



ICANN

March 2018 Financial Results

Unaudited financial results for the nine months ending
31 March 2018

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Note - All financial information is unaudited.	

ICANN
Executive Summary of Unaudited Financial Results
For the Nine Months Ending 31 March 2018

Overview - ICANN Operations and New gTLD Program

The total ICANN change in net assets is \$1.7M lower than budget for the period mainly due to: (i) underspend in planned operations for ICANN Ops \$12.7M primarily due delayed activities across the organization, (ii) total ICANN investment gains of \$6.0M and (iii) lower evaluation costs due to extension of the New gTLD Program \$4.5M; partially offset by (iv) lower than budgeted funding for ICANN Operations (\$10.3M), (v) lower revenue recognized for the New gTLD Program (-\$12.5M), and (vi) planned risks costs for New gTLD of (\$2.1). See below.

The Funds Under Management by ICANN increased by \$2.2M during the period to a total of \$461.7M, mainly as a result of (i) net funds collected from contributors and contracted parties \$102.2M; and (ii) Reserve Fund gains \$6.0M, and partially offset by (iii) New gTLD operating activities of (\$5.3M) and (iv) general operating expenses for ICANN Ops (-\$100.7M)

Financial Position

The Funds Under Management increased by \$2.3M during the period as a result of the following:

An increase of the ICANN Operations funds by \$8.1M due to:

- (i) funds collected from contributors/ parties of \$103.7M
- (ii) the reimbursement to ICANN Ops from the New gTLD Program for direct/allocated costs for \$6.2M and Historical Development Costs for \$0.9M, and
- (iii) the appreciation of investments for \$3.2M, partially offset by
- (iv) payments to vendors/ employees of \$105.9M, \$9.2M of which were on behalf of the New gTLD Program.

A decrease of the New gTLD funds by \$5.9M due to:

- (i) the reimbursement to ICANN Ops from the New gTLD Program for direct/allocated costs for \$6.2M and Historical Development Costs for \$0.9M
- (ii) higher operating expenses than planned for \$0.1M
- (iii) refund application expenses of \$1.5M, partially offset by
- (iv) the appreciation of investments for \$2.8M

Funding

Funding for ICANN Operations is -\$10.3M lower than budget due to: (i) lower volume of Transaction Fees than planned (-\$8.7M), and (ii) lower than planned Other fees (-\$2.1M) due to timing for the contributions from cctlds and meeting sponsorships, partially offset by (iii) higher Registrar other and fixed fees \$0.5M due to timing of the renewal dates for registrar accreditation fees.

Funding for the New gTLD Program was \$12.5M lower than budget primarily due to the timing of evaluation activities resulting in lower than planned revenue recognized.

Operating Expenses

Personnel expenses were lower than budget by \$0.1M primarily due to slower FY18 hiring than budgeted partially offset by higher fringe expense than budgeted. Average headcount for 31 March 2018 was 399 vs budget of 416.

'Personnel expenses for the New gTLD Program were \$0.4M 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 were lower than budget by \$1.3M due to timing differences across various projects. The functions with projects showing a variance of \$0.5M or greater in this category was MSSSI, for the SSR2 and ATRT Reviews \$0.8M.

Travel and Meetings expenses for the New gTLD program were flat to budget.

Professional Services expenses were lower than budget by \$7.3M primarily due to timing differences across various activities and projects.

Professional Services costs for the New gTLD Program were \$3.8M lower than budget due to legal fees for pending and open reconsideration processes.

Administration expenses were lower than budget by \$1.8M primarily due to: (i) timing of Office of the Chief Technology Officer sponsorship fees (-\$0.3M), and (ii) (-\$0.7M) timing differences across various activities and projects.

Administrative costs for the New gTLD Program were relatively 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 \$3.3M favorable to budget due to realized gains of \$1.7M and unrealized gains of \$1.5M on investment accounts.

Other income/ expense for New gTLD was \$1.5M favorable to budget due to realized gains of \$2.1M and unrealized gains of \$0.7M 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 Nine Months Ending 31 March 2018
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	19.1	0.0	19.1	20.9	0.0	20.9	0.0	0.0	0.0	60.7	0.0	60.7
Registrar	12.4	0.0	12.4	11.4	0.0	11.4	11.6	0.0	11.6	0.0	0.0	0.0	35.3	0.0	35.3
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	1.2	0.0	1.2	(0.6)	0.0	(0.6)	0.0	0.0	0.0	0.9	0.0	0.9
New gTLD Application Fees	0.0	6.1	6.1	0.1	0.6	0.7	0.0	2.2	2.2	0.0	0.0	0.0	0.1	8.9	9.0
Total Funding	\$33.3	\$6.1	\$39.4	\$31.8	\$0.6	\$32.4	\$31.9	2.2	\$34.2	\$0.0	\$0.0	\$0.0	\$97.1	\$8.9	\$105.9
Expenses															
Personnel	17.1	0.6	17.7	17.1	0.5	17.6	18.3	0.4	18.6	0.0	0.0	0.0	52.5	1.5	54.0
Travel & Meetings ⁽²⁾	2.7	0.1	2.8	4.6	0.2	4.8	4.9	0.1	5.0	0.0	0.0	0.0	12.2	0.4	12.6
Professional Services	3.1	2.8	5.9	4.8	(0.5)	4.3	6.9	(1.2)	5.7	0.0	0.0	0.0	14.8	1.1	15.9
Administration	3.8	0.2	3.9	4.8	0.1	4.9	4.0	0.1	4.1	0.0	0.0	0.0	12.6	0.4	12.9
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	2.0	0.0	2.0	1.9	0.0	1.9	0.0	0.0	0.0	5.8	0.0	5.8
Total Expenses	28.7	3.6	32.3	33.3	0.4	33.6	35.9	(0.5)	35.4	0.0	0.0	0.0	97.9	3.4	101.3
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)	(2.0)	(0.7)	(2.7)	0.6	(1.3)	(0.7)	0.0	0.0	0.0	(3.2)	(2.8)	(6.0)
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)	(2.0)	(0.7)	(2.7)	0.6	(1.3)	(0.7)	0.0	0.0	0.0	(3.2)	(2.8)	(6.0)
Change in Net Assets Before Historical Costs and Reserves	6.5	3.3	9.8	0.5	0.9	1.4	(4.6)	4.1	(0.5)	0.0	0.0	0.0	2.4	8.3	10.7
Hist. Development Costs/ (Reimbursement)	(0.6)	0.64	0.0	(0.1)	0.1	0.0	(0.2)	0.2	0.0	0.0	0.0	0.0	(0.9)	0.9	0.0
Risk Costs	0.0	0.0	0.0	0.0	1.1	1.1	0.0	1.0	1.0	0.0	0.0	0.0	0.0	2.1	2.1
Change In Net Assets	\$7.1	\$2.7	\$9.8	\$0.6	(\$0.2)	\$0.4	(\$4.3)	\$2.9	(\$1.5)	\$0.0	\$0.0	\$0.0	\$3.3	\$5.3	\$8.6

⁽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 Activities
Actual vs. Adopted Budget
For the Nine Months Ending 31 March 2018
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	60.7	0.0	60.7	65.9	0.0	65.9	(5.2)	(7.8%)	0.0	0.0%	(5.2)	(7.8%)
Registrar	35.5	0.0	35.5	38.5	0.0	38.5	(3.1)	(7.9%)	0.0	0.0%	(3.1)	(7.9%)
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⁾	0.9	0.0	0.9	3.0	0.0	3.0	(2.1)	(70.3%)	0.0	0.0%	(2.1)	(69.5%)
New gTLD Application Fees	0.0	8.9	8.9	0.0	21.3	21.3	0.0	0.0%	(12.5)	(58.5%)	(12.5)	(58.5%)
Total Funding	97.1	8.9	105.9	107.4	21.3	128.7	(10.3)	(9.6%)	(12.5)	(58.3%)	(22.8)	(17.7%)
Expenses												
Personnel	52.5	1.5	54.0	52.6	1.9	54.5	0.1	0.2%	0.4	23.1%	0.5	1.0%
Travel & Meetings ⁽²⁾	12.2	0.4	12.6	13.5	0.5	14.0	1.3	9.6%	0.1	16.7%	1.4	9.8%
Professional Services	14.8	1.1	15.9	22.1	5.0	27.0	7.3	32.9%	3.8	77.3%	11.1	41.0%
Administration	12.6	0.4	12.9	14.4	0.5	14.9	1.8	12.7%	0.1	24.6%	2.0	13.1%
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	5.8	0.0	5.8	6.0	0.0	6.0	0.2	2.6%	0.0	0.0%	0.2	2.6%
Total Expenses	97.9	3.4	101.3	108.5	7.9	116.4	10.6	9.8%	4.5	57.0%	15.1	13.0%
Contingency ⁽³⁾	0.0	0.0	0.0	1.9	0.0	1.9	1.9	100.0%	0.0	0.0%	1.9	100.0%
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	(3.2)	(2.8)	(6.0)	0.0	0.0	0.0	3.2	0.0%	2.8	0.0%	6.0	0.0%
Other (Income)/Expense	(0.0)	0.0	(0.0)	0.1	0.0	0.1	0.1	122.8%	0.0	0.0%	0.1	122.8%
Total Other (Income)/Expense	(3.2)	(2.8)	(6.0)	2.0	0.0	2.0	5.3	258.3%	2.8	0.0%	8.1	395.7%
Change in Net Assets (before Historical Costs and Reserves)	2.4	8.3	10.7	(3.2)	13.5	10.3	5.6	(175.7%)	(5.2)	(38.3%)	0.4	4.0%
Hist. Development Costs/ (Reimbursement)	(0.9)	0.9	0.0	0.0	0.0	0.0	0.9	0.0%	(0.9)	0.0%	0.0	0.0%
Risk Costs	0.0	2.1	2.1	0.0	0.0	0.0	0.0	0.0%	(2.1)	0.0%	(2.1)	0.0%
Change In Net Assets	\$3.3	\$5.3	\$8.6	-\$3.2	\$13.5	\$10.3	\$6.5	(204.9%)	-\$8.2	(60.6%)	-\$1.7	(16.2%)
Average Headcount	399	0	399	417	0	417	18	4.3%	0	0.0%	18	4.3%

⁽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.

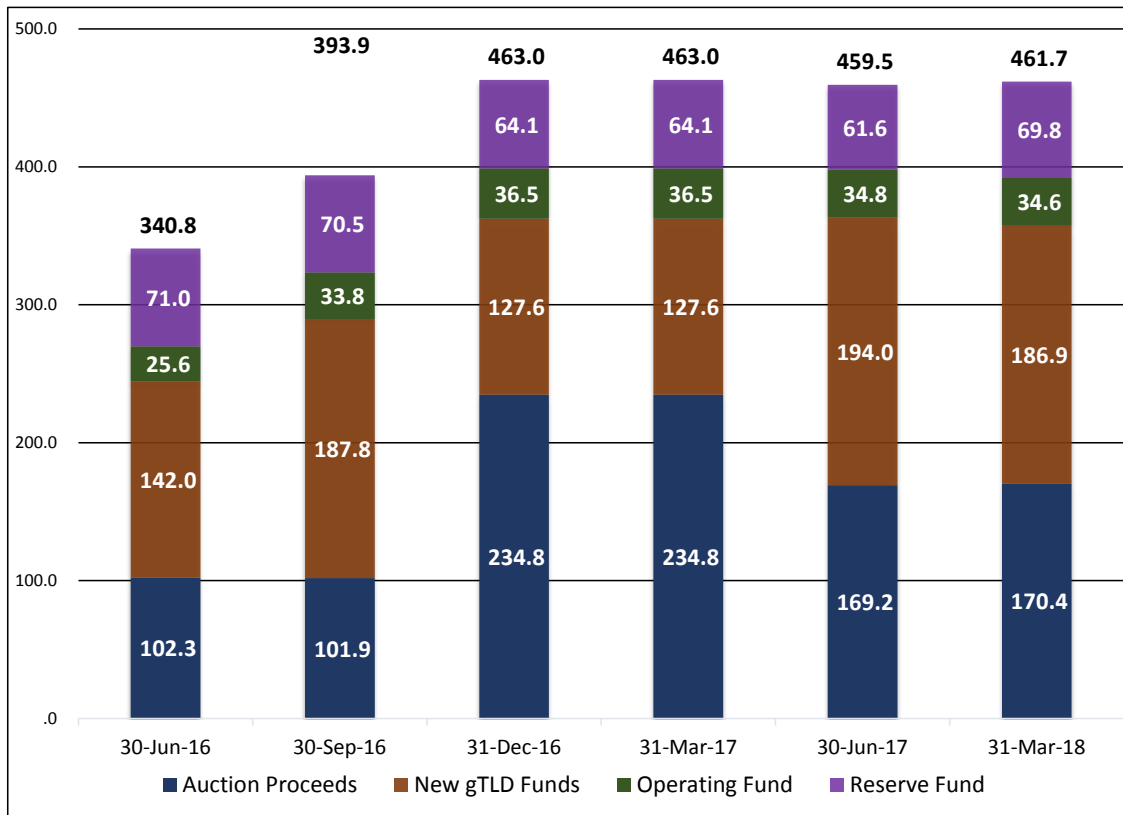


Statement of Position
As of 31 March 2018
US dollars, in thousands

USD in millions Unaudited	31 March 2018			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	34.6	1.3	35.9	34.8	72.7	107.4	-0.1	-71.4	-71.5
Investments	69.8	356.0	425.8	61.6	290.5	352.1	8.2	65.5	73.7
Funds Under Management	104.4	357.3	461.7	96.4	363.2	459.5	8.1	-5.9	2.2
Receivables	34.1	1.6	35.7	39.7	0.1	39.9	-5.7	1.5	-4.2
Prepaid Expenses	2.8	0.0	2.8	2.0	0.0	2.0	0.9	0.0	0.9
Plant, Property & Equipment - Net	13.4	0.0	13.4	17.5	0.0	17.5	-4.0	0.0	-4.0
Other Assets	12.3	-10.5	1.8	10.8	-9.8	0.9	1.5	-0.6	0.9
TOTAL ASSETS	167.1	348.4	515.5	166.3	353.5	519.8	0.7	-5.0	-4.3
LIABILITIES AND NET ASSETS									
Accounts Payable & Accrued Liabilities	14.2	0.8	15.0	16.8	2.2	19.1	-2.6	-1.5	-4.1
Deferred Funding	1.4	15.8	17.2	1.4	24.6	26.0	0.0	-8.9	-8.9
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	15.6	16.5	32.1	18.2	26.9	45.1	-2.6	-10.4	-13.0
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	3.3	5.3	8.6	6.6	134.5	141.1	-3.3	-129.2	-132.5
TOTAL NET ASSETS	151.4	331.9	483.3	148.1	326.6	474.7	3.3	5.3	8.6
TOTAL LIABILITIES & NET ASSETS	167.1	348.4	515.5	166.3	353.5	519.8	0.7	-5.0	-4.3



**Funds Under Management
As of 31 March 2018
US dollars, in millions**



The variances from 30 June 2017 to 31 March 2018 are as follows:

New gTLD Auction Proceeds collected from auctions organized by ICANN are the mechanism of last resort to resolve string contention within the New gTLD Program. The fund increased \$1.2M.

New gTLD funds are the unspent portion of application fees collected in 2012 that are used exclusively to pay for expenses of the New gTLD Program and refunds to withdrawing applicants. These funds decreased by -\$7.1M mainly due to: i) the repayment to ICANN Ops for Historical Development costs.

The ICANN Operations Operating Fund decreased by \$0.1M as a result of: (i) the net impact of cash received from contracted parties of (+103.7M), 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 (+\$7.1M), partially offset by (iv) payments to employees and vendors of (-\$105.9M), \$9.2M of which was on behalf of the New gTLD Program, and (v) transfer of funds to the reserve \$5.0M

The Reserve Fund, which are ICANN's reserves to face the impacts of unexpected events or economic uncertainties, increased by \$8.2M due to (i) the appreciation in the market value of investments \$3.2M and (ii) a transfer of funds from the operating account of \$5.0M



Cash Flows Synopsis
For the Nine Months Ending 31 March 2018
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	103.7	(1.5)	102.2
Auction Proceeds	0.0	0.0	0.0
Paid to vendors	(46.0)	(6.4)	(52.5)
Paid to employees	(48.8)	(1.5)	(50.3)
Paid to vendors and employees on behalf of New gTLD	(9.2)	7.8	(1.5)
Reimbursement of payments to vendors and employees above, from New gTLD to ICANN Ops:			
Payments to vendors	2.1	(2.1)	0.0
NgTLD team costs (Paid to employees)	1.5	(1.5)	0.0
Overhead Allocations (Paid to vendors and employees)	2.6	(2.6)	0.0
Historical Development Costs	0.9	(0.9)	0.0
Capital expenditures	(1.8)	0.0	(1.8)
Change in investment market value (excludes transfers to/ from operating account)	3.2	2.8	6.0
Funds Under Management at End of Period	\$104.4	\$357.3	\$461.7



Reserve Fund Activity
As of 31 March 2018
US dollars, in millions

Reserve Fund Activity (unaudited)	
Total Contributions	76.5
Total Withdrawals	(32.9)
Balance at Beginning of Fiscal Year (01-Jul-2017)	61.6
Prior Fiscal Quarter Balance (31-Dec -2017)	70.5
Balance at End of Fiscal Period (31-Mar-2017)	69.8

Notes:

Historical default = 12 months of operating expenses.



One World, One Internet

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