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.