ICANN FY24 Quarterly Management Financials – Six Months Ending December 2023 (Unaudited)

ICANN

Published February 2024

Background

- This report is published quarterly.

- The following information reflects ICANN's unaudited quarterly financials through the second quarter of fiscal year 2024 (FY24), corresponding to six months beginning 1 July 2023 and ending 31 December 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.
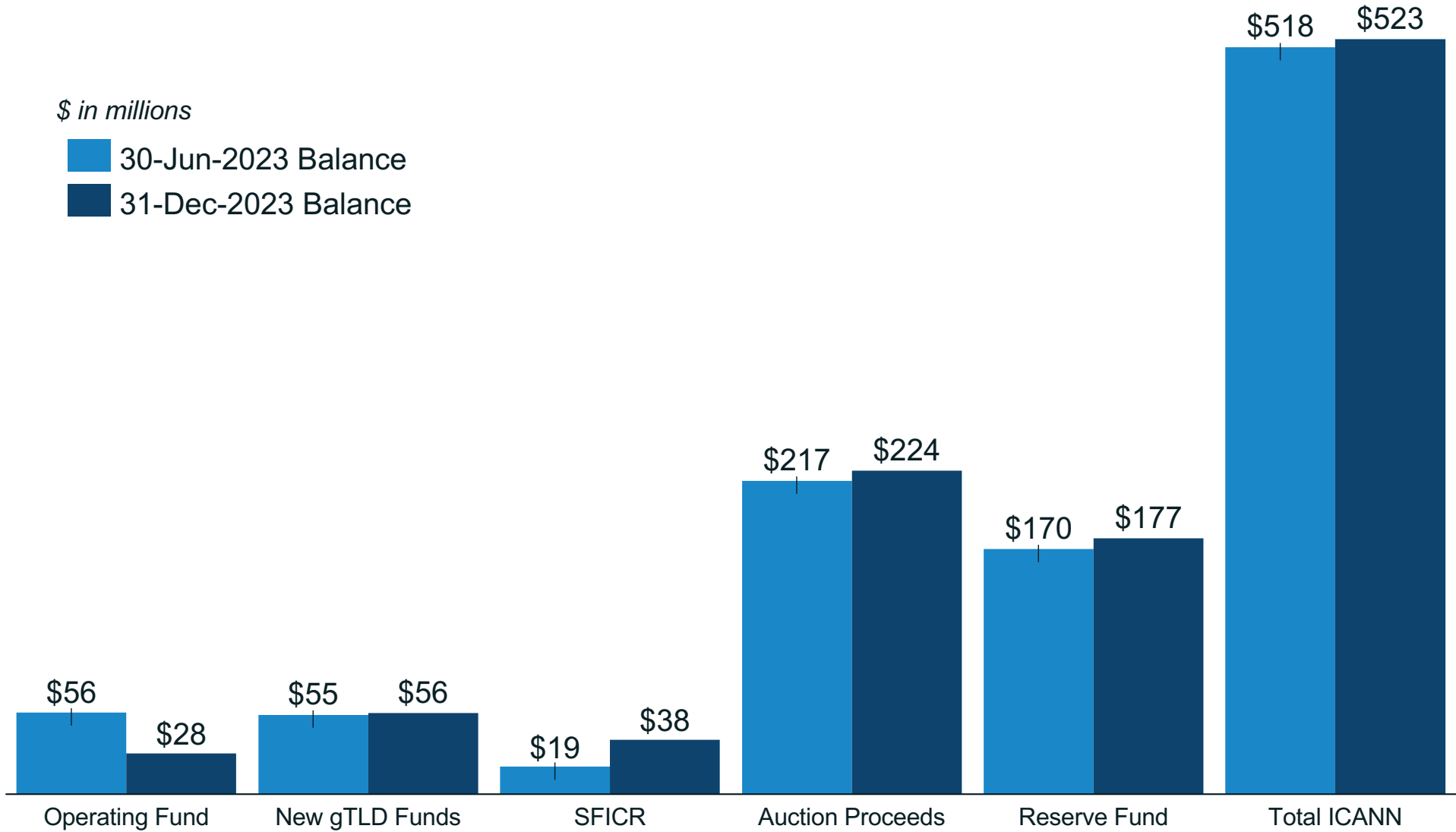
Total ICANN

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

Total ICANN – Funds Under Management (as of Dec 2023)

$ in millions

- 30-Jun-2023 Balance
- 31-Dec-2023 Balance

	Operating Fund	New gTLD Funds	SFICR	Auction Proceeds	Reserve Fund	Total ICANN
30-Jun-2023	$56	$55	$19	$217	$170	$518
31-Dec-2023	$28	$56	$38	$224	$177	$523

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

Total ICANN – Financial Overview (Jul 23 – Dec 23)

ICANN Cash Flow In Millions, US dollars	Segment Reporting for the Six Months Ending 31 Dec 2023					
	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Reserve Fund	Total
Funds Under Management - 30 Jun 2023	**56.5**	**55.0**	**19.1**	**217.3**	**170.0**	**517.8**
Board-Approved Transfers:						
Operating Fund Excess to SFICR	(20.0)	-	20.0	-	-	-
Funding	74.4	(0.2)	-	-	-	74.2
Expenses	(72.4)	(8.4)	(2.0)	(0.6)	-	(83.3)
Intercompany Receivables/(Payables)	(9.5)	8.9	-	0.6	-	(0.0)
Working Capital	(1.7)	(0.8)	-	-	-	(2.6)
Investment Income/(Declines)	1.0	1.6	0.5	6.9	7.4	17.3
Funds Under Management - 31 Dec 2023	**28.2**	**56.2**	**37.6**	**224.1**	**177.3**	**523.4**
Average FTEs	**408**	**27**	**11**	**3**	**-**	**450**
End of Period FTEs	**425**	**23**	**8**	**4**	**-**	**460**

- 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 six months beginning 1 July 2023 and ending 31 December 2023.

- Funds under management increased $5.6 million since the beginning of the fiscal year due to investment gains, partially offset by expenses in segments other than ICANN Operations.

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

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 – Dec 23)

The statement of activity below provides a summary of ICANN Operations' YTD financials, corresponding to six months beginning 1 July 2023 and ending 31 Dec 2023.
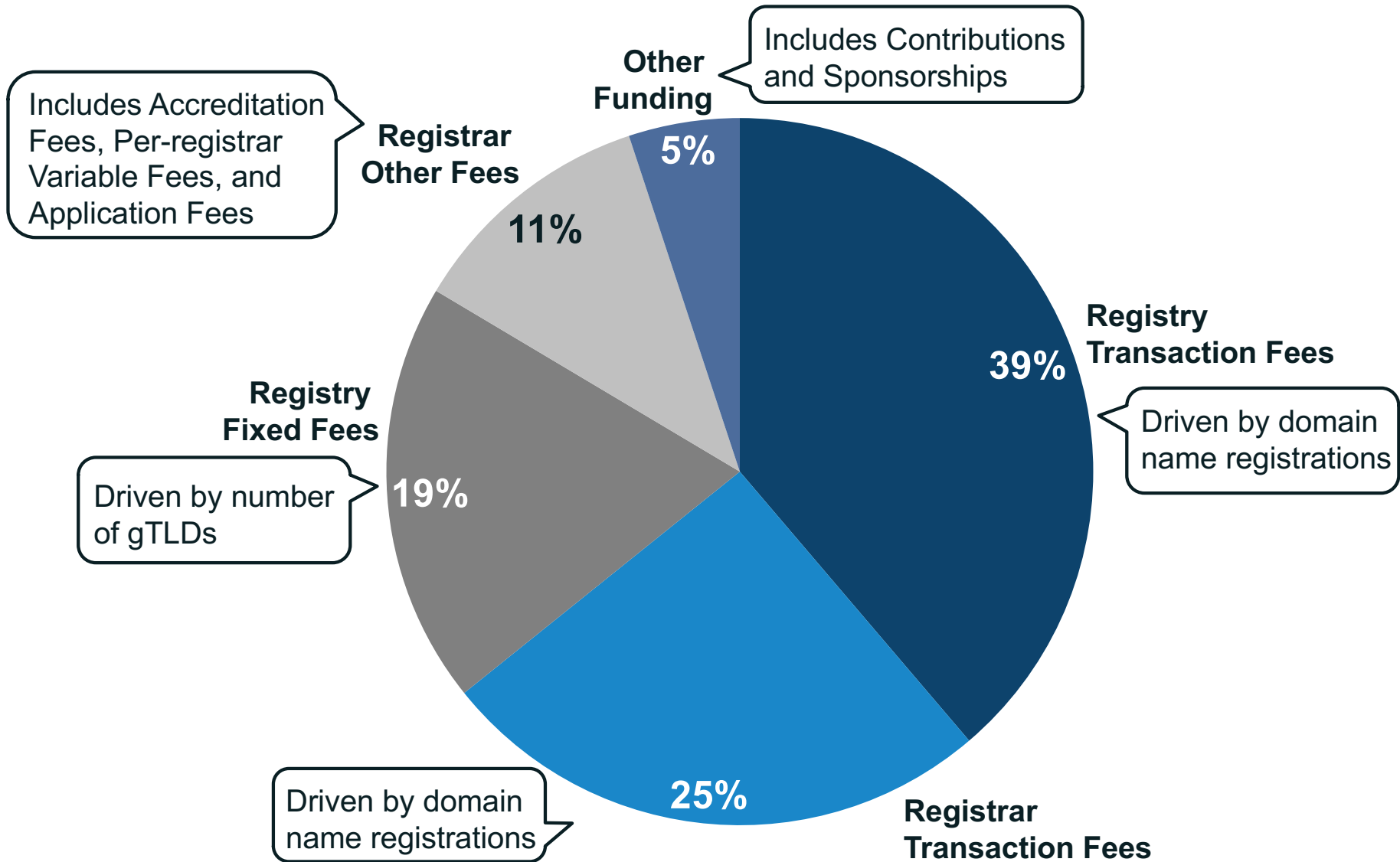
Where relevant, comparative information pertaining to the prior year (FY23) is provided, corresponding to six months beginning 1 July 2022 and ending 31 Dec 2022.

ICANN Operations	FY24 YTD Actual	FY24 YTD Budget	Var	FY23 YTD Actual	Var
Funding	$74	$74	$1	$76	($1)
Expenses	$72	$67	($6)	$66	($6)
Net Operating Excess/(Deficit)	$2	$7	($5)	$9	($7)
Average Full-Time Equivalents	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.

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

ICANN Operations – Funding by Category (Jul 23 – Dec 23)

FY24 YTD Funding- $74M

Pie chart categories:

- **Other Funding** — 5% — *Includes Contributions and Sponsorships*
- **Registry Transaction Fees** — 39% — *Driven by domain name registrations*
- **Registrar Transaction Fees** — 25% — *Driven by domain name registrations*
- **Registry Fixed Fees** — 19% — *Driven by number of gTLDs*
- **Registrar Other Fees** — 11% — *Includes Accreditation Fees, Per-registrar Variable Fees, and Application Fees*
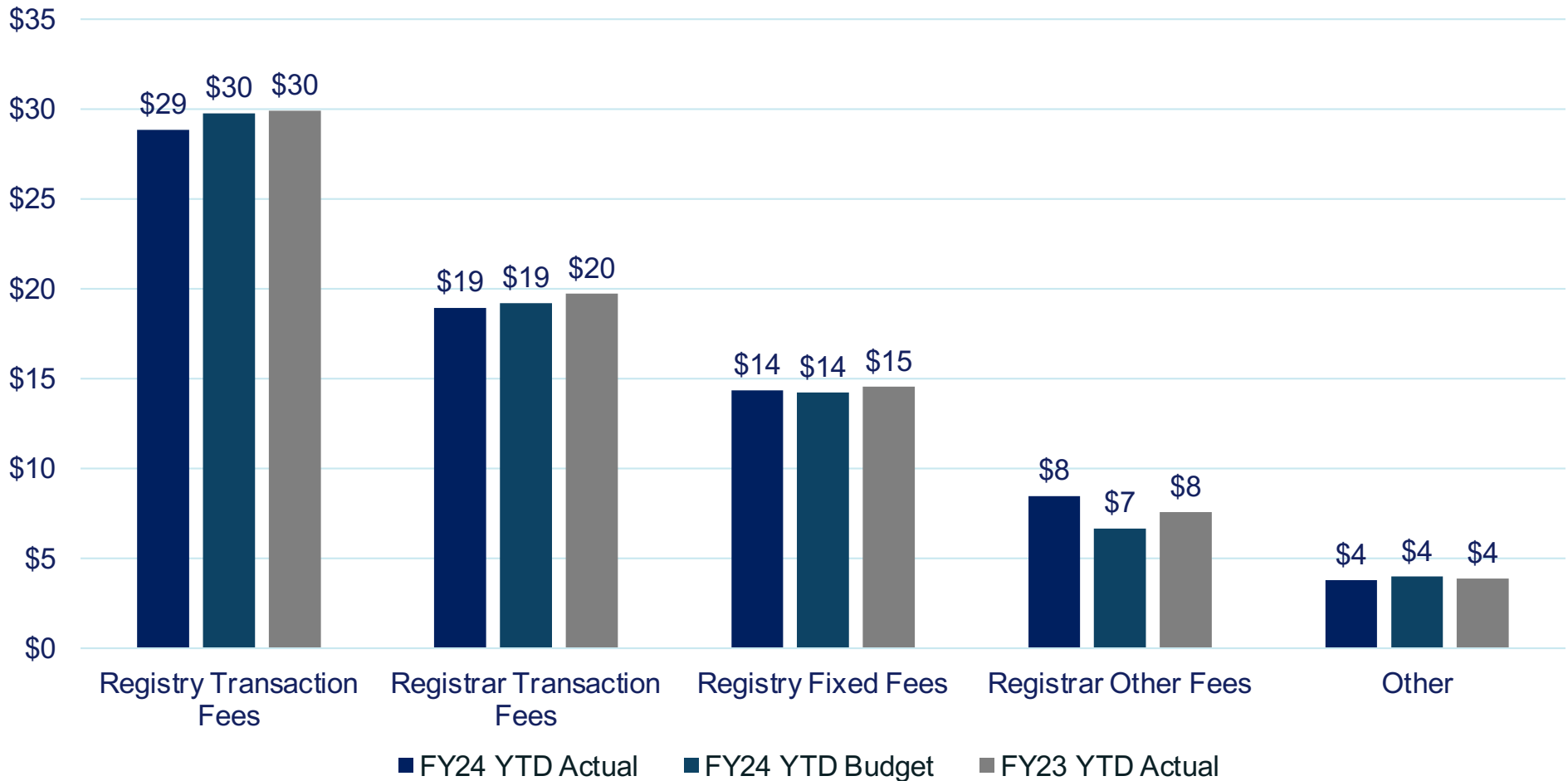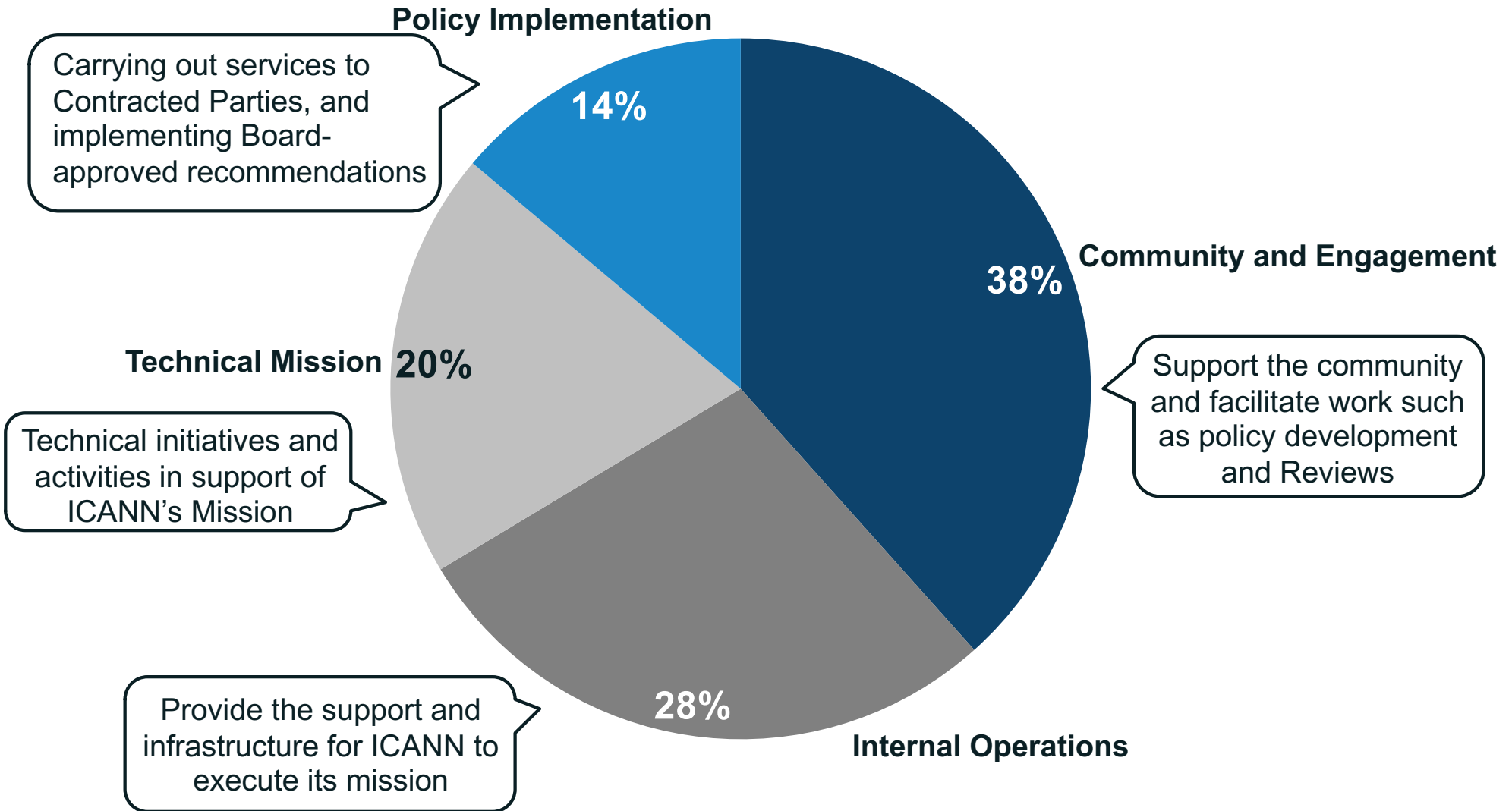
ICANN Operations – Funding vs Budget and Prior Year

- **Through 31 Dec 2023, funding is flat to budget and the prior year through the same period.**

> **FY24 YTD Actual: $ 74M**
> **FY24 YTD Budget: $ 74M**
> **FY23 YTD Actual: $ 76M**

Bar chart (USD in millions) with categories and values:

Category	FY24 YTD Actual	FY24 YTD Budget	FY23 YTD Actual
Registry Transaction Fees	$29	$30	$30
Registrar Transaction Fees	$19	$19	$20
Registry Fixed Fees	$14	$14	$15
Registrar Other Fees	$8	$7	$8
Other	$4	$4	$4

Legend: ■ FY24 YTD Actual ■ FY24 YTD Budget ■ FY23 YTD Actual

ICANN Operations – Activity Based Reporting (Jul 23 – Dec 23)

FY24 YTD Expenses- $72M

Policy Implementation

Carrying out services to Contracted Parties, and implementing Board-approved recommendations

14%

Community and Engagement

38%

Support the community and facilitate work such as policy development and Reviews

Technical Mission **20%**

Technical initiatives and activities in support of ICANN's Mission

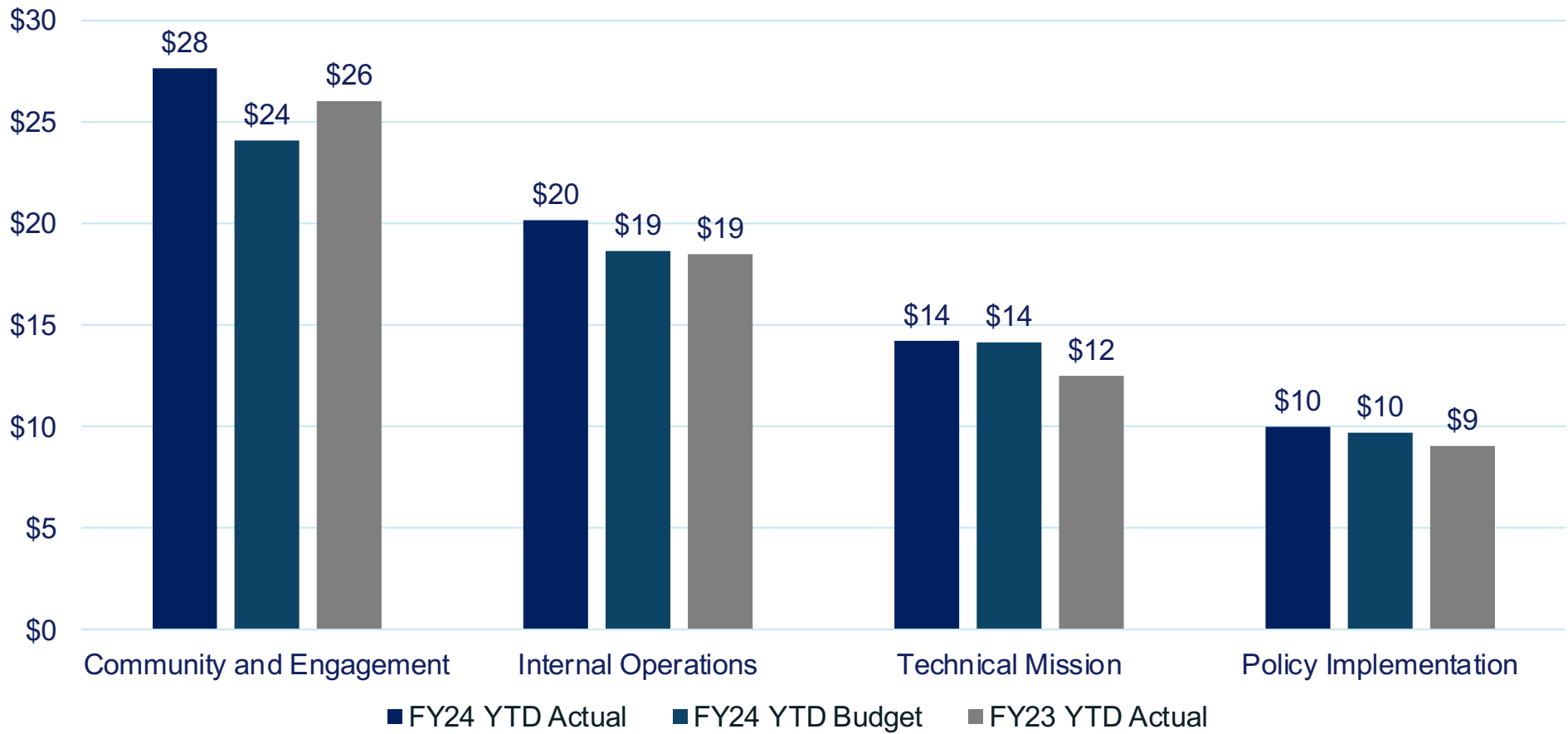Provide the support and infrastructure for ICANN to execute its mission

28%

Internal Operations

ICANN Operations – Activity Based Expenses vs Budget and Prior Year

- **Through 31 Dec 2023, expenses are higher than budget due to Community and Engagement, driven by higher than planned costs for ICANN78, community programs, and meetings support.**
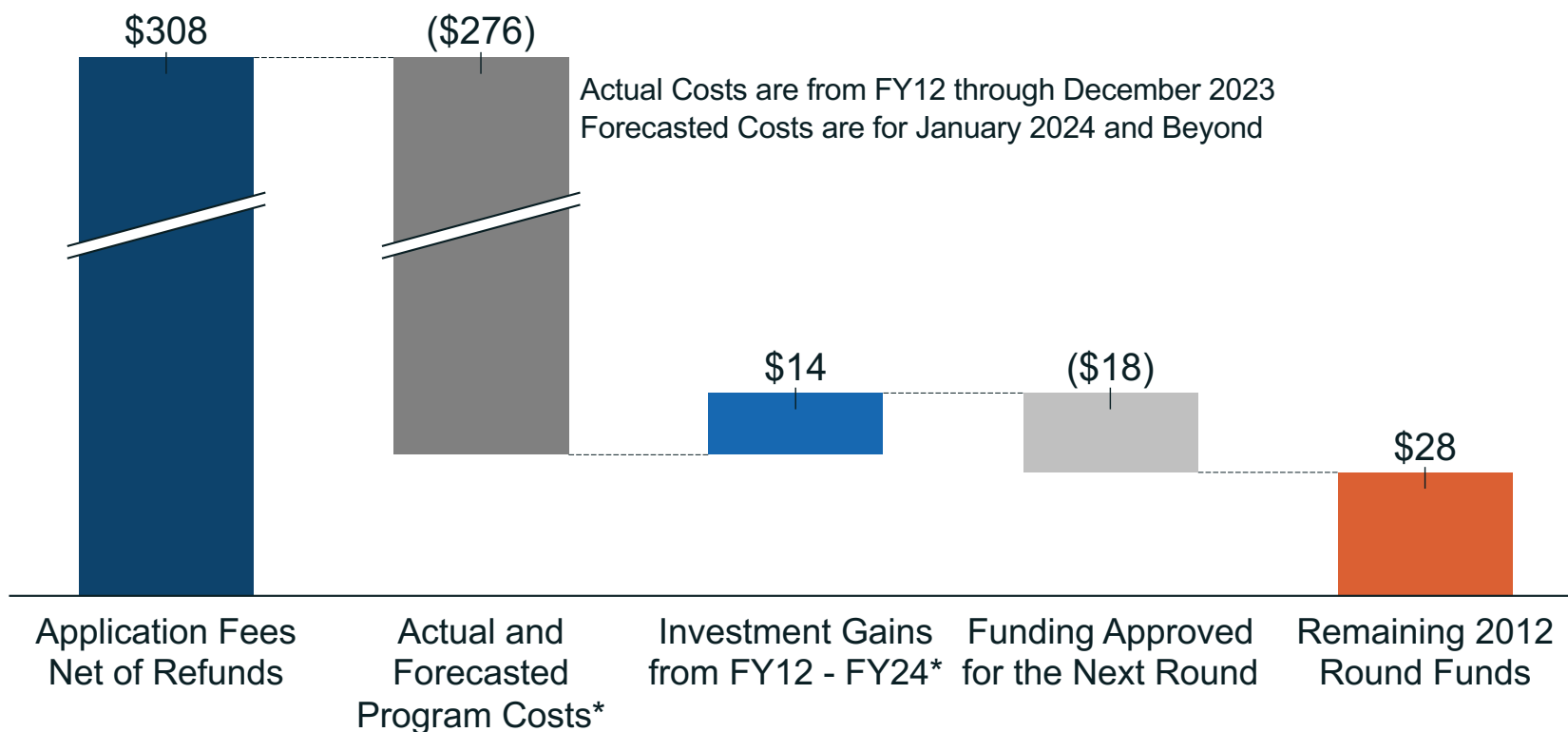
FY24 YTD Actual: $72M
FY24 YTD Budget: $67M
FY23 YTD Actual: $66M

	Community and Engagement	Internal Operations	Technical Mission	Policy Implementation
FY24 YTD Actual	$28	$20	$14	$10
FY24 YTD Budget	$24	$19	$14	$10
FY23 YTD Actual	$26	$19	$12	$9

■ FY24 YTD Actual ■ FY24 YTD Budget ■ FY23 YTD Actual

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 31 Dec 2023)

Actual Costs are from FY12 through December 2023
Forecasted Costs are for January 2024 and Beyond

Chart values:
- Application Fees Net of Refunds: $308
- Actual and Forecasted Program Costs*: ($276)
- Investment Gains from FY12 - FY24*: $14
- Funding Approved for the Next Round: ($18)
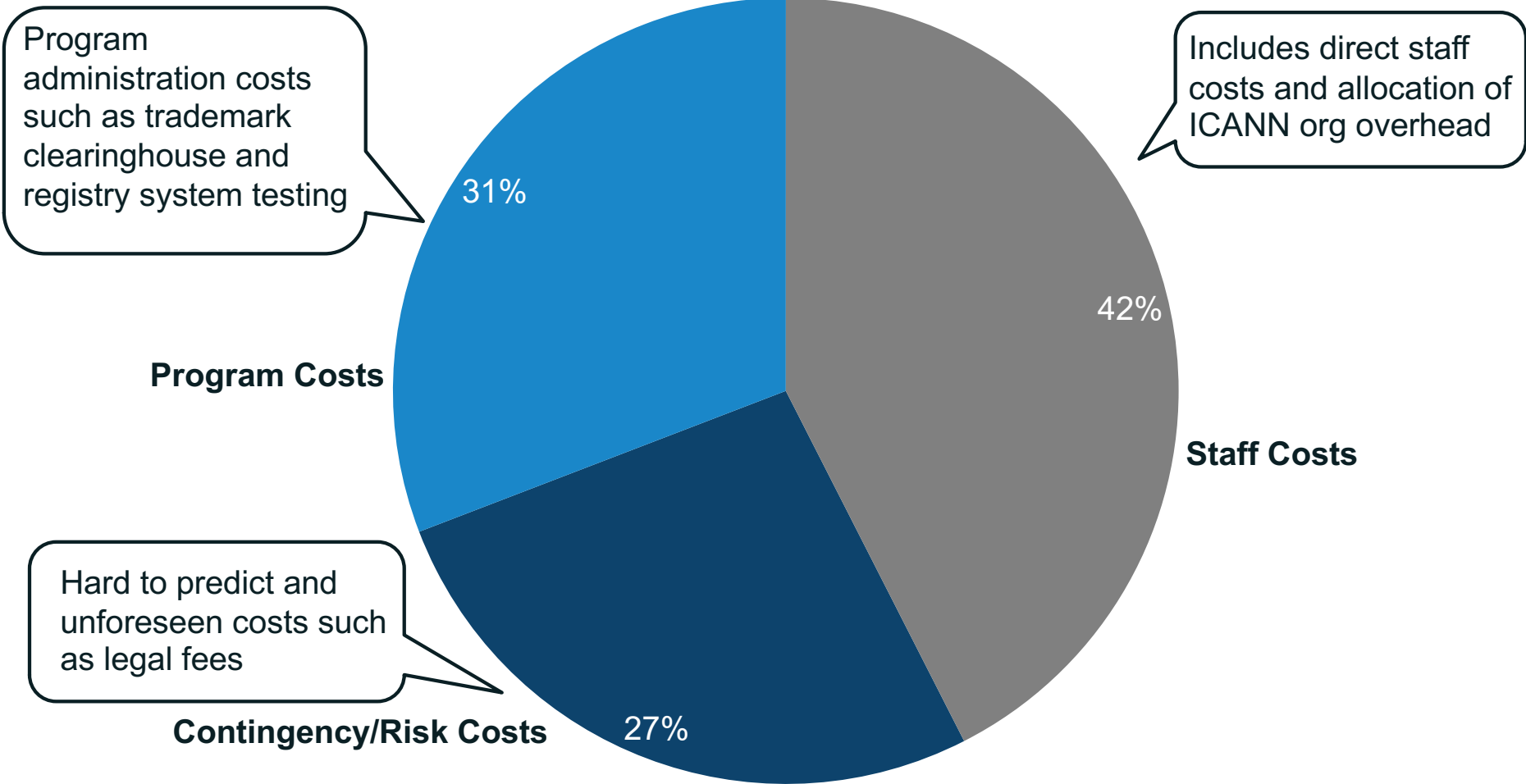- Remaining 2012 Round Funds: $28

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 the last page of the appendix.

FY24 Year to Date Expenses- $1.5M

Program administration costs such as trademark clearinghouse and registry system testing

Program Costs

31%

Includes direct staff costs and allocation of ICANN org overhead

42%

Staff Costs

Hard to predict and unforeseen costs such as legal fees

Contingency/Risk Costs

27%

New gTLD Program Next Round: 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 August 2023, ICANN org delivered a comprehensive implementation plan to the Board

⊙ To date the ICANN Board has approved two tranches of funding for implementation costs:

- $9 million in March 2023 to cover implementation costs through 31 October 2023

- $13 million in October 2023 to cover implementation costs through 30 June 2024

⊙ The funding to pay for New gTLD Program Next Round development costs before program launch will come from the New gTLD Program 2012 Round remaining application fees and available funds from the Supplemental Fund for Implementation of Community Recommendations (SFICR)

New gTLD Program: Next Round (USD in millions)	Actual Implementation Costs (April 2023 through October 2023)	Approved Implementation Funding (November 2023 through June 2024)	Total Projected Spend (April 2023 through June 2024)
Personnel	$4.8	$6.3	$11.1
Travel	$0.4	$0.5	$0.9
Prof Svcs	$2.7	$4.9	$7.7
Admin	$0.4	$0.6	$1.1
Total	**$8.4**	**$12.4**	**$20.8**
Contingency	**$0.0**	**$0.6**	**$0.6**
Total Expenses	**$8.4**	**$13.0**	**$21.4**
FTE Equivalent	25.8	34.0	29.1

Next Round – Expenses (Apr 23 – Dec 23)

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

New gTLD Prgram: Next Round - Implementation	Actuals Apr - Oct 2023 Implementation Tranche #1		Actuals Nov - Dec 2023 Implementation Tranche #2	
Program Area USD in Thousands	Staff FTE (avg)	Total Expenses	Staff FTE (avg)	Total Expenses
Policy Implementation	5.7	$894	6.2	$305
Program Design	3.2	$652	1.1	$181
Infrastructure Development	4.2	$1,261	6.6	$601
Operationalization	0.8	$444	0.3	$219
Overarching	10.5	$2,592	11.3	$607
RSP Program	1.4	$177	2.4	$86
Shared Services and Support*	0.0	$2,352	0.0	$485
Total	**25.8**	**$8,371**	**27.7**	**$2,485**

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

Any arithmetic inconsistencies are due to rounding

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 with incremental funding outside of the annual plan and operating budget.

- In November 2022, the ICANN Board resolved to use $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.

Specific Reviews Recommendations(July 2022 - Dec 2023)	% Complete	Personnel $	Shared Services Support	Total $
Accountability and Transparency Review 3 (ATRT3)	39%	$494	$228	$722
Competition, Consumer Trust, and Consumer Choice Review (CCT)	48%	$603	$278	$881
Security, Stability and Resiliency Review (SSR2)	38%	$111	$51	$163
Registration Directory Service review (RDS-WHOIS2)	65%	$77	$35	$112
Grand Totals	44%	$1,286	$592	$1,878

Registration Data Request Service (Project to Date)

- In February 2023, the ICANN Board approved the development of the Registration Data Request Service (RDRS) as a proof-of-concept based on the recommendation of the Generic Names Supporting Organization (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 RDRS and two years of operation.

- Development of the RDRS began in December 2022 and concluded with the successful launch in November 2023.

  - During this phase, project costs were $1.6 million consisting primarily of engineering and operational staff time.

- The second phase of the project for operation and maintenance of the RDRS began in December 2023.

Registration Data Request Service (December 2022 - December 2023)	Personnel	External Vendors	Total
Development	$1,630	$17	$1,647
Operation	$87	-	$87
Grand Total	$1,717	$17	$1,734

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 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	Program To Date - 18 Months (Jul 2022 - Dec 2023)		
USD in Thousands	Total Actuals	Total Budget	Variance to Budget (Over)/Under
Personnel	$627	$600	($27)
T&M	$46	$27	($19)
Prof Svcs	$112	$134	$22
Admin	$3	$0	($3)
Shared Services Support*	$263	$227	($36)
Total	**$1,050**	**$988**	**($62)**

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

Any arithmetic inconsistencies are due to rounding

Appendix

Supplemental Financials

ICANN78 – Expense by Category

ICANN78 Hamburg	Actual	Budget	(Higher)/ Lower
Airfare	1.1	0.8	(0.3)
Hotel	1.0	1.0	0.0
Audio/Visual	1.0	0.8	(0.2)
Catering	0.5	0.4	(0.1)
Language Services	0.7	0.7	(0.1)
Meeting Space	0.5	0.4	(0.1)
Anniversary Celebration	0.1	-	(0.1)
Other	0.4	0.4	(0.1)
Total Expenses	**5.4**	**4.5**	**(0.9)**

ICANN78 took place in Hamburg, Germany in October 2023

- Airfare is ($0.3M) higher due to higher rates than budget.
- Audio/Visual is ($0.2M) higher than planned due to additional sessions.
- Catering is ($0.1M) due to higher costs than planned.
- Language Services is ($0.1M) higher than planned due to increased equipment booths and increased number of sessions than planned.
- Meeting Space is ($0.1M) higher than budget due to additional meeting space needed for added sessions.

ICANN Meeting Trends

Legend: Actual, Budget, Attendance (In-Person & Virtual)

- ICANN78- Hamburg - Annual Gereral Meeting: Actual $5.4, Budget $4.5, Attendance 2512
- ICANN77- Washington DC - Policy Forum: Actual $4.4, Budget $3.7, Attendance 1767
- ICANN76- Cancun - Community Forum: Actual $4.2, Budget $3.6, Attendance 2019
- ICANN75- Kuala Lumpur - Annual General Meeting: Actual $4.7, Budget $4.2, Attendance 1957
- ICANN74- The Hague - Policy Forum: Actual $3.6, Budget $3.4, Attendance 1817
- ICANN73- Puerto Rico (Virtual) - Community Forum: Actual $0.5, Budget $3.8, Attendance 1578

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

FY24 YTD Statement of Position (as of 31 Dec 2023)

USD in millions Unaudited	31 Dec 2023				30 Jun 2023			
	ICANN	New gTLD 2012	Next Round	Total	ICANN	New gTLD 2012	Next Round	Total
ASSETS								
Total Cash & Cash Equivalents	65.8	0.3	0.0	66.0	75.5	0.5	0.0	76.1
Investments	177.3	280.0	0.0	457.4	170.0	271.8	0.0	441.8
Funds Under Management	**243.1**	**280.3**	**0.0**	**523.4**	**245.5**	**272.3**	**0.0**	**517.8**
Receivables	**34.1**	**0.0**	**0.0**	**34.1**	**35.0**	**0.0**	**0.0**	**35.0**
Prepaid Expenses	**4.7**	**0.0**	**0.1**	**4.7**	**4.4**	**0.0**	**0.0**	**4.4**
Plant, Property & Equipment - Net	**8.3**	**0.0**	**0.0**	**8.3**	**9.8**	**0.0**	**0.0**	**9.8**
Oepating Lease ROU Asset	34.7	0.0	0.0	34.7	36.5	0.0	0.0	36.5
Other Assets	**12.1**	**9.7**	**(19.9)**	**2.0**	**3.4**	**11.7**	**(13.0)**	**2.2**
TOTAL ASSETS	**337.0**	**290.0**	**(19.8)**	**607.2**	**298.0**	**284.1**	**(12.9)**	**605.6**
LIABILITIES AND NET ASSETS								
Accounts Payable & Accrued Liabilities	**12.4**	**1.3**	**0.0**	**13.7**	**13.1**	**2.1**	**0.1**	**15.2**
Operating Lease Liability	**39.6**	**0.0**	**0.0**	**39.6**	**40.3**	**0.0**	**0.0**	**40.3**
Deferred Funding	**1.6**	**0.4**	**0.0**	**2.0**	**3.6**	**0.4**	**0.0**	**4.0**
Other Liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL LIABILITIES	**53.6**	**1.6**	**0.0**	**55.3**	**57.1**	**2.5**	**0.1**	**59.6**
UNRESTRICTED/RESTRICTED ASSETS	**277.4**	**281.6**	**(13.0)**	**546.0**	**263.6**	**278.0**	**(1.7)**	**539.9**
CURRENT YEAR CHANGE IN NET ASSETS	**5.8**	**0.0**	**0.0**	**5.8**	**13.9**	**3.6**	**(11.3)**	**6.2**
TOTAL NET ASSETS	**283.2**	**281.6**	**(13.0)**	**551.8**	**277.4**	**281.6**	**(13.0)**	**546.0**
TOTAL LIABILITIES & NET ASSETS	**336.9**	**283.2**	**(13.0)**	**607.2**	**334.5**	**284.1**	**(12.9)**	**605.6**

New gTLD 2012 Round – Multiyear Details (as of 31 Dec 2023)

New gTLD Program 2012 Round	Statement of Activities by Fiscal Year					Statement of Activities for Full Program (December 2023) Current Estimate
	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)
Applicant Fees (Net of Refunds)	$ 308	$ 0	$ 0	$ 0	$ 0	$ 308
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)
Operating Expenses	$ (188)	$ (3)	$ (3)	$ (3)	$ (9)	$ (206)
Historical Development Costs	(32)	-	-	-	-	(32)
Contingency Costs	(30)	(3)	(2)	(0)	-	(35)
Non Operating Expenses	$ (62)	$ (3)	$ (2)	$ (0)	$ -	$ (68)
Other Income/(Expense)	$ (2)	$ -	$ (0)	$ (0)	$ -	$ (2)
Investment Income/(Expense)	$ 11	$ (0)	$ 2	$ 1	$ -	$ 14
Total Expenses	$ (241)	$ (6)	$ (3)	$ (3)	$ (9)	$ (262)
Net Remaining New gTLD Funds	$ 67	$ (6)	$ (3)	$ (3)	$ (8)	$ 46