



ICANN

September 2017 Financial Results

Unaudited financial results for the three months ending
30 September 2017

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Note - All financial information is unaudited.	

ICANN
Executive Summary of Unaudited Financial Results
For the Three Months Ending 30 September 2017

Overview - ICANN Operations and New gTLD Program

The total ICANN change in net assets is \$4.3M higher than budget for the period mainly due to: (i) underspend in planned operations for ICANN Ops \$5.1M primarily due delayed activities across the organization and (ii) total ICANN investment gains of \$2.6M; partially offset by (iii) lower than budgeted funding for ICANN Operations (\$1.2M), (iv) lower revenue recognized for the New gTLD Program (-\$1.6M), (v) higher expenses due to auctions fees; offset by lower evaluation costs due to extension of the New gTLD Program (\$0.7M). See below.

The Funds Under Management by ICANN increased by \$1.1M during the period to a total of \$460.6M, mainly as a result of (i) net funds collected from contributors and contracted parties (\$33.2M); and (ii) Reserve Fund gains (\$2.6M), and (iii) New gTLD operating activities of (\$0.6M) partially offset by (iv) general operating expenses for ICANN Ops (-\$35.4M)

Financial Position

The Funds Under Management increased by \$1.1M during the period as a result of the following:

An increase of the ICANN Operations funds by \$4.7M due to:

- (i) funds collected from contributors/ parties of \$33.2M
- (ii) the reimbursement to ICANN Ops from the New gTLD Program for direct/allocated costs for \$4.4M and Historical Development Costs for \$0.6M, and
- (iii) the appreciation of investments for \$1.9M, partially offset by
- (iv) payments to vendors/ employees of \$35.4M, \$3.8M of which were on behalf of the New gTLD Program.

A decrease of the New gTLD funds by \$3.6M due to:

- (i) the reimbursement to ICANN Ops from the New gTLD Program for direct/allocated costs for \$4.4M and Historical Development Costs for \$0.6M, partially offset by
- (ii) lower operating expenses than planned for \$0.6M
- (iii) the appreciation of investments for \$0.8M,

Funding

Funding for ICANN Operations was \$1.2M lower than budget primarily due to: (i) lower than budget Transaction Fees (-\$1.1M) due to lower transactions volumes than budgeted, and other funding fees are lower than budget (-\$0.3M) due to timing for the contributions from cctlds and RIRs.

Funding for New gTLD program was \$1.6M lower than budget primarily due to (i) the timing of evaluation activities resulting in lower than planned revenue recognized.

Operating Expenses

Personnel expenses for ICANN Operations were \$0.2M favorable to budget primarily due to: (i) lower average headcount than planned (399 vs 414) due to slower hiring and attrition.

Personnel expenses for the New gTLD Program were \$0.1M favorable to budget due to: (i) lower allocation expenses from ICANN operations due to the extension of the New gTLD program.

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Travel and Meetings expenses for ICANN Operations were flat to budget.

The New gTLD Program Travel and Meetings costs were flat to budget.

Professional Services expenses were below budget by \$3.6M primarily due to: (i) timing differences across various activities and projects including Language Services, Specific Reviews, GDD Operations, and Public Responsibility projects (+\$3.3M)

Professional Services costs for the New gTLD Program were \$0.9M higher than budget due to legal fees for pending and open reconsideration processes.

Administration expenses were lower than budget by \$1.1M primarily due to: (i) timing of Office of the Chief Technology Officer sponsorship fees \$0.4M and (ii) unbudgeted transfer of data center expenses from Administration category to capital \$0.3M.

Administrative costs for the New gTLD Program were flat to budget.

Bad debt: On the basis of the historical trend of uncollectible receivables, the level of bad debt on reserve at the end of the period was sufficient and therefore no additional bad debt expenses were budgeted or reserved during the period.

Depreciation costs were flat to budget.

Other Income /Expense

Other income/ expense for ICANN Operations was \$1.9M favorable to budget due to realized gains of \$0.3M and unrealized gains of \$1.6M on investment accounts.

Other income/ expense for New gTLD was \$0.8M favorable to budget due to realized gains of \$0.7M and unrealized gains of \$0.1M on investment accounts



Statement of Activities
FY18 Adopted Budget by Quarter
US dollars, in millions

Unaudited	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
Funding															
Registry	21.3	0.0	21.3	21.7	0.0	21.7	22.8	0.0	22.8	22.2	0.0	22.2	88.1	0.0	88.1
Registrar	12.7	0.0	12.7	12.7	0.0	12.7	13.1	0.0	13.1	12.5	0.0	12.5	51.0	0.0	51.0
Auction Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contributions & Other Income ⁽¹⁾	0.5	0.0	0.5	1.6	0.0	1.6	0.8	0.0	0.8	0.7	0.0	0.7	3.7	0.0	3.7
New gTLD Application Fees	0.0	7.6	7.6	0.0	7.0	7.0	0.0	6.7	6.7	0.0	7.2	7.2	0.0	28.5	28.5
Total Funding	\$34.5	\$7.6	\$42.1	\$36.1	\$7.0	\$43.1	\$36.8	\$6.7	\$43.5	\$35.4	\$7.2	\$42.6	\$142.8	\$28.5	\$171.3
Expenses															
Personnel	17.4	0.6	18.0	17.4	0.6	18.0	17.8	0.6	18.4	17.9	0.6	18.5	70.4	2.5	73.0
Travel & Meetings ⁽²⁾	2.8	0.2	2.9	5.6	0.2	5.8	5.1	0.2	5.2	4.5	0.2	4.7	18.0	0.7	18.7
Professional Services	6.7	1.9	8.6	8.0	1.6	9.6	9.2	1.5	10.7	7.8	1.8	9.6	31.8	6.8	38.6
Administration	4.9	0.2	5.1	4.7	0.2	4.8	4.9	0.2	5.1	4.3	0.2	4.5	18.8	0.7	19.5
Bad Debt Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation Expenses	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	8.0	0.0	8.0
Total Expenses	33.8	2.9	36.6	37.7	2.6	40.3	39.1	2.4	41.5	36.5	2.8	39.3	147.1	10.7	157.7
Contingency ⁽³⁾	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	1.7	3.4	0.0	3.4	5.1	0.0	5.1
Interest - General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment (Income)/ Loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other (Income)/Expense	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	1.7	3.4	0.0	3.4	5.1	0.0	5.1
Change in Net Assets Before Historical Costs and Reserves	0.7	4.8	5.5	(1.6)	4.5	2.8	(4.0)	4.2	0.3	(4.5)	4.4	(0.1)	(9.4)	17.9	8.5
Hist. Development Costs/ (Reimbursement)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Risk Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change In Net Assets	\$0.7	\$4.8	\$5.5	(\$1.6)	\$4.5	\$2.8	(\$4.0)	\$4.2	\$0.3	(\$4.5)	\$4.4	(\$0.1)	(\$9.4)	\$17.9	\$8.5

⁽¹⁾ Includes R.I.R, ccTLD, ccTLD IDN.

⁽²⁾ Includes Community Support Requests

⁽³⁾ Contingency items have been reported in the expense categories above based on the nature of the expense.



Statement of Activities
FY17 Actuals by Quarter
For the Three Months Ending 30 September 2017
in millions USD

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
Funding															
Registry	20.7	0.0	20.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.7	0.0	20.7
Registrar	12.4	0.0	12.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.4	0.0	12.4
Auction Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contributions & Other Income ⁽¹⁾	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3
New gTLD Application Fees	0.0	6.1	6.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	6.1
Total Funding	\$33.3	\$6.1	\$39.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$33.3	\$6.1	\$39.4
Expenses															
Personnel	17.1	0.6	17.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.1	0.6	17.7
Travel & Meetings ⁽²⁾	2.7	0.1	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.1	2.8
Professional Services	3.1	2.8	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	2.8	5.9
Administration	3.8	0.2	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.2	3.9
Bad Debt Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation Expenses	2.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	2.0
Total Expenses	28.7	3.6	32.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.7	3.6	32.3
Contingency ⁽³⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest - General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment (Income)/ Loss	(1.9)	(0.8)	(2.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	(0.8)	(2.6)
Other (Income)/Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other (Income)/Expense	(1.9)	(0.8)	(2.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	(0.8)	(2.6)
Change in Net Assets Before Historical Costs and Reserves	6.5	3.3	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.5	3.3	9.8
Hist. Development Costs/ (Reimbursement)	(0.6)	0.64	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.6)	0.6	0.0
Risk Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change In Net Assets	\$7.1	\$2.7	\$9.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$7.1	\$2.7	\$9.8

⁽¹⁾ Includes R.I.R, ccTLD, ccTLD IDN.

⁽²⁾ Includes Community Support Requests

⁽³⁾ Contingency items have been reported in the expense categories above based on the nature of the expense.



**Statement of Activities
Actual vs. Adopted Budget
For the Three Months Ending 30 September 2017
in millions USD**

Unaudited	FY18 YTD Actual			FY18 YTD Adopted Budget			Variance vs. Budget					
	ICANN Ops	New gTLD	Total ICANN	ICANN Ops	New gTLD	Total ICANN	ICANN Ops		New gTLD		Total ICANN	
Funding												
Registry	20.7	0.0	20.7	21.3	0.0	21.3	(0.6)	(3.0%)	0.0	0.0%	(0.6)	(3.0%)
Registrar	12.4	0.0	12.4	12.7	0.0	12.7	(0.3)	(2.2%)	0.0	0.0%	(0.3)	(2.2%)
Auction Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0%
Contributions & Other Income ⁽¹⁾	0.3	0.0	0.3	0.5	0.0	0.5	(0.3)	(50.3%)	0.0	0.0%	(0.3)	(50.3%)
New gTLD Application Fees	0.0	6.1	6.1	0.0	7.6	7.6	0.0	0.0%	(1.6)	(20.4%)	(1.6)	(20.4%)
Total Funding	33.3	6.1	39.4	34.5	7.6	42.1	(1.2)	(3.4%)	(1.6)	(20.4%)	(2.7)	(6.5%)
Expenses												
Personnel	17.1	0.6	17.7	17.4	0.6	18.0	0.2	1.4%	0.1	13.2%	0.3	1.8%
Travel & Meetings ⁽²⁾	2.7	0.1	2.8	2.8	0.2	2.9	0.0	1.8%	0.1	55.9%	0.1	4.9%
Professional Services	3.1	2.8	5.9	6.7	1.9	8.6	3.6	53.6%	(0.9)	(45.5%)	2.7	31.9%
Administration	3.8	0.2	3.9	4.9	0.2	5.0	1.1	22.8%	(0.0)	(8.0%)	1.1	21.7%
Bad Debt Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0%
Depreciation Expenses	2.0	0.0	2.0	2.0	0.0	2.0	0.0	0.5%	0.0	0.0%	0.0	0.5%
Total Expenses	28.7	3.6	32.3	33.7	2.9	36.6	5.0	14.9%	(0.7)	(24.3%)	4.3	11.8%
Contingency ⁽³⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0%
Interest - General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0%
Investment (Income)/ Loss	(1.9)	(0.8)	(2.6)	0.0	0.0	0.0	1.9	0.0%	0.8	0.0%	2.6	0.0%
Other (Income)/Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.8%	0.0	0.0%	0.0	98.8%
Total Other (Income)/Expense	(1.9)	(0.8)	(2.6)	0.0	0.0	0.0	1.9	4873.4%	0.8	0.0%	2.7	6862.8%
Change in Net Assets (before Historical Costs and Reserves)	6.5	3.3	9.8	0.7	4.8	5.5	5.7	777.3%	(1.5)	(30.9%)	4.3	77.2%
Hist. Development Costs/ (Reimbursement)	(0.6)	0.6	0.0	0.0	0.0	0.0	0.6	0.0%	(0.6)	0.0%	0.0	0.0%
Risk Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0%
Change In Net Assets	\$7.1	\$2.7	\$9.8	\$0.7	\$4.8	\$5.5	\$6.4	863.8%	-\$2.1	(44.2%)	\$4.3	77.2%
Average Headcount	399	0	399	414	0	414	15	3.6%	0	0.0%	15	3.6%

⁽¹⁾ Includes R.I.R, ccTLD, ccTLD IDN.

⁽²⁾ Includes Community Support Requests

⁽³⁾ Contingency items have been reported in the expense categories above based on the nature of the expense.

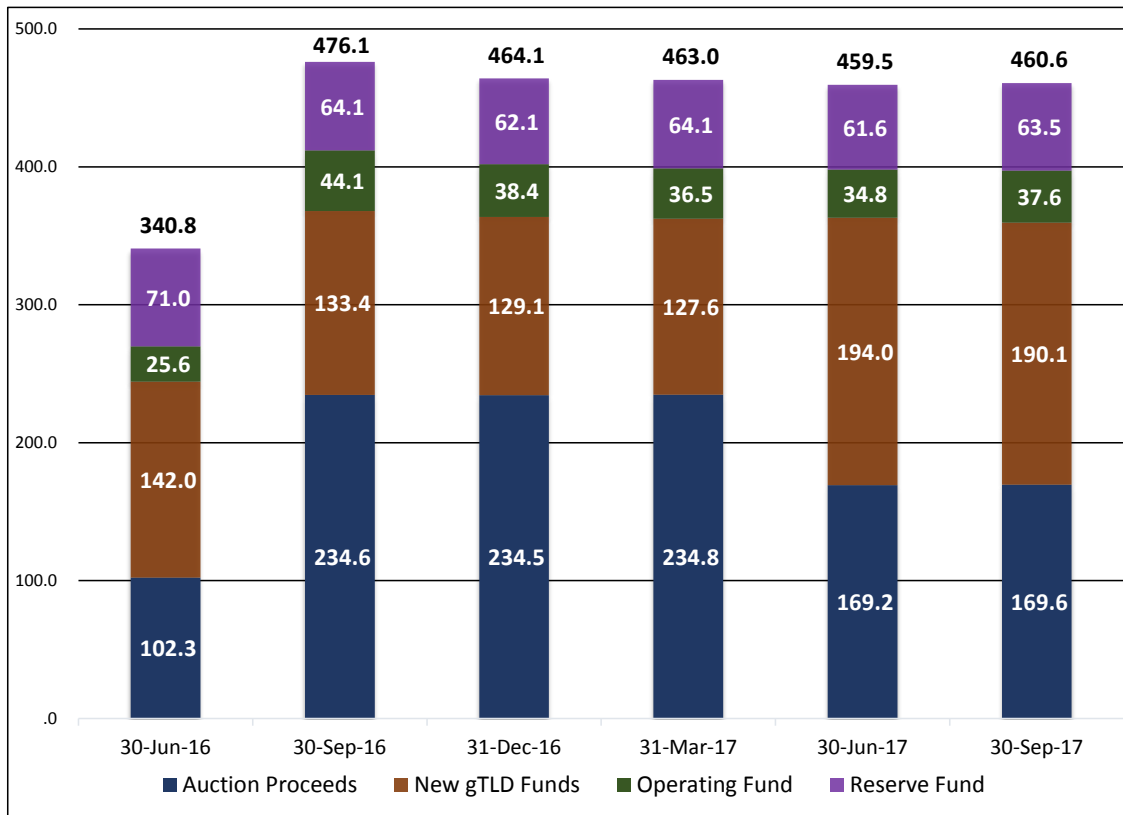


Statement of Position
As of 30 September 2017
US dollars, in thousands

USD in millions Unaudited	30 September 2017			30 June 2017			Increase/ (Decrease)		
	ICANN Ops	New gTLD	Total	ICANN Ops	New gTLD	Total	ICANN Ops	New gTLD	Total
ASSETS									
Total Cash & Cash Equivalents	37.6	5.6	43.2	34.8	72.7	107.4	2.8	-67.0	-64.2
Investments	63.5	354.0	417.4	61.6	290.5	352.1	1.9	63.5	65.3
Funds Under Management	101.0	359.6	460.6	96.4	363.2	459.5	4.7	-3.6	1.1
Receivables	40.5	0.1	40.6	39.7	0.1	39.9	0.8	0.0	0.7
Prepaid Expenses	1.9	0.0	1.9	2.0	0.0	2.0	0.0	0.0	0.0
Plant, Property & Equipment - Net	16.3	0.0	16.3	17.5	0.0	17.5	-1.1	0.0	-1.1
Other Assets	11.2	-8.1	3.1	10.8	-9.8	0.9	0.4	1.7	2.1
TOTAL ASSETS	171.0	351.6	522.6	166.3	353.5	519.8	4.7	-1.9	2.8
LIABILITIES AND NET ASSETS									
Accounts Payable & Accrued Liabilities	14.4	3.8	18.2	16.8	2.2	19.1	-2.4	1.6	-0.9
Deferred Funding	1.4	18.6	20.0	1.4	24.6	26.0	0.0	-6.1	-6.1
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	15.8	22.4	38.1	18.2	26.9	45.1	-2.4	-4.5	-7.0
UNRESTRICTED/RESTRICTED ASSETS	148.1	326.6	474.7	141.5	192.1	333.6	6.6	134.5	141.1
CURRENT YEAR CHANGE IN NET ASSETS	7.1	2.7	9.8	6.6	134.5	141.1	0.5	-131.8	-131.3
TOTAL NET ASSETS	155.2	329.2	484.5	148.1	326.6	474.7	7.1	2.7	9.8
TOTAL LIABILITIES & NET ASSETS	171.0	351.6	522.6	166.3	353.5	519.8	4.7	-1.9	2.8



Funds Under Management
As of 30 September 2017
US dollars, in millions



The variances from 30 June 2017 to 30 September 2017 are as follows:

New gTLD Auction Proceeds increased by \$0.4M due to: (i) the receipt of funds for the auctions held during the period (\$135.0M); and (ii) gains on the investment of funds (+\$0.5M), partially offset by auction fees (-\$2.9M).

New gTLD funds decreased by \$3.9M mainly due to: i) the repayment to ICANN Ops for Historical Development costs and accumulated direct allocated costs incurred on behalf of the program (-\$11.9M); and ii) net refunds to applicants and disbursements to vendors of (-\$3.2M), partially offset by the appreciation in the market value of investments (+\$0.7M).

The **ICANN Operations Operating Fund** increased by \$2.8M as a result of: (i) the net impact of cash received from contracted parties of (+\$33.2M), and (ii) the cash received from the New gTLD Program for repayment of Historical Development costs and accumulated direct allocated costs incurred on behalf of the program (+\$5.0M), partially offset by (iv) payments to employees and vendors of (-\$35.4M), \$4.4M of which was on behalf of the New gTLD Program.

The **ICANN Operations Reserve Fund** increased \$1.9M as a result of the appreciation in the market value of investments.



Cash Flows Synopsis
For the Three Months Ending 30 September 2017
US dollars, in millions

Unaudited	FY18		
	ICANN Ops	NgTLD	Total
Funds Under Management at Beginning of Period	\$96.4	\$363.2	\$459.5
Collected/ (refunded) from contributors/parties	33.2	0.0	33.2
Auction Proceeds	0.0	0.0	0.0
Paid to vendors	(16.3)	(2.1)	(18.4)
Paid to employees	(14.4)	(0.6)	(15.0)
Paid to vendors and employees on behalf of New gTLD	(3.8)	3.3	(0.6)
Reimbursement of payments to vendors and employees above, from New gTLD to ICANN Ops:			
Payments to vendors	2.9	(2.9)	0.0
NgTLD team costs (Paid to employees)	0.6	(0.6)	0.0
Overhead Allocations (Paid to vendors and employees)	0.9	(0.9)	0.0
Historical Development Costs	0.6	(0.6)	0.0
Capital expenditures	(0.9)	0.0	(0.9)
Change in investment market value (excludes transfers to/ from operating account)	1.9	0.8	2.6
Funds Under Management at End of Period	\$101.0	\$359.6	\$460.6



Reserve Fund Activity
As of 30 September 2017
US dollars, in millions

Reserve Fund Activity (unaudited)	
Total Contributions	68.2
Total Withdrawals	(31.0)
Balance at Beginning of Fiscal Year (01-Jul-2017)	61.6
Prior Fiscal Quarter Balance (30-Jun-2017)	61.6
Balance at End of Fiscal Period (30-Sep-2017)	63.5

Notes:

Historical default = 12 months of operating expenses.



One World, One Internet

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