



ICANN Board Finance Committee Report

Presented during ICANN Public Forum

São Paulo

6 December 2006



Members of the ICANN Board Finance Committee

- Raimundo Beca
- Hagen Hultzsch (Chair)
- Joichi Ito
- Dave Wodelet

Finance Committee Activities

- Telephone conference on 7 September
 - Reviewed various cash flow scenarios and discussed potential risks
 - Discussed current situation affecting billing & collection of registrar fees
 - Examined financial analysis of alternative registrar revenue scenarios
- Email consultations in October
 - Reviewed and provided input on draft of revised signing authorities for Board review and subsequent adoption (action taken in conjunction with the Board Audit Committee)
- Meeting in São Paulo on 4 December
 - Reviewed cash projections for fiscal year ending June 2007 and current financial statements with variances to budget
 - Reviewed registrar revenue scenarios for fiscal year ending June 2007
 - Reviewed fiscal year 2007-08 budget overview and projected revenue level

Cash-Basis Projection thru June '07 (full year)

- Cash revenues are expected to over-run plan by approximately 15% (\$39.3M vs. \$34.2M)
- Operating expenses for the full year are expected to run at budget (\$31.0M)
- As a result, cash reserves at year-end are projected to be approximately \$20.1M, or 6.8 months expenditures at the year-end burn rate

Preliminary Planning – Implications for FY 2007-08 Operating Plan

- Several objectives identified in the Strategic Plan will require increased funding over the current fiscal year budget.
- Based on expected operational plan total expenditures are estimated in the range of \$40M to support these new initiatives.
- Annual revenue for fiscal year 2007-08 would, therefore, need to meet this level of expenditure or more to cover the new strategic plan initiatives in addition to cash reserves.
- By early January ICANN management will publish a timeline for the preparation of the FY 2007-08 Operating Plan

Committee Conclusions

- Pursue appropriate courses of action to ensure a consistent revenue stream and financial health of the organization, including the provision of adequate cash reserves of approximately one full year's expenditures
- Continue efforts to promote accountability and transparency in budgeting and spending
- Develop mid and long-term revenue and expenditure levels based on strategic and operational plans

