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ANNUAL
GENERAL
MEETING

PREP WEEK

Finance Update



Agenda

- FY24 Financial Update
- FY25 Financial Forecast
- ICANN Fee Increase
- Q&A

FY24 Financial Update

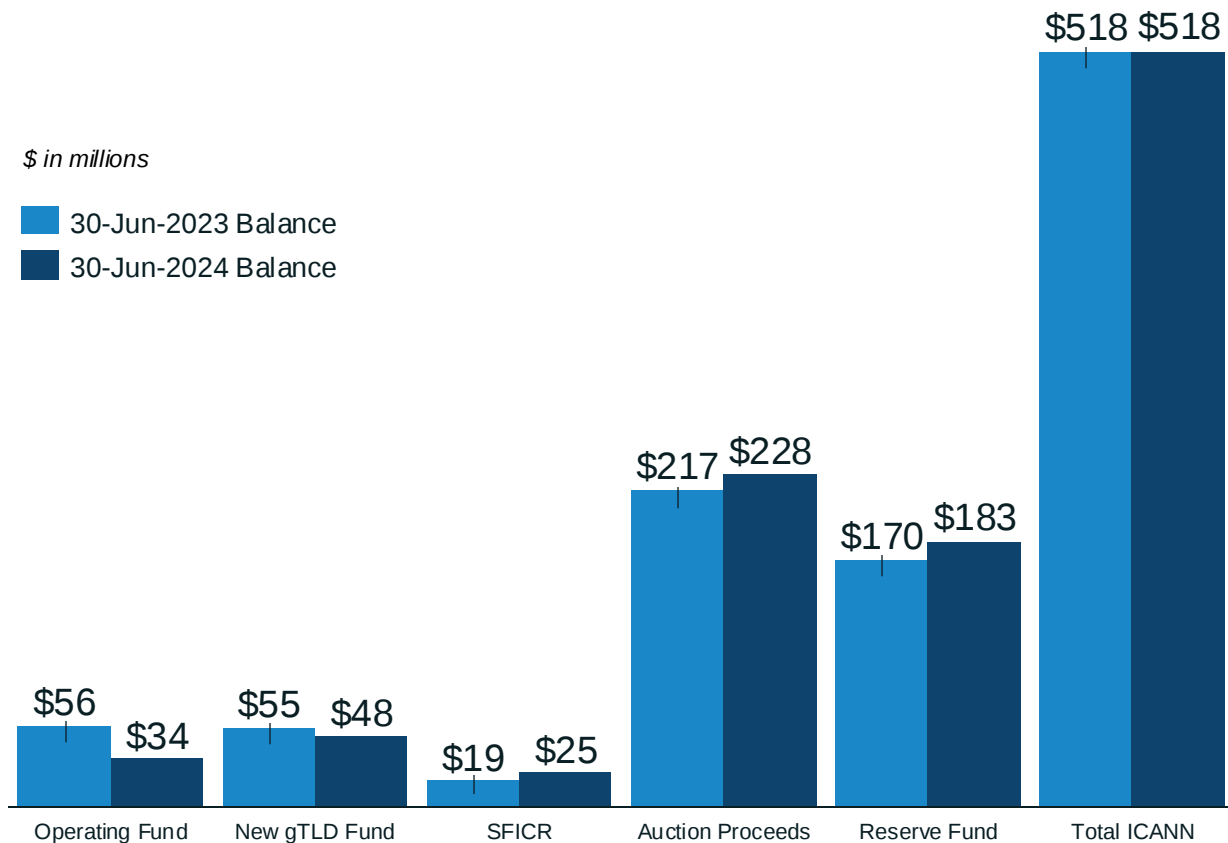
Financial Accountability – Reporting

- ICANN reports results to the community in support of our commitment to accountability and transparency:
 - Quarterly Financial Reporting
 - Audited Financial Statements
 - Tax Return (Form 990)
 - Staff Remuneration
 - Operating Plan and Budget
 - Board Expense Reporting
 - ccTLD Contributions
 - Funding by Source
- Link to financial documents:
<https://www.icann.org/resources/pages/governance/current-en>

Total ICANN – Financial Overview (Jul 23 – Jun 24)

USD in millions Unaudited	FY24 Full Year Actual					
	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Reserve Fund	Total ICANN
Funds Under Management - 30 Jun 2023	\$56.5	\$55.0	\$19.1	\$217.3	\$170.0	\$517.8
Net Transfers	(\$20.0)	\$12.4	\$7.6	-	-	-
Funds Available	\$36.5	\$67.5	\$26.6	\$217.3	\$170.0	\$517.8
Funding	\$149.6	(\$0.2)	-	-	-	\$149.4
Personnel	89.4	9.1	2.8	0.9		102.3
Travel & Meetings	17.3	0.6	0.0	0.1		18.1
Professional Services	28.5	9.9	0.1	0.4		38.9
Administration	20.1	1.0	0.0	0.1		21.2
Capital	1.2	-	-	-		1.2
Expenses	(\$156.5)	(\$20.7)	(\$3.0)	(\$1.5)	-	(\$181.6)
Investment Income/(Decline)	\$1.7	\$2.9	\$1.2	\$12.3	\$12.6	\$30.7
Funds Under Management - 30 Jun 2024	\$34.4	\$48.5	\$24.8	\$227.9	\$182.5	\$518.2
Average FTEs	416	32	9	4	0	461
End of Period FTEs	409	35	3	4	0	451

Total ICANN – Funds Under Management (as of Jun 2024)



ICANN Operations – Financial Overview (Jul 23 – Jun 24)

- The statement of activity below provides a summary of ICANN Operations' financials corresponding to twelve months beginning 1 July 2023 and ending 30 June 2024.

ICANN Operations	FY24 Actual	FY24 Budget	Var	FY23 Actual	Var
Funding	\$150	\$145	\$4	\$150	(\$0)
Expenses	\$155	\$145	(\$10)	\$142	(\$13)
Net Operating Excess/(Deficit)	(\$5)	\$0	(\$5)	\$8	(\$13)
Average Full-Time Equivalents	416	413	(3)	399	(17)

FY25 Financial Forecast

FY25 Forecast Key Assumptions

- FY25 ICANN Operations forecast currently projects a deficit of \$2M to \$7M.
- Given only three months of the fiscal year have elapsed and there are several unknowns; ranges are projected for funding and expenses to account for different outcomes/unknowns.
 1. Funding is currently projected to be \$142M-\$146M, this compares to \$149M in FY24. Funding projections are evaluated quarterly and consider actual billing data, macroeconomic data, and DNS industry reporting and filings.
 2. The Expense forecast assumes ICANN will achieve a reduction in annual expenses by 30 June 2025.
- Aligns to Board Resolution; leads to balanced budget in future years.

FY25 ICANN Operations Forecast

USD in \$M	Adopted Budget	Forecast Range	Notes
Funding	\$145	\$142 – \$146	Current projections at \$144M, evaluated Quarterly
Personnel	(90)	(82) – (85)	- Budget assumed org-wide salary increases; Forecast reflects very few increases. - Forecast is also lower driven by reduction in expenses, including reduction of staffing costs
Non-Personnel Expenses	(58)	(58) – (59)	- Forecast range reflects differences in timing of achieving reduction in annual expenses. - FY25 impact of the savings is projected to be \$0.5M to \$1.5M.
Contingency	(5)	(4) – (7.5)	Forecast assumes increased contingency to manage hard-to-predict costs, \$2.5M has been earmarked for Legal expense.
Total Expense	\$153	\$144 – \$152	
Excess/(Deficit)	(8)	(7) – (2)	- Budget included unidentified cost savings target of \$8M. - Funding and expenses forecasts are independent so projected Excess/(Deficit) range is a separate estimate.

ICANN Fee Increase

ICANN Fee Increase

- [ICANN intends to increase its fees](#) in 2025 for most gTLD registries and accredited registrars. ICANN's fees have never been increased so far.
- This is part of a broader strategy aimed at ensuring long term financial sustainability to support ICANN's mission.
- ICANN's fee increases are designed to align with inflation, ensuring that funding can grow alongside costs. This alignment is crucial to ensure stable funding that can absorb inflation without jeopardizing our critical operations or the integrity of our mission.
- This fee adjustment is not meant to fund new initiatives or replace the need for ongoing efficiency improvements to maintain costs as low as feasible.

Appendix

New gTLD Program Next Round Financials

- In August 2023, ICANN org delivered a comprehensive implementation plan to the Board
- Program to date, the ICANN Board has approved three tranches of funding for implementation costs:
 - \$9 million in March 2023 to cover implementation costs through 31 October 2023
 - \$13 million in October 2023 to cover implementation costs through 30 June 2024
 - \$23 million in June 2024 to cover implementation costs through 31 March 2025
- The funding to pay for New gTLD Program Next Round development costs before program launch will come from the New gTLD Program 2012 Round remaining application fees and available funds from the Supplemental Fund for Implementation of Community Recommendations (SFICR)

New gTLD Next Round (USD in thousands)	Program to Date Actuals April'23 - June'24 (15 Months) Implementation Tranches #1 & #2		
	Actuals	Budget	Variance (Over) / Under
Personnel	\$8,591	\$8,389	(\$202)
T&M	\$223	\$482	\$259
Prof Svcs	\$7,571	\$8,454	\$883
Admin	\$382	\$196	(\$186)
Contingency	-	-	-
Shared Services & Org Support	\$4,437	\$4,461	\$24
Total	\$21,204	\$21,982	\$778
Average Staff - FTE	30.3	30.4	0.1

Specific Review Recommendations (Project to Date)

- In February 2022, ICANN developed a planning prioritization framework to help the ICANN ecosystem prioritize its work within the planning cycle in a manner that is transparent, inclusive, and efficient.
- There are 45 Board-approved specific recommendations that are being implemented with incremental funding outside of the annual plan and operating budget.
- In November 2022, the ICANN Board resolved to use \$5.8 million from the SFICR to fund one-time implementation efforts for Board-approved prioritized specific review implementations.
- After implementation, all ongoing expenses of the identified recommendations will be part of the ICANN Operations budget.

Specific Review Implementation Activities (July 2022 - June 2024)	% Complete	Personnel \$	External \$	Shared Services Support	Total \$
Accountability and Transparency Review 3 (ATRT3)	45%	\$567	\$0	\$251	\$819
Competition, Consumer Trust, and Consumer Choice Review (CCT)	63%	\$804	\$0	\$355	\$1,159
Security, Stability and Resiliency Review (SSR2)	77%	\$230	\$315	\$100	\$330
Registration Directory Service review (RDS-WHOIS2)	90%	\$108	\$906	\$48	\$157
Grand Totals	58%	\$1,709	\$1,221	\$754	\$2,465

Registration Data Request Service (Project to Date)

- In February 2023, the ICANN Board approved the development of the Registration Data Request Service (RDRS) as a proof-of-concept based on the recommendation of the Generic Names Supporting Organization (GNSO) Council and ICANN Org's Operational Design Assessment of the system.
- At the same time, the Board approved use of the SFICR for the development of the RDRS and two years of operation.
- Development of the RDRS began in December 2022 and concluded with the successful launch in November 2023.
 - During this phase, project costs were \$1.6 million consisting primarily of engineering and operational staff time.
- The second phase of the project for operation and maintenance of the RDRS began in December 2023.

Registration Data Request Service USD in Thousands	Personnel	External Vendors	Total
Development (Dec 2022 - Nov 2023)	\$1,630	\$17	\$1,647
Operation (Dec 2023 - Present)	\$483	\$44	\$527
Grand Total	\$2,113	\$60	\$2,174

Grant Program (Program to Date)

- One-time implementation costs for the Grant Program included creating the Grant Program department, applicant helpdesk, program literature and documentation
- The recurring program operational costs include ICANN staff support, awareness and outreach communication campaigns, and outsourced services from an independent evaluation panel
- Applications will be accepted and processed in cycles
- The first application cycle opened in March 2024

Grant Program (USD in thousands)	Program To Date - 24 Months (July'22 - Jun'24)		
USD in Thousands	Total Actuals	Total Budget	Variance to Budget (Over)/Under
Personnel	\$1,026	\$1,009	(\$17)
T&M	\$74	\$56	(\$18)
Prof Svcs	\$424	\$457	\$33
Admin	\$18	\$0	(\$17)
Shared Services Support*	\$427	\$410	(\$17)
Total	\$1,970	\$1,932	(\$37)

** Shared Services Support represents allocated costs from ICANN org for administrative costs.*

Any arithmetic inconsistencies are due to rounding

For more information on the Grant Program please visit the [website](#).