	(80.3)
Expenses paid to Vendors	(47.9)	(4.6)	(0.5)	-	-	-	(52.9)
Working Capital	(0.4)	(0.8)	(0.1)	-	-	-	(1.2)
Intercompany Receivables/(Payables)	(1.5)	(0.3)	1.8	-	-	-	(0.0)
Net Cash Excess/(Deficit)	20.3	(6.4)	-	-	-	-	13.9
ICANN org Transfers (Board Approved)	(35.0)	-	-	20.0	-	15.0	-
Investment Income/(Declines)	-	(0.5)	-	-	(1.9)	(26.4)	(28.9)
<b>Funds Under Management - 30 Jun 2022</b>	<b>62.7</b>	<b>60.6</b>	<b>9.0</b>	<b>20.0</b>	<b>210.3</b>	<b>142.9</b>	<b>505.5</b>

- Total ICANN describes the financial components of ICANN Operations (including IANA), the New gTLD Program 2012 Round, and the Operational Design Phase (ODP) of New gTLD Subsequent Procedures (SubPro)
  - It also includes ICANN’s funds under management
- The above chart is a high-level summary of Total ICANN covering twelve months of FY22 unaudited financials ending Jun 2022
- FY22 funds under management have declined \$29M year to date driven by investment declines in the Reserve Fund due to volatility in the financial markets; please see appendix for a comprehensive view of the Reserve Fund

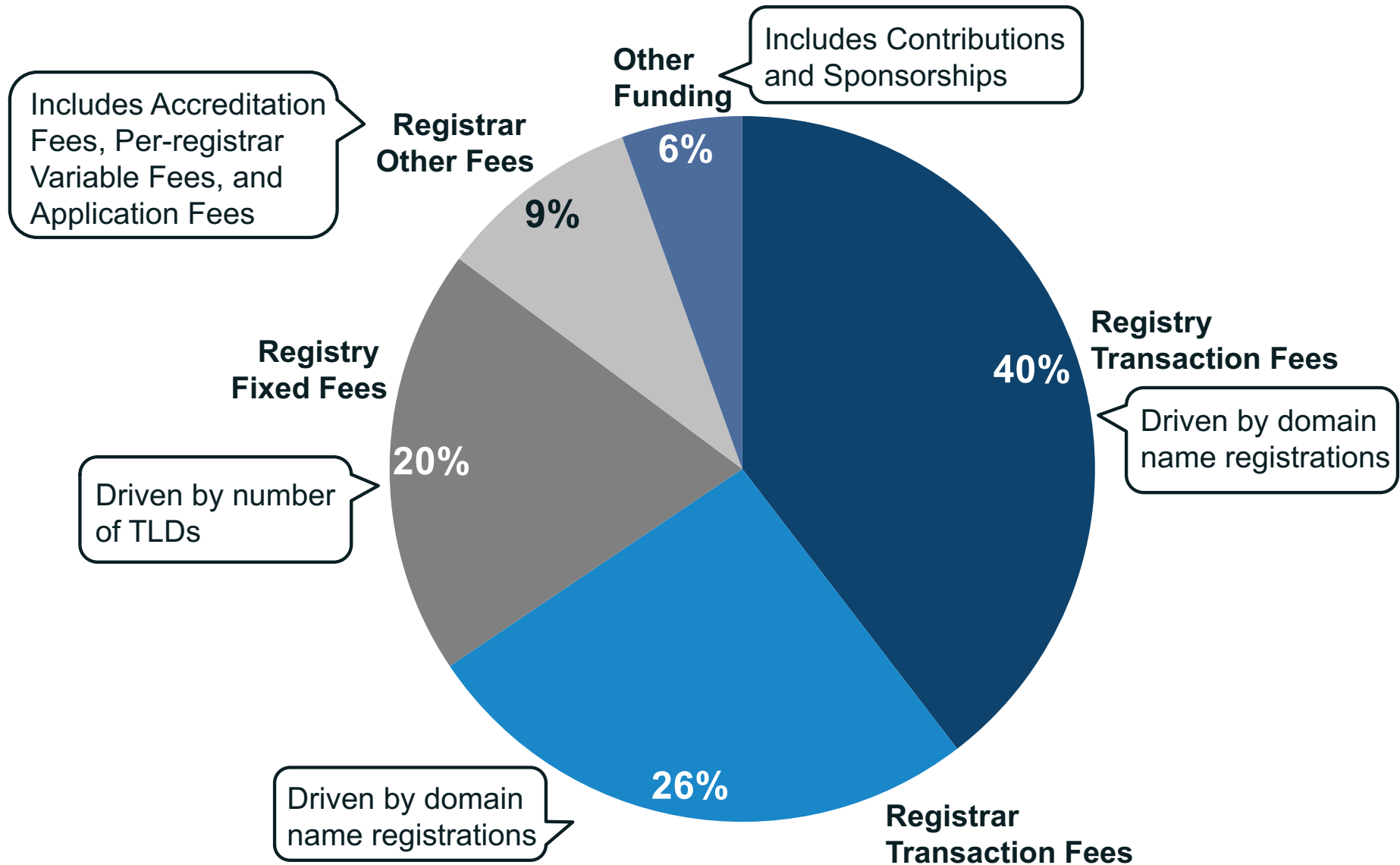
# ICANN Operations

# ICANN Operations – Financial Overview (Jul 21 – Jun 22)

ICANN Operations	FY22 Actual	FY22 Budget	Var	FY21 Actual	Var
<b>Funding</b>	\$150	\$144	\$5	\$142	\$8
<b>Expenses</b>	\$125	\$143	\$18	\$116	(\$9)
<b>Net Operating Excess/(Deficit)</b>	<b>\$24</b>	<b>\$1</b>	<b>\$23</b>	<b>\$25</b>	<b>(\$1)</b>
<b>Average Headcount</b>	<b>389</b>	<b>405</b>	<b>16</b>	<b>392</b>	<b>3</b>

# ICANN Operations – Funding by Category (Jul 21 – Jun 22)

## FY22 Funding- \$150M

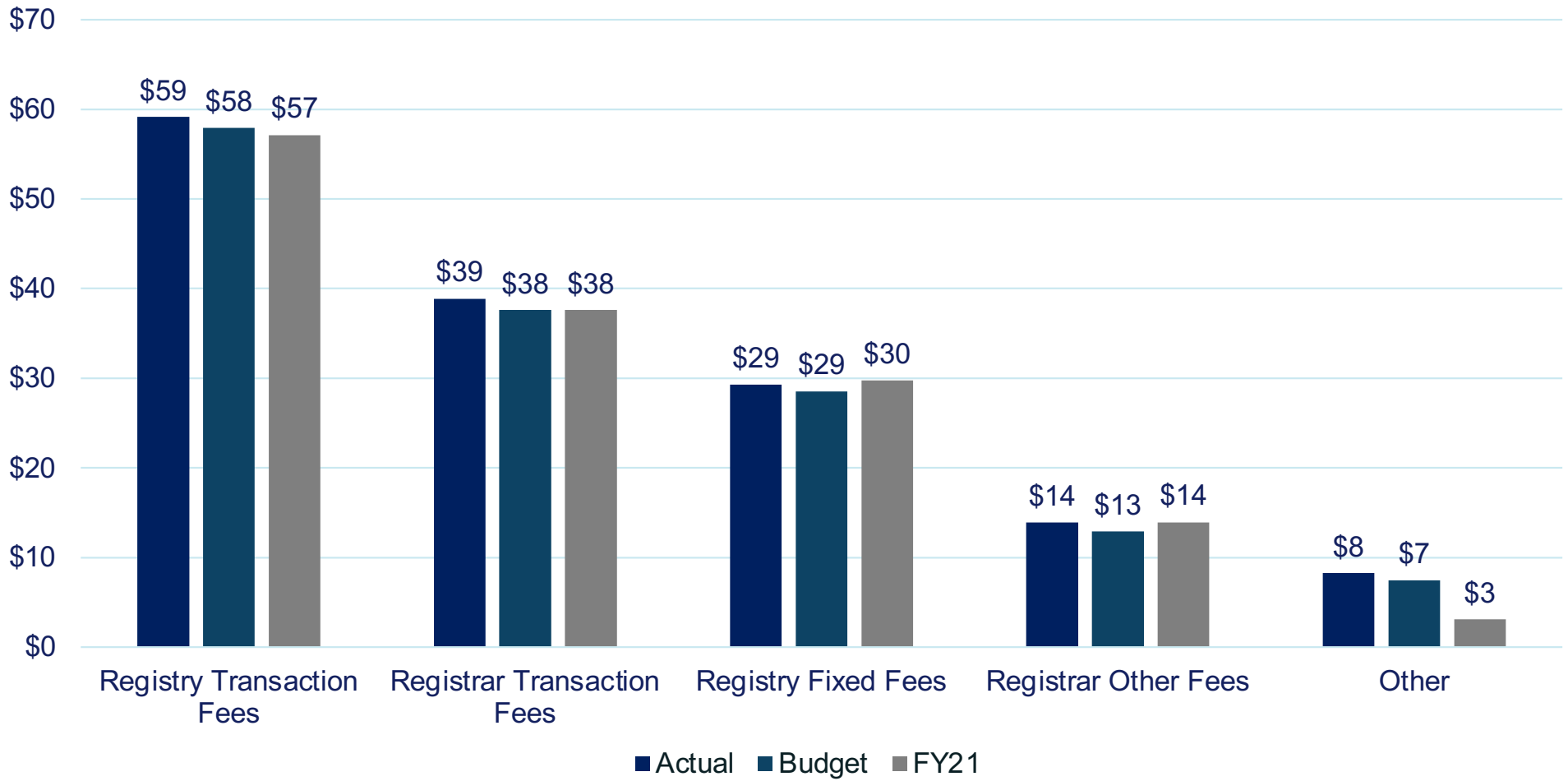




# ICANN Operations – Funding vs Budget and Prior Year

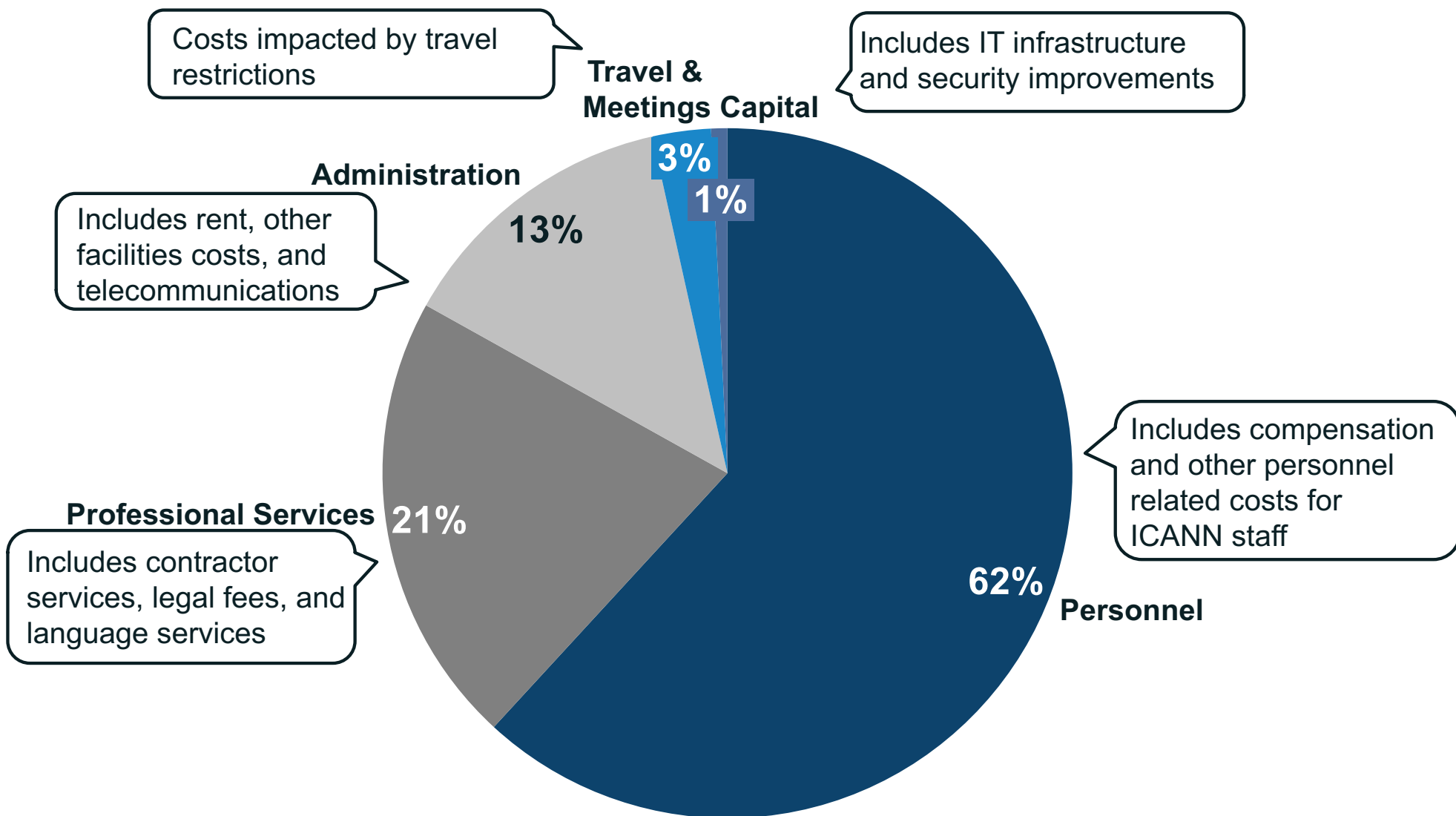
- Funding is higher than Budget and prior year driven by growth in domain transactions

**Actual: \$ 150M**  
**Budget: \$ 144M**  
**FY21: \$ 142M**



# ICANN Operations – Expenses by Category (Jul 21 – Jun 22)

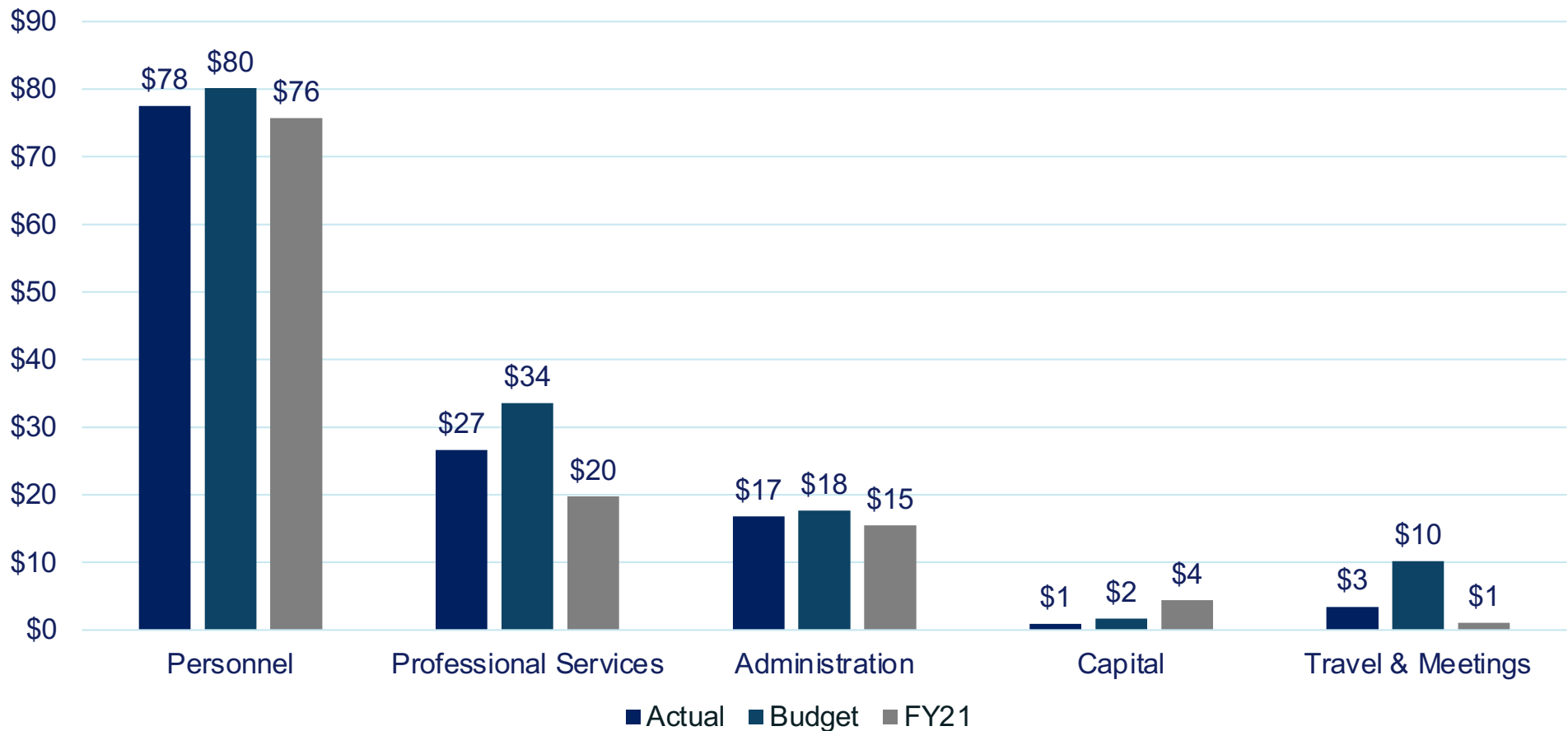
## FY22 YTD Expenses- \$125M



# ICANN Operations – Expenses vs Budget and Prior Year

- Expenses are lower than budget driven by travel restrictions, ICANN72 & 73 being held virtually, and lower than planned professional services

<b>Actual:</b>	<b>\$ 125M</b>
<b>Budget:</b>	<b>\$ 143M</b>
<b>FY21:</b>	<b>\$ 116M</b>



# New gTLD Program 2012 Round

# New gTLD 2012 Round – Multiyear Forecast (as of June 2022)

Application Fees Collected: \$361M

- Projected Refunds: \$53M

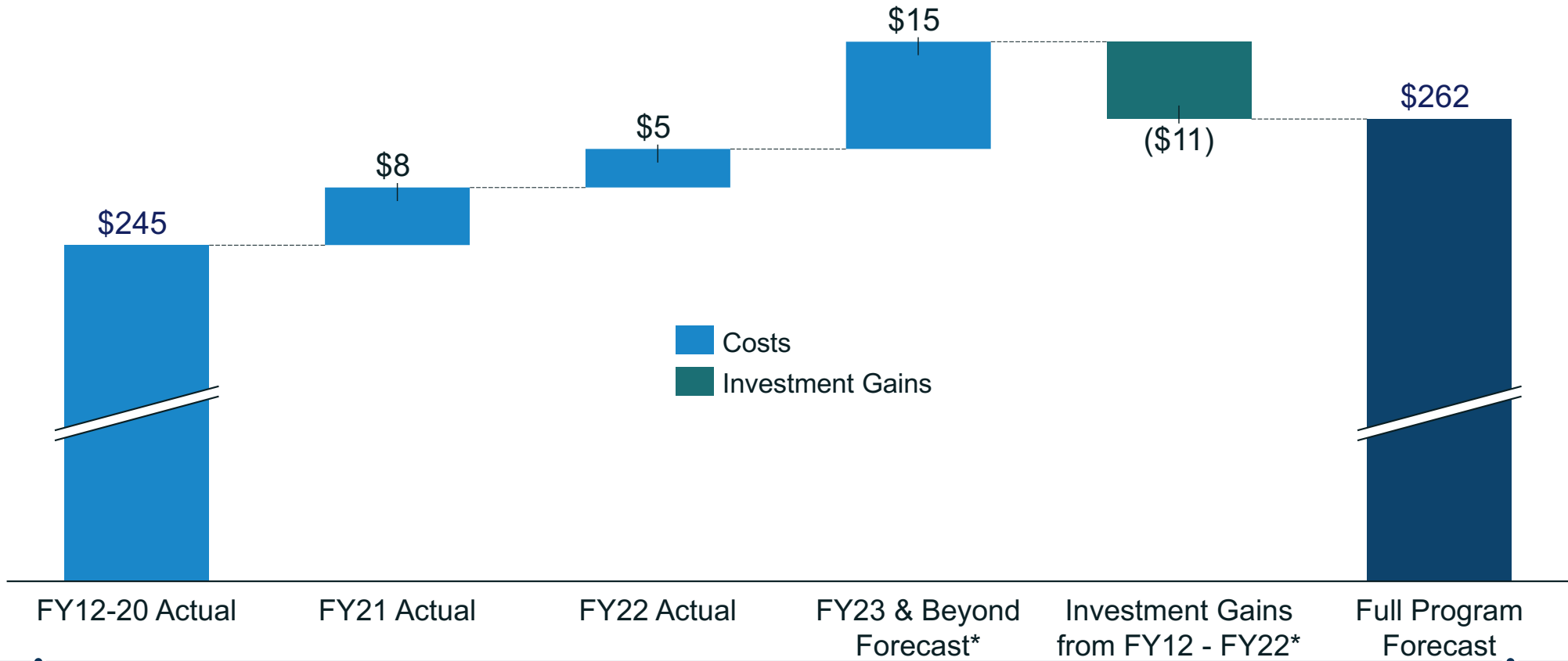
**Applicant Fees Net of Refunds: \$308M**

- Projected Program Costs: \$273M

+ Investment Gains from FY12 - FY22: \$11M

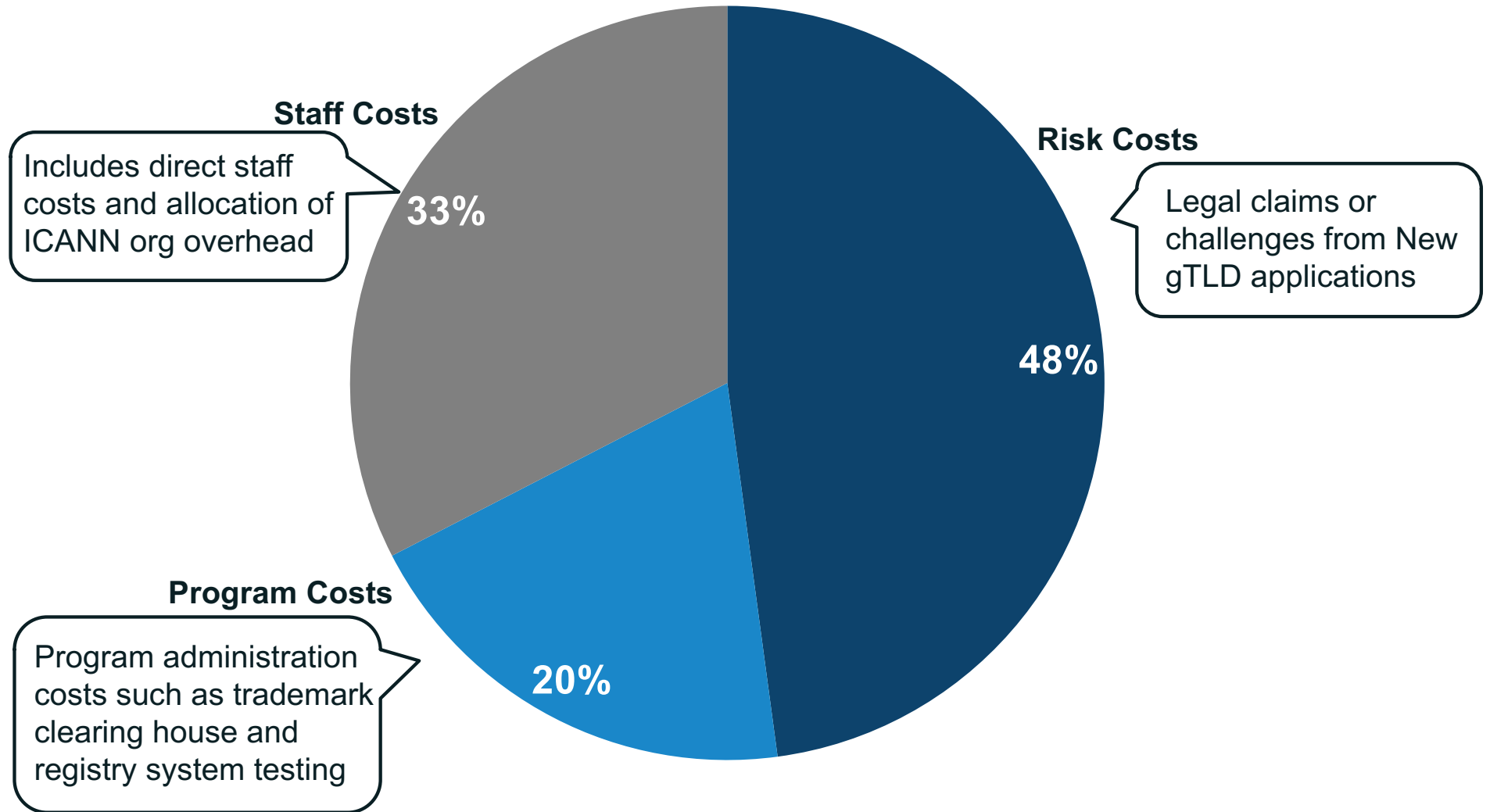
**Projected Remaining Funds: \$47M**

\*Risk Costs and Investment Gains are not estimated for future years



# New gTLD 2012 Round – FY22 Expenses (Full Year)

## FY22 Expenses- \$5M



# Subsequent Procedures Operational Design Phase (SubPro ODP)

# SubPro ODP – Board-Approved Budget

- The Board-approved budget for the SubPro ODP is \$7M-\$9M
- ICANN org staff and contractors began working on the SubPro ODP in January 2022
- At this point, ICANN org does not anticipate needing more funds than were approved
- As the project team gains more insight on the required efforts, updated projections will be provided

<b>Estimated ODP Expenses</b>	<b>Staff/Contractors (estimated range)</b>	<b>USD\$ in millions (estimated range)</b>
Full-Time Equivalent (FTE)	22-34	\$2.8M-\$3.3M
Temporary Resources	10-15	\$1.7M-\$2.2M
External Support and Expertise		\$2.5M-\$3.5M
<b>Total</b>	<b>32-49</b>	<b>\$7.0M-\$9.0M</b>



# SubPro ODP – Expenses (Jan 22 – Jun 22)

- Expenses consisted primarily of personnel expenses for staff time efforts on the ODP and shared services support allocations
- ICANN org is in the initial stages of the ODP and projects costs to rise in the coming months

SubPro ODP	Project-to-Date (January 2022 - June 2022)			
	Staff FTE (avg)	Contractor FTE (avg)	Total Hours	Total Expenses*
<b>Work Track</b>				
Project Governance	1.8	0.7	2,288	\$313
Policy Development and Implementation Materials	2.5	0.1	2,303	\$254
Operational Readiness	0.8	0.1	795	\$105
Systems and Tools	1.5	0.0	1,388	\$180
Vendors	0.1	0.0	78	\$43
Communications and Outreach	0.9	0.1	863	\$93
Resources, Staffing, and Logistics	0.9	0.4	1,125	\$109
Finance	0.6	0.0	525	\$58
Overarching	1.0	0.1	908	\$99
Shared Services Support**	0.0	0.0	0	\$447
<b>Total</b>	<b>10.0</b>	<b>1.4</b>	<b>10,271</b>	<b>\$1,700</b>

\*Expenses presented in USD Thousands and are draft subject to change with year end close

\*\* Shared Services Support is not a work track and

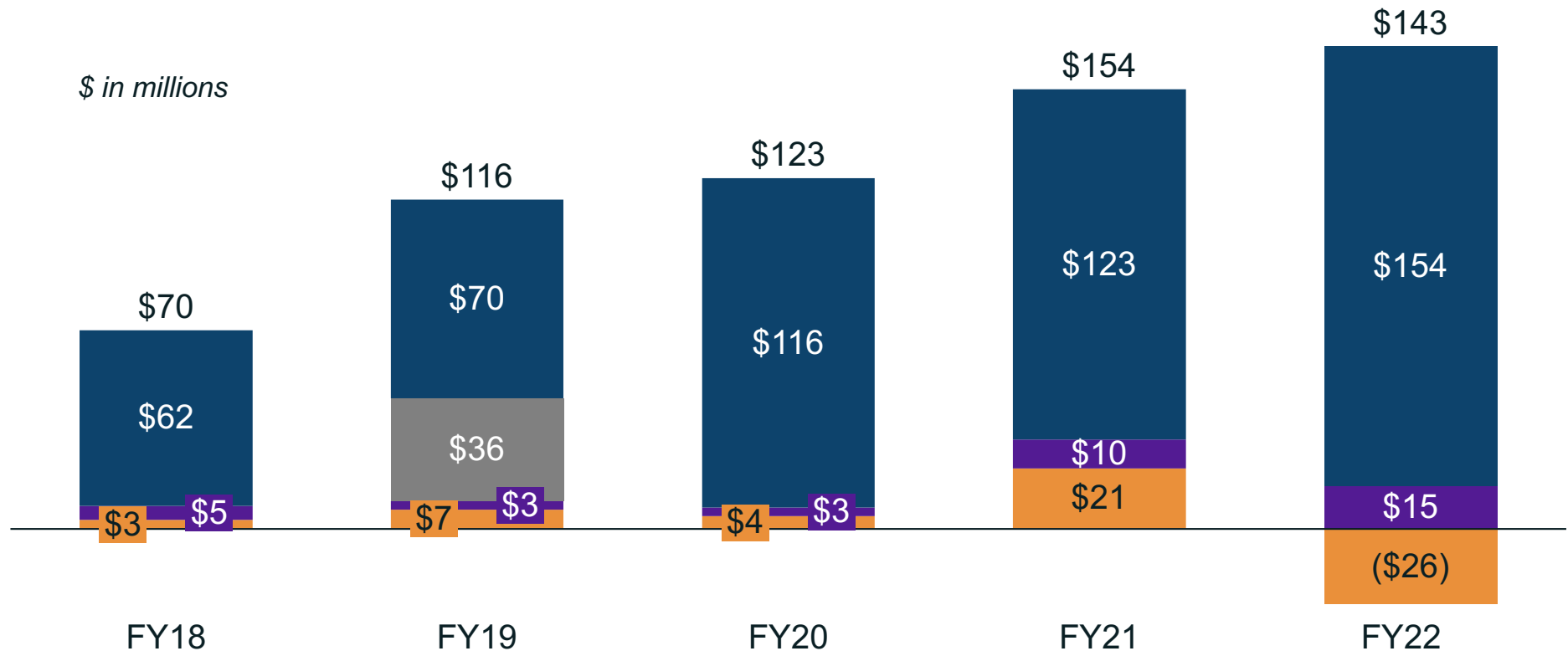
Any arithmetic inconsistencies are due to rounding

# Appendix

## Supplemental Financials

# Reserve Fund Balances by Year - update nav

- As of 30 June 2022, the Reserve Fund has increased \$81M from its FY17 ending balance due to the following:
  - \$36M one-time transfer from Auction Proceeds for reimbursement of USG transition expenses
  - \$36M periodic transfers from Operating Fund excess
  - \$9M in net investment gains (*inclusive of recent market activity*)



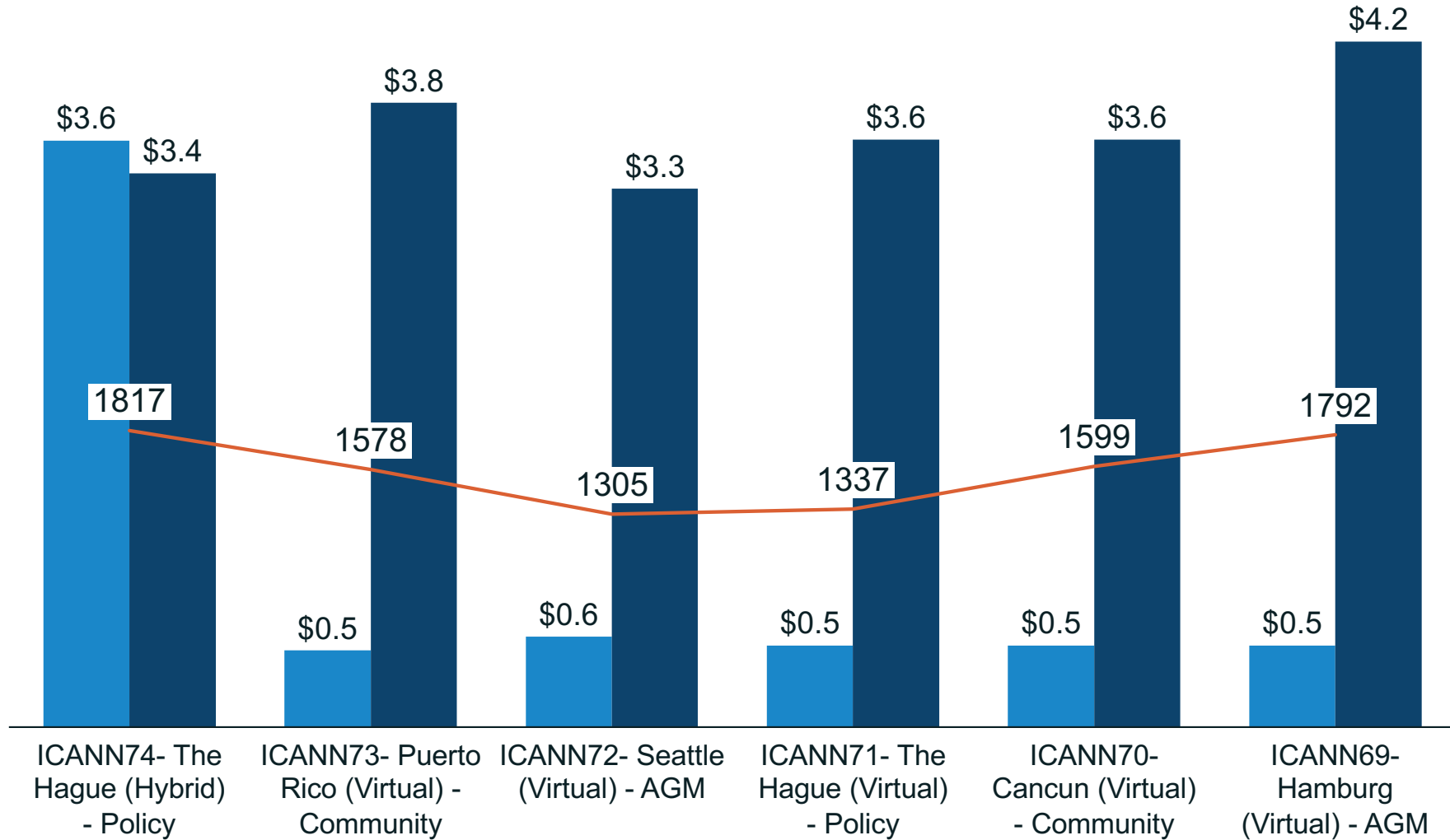
# ICANN74 – Expense by Category

ICANN74 The Hague (Hybrid) June 2022	Total Actual	Total Budget	(Higher)/ Lower
Attendee Travel	1.7	1.9	0.2
Audio/Visual	0.7	0.7	0.1
Catering	0.4	0.3	(0.1)
Language Services	0.5	0.3	(0.1)
Meeting Space	0.3	0.3	(0.0)
Other	0.1	0.0	(0.0)
<b>Gross Expenses</b>	<b>3.6</b>	<b>3.5</b>	<b>(0.1)</b>

- ICANN74 was budgeted to occur as a face-to-face meeting
- Majority of expenses for the hybrid meetings are due to attendee travel cost and audio and visual cost
- ICANN74 had 374 funded travelers which was 98 fewer than Budget
  - Savings from fewer travelers were offset by higher than planned airfare, additional language service expenses, and health and safety protocols

# ICANN Meeting Trends

Actual Budget Attendance



Unaudited - USD in millions - any arithmetic inconsistencies are due to rounding

# FY22 Statement of Position (as of June 2022)

USD in millions  Unaudited	30 Jun 2022				30 Jun 2021				Increase/ (Decrease)			
	ICANN	New gTLD 2012	New gTLD Sub Pro	Total	ICANN	New gTLD 2012	New gTLD Sub Pro	Total	ICANN Ops	New gTLD 2012	New gTLD Sub Pro	Total
<b>ASSETS</b>												
Total Cash & Cash Equivalents	82.8	1.2	0.0	84.0	77.4	1.4	0.0	78.9	5.4	(0.2)	0.0	5.2
Investments	142.9	278.6	0.0	421.5	154.3	287.3	0.0	441.6	(11.4)	(8.7)	0.0	(20.1)
Funds Under Management	225.7	279.8	0.0	505.6	231.7	288.8	0.0	520.5	(6.0)	(8.9)	0.0	(14.9)
Receivables	35.7	0.0	0.0	35.7	35.8	0.0	0.0	35.8	(0.0)	0.0	0.0	(0.0)
Prepaid Expenses	3.9	0.0	0.1	4.0	3.5	0.0	0.0	3.5	0.5	0.0	0.1	0.6
Plant, Property & Equipment - Net	11.2	0.0	0.0	11.2	15.2	0.0	0.0	15.2	(4.0)	0.0	0.0	(4.0)
Other Assets	3.9	0.1	(1.8)	2.2	1.7	(0.2)	0.0	1.5	2.1	0.3	(1.8)	0.7
<b>TOTAL ASSETS</b>	<b>280.4</b>	<b>279.9</b>	<b>(1.7)</b>	<b>558.7</b>	<b>287.9</b>	<b>288.6</b>	<b>0.0</b>	<b>576.4</b>	<b>(7.4)</b>	<b>(8.6)</b>	<b>(1.7)</b>	<b>(17.7)</b>
<b>LIABILITIES AND NET ASSETS</b>												
Accounts Payable & Accrued Liabilities	13.0	1.5	0.0	14.5	12.9	2.3	0.0	15.2	0.1	(0.8)	0.0	(0.7)
Deferred Funding	3.6	0.4	0.0	4.0	5.0	0.5	0.0	5.4	(1.4)	(0.1)	0.0	(1.4)
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL LIABILITIES</b>	<b>16.6</b>	<b>1.9</b>	<b>0.0</b>	<b>18.5</b>	<b>17.8</b>	<b>2.8</b>	<b>0.0</b>	<b>20.6</b>	<b>(1.3)</b>	<b>(0.8)</b>	<b>0.0</b>	<b>(2.1)</b>
<b>UNRESTRICTED/RESTRICTED ASSETS</b>	<b>270.0</b>	<b>285.8</b>	<b>0.0</b>	<b>555.8</b>	<b>222.5</b>	<b>293.3</b>	<b>0.0</b>	<b>515.8</b>	<b>47.5</b>	<b>(7.5)</b>	<b>0.0</b>	<b>40.0</b>
<b>CURRENT YEAR CHANGE IN NET ASSETS</b>	<b>-6.2</b>	<b>(7.8)</b>	<b>(1.7)</b>	<b>(15.7)</b>	<b>47.5</b>	<b>(7.5)</b>	<b>0.0</b>	<b>40.0</b>	<b>(53.7)</b>	<b>(0.3)</b>	<b>(1.7)</b>	<b>(55.7)</b>
<b>TOTAL NET ASSETS</b>	<b>263.9</b>	<b>278.0</b>	<b>(1.7)</b>	<b>540.2</b>	<b>270.0</b>	<b>285.8</b>	<b>0.0</b>	<b>555.8</b>	<b>(6.2)</b>	<b>(7.8)</b>	<b>(1.7)</b>	<b>(15.7)</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>280.4</b>	<b>279.9</b>	<b>(1.7)</b>	<b>558.7</b>	<b>287.9</b>	<b>288.6</b>	<b>0.0</b>	<b>576.4</b>	<b>(7.4)</b>	<b>(8.6)</b>	<b>(1.7)</b>	<b>(17.7)</b>

# FY22 Cash Flow Synopsis (as of Jun 2022)

<b>Cash Flow Statement</b>		<b>FY22</b>		
<b>Unaudited</b>	<b>ICANN Ops</b>	<b>New gTLD 2012</b>	<b>New gTLD SubPro</b>	<b>Total</b>
<b>Operating Activities</b>				
Cash Received from Funding	148.4	(0.1)	0.0	148.3
Cash Paid to Personnel	(78.4)	(0.7)	(1.2)	(80.3)
Cash Paid for Purchases	(48.4)	(4.6)	(0.5)	(53.5)
<b>Total Cash from Operating Activities</b>	<b>21.5</b>	<b>(6.2)</b>	<b>(1.8)</b>	<b>13.5</b>
<b>Investing Activities</b>				
Total Investment Income	(26.4)	(2.5)	0.0	(28.9)
Capital Expenditures	(1.0)	0.0	0.0	(1.0)
<b>Total Cash from Investing Activities</b>	<b>(27.3)</b>	<b>(2.5)</b>	<b>0.0</b>	<b>(29.8)</b>
<b>Net Change in Cash Flow</b>	<b>(5.9)</b>	<b>(8.6)</b>	<b>(1.8)</b>	<b>(16.3)</b>
<b>Funds Under Management Beginning of Period</b>	<b>231.7</b>	<b>288.8</b>	<b>0.0</b>	<b>520.5</b>
<b>Funds Under Management End of Period</b>	<b>225.7</b>	<b>279.8</b>	<b>0.0</b>	<b>505.6</b>

# New gTLD 2012 Round – Multiyear Details (as of Jun 2022)

New gTLD Program 2012 Round	Statement of Activities by Fiscal Year					Statement of Activities for Full Program (Jun 2022) Current Estimate
	FY12 - FY20 Actual	FY21 Actual	FY22 Actuals	FY23 Budget	FY24 & Beyond Forecast	
New gTLD Applicant Fees	360	0	(0)	1	1	361
Refunds	(52)	-	0	(0)	(0)	(53)
<b>Applicant Fees (Net of Refunds)</b>	<b>\$ 308</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 308</b>
Initial and Extended Evaluation	(68)	-	-	-	-	(68)
Quality Control and Objection Processes	(11)	-	-	-	-	(11)
Pre-delegation	(12)	-	-	-	-	(12)
Program Costs	(38)	(2)	(1)	(2)	(11)	(54)
Staff Costs	(56)	(1)	(2)	(1)	(1)	(61)
<b>Operating Expenses</b>	<b>\$ (185)</b>	<b>\$ (4)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ (11)</b>	<b>\$ (206)</b>
Historical Development Costs	(32)	-	-	-	-	(32)
Risk Costs	(25)	(4)	(3)	-	-	(32)
<b>Non Operating Expenses</b>	<b>\$ (58)</b>	<b>\$ (4)</b>	<b>\$ (3)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (65)</b>
<b>Other Income/(Expense)</b>	<b>\$ (2)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2)</b>
<b>Investment Income/(Expense)</b>	<b>\$ 11</b>	<b>\$ 0</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11</b>
<b>Total Expenses</b>	<b>\$ (234)</b>	<b>\$ (8)</b>	<b>\$ (6)</b>	<b>\$ (3)</b>	<b>\$ (11)</b>	<b>\$ (262)</b>
<b>Net Remaining New gTLD Funds</b>	<b>\$ 74</b>	<b>\$ (8)</b>	<b>\$ (6)</b>	<b>\$ (3)</b>	<b>\$ (11)</b>	<b>\$ 47</b>