



FY 2014 Financial Package

For the Twelve Months Ending June 2014

Unaudited

Table of Contents

Executive Summary	1
FY14 Budget by Quarter	2
FY14 Actuals by Quarter	3
Statement of Activity (Actual vs. Budget)	4
Statement of Position.....	5
Funds Under Management.....	6
Cash Flows Synopsis	7
Operating Fund and New gTLD Cash	8
Reserve Fund.....	9
New gTLD Financial Summary.....	10
New gTLD Historical Development Costs	11

**ICANN
Executive Summary
of Unaudited Financial Results
For the Twelve Months Ending June 30, 2014**

Overview

The ICANN change in net assets is \$37.0M lower than budget during FY14 mainly as a result of (i) extension of the evaluation period for the New gTLD program as well as favorable contract negotiations and internalization of contracting process for the program resulting in lower expenses and revenues recognized for the period (-\$44.3M) partially offset by (ii) lower revenues in ICANN Ops primarily due to the delay of new gTLDs delegated into the root partially offset by overspend in planned operations (-\$3.3M), see Operating Expenses below, and (iii) unbudgeted Reserve Fund and New gTLD investment income of (\$8.5M) and (\$2.1M), respectively.

The Funds under Management by ICANN decreased by \$50.1M in FY14 to a total of \$309.7M, mainly as a result of general operating expenses for ICANN Ops (\$38.2M) and the payment of evaluation expenses and general operating expenses for the New gTLD Program (\$23.0M), partially offset by the appreciation of investments for ICANN Ops (\$8.5M) and the New gTLD Program (\$2.6M).

Financial Position

The Funds Under Management decreased by \$50.1M during the year as a result of the following:

- An increase of the ICANN Operations funds by \$27.4M due to:
(i) funds collected from contributors/parties for \$86.0M
(ii) the reimbursement from the New gTLD funds of the direct/allocated costs for \$36.5M,
(iii) the reimbursement from the New gTLD program of the historical development costs for \$20.5M,
(iv) appreciation of investments for \$8.5M
(v) partially offset by payments to vendors/ employees for \$124.2M, \$28.1M of which was on on behalf of the New gTLD Program

- A decrease of the New gTLD funds by \$77.5M due to:
(i) the reimbursement to ICANN Operations of the accumulated direct/allocated costs for \$36.5M,
(ii) the reimbursement to ICANN Operations of the historical development costs for \$20.5M,
(iii) net refunds to applicants for \$7.1M,
(iv) payments to vendors/employees for \$15.9M,
(v) partially offset by the appreciation of the new gTLD investments for \$2.6M.

The decrease of the deferred revenues balance of \$45.2M corresponds to:
(i) the amount of revenues recognized for the New gTLD program (\$36.6M),
(ii) the refunds to New gTLD applicants (\$7.7M), and
(iii) other (\$0.9M).

Support and Revenue

Revenues for ICANN Ops were \$2.0M unfavorable to budget primarily due to lower Registry revenues due to the delay of New gTLDs delegated into the root. Revenues for New gTLD program were \$74.9M unfavorable to budget primarily due to the extension of the evaluation period for the New gTLD program as well as favorable contract negotiations and internalization of contracting process for the program costs incurred in FY14, resulting in lower expenses and revenues recognized for the period.

Operating Expenses

Personnel costs for ICANN Ops were relatively flat to budget primarily due to unbudgeted positions partially offset by delayed hires. Personnel costs for the New gTLD program were \$2.1M favorable to budget primarily due to delayed hires.

Travel and Meetings costs for ICANN Ops were \$3.6M unfavorable to budget primarily due to higher than budgeted travel rates for constituents, stakeholders and staff and unbudgeted travel primarily related to Internet Governance, partially offset by GDD Operations travel not taken due to delayed hiring and less travel than budgeted in Governmental Engagement in Q1/ Q2. Travel and Meetings costs for the New gTLD program were \$0.2M unfavorable to budget primarily due to higher costs allocated from ICANN OPs than budgeted.

Professional Services costs for ICANN Ops were \$0.7M favorable to budget primarily due to lower spend and the delay of security, IDN Variant and EBERO projects. Professional Services costs for the New gTLD Program were \$29.7M favorable to budget due to lower costs incurred for Initial and Extended Evaluation and delayed Pre-delegation testing and contracting.

Administrative costs for ICANN Ops were \$0.2M unfavorable to budget primarily due to unbudgeted rent, facilities and Internet Governance costs. Administrative costs for the New gTLD Program were \$0.3M unfavorable to budget primarily due to higher costs allocated from ICANN OPs than budgeted.

Bad debt expenses were \$0.3M favorable to budget due a true-up of the reserve amount to reflect the actual trend of bad debt write offs.

Depreciation costs were \$1.4M unfavorable to budget primarily due to asset write-offs following an office shut down.

Other Income /Expense

Investment Income was \$8.5M and \$2.1M favorable to budget for ICANN Ops and the New gTLD Program, respectively.

Statement of Activity
FY14 Budget by Quarter
US dollars, in thousands

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Total Year		
	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total
Total Support and Revenue	19,219	41,411	60,629	18,829	26,343	45,172	22,870	22,665	45,535	27,240	21,687	48,927	88,158	112,105	200,263
Expenses															
Personnel	7,464	2,965	10,429	8,973	2,779	11,753	9,874	2,552	12,426	10,404	2,217	12,621	36,715	10,513	47,229
Travel & Meetings*	4,062	444	4,506	3,818	430	4,248	3,820	411	4,231	3,792	357	4,149	15,493	1,642	17,134
Professional Services	4,805	18,531	23,336	6,197	10,412	16,609	5,436	8,669	14,105	4,805	8,579	13,384	21,243	46,190	67,433
Administration	2,797	917	3,714	3,120	919	4,039	2,902	878	3,781	3,278	817	4,095	12,098	3,531	15,628
Bad Debt Expenses	120	0	120	120	0	120	120	0	120	120	0	120	480	0	480
Depreciation Expenses	510	0	510	677	0	677	677	0	677	677	0	677	2,540	0	2,540
Total Expenses	19,759	22,856	42,615	22,905	14,540	37,445	22,829	12,510	35,339	23,076	11,970	35,046	88,569	61,875	150,444
Contingency	925	0	925	925	0	925	925	0	925	925	0	925	3,700	0	3,700
Interest - General	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FX Translation (Gain) / Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment (Income)/ Loss	0	(141)	(141)	0	(125)	(125)	0	(110)	(110)	0	(94)	(94)	0	(470)	(470)
Total Other (Income)/Expense	925	(141)	784	925	(125)	800	925	(110)	815	925	(94)	831	3,700	(470)	3,230
Change in Net Assets Before Historical Costs and Reserves	(1,465)	18,695	17,230	(5,001)	11,928	6,927	(884)	10,265	9,381	3,239	9,811	13,050	(4,111)	50,699	46,588
Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hist. Development Costs/ (Reimbursement)	(4,317)	4,317	(0)	(2,746)	2,746	0	(2,363)	2,363	(0)	(2,261)	2,261	0	(11,687)	11,687	(0)
Risk Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional Items**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change In Net Assets	\$2,852	\$14,378	\$17,230	(\$2,255)	\$9,182	\$6,927	\$1,479	\$7,902	\$9,381	\$5,500	\$7,550	\$13,050	\$7,576	\$39,013	\$46,588

*Includes Community Support Requests

**Exceptional Items are included in "Expenses" section above.

Statement of Activity
FY14 Actuals by Quarter
For the Twelve Months Ending June 30, 2014
US dollars, in thousands

Unaudited	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Year to Date		
	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total
Total Support and Revenue	20,767	25,735	46,502	19,056	19,725	38,782	19,393	13,572	32,965	26,991	(21,855)	5,135	86,207	37,177	123,384
Expenses															
Personnel	8,001	2,238	10,239	8,102	2,051	10,152	9,493	2,105	11,598	11,203	2,047	13,250	36,798	8,441	45,239
Travel & Meetings*	3,672	493	4,165	4,124	493	4,617	5,212	416	5,627	6,061	458	6,519	19,069	1,860	20,929
Professional Services	3,493	10,858	14,351	5,122	5,230	10,352	5,205	3,061	8,266	6,743	(2,606)	4,137	20,562	16,543	37,105
Administration	2,174	747	2,921	3,164	933	4,097	3,077	960	4,036	3,914	1,148	5,062	12,330	3,788	16,117
Bad Debt Expenses	209	0	209	191	0	191	75	0	75	(265)	0	(265)	209	0	209
Depreciation Expenses	736	0	736	882	0	882	979	0	979	1,330	0	1,330	3,927	0	3,927
Total Expenses	18,286	14,335	32,621	21,584	8,707	30,291	24,040	6,542	30,581	28,986	1,047	30,033	92,896	30,632	123,527
Contingency	0	0	0	250	0	250	47	0	47	337	0	337	634	0	634
Interest - General	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FX Translation (Gain) / Loss	34	39	73	14	1	15	14	1	15	17	12	29	79	53	132
Investment (Income)/ Loss	(2,393)	(982)	(3,375)	(1,352)	(689)	(2,040)	(1,787)	(376)	(2,162)	(2,969)	(507)	(3,476)	(8,501)	(2,553)	(11,054)
Total Other (Income)/Expense	(2,359)	(943)	(3,302)	(1,088)	(688)	(1,776)	(1,726)	(375)	(2,100)	(2,615)	(495)	(3,110)	(7,787)	(2,500)	(10,288)
Change in Net Assets Before Historical Costs and Reserves	4,840	12,342	17,183	(1,440)	11,706	10,266	(2,921)	7,405	4,484	619	(22,408)	(21,788)	1,099	9,045	10,144
Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hist. Development Costs/ (Reimbursement)	(3,739)	3,739	0	(1,903)	1,903	0	(1,326)	1,326	0	2,352	(2,352)	0	(4,616)	4,616	0
Risk Costs	2	0	2	(2)	0	(2)	0	194	194	0	339	339	0	533	533
Exceptional Items**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change In Net Assets	\$8,578	\$8,603	\$17,181	\$465	\$9,803	\$10,267	(\$1,595)	\$5,885	\$4,290	(\$1,733)	(\$20,395)	(\$22,127)	\$5,714	\$3,896	\$9,611

*Includes Community Support Requests

**Exceptional Items are included in "Expenses" section above.

ICANN
Statement of Activity
Actual vs. Budget
For the Twelve Months Ending June 30, 2014
US dollars, in thousands

Unaudited	FY 14 Actuals			FY 14 Budget			Variance		
	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total
Total Support and Revenue	86,207	37,177	123,384	88,158	112,105	200,263	(1,951)	(74,929)	(76,879)
Expenses									
Personnel	36,798	8,441	45,239	36,715	10,513	47,229	(83)	2,073	1,990
Travel & Meetings *	19,069	1,860	20,929	15,493	1,642	17,134	(3,577)	(218)	(3,795)
Professional Services	20,562	16,543	37,105	21,243	46,190	67,433	681	29,647	30,328
Administration	12,330	3,788	16,117	12,098	3,531	15,628	(232)	(257)	(489)
Bad Debt Expenses	209	0	209	480	0	480	271	0	271
Depreciation Expenses	3,927	0	3,927	2,540	0	2,540	(1,387)	0	(1,387)
Total Expenses	92,896	30,632	123,527	88,569	61,875	150,444	(4,327)	31,244	26,917
Contingency	634	0	634	3,700	0	3,700	3,066	0	3,066
Interest - General	0	0	0	0	0	0	0	0	0
FX Translation (Gain) / Loss	79	53	132	0	0	0	(79)	(53)	(132)
Investment (Income)/ Loss	(8,501)	(2,553)	(11,054)	0	(470)	(470)	8,501	2,084	10,584
Total Other (Income)/Expense	(7,787)	(2,500)	(10,288)	3,700	(470)	3,230	11,487	2,030	13,518
Change in Net Assets Before Historical Costs and Reserves	1,099	9,045	10,144	(4,111)	50,699	46,588	5,210	(41,654)	(36,445)
Hist. Development Costs/ (Reimbursement)	(4,616)	4,616	0	(11,687)	11,687	(0)	(7,071)	7,071	(0)
Risk Costs	0	533	533	0	0	0	0	(533)	(533)
Change In Net Assets	\$5,714	\$3,896	\$9,611	\$7,576	\$39,013	\$46,588	(\$1,861)	(\$35,117)	(\$36,978)

*Includes Community Support Requests

**Exceptional Items are included in "Expenses" section above.

ICANN
Statement of Position
As of June 30, 2014
US dollars, in thousands

Unaudited	06/30/14			06/30/13			Increase/ (Decrease)			Notes
	ICANN	New gTLD	Total	ICANN	New gTLD	Total	ICANN	New gTLD	Total	
ASSETS										
Cash & Cash Equivalents	\$15,170	\$9,441	\$24,611	\$17,340	\$47,547	\$64,887	(\$2,171)	(\$38,106)	(\$40,277)	(1)
Investments	85,221	199,842	285,063	55,685	239,189	294,874	29,536	(39,347)	(9,810)	(2)
Funds Under Management	100,391	209,283	309,674	73,025	286,736	359,761	27,366	(77,453)	(50,087)	
Receivables	26,220	385	26,605	25,138	1,290	26,428	1,082	(905)	177	
Prepaid Expenses	1,405	0	1,405	927	1,397	2,323	478	(1,397)	(919)	
Plant, Property & Equip - Net	16,740	0	16,740	8,518	0	8,518	8,222	0	8,222	
Other Assets	2,777	(1,944)	833	33,296	(30,880)	2,416	(30,519)	28,936	(1,583)	
TOTAL ASSETS	\$147,533	\$207,724	\$355,256	\$140,904	\$258,543	\$399,446	\$6,629	(\$50,819)	(\$44,190)	
LIABILITIES AND NET ASSETS										
Payables	11,189	3,791	14,980	10,855	13,320	24,175	334	(9,530)	(9,195)	(3)
Deferred Income	610	145,318	145,928	599	190,503	191,103	10	(45,185)	(45,175)	(4)
Other Liabilities	1,244	0	1,244	674	0	674	570	0	570	
TOTAL LIABILITIES	13,043	149,109	162,152	12,129	203,824	215,953	915	(54,715)	(53,801)	
UNRESTRICTED/RESTRICTED ASSETS	128,775	54,719	183,494	128,775	54,719	183,494	0	0	0	
CURRENT YEAR CHANGE IN NET ASSETS	5,714	3,896	9,611	0	0	0	5,714	3,896	9,611	
TOTAL NET ASSETS	134,489	58,615	193,104	128,775	54,719	183,494	5,714	3,896	9,611	
TOTAL LIABILITIES & NET ASSETS	\$147,533	\$207,724	\$355,256	\$140,904	\$258,543	\$399,446	\$6,630	(\$50,820)	(\$44,190)	

Note (1):

ICANN Operations cash decreased \$2.2M as a result of: 1) the net impact of cash paid to employees/ vendors of \$38.2M (\$28.1M of which was on behalf of the New gTLD Program) and received from contracted parties, partially offset 2) by the repayments received from the New gTLD program of \$36.5M of accumulated direct and allocated costs incurred on behalf of the program and \$20.5M of Historical Development costs (\$21.0M of which was transferred to the Reserve Fund).

New gTLD cash decreased \$38.1M mainly as a result of: 1) the repayment to ICANN Ops of \$36.5M for accumulated direct allocated costs incurred on behalf of the program and \$20.5M for Historical Development costs; and 2) the net of refunds to applicants and disbursements to vendors of \$23.1M partially offset by 3) \$42.0M in transfers from New gTLD investments to the cash account for disbursement purposes.

Note (2):

ICANN Investments (Reserve Fund) increased \$29.5M as a result of the contribution of the \$21.0M repayment received from the New gTLD program for Historical Development costs and unrealized gains of \$8.5M during the period.

The New gTLD investments decreased \$39.3M mainly as a result of an \$42.0M transfer to the New gTLD cash account for disbursement purposes partially offset by unrealized gains of \$2.6M during the period.

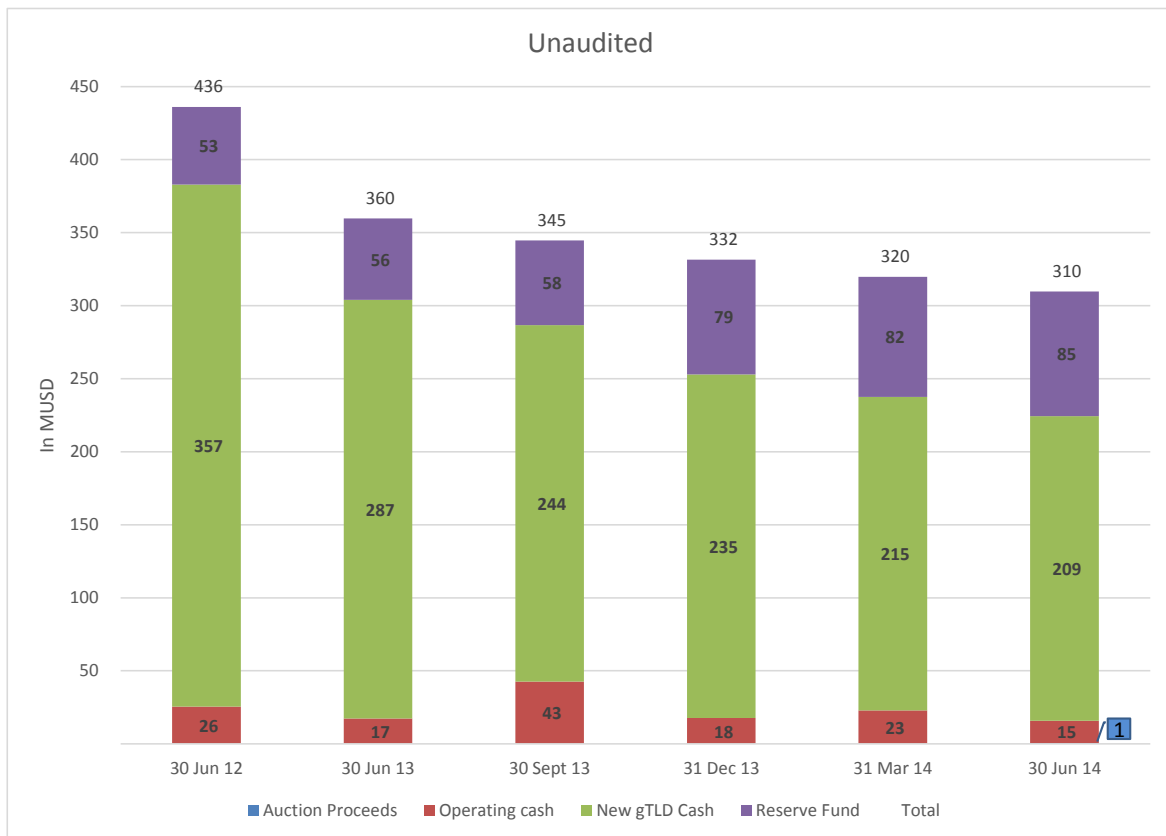
Note (3):

The reduction of payables is driven by the timing of expenses and related payments

Note (4):

The reduction of deferred revenues is resulting mainly from the revenues recognized during the quarter on the new gTLD program, reflecting from the progress of the evaluation process, and from the refunds of application fees.

**ICANN
Funds Under Management
As of June 30, 2014
US dollars, in millions**



ICANN
Cash Flows Synopsis
For the Months Ending June 30, 2014
US dollars, in millions

Unaudited	ICANN Ops	NgTLD	Total
Funds Under Management at Beginning of Period	\$73.0	\$286.7	\$359.8
Collected/ (refunded) from contributors/parties	86.0	(7.7)	78.3
Auction Proceeds	0.0	0.6	0.6
Paid to vendors	(51.7)	(30.9)	(82.6)
Paid to employees	(35.8)	(8.4)	(44.2)
Paid to vendors and employees on behalf of New gTLD	(28.1)	28.1	0.0
Reimbursement of payments to vendors and employees above, from New gTLD to ICANN Ops:			
Payments to vendors	5.8	(5.8)	0.0
NgTLD team costs (Paid to employees)	14.8	(14.8)	0.0
Overhead Allocations (Paid to vendors and employees)	15.9	(15.9)	0.0
Historical Development Costs	20.5	(20.5)	0.0
Capital expenditures	(12.1)	0.0	(12.1)
Historical Development Costs and Other net cash flows	3.6	(4.6)	(1.1)
Change in investment value	8.5	2.6	11.1
Funds Under Management at End of Period	\$100.4	\$209.3	\$309.7

ICANN
Operating Fund and New gTLD Cash
US dollars, in thousands
Unaudited

ICANN Ops	As of Friday 6/28/2013	As of Friday 9/27/2013	As of Friday 12/27/2013	As of Friday 3/28/2014	As of Friday 6/27/2014
Total	\$18,508	\$42,431	\$17,872	\$23,982	\$15,170
HSBC	15,917	42,425	17,872	23,982	15,170
Union Bank	2,473	-	-	-	-
NAB	117	6	-	-	-

Historical default = 3 months of operating expenses.
Updated monthly per statements. Includes operating and term deposit accounts. FX rate used is the average current EOM/ previous EOM rates.

New gTLD	As of Friday 6/28/2013	As of Friday 9/27/2013	As of Friday 12/27/2013	As of Friday 3/28/2014	As of Friday 6/27/2014
Total	\$286,768	\$244,279	\$234,978	\$214,746	\$208,889
HSBC	47,579	15,108	5,119	5,511	\$8,907
Investments	239,189	229,171	229,859	209,235	199,982

**ICANN
Reserve Fund
As of June 30, 2014
US dollars, in millions**

Reserve Fund Activity (unaudited)	
Contributions	
Nov-07	25.0
Aug-08	8.0
Sep-09	11.0
Oct-13	19.1
Feb-14	<u>1.9</u>
Total Contributions	65.0
Balance at Beginning of Fiscal Year (01-Jul-2013)	55.7
Prior Fiscal Quarter Balance (31-Mar-2013)	82.3
Balance at End of Fiscal Year (30-Jun-2014)	85.2

Notes:

Historical default = 12 months of operating expenses.

ICANN
New gTLD Financial Summary
As of June 30, 2014
US dollars, in thousands

Unaudited	Program to date	Full Program		Program Balance	
	Actual (June 2014)	Current Estimate (Apr 2014)	Prior Estimate (June 2013)	Actual vs Current Estimate	Actual vs Prior Estimate
Fees					
Application Fees	(\$361,034) ⁽¹⁾	(\$361,034)	(\$359,554)	\$0	(\$1,480)
Other Fees	(5,168) ⁽²⁾	(738)	(3,788)	(4,430)	(1,380)
Total Fees	(366,202)	(361,772)	(363,342)	(4,430)	(2,860)
Refunds					
Withdrawal (Pre-reveal/Overpayment)	1,230	5,736	5,736	4,505	4,506
Withdrawal (@ 80%)	444	444	444	-	-
Withdrawal (@ 70%)	13,260	13,260	13,650	(0)	390
Withdrawal (@ 35%)	5,786	28,600	25,350	22,814	19,564
Withdrawal (@ 20%)	296	2,960	6,845	2,664	6,549
Total Refunds	21,017	51,000	52,025	29,983	31,008
Funds Net of Refunds	(340,018)	(310,772)	(311,317)		
Revenue					
Recognized Revenue	(191,633)	(310,772)	(311,317)		
Deferred Revenue	(148,385)	-	-		
Total Revenue	(340,018)	(310,772)	(311,317)	(29,245)	(28,700)
Expenses					
Evaluation Processing Costs	88,340	136,637	130,458	48,297	42,117
Overhead	25,452	54,302	41,371	28,850	15,919
NgTLD Team	6,312	14,628	12,415	8,316	6,103
ICANN Staff Allocation	16,809	34,333	22,769	17,523	5,959
Other Overhead	2,331	5,342	6,187	3,011	3,856
Total Operating Expenses	113,792	190,939	171,829	77,147	58,036
Historical Development Costs	20,012	32,454	32,454	12,442	12,442
Total Expenses	133,805	223,393	204,283	89,588	70,478
Net Remaining Funds	(\$206,213)	(\$87,379)	(\$107,035)	(\$118,834)	(\$99,178)
Remaining Funds	(206,213)	(87,379)	(107,035)	(118,834)	(99,178)
Risk Costs	2,360 ⁽³⁾	1,957	1,179	403	1,181
Net Remaining Funds	(203,853)	(85,422)	(105,856)	(118,431)	(97,997)

⁽¹⁾ Includes overpayments.

⁽²⁾ Proceeds from Prioritization Draw, Fees for Change Request and CPE and RPM access fee.

⁽³⁾ Currently includes actual risk costs incurred. Future costs cannot be estimate. Further review of risk costs identification in progress.

ICANN
New gTLD Historical Development Costs
As of June 30, 2014
US dollars, in thousands

Unaudited	Accrued	Transferred/ Paid
FY13 Actual	\$15,396	\$0
Q1 FY14 Actual	3,739	16,750
Q2 FY14 Actual	1,903	-
Q3 FY14 Actual	1,326	2,692
Q4 FY14 Forecast	(1,343)	-
FY14 Total	<u>5,625</u>	<u>19,442</u>
FY14 (Program to date)	<u>21,022</u>	<u>19,442</u>
Q1 FY15 Forecast	1,298	-
Q2 FY15 Forecast	1,391	-
Q3 FY15 Forecast	1,460	-
Q4 FY15 Forecast	1,688	-
FY15 Total	<u>5,837</u>	<u>-</u>
FY15 (Program to date)	<u>\$26,858</u>	<u>\$19,442</u>
Q1 FY16 Forecast	1,095	-
Q2 FY16 Forecast	986	-
Q3 FY16 Forecast	904	-
Q4 FY16 Forecast	836	-
FY16 Total	<u>3,821</u>	<u>-</u>
FY16 (Program to date)	<u>\$30,679</u>	<u>\$19,442</u>
Q1 FY17 Forecast	535	-
Q2 FY17 Forecast	537	-
Q3 FY17 Forecast	356	-
Q4 FY17 Forecast	347	-
FY17 Total	<u>1,775</u>	<u>-</u>
FY17 (Program to date)	<u>\$32,454</u>	<u>\$19,442</u>

NOTE: Forecast referenced above, as of April 2014.