

# ICANN FY24 Quarterly Management Financials – Three Months Ending September 2023 (Unaudited)



Published November 2023

# Background

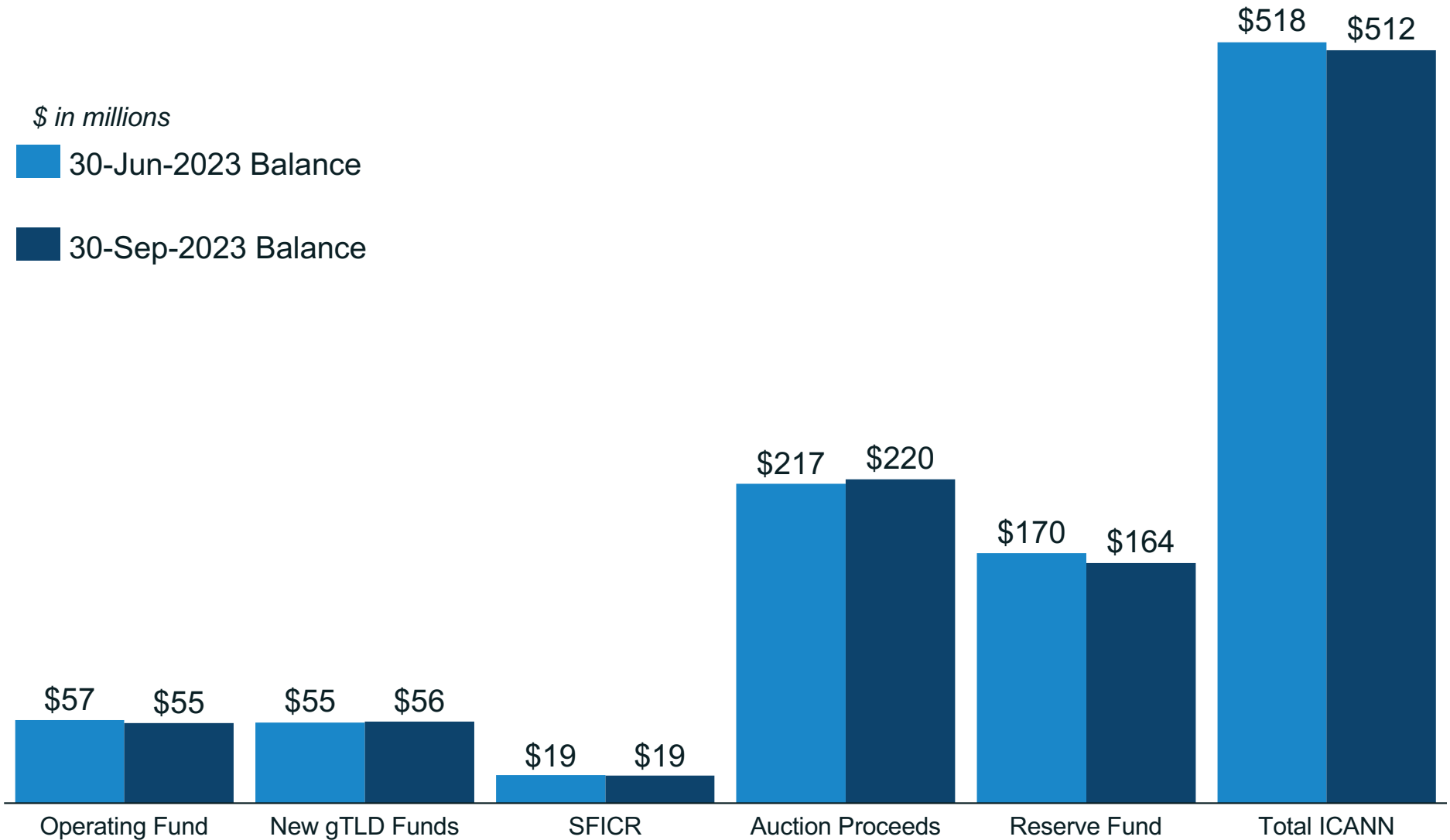
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- This report is published quarterly.
- The following information reflects ICANN's unaudited quarterly financials through the first quarter of fiscal year 2024 (FY24), corresponding to three months beginning 1 July 2023 and ending 30 September 2023.
- 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.
- Although GAAP reporting aligns to accounting rules and standards, this can make it challenging to properly understand operations and performance.
- ICANN 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.

## Total ICANN

Consists of ICANN Operations (including IANA), the New gTLD Program 2012 Round and Next Round, Review Prioritization Implementation, and the Grant Program, as well as ICANN's funds under management

# Total ICANN – Funds Under Management (as of Sep 2023)



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



# Total ICANN – Financial Overview (Jul 23 – Sep 23)

ICANN Cash Flow	Segment Reporting for the Three Months Ending 30 Sep 2023						
	ICANN Operations	New gTLD Program		SFICR Projects	Grant Program	Reserve Fund	Total
2012 Round		Next Round					
In Millions, US dollars							
<b>Funds Under Management - 30 Jun 2023</b>	<b>56.5</b>	<b>50.0</b>	<b>5.1</b>	<b>19.1</b>	<b>217.3</b>	<b>170.0</b>	<b>517.8</b>
Funding	38.7	-	-	-	-	-	38.7
Expenses	(32.7)	(1.0)	(3.4)	(0.6)	(0.3)	-	(37.9)
Board-Approved Transfers	-	-	-	-	-	-	-
Investment Income/(Declines)	0.4	0.7	-	0.3	3.0	(6.5)	(2.1)
<b>Funds Under Management - 30 Sep 2023</b>	<b>54.5</b>	<b>53.6</b>	<b>1.8</b>	<b>18.7</b>	<b>220.3</b>	<b>163.5</b>	<b>512.4</b>
<b>End of Period FTEs</b>	<b>399</b>	<b>3</b>	<b>27</b>	<b>12</b>	<b>2</b>	<b>-</b>	<b>444</b>
<b>Total Average FTEs</b>	<b>401</b>	<b>3</b>	<b>27</b>	<b>9</b>	<b>3</b>	<b>-</b>	<b>443</b>

- The table above is a financial summary of the segments of Total ICANN, each with its own source of funds, and the Reserve Fund.
- This information reflects year-to-date (YTD) financials, corresponding to three months beginning 1 July 2023 and ending 30 September 2023.
- Funds under management decreased US\$5.4 million since the beginning of the fiscal year due to investment decline and decreases in working capital.

# ICANN Operations

Consists of ongoing activities such as the technical coordination of the Domain Name System (DNS) and coordination of the development and implementation of policies concerning top-level domains

# ICANN Operations – Financial Overview (Jul 23 – Sep 23)

The statement of activity below provides a summary of ICANN Operations' YTD financials, corresponding to three months beginning 1 July 2023 and ending 30 Sep 2023.

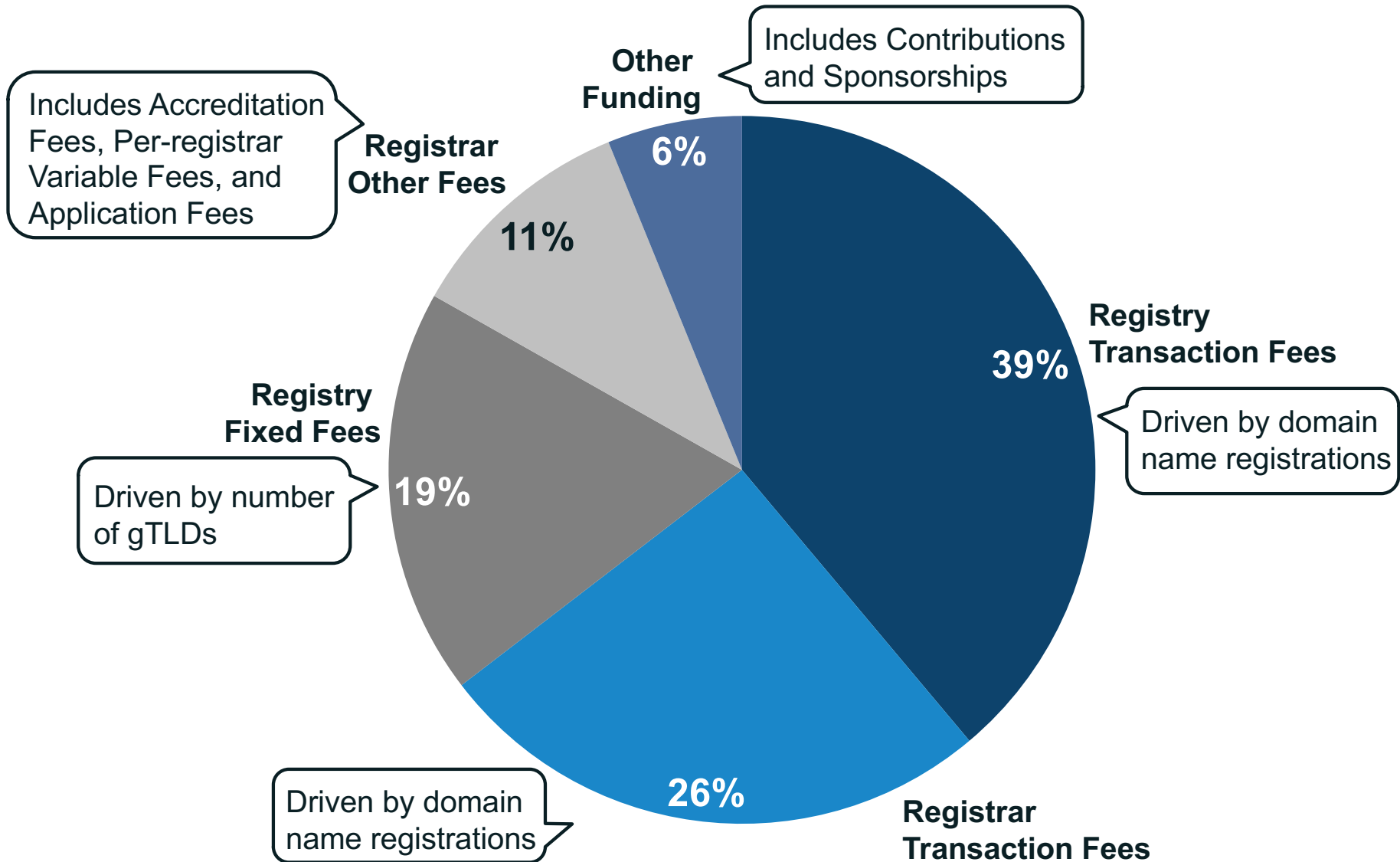
Where relevant, comparative information pertaining to the prior year (FY23) is provided, corresponding to three months beginning 1 July 2022 and ending 30 Sep 2022.

ICANN Operations	FY24 YTD Actual	FY24 YTD Budget	Var	FY23 YTD Actual	Var
<b>Funding</b>	\$39	\$39	(\$1)	\$40	(\$1)
<b>Expenses</b>	\$35	\$33	(\$2)	\$35	\$0
<b>Net Operating Excess/(Deficit)</b>	\$4	\$7	(\$3)	\$5	(\$1)
<b>Average Full-Time Equivalents</b>	404	403	(1)	399	(5)

\*Expenses on slide 5 are based on YTD cash inflows/outflows and are different than the expenses according to the statement of activity above and on subsequent slides.

# ICANN Operations – Funding by Category (Jul 23 – Sep 23)

## FY24 YTD Funding- \$39M

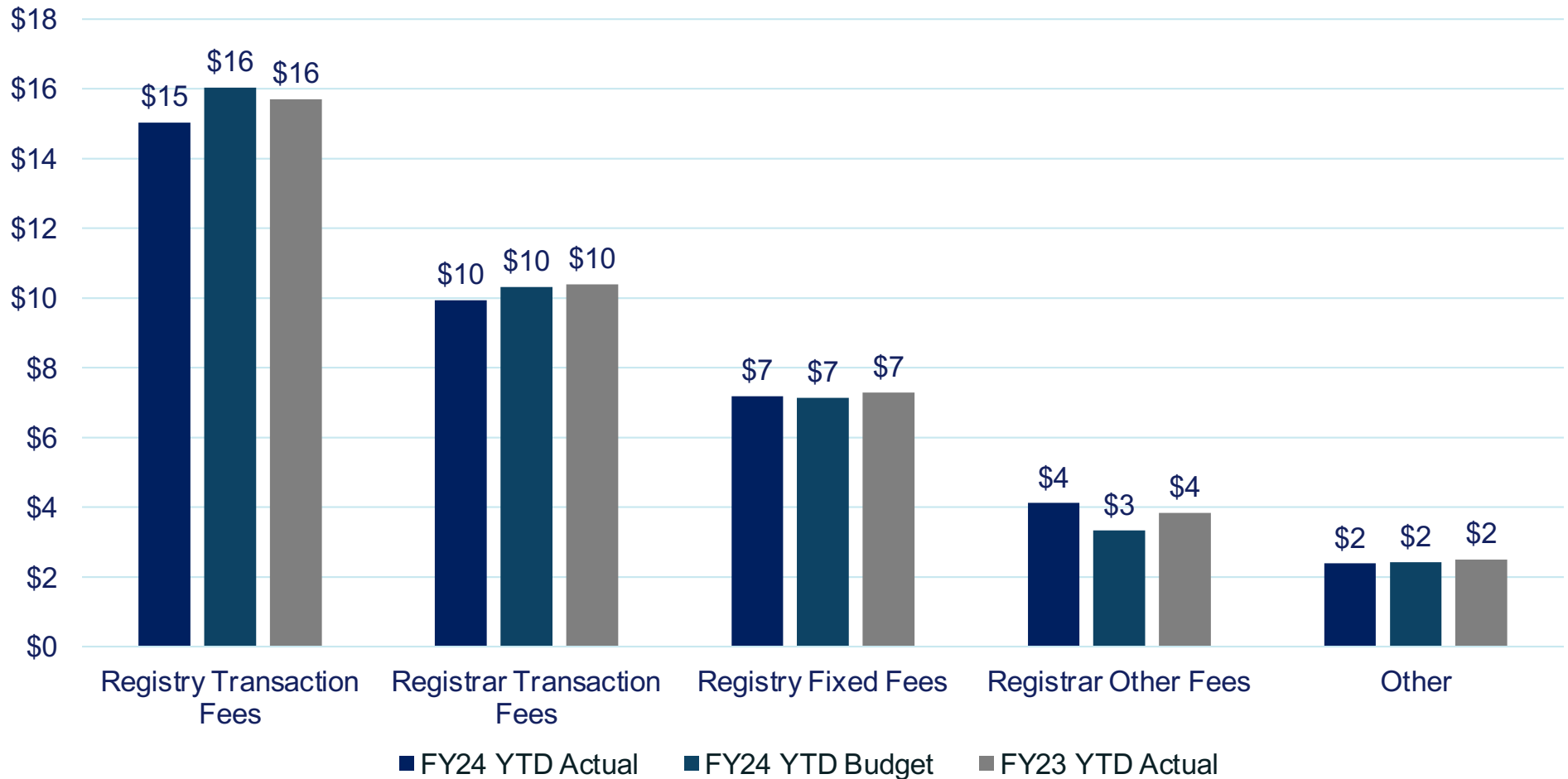




# ICANN Operations – Funding vs Budget and Prior Year

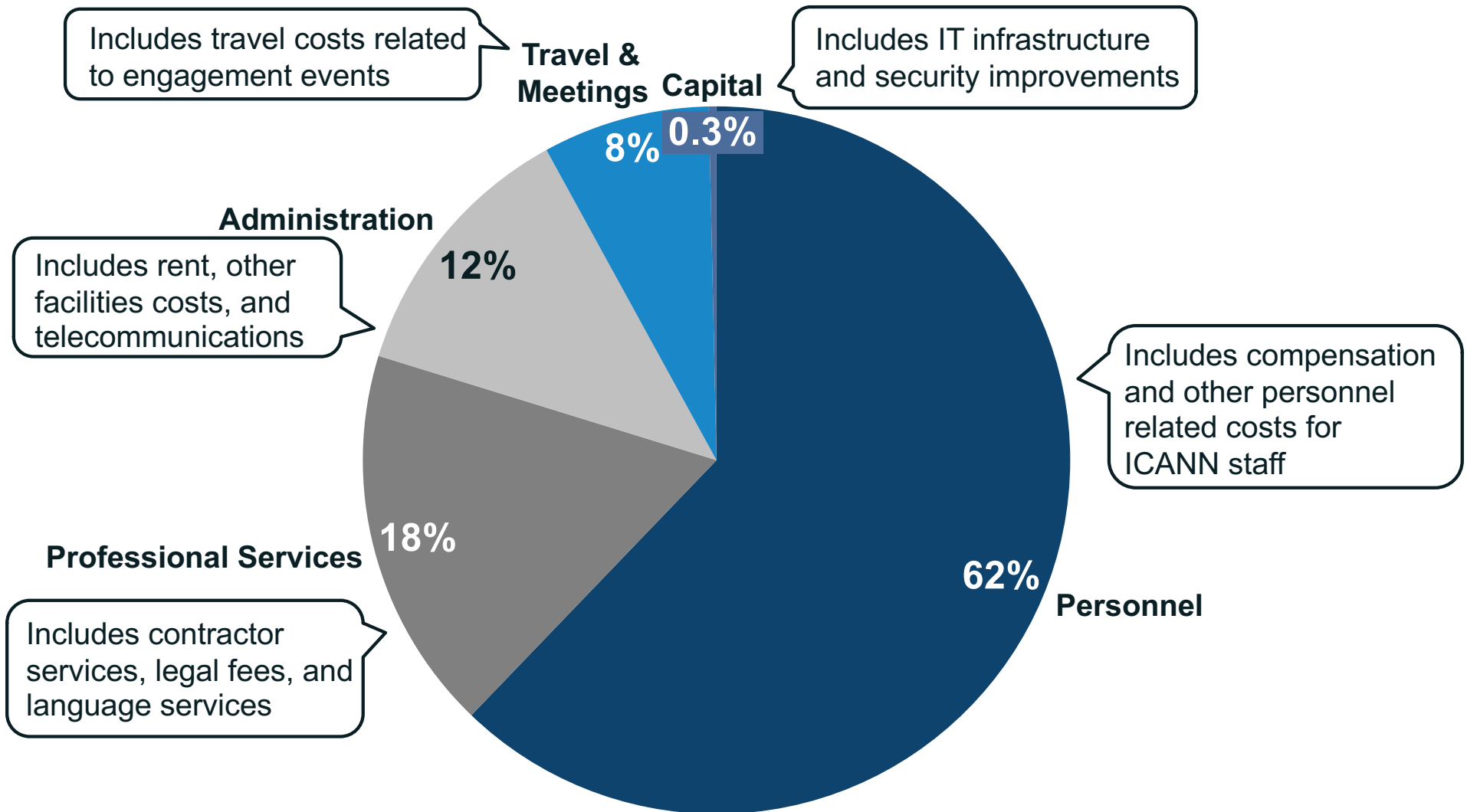
- Through 30 Sep 2023, funding is lower than FY24 Budget driven by lower than planned transaction fees

**FY24 YTD Actual: \$ 39M**  
**FY24 YTD Budget: \$ 39M**  
**FY23 YTD Actual: \$ 40M**



# ICANN Operations – Expenses by Category (Jul 23 – Sep 23)

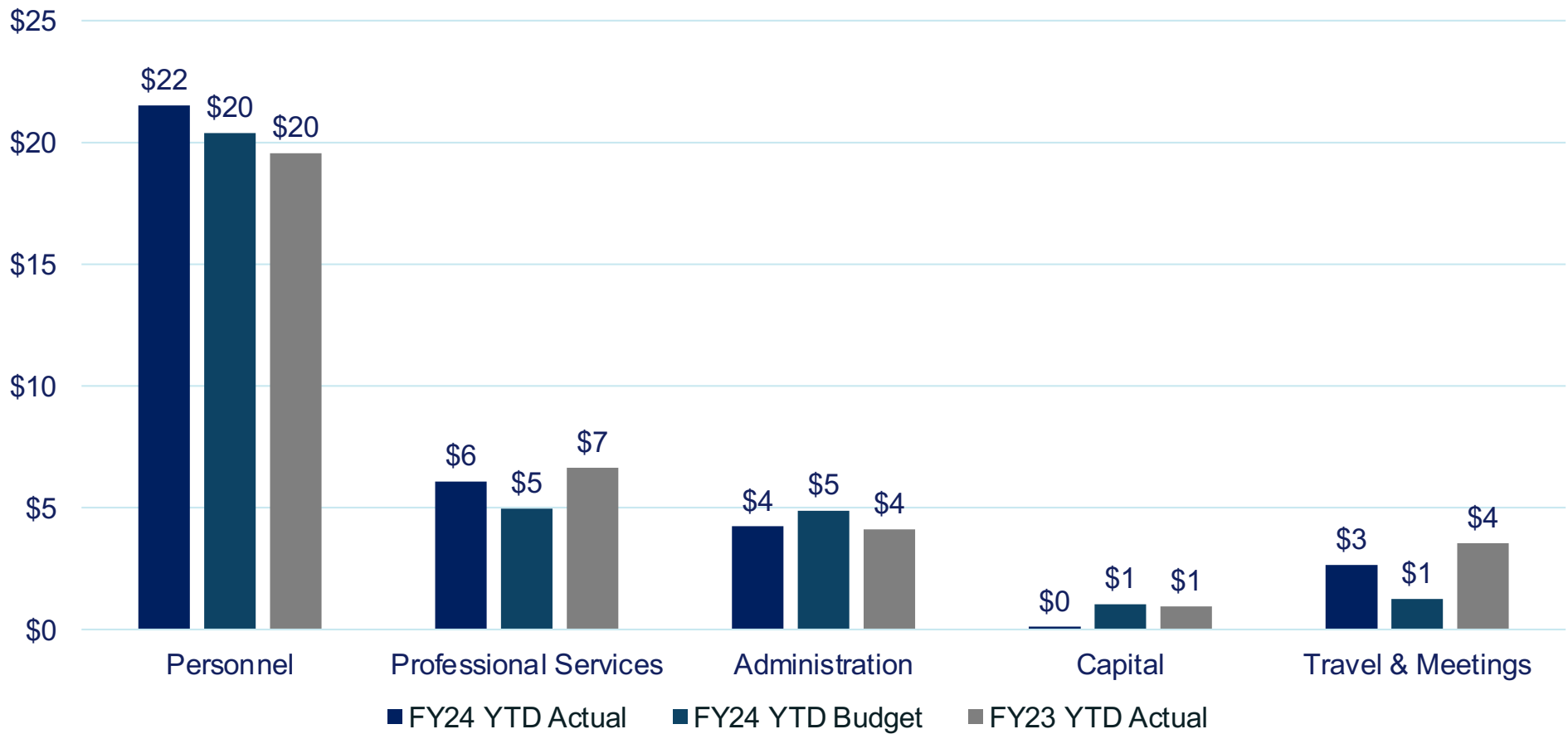
## FY24 YTD Expenses- \$35M



# ICANN Operations – Expenses vs Budget and Prior Year

- Through 30 Sep 2023, expenses are higher than FY24 Budget driven by higher than planned travel and meetings, and personnel costs

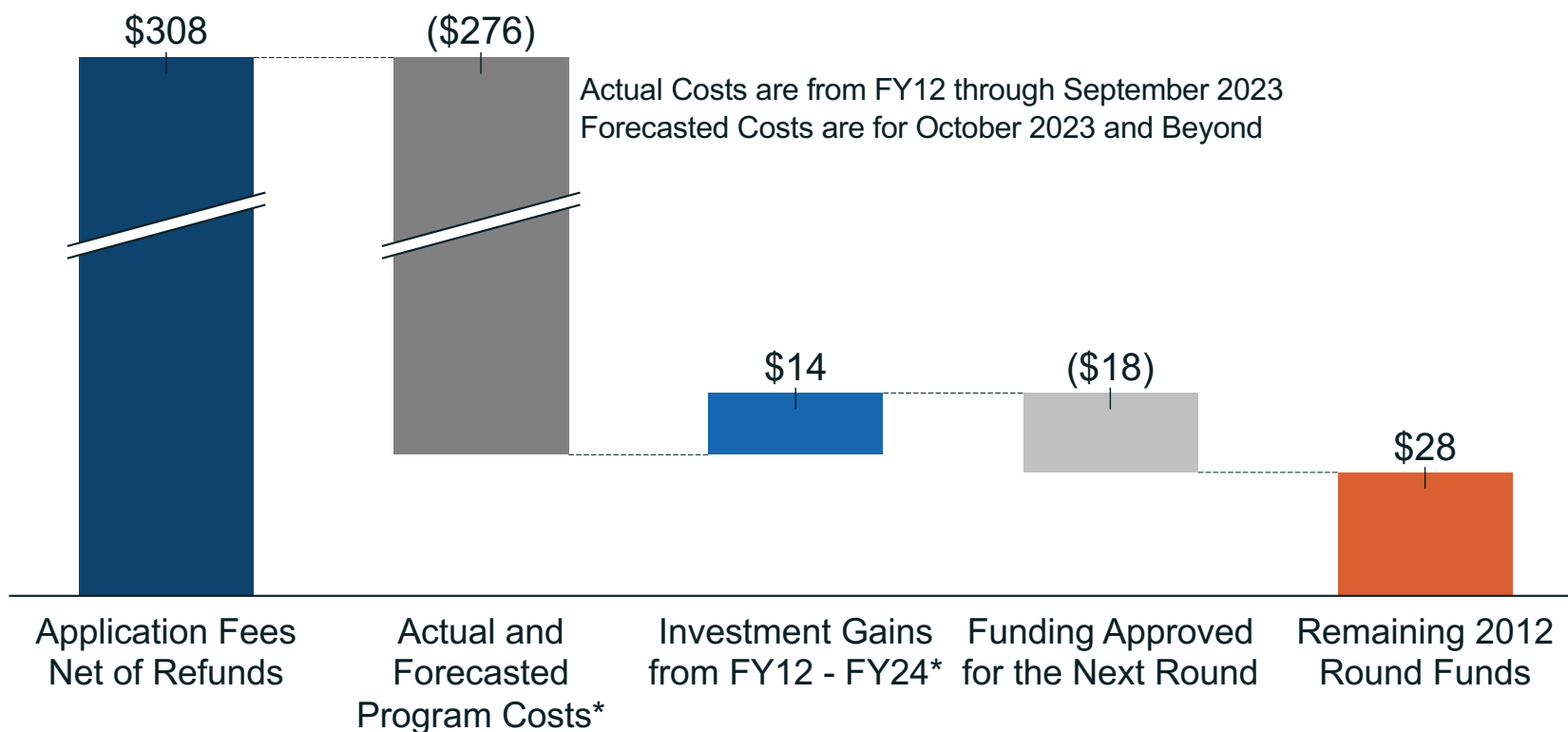
**FY24 YTD Actual: \$35M**  
**FY24 YTD Budget: \$33M**  
**FY23 YTD Actual: \$35M**



# New gTLD Program 2012 Round

Implemented by ICANN to enable the expansion of the DNS with the goal of enhancing innovation, competition, and consumer choice

# New gTLD 2012 Round Program – Multiyear Forecast (as of 30 Sep 2023)



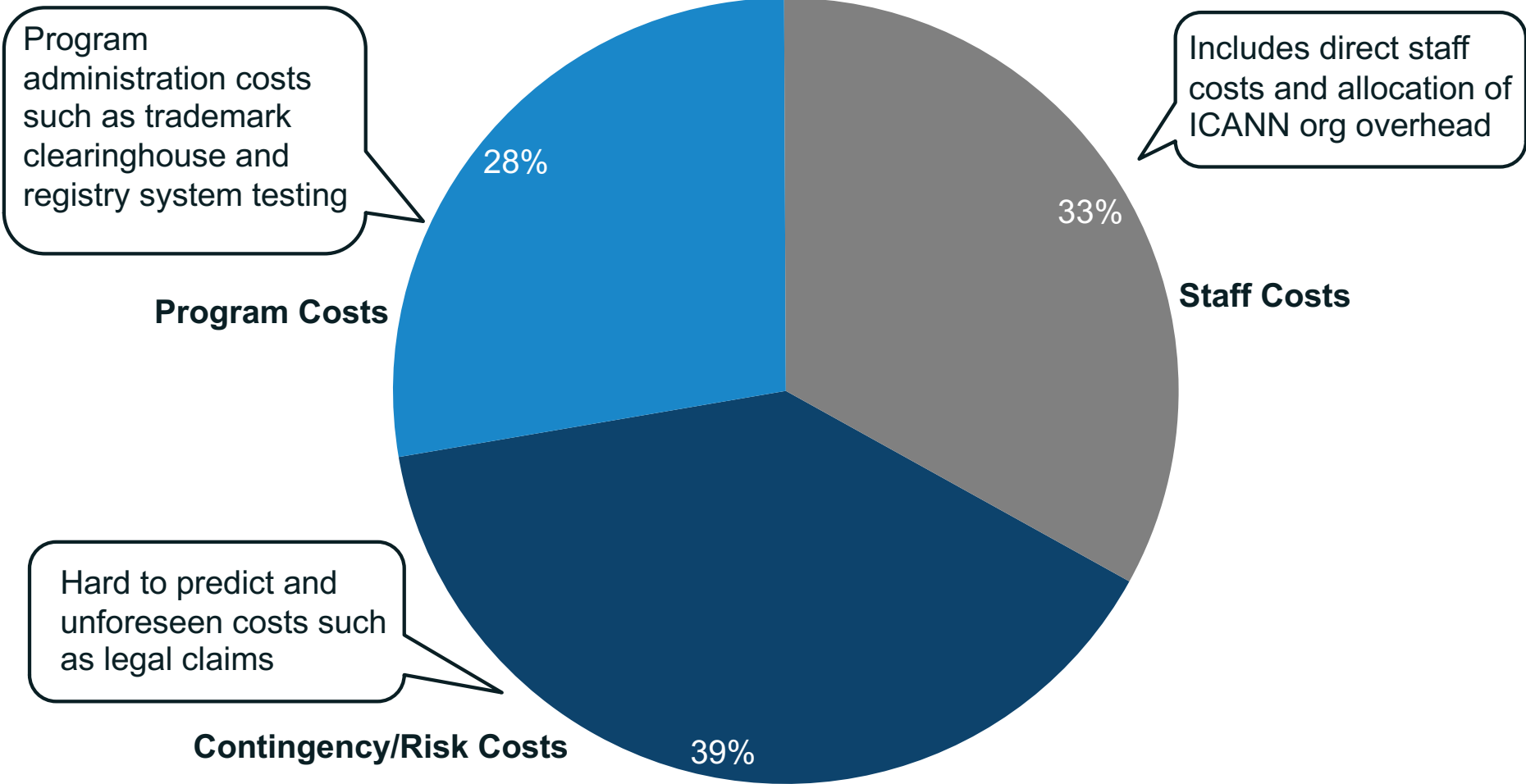
The ICANN Board has approved the use of funds from the New gTLD Program: 2012 Round for the Operational Design Phase (ODP) and continued implementation costs of the New gTLD Program: Next Round

- In September 2021, the ICANN Board approved a [resolution](#) for \$9M in funding for the ODP
- In March 2023, the ICANN Board approved a [resolution](#) for an additional \$9M in funding for expenses from April through October 2023

\*Contingency Costs and Investment Gains are not estimated for future years. For details of the total program costs, please see slide 26 in the appendix.

# New gTLD Program 2012 Round – FY24 Expenses (Jul 23 – Sep 23)

## FY24 Year to Date Expenses- \$1M



# New gTLD Program Next Round: Operational Design Phase (ODP) and Implementation

Next Round of gTLDs to enable the expansion of the DNS with the goal of enhancing universal acceptance and outreach as well as innovation and consumer choice

# New gTLD Program Next Round Financials

- In December 2022, ICANN org published its Operational Design Assessment (ODA) for Board Consideration.
- In August 2023, ICANN org delivered a comprehensive implementation plan to the Board
- On 16 March 2023, the ICANN Board approved US\$9 million to cover implementation costs through 31 October 2023. On 26 October 2023, the ICANN Board approved US\$13 million for continued implementation costs through 30 June 2024.
- The funding to pay for New gTLD Program Next Round development costs before program launch, including those of the ODP, will come from the New gTLD Program 2012 Round remaining application fees and available SFICR funds.

New gTLD Program: Next Round (USD in millions)	Approved Implementation Funding (April 2023 through October 2023)	Approved Implementation Funding (November 2023 through June 2024)	Total Approved Funding (April 2023 through June 2024)
Personnel	\$4.9	\$6.1	\$11.0
Travel	\$0.3	\$0.1	\$0.4
Prof Svcs	\$2.2	\$5.5	\$7.7
Admin	\$0.6	\$0.2	\$0.8
<b>Total</b>	<b>\$8.0</b>	<b>\$11.8</b>	<b>\$19.8</b>
<b>Contingency</b>	<b>\$1.0</b>	<b>\$1.2</b>	<b>\$2.2</b>
<b>Total Expenses</b>	<b>\$9.0</b>	<b>\$13.0</b>	<b>\$22.0</b>
FTE Equivalent	26.3	38.1	32.6



# Next Round – Expenses (Apr 23 – Sep 23)

- Expenses consisted primarily of personnel expenses for staff time efforts, external vendor support, and shared services for ICANN support allocations

New gTLD Program: Next Round - Implementation		FY23 Actuals April - June 2023	
Work Stream	Staff and Contractor FTE (avg)	Total Expenses	
Policy Implementation	4.9	\$374	
Program Design	5.1	\$371	
Infrastructure Development	4.3	\$505	
Operationalization	1.2	\$207	
Overarching	9.7	\$922	
RSP Program	0.5	\$30	
Shared Services and Support*	0.0	\$1,604	
<b>Total</b>	<b>25.7</b>	<b>\$4,013</b>	

New gTLD Program: Next Round - Implementation		FY24 Actuals YTD (July - September 2023)	
Work Stream	Staff and Contractor FTE (avg)	Total Expenses	
Policy Implementation	5.9	\$401	
Program Design	3.7	\$214	
Infrastructure Development	5.0	\$570	
Operationalization	0.5	\$234	
Overarching	13.1	\$1,267	
RSP Program	2.0	\$111	
Shared Services and Org Support*	0.0	\$553	
<b>Total</b>	<b>30.2</b>	<b>\$3,349</b>	

\* Shared Services and Support is not a work track and represents allocated costs from ICANN org for general and administrative costs

For further information on the New gTLD Program: Next Round, please visit the New gTLD [website](#)

# Supplemental Fund for Implementation of Community Recommendations (SFICR) Projects

The SFICR was created in FY21 to establish segregated resources to increase the capacity of the organization to address projects that are multi-year and focus on Board-approved community recommendations but do not fit within the annual Budget. These projects are essential to ICANN and included within ICANN's strategic and operating plans.

# Prioritized Review Recommendations (Project to Date)

- In February 2022, ICANN org’s Planning team developed a planning prioritization framework to help the ICANN ecosystem prioritize its work within the planning cycle in a manner that is transparent, inclusive, and efficient
- ICANN org has identified 45 Board-approved recommendations that can be implemented in the next year with incremental funding outside of the annual plan and operating budget
- In November 2022, the ICANN Board resolved to use US\$5.8 million from the SFICR to fund one-time implementation efforts for Board-approved prioritized review implementations
- After implementation, all ongoing expenses of the identified recommendations will be part of the ICANN ongoing operations budget

Prioritized Reviews (July 2022 - Sep 2023)	% Complete	Personnel \$	Shared Services Support	Total \$
Accountability and Transparency Review 3 (ATRT3)	31%	\$395	\$180	\$575
Competition, Consumer Trust, and Consumer Choice (CCT)	46%	\$581	\$264	\$845
Security, Stability and Resiliency (SSR2)	25%	\$73	\$33	\$106
Registration Directory Service (formerly WHOIS)	61%	\$72	\$33	\$105
<b>Grand Totals</b>	<b>38%</b>	<b>\$1,121</b>	<b>\$510</b>	<b>\$1,632</b>

# Registration Data Request Service (Project to Date)

- In February 2023, the ICANN Board approved the development of the Registration Data Request Service as a proof-of-concept based on the recommendation of the GNSO Council and ICANN Org's Operational Design Assessment of the system.
- At the same time, the board approved use of the SFICR for the development of the system and up to two years of operation.
- Development of the system is expected to be completed by November 2023

Registration Data Request Service (February 2023 - September 2023)	Personnel	External Vendors	Total
Development	\$589	\$17	\$606
Operation	\$0	\$0	\$0
Grand Total	\$589	\$17	\$606

# Grant Program

The ICANN Grant Program is based on the recommendations from the Cross-Community Working Group on New gTLD Auction Proceeds. The community's recommendations were adopted by the ICANN Board in its 12 June 2022 resolutions. ICANN org presented the Preliminary Design and Implementation Plan to the Board in October 2022 and is in the process of implementation.

The Grant Program will distribute the proceeds from auctions of last resort in the New gTLD Program 2012 Round. The program will be open to applications that are supportive of ICANN's mission.

# Grant Program (Program to Date)

- Applications will be accepted and processed in cycles.
- One-time implementation costs include creating the Grant Program department, applicant helpdesk, program literature and documentation.
- The recurring program operational costs include ICANN staff, awareness and outreach communication campaigns, and outsourced services for an independent evaluation panel.
- The program implementation costs have primarily been incurred in FY23 and at the beginning of FY24, and the operational costs will be incurred during FY24 and in early FY25.
- For more information on the Grant Program please visit the [website](#)

Grant Program USD in Thousands	Program To Date (Jul 2022 - Sep 2023)
Personnel	\$441
T&M	\$22
Prof Svcs	\$102
Admin	\$2
Shared Services Support*	\$170
<b>Total</b>	<b>\$736</b>
# of Hours	3,645
FTE Equivalent	1.6

\* Shared Services Support represents allocated costs from ICANN org for general and administrative costs.

# Appendix

## Supplemental Financials

# FY24 YTD Statement of Position (as of 30 Sep 2023)

USD in millions  Unaudited	30 Sep 2023				30 Jun 2023				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	73.2	0.2	0.0	73.4	75.5	0.5	0.0	76.1	(2.3)	(0.3)	0.0	(2.7)
Investments	163.5	275.5	0.0	439.0	170.0	271.8	0.0	441.8	(6.5)	3.7	0.0	(2.8)
Funds Under Management	236.7	275.7	0.0	512.4	245.5	272.3	0.0	517.8	(8.8)	3.4	0.0	(5.4)
Receivables	35.3	0.0	0.0	35.3	35.0	0.0	0.0	35.0	0.3	0.0	0.0	0.3
Prepaid Expenses	6.9	0.0	0.0	6.9	4.4	0.0	0.0	4.4	2.5	0.0	(0.0)	2.5
Plant, Property & Equipment - Net	8.8	0.0	0.0	8.8	9.8	0.0	0.0	9.8	(0.9)	0.0	0.0	(0.9)
Operating Lease ROU Asset	36.5	0.0	0.0	36.5	36.5	0.0	0.0	36.5				
Other Assets	8.8	10.8	(16.2)	3.3	3.4	11.7	(13.0)	2.2	5.4	(1.0)	(3.3)	1.2
<b>TOTAL ASSETS</b>	<b>332.9</b>	<b>286.5</b>	<b>(16.2)</b>	<b>603.2</b>	<b>298.0</b>	<b>284.1</b>	<b>(12.9)</b>	<b>569.1</b>	<b>(1.6)</b>	<b>2.4</b>	<b>(3.3)</b>	<b>(2.4)</b>
<b>LIABILITIES AND NET ASSETS</b>												
Accounts Payable & Accrued Liabilities	16.9	1.8	0.1	18.8	13.1	2.1	0.1	15.2	3.8	(0.3)	0.1	3.5
Operating Lease Liability	40.3	0.0	0.0	40.3	40.3	0.0	0.0	40.3	0.0	0.0	0.0	0.0
Deferred Funding	2.6	0.4	0.0	3.0	3.6	0.4	0.0	4.0	(1.0)	0.0	0.0	(1.0)
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>59.8</b>	<b>2.2</b>	<b>0.1</b>	<b>62.1</b>	<b>57.1</b>	<b>2.5</b>	<b>0.1</b>	<b>59.6</b>	<b>2.8</b>	<b>(0.3)</b>	<b>0.1</b>	<b>2.5</b>
<b>UNRESTRICTED/RESTRICTED ASSETS</b>	<b>277.4</b>	<b>281.6</b>	<b>(13.0)</b>	<b>546.0</b>	<b>263.6</b>	<b>278.0</b>	<b>(1.7)</b>	<b>539.9</b>	<b>13.9</b>	<b>3.6</b>	<b>(11.3)</b>	<b>6.2</b>
<b>CURRENT YEAR CHANGE IN NET ASSETS</b>	<b>32.1</b>	<b>2.7</b>	<b>(3.3)</b>	<b>31.5</b>	<b>13.9</b>	<b>3.6</b>	<b>(11.3)</b>	<b>6.2</b>	<b>18.3</b>	<b>(0.9)</b>	<b>8.0</b>	<b>25.3</b>
<b>TOTAL NET ASSETS</b>	<b>309.6</b>	<b>284.3</b>	<b>(16.4)</b>	<b>577.5</b>	<b>277.4</b>	<b>281.6</b>	<b>(13.0)</b>	<b>546.0</b>	<b>32.1</b>	<b>2.7</b>	<b>(3.3)</b>	<b>31.5</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>369.4</b>	<b>286.5</b>	<b>(16.2)</b>	<b>639.7</b>	<b>334.5</b>	<b>284.1</b>	<b>(12.9)</b>	<b>605.6</b>	<b>34.9</b>	<b>2.4</b>	<b>(3.3)</b>	<b>34.0</b>



# FY24 Cash Flow Synopsis (as of 30 Sep 2023)

Cash Flow Statement Unaudited	FY24		Total
	ICANN Operations	New gTLD Program	
<b>Operating Activities</b>			
Change in net assets	(4.3)	(0.6)	(5.0)
<i>Adjustments to reconcile:</i>			
Depreciation expense	1.1	0.0	1.1
Bad debt expense	0.0	0.0	0.0
Investment gains	5.6	(3.7)	2.0
Reduction of operating lease right-of-use asset	0.0	0.0	0.0
Gain/Loss on Disposal of Asset	0.0	0.0	0.0
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable	(0.3)	0.0	(0.3)
Prepaid expenses	(2.5)	0.0	(2.5)
Other assets	(1.2)	0.0	(1.2)
Right-of-use asset and lease liability	0.0	0.0	0.0
Accounts payable and accrued liabilities	3.8	(0.2)	3.5
Intercompany clearing	(4.2)	4.2	0.0
Deferred revenue	(1.0)	0.0	(1.0)
<b>Total Cash from Operating Activities</b>	<b>(3.1)</b>	<b>(0.3)</b>	<b>(3.3)</b>
<b>Investing Activities</b>			
Purchases of capital assets	(0.1)	0.0	(0.1)
Proceeds from sale of investments	0.8	0.0	0.8
Purchases of investments	0.0	0.0	0.0
<b>Total Cash from Investing Activities</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>
<b>Net Change in Cash Flow</b>	<b>(2.3)</b>	<b>(0.3)</b>	<b>(2.6)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>75.5</b>	<b>0.5</b>	<b>76.1</b>
<b>Cash and cash equivalents, end of year</b>	<b>73.2</b>	<b>0.3</b>	<b>73.5</b>

# New gTLD 2012 Round – Multiyear Details (as of 30 Sep 2023)

New gTLD Program 2012 Round	Statement of Activities by Fiscal Year					Statement of Activities for Full Program (September 2023)
	FY12 - FY21 Actual	FY22 Actuals	FY23 Actuals	FY24 Forecast	FY25 & Beyond Estimate	
New gTLD Applicant Fees	360	(0)	-	0	1	361
Refunds	(52)	0	0	(0)	(1)	(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	(40)	(1)	(1)	(2)	(6)	(51)
Staff Costs	(58)	(2)	(2)	(1)	(2)	(64)
<b>Operating Expenses</b>	<b>\$ (188)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ (9)</b>	<b>\$ (206)</b>
Historical Development Costs	(32)	-	-	-	-	(32)
Contingency Costs	(30)	(3)	(2)	(0)	-	(35)
<b>Non Operating Expenses</b>	<b>\$ (62)</b>	<b>\$ (3)</b>	<b>\$ (2)</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (68)</b>
<b>Other Income/(Expense)</b>	<b>\$ (2)</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (2)</b>
<b>Investment Income/(Expense)</b>	<b>\$ 11</b>	<b>\$ (0)</b>	<b>\$ 2</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 14</b>
<b>Total Expenses</b>	<b>\$ (241)</b>	<b>\$ (6)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ (9)</b>	<b>\$ (262)</b>
<b>Net Remaining New gTLD Funds</b>	<b>\$ 67</b>	<b>\$ (6)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ (8)</b>	<b>\$ 46</b>