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ICANN 51 ccNSO SOP WG Finance

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CFO

1- FY14 Closing overview

1-1   Operations overview

1-2   New gTLD overview

1-3   Total ICANN overview

1-1 FY14 Operations closing financials

OPS	FY14 Actuals	FY14 Budget
Revenue	85	88
Expenses	-93	-92
Ops – Net asset change	-8	-4
Invest. Gains/losses + HDC	14	12
Total – Net asset change	6	8

Comments	Act Vs Budget	Act Vs Forecast
Revenue	Lower new registries rev. due to delay in delegation ramp up	Higher due to higher historical registries transactions numbers
Expenses	Higher LS, IG activities, Ops, offset by lower GDD	Higher IG activities and London Costs

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1-2 FY14 New gTLD closing financials

New gTLD	FY14 Actuals	FY14 Budget
Revenue	41	112
Expenses	-33	-62
Ops – Net asset change	8	50
Invest. Gains/loss + HDC	-3	-11
Total – Net asset change	5	39

Comments	Act Vs Budget	Act Vs Forecast
Revenue	Lower revenue due to (i) project delay, (ii) extending financials to FY17	Lower revenue due to extending financials to FY17
Expenses	Lower expenses due to project delay.	Lower expenses due to project delay.

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1-3 FY14 TOTAL closing financials

TOTAL = OPS + New gTLD	Actual		Budget
Revenue	126	<	200
Expenses	-126	>	-154
Ops – Net asset change	0	<	46
Investments gains/loss	11	>	1
Total – Net asset change	11	<	47

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2- FY15 Budget process conclusion

2-1   Overview of last steps since ICANN 50 (London)

2-2   Changes between Draft and Final Budget

2-3   Overview of Final budget approved

2-4   Public comments and responses

2-5   USG Transition costs

2-1 Overview of last steps since ICANN50

Jul 1	• Public comment period end
Jul 1 to Aug 15	• Drafted answers to public comments • Changes to draft budget
Aug 19	• BFC approval of budget changes
Sep 9	• Board approval
Sep 23	• Publication of public comment responses

2-2   Changes between Draft and Final budget

(minor impact on New gTLD budget)	*Draft Budget*	*Changes*	*Final Budget*
Revenue	114	-10	104
Expenses	-116	+8 (1)	-108
Net asset change	-2	-2	-4
Net asset change – Cash impact	+4	-2	2
Capital Expenditures	-9	+1	-8
Funding from Reserve Fund	5	+2 (1)	7
Net impact of Operations	0	-	0

(1): includes $2m increase of USG transition costs estimate.

2-2 Changes between Draft and Final budget

- Reduction of revenues : -10.0m
- Operating costs reductions : +4.0m

  Personnel: 1.4m

  Travel: 1.0m

  Prof. Serv.: 1.1m

  Admin.: 0.5m

- Reduction of contingency (from $6m) : +2.6m
- USG Transition related costs : +2.3m

(Personnel, related travel, technical)

- No gala at meetings (no sponsor) : +0.6m
- Capital expenditure reduction : +0.5m

2-3 FY15 Budget

in millions, USD	FY15 Budget		
	ICANN Ops	New gTLD Program	Total
TOTAL SUPPORT AND REVENUE	**104.0**	**54.9**	**158.9**
OPERATING EXPENSES			
Personnel	51.1	9.3	60.4
Travel & Meetings	13.0	1.0	14.0
Professional Services	20.6	20.1	40.7
Administration	14.2	2.2	16.4
Bad Debt Expenses	0.5	0.0	0.5
Depreciation Expenses	4.8	0.0	4.8
Community Support Requests	0.7	0.0	0.7
Contingency	3.4	0.0	3.4
Operating Expenses	**108.3**	**32.7**	**141.0**
CHANGE IN NET ASSETS DUE TO OPERATING ACTIVITIES	**(4.2)**	**22.2**	**18.0**
Historical Development Costs	5.7	(5.7)	0.0
CHANGE IN NET ASSETS	**$1.5**	**$16.5**	**$18.0**

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2-4 Public comments and responses

51 comments total (less than FY14 however
At Large and Registrars SG were late in
submitting).

○ BC; RrSG; SOPWG of ccNSO

By goal

- Affirmation of Purpose- 8

- Globalization – 3

- Multistakeholder Model Evolution- 11

- Operational Excellence- 8

2-4   Public comments and responses

By category:

- **IANA stewardship transition** - clarification on $4.7m

- **Revenue & expenses**- revenue assumptions too optimistic and expenditure is too high

  o *"The assumption that the new gTLD registries will register 33 million domain names in 2015 is quite optimistic"*- SOPWG ccNSO

  o *"We notice a considerable increase in operating expenses (+25% incl. new gTLDs). Looking at the current revenue we believe the increase might be dangerously high and recommend ICANN to consider adequate measures in case revenues are not in line with projections".* – SOPWG ccNSO

- **Linkage between Strategic Plan & Operating Plan**-

  o *"How do ICANN's four strategic objectives & budgeted expense items relate to the mission statement and Strategic Plan?"* - RySG

- **Overall improvements**- people appreciated more details added (first time we've put in Project level and added more clarifications)

  o *"We welcome the improvement in defining deliverables and inclusion of KSFs."*

  o *The format made it relatively easy to review and the notes supporting the tables of data were very helpful."*

  o *"FY14 op plan and budget did not include any project dollar amounts. This year total project costs are provided of a sampling of projects which is a big improvement."*

2-5 USG Transition costs

Track	FTE (1)	Personnel (2)	Prof. Svcs. & Travel	Total
Enhancing ICANN Accountability & NTIA Stewardship Transition	4	$1.0	$4.3	$5.3
Agreements with Internet Groups	1	$0.2	$0.6	$0.8
Internal Operations	0	$0.1	$0.7	$0.8
Total	**6**	$1.3	$5.6	$6.9

1) FTE = Full Time Equivalent (headcount)
2) Personnel includes support from the following departments: Strategic Reviews and Initiatives; Communications; Legal; and Project Management.