

Financial Report

Nancy Carter
Treasurer, ARIN Board of Trustees





Agenda

- Finance Committee Update
- Financial Performance
- Revenues
- Operating Expenses
- Investments
- Financial Position
- Data Center Move
- Long-term Financial Plan

Finance Committee Update



Finance Committee meetings

- Three meetings since ARIN 54

Business items

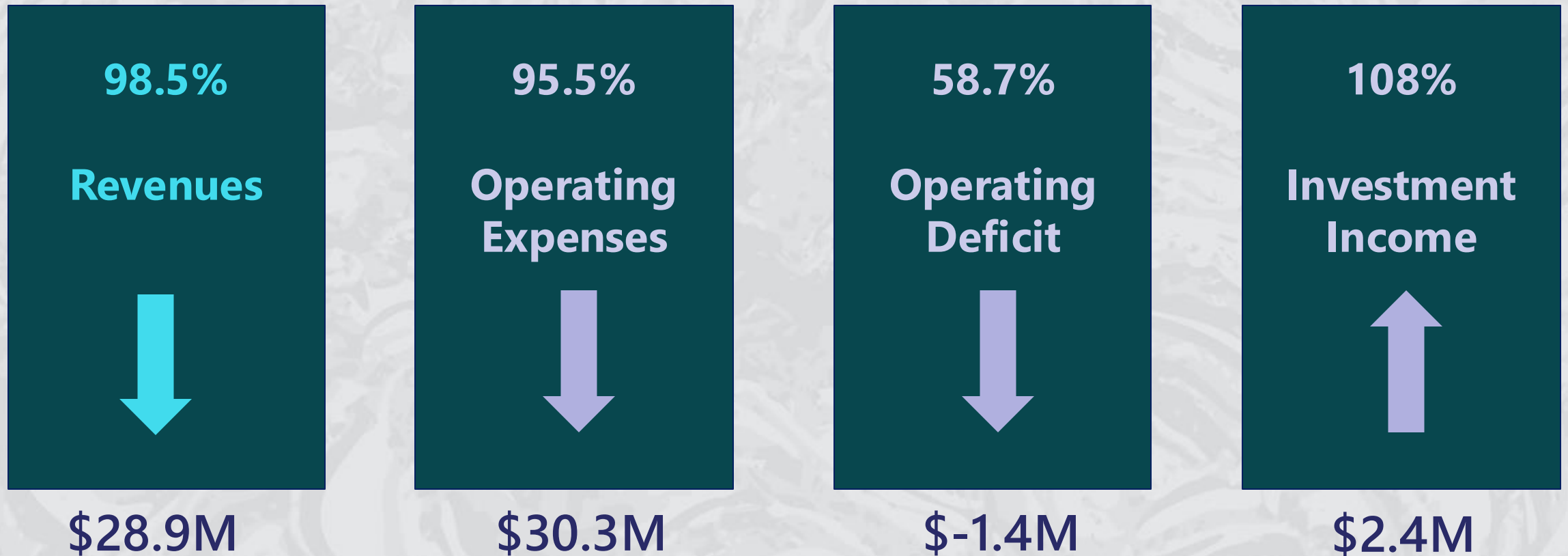
- Reviewed quarterly financial statements
- Reviewed quarterly investment results with investment advisor
- Reviewed tax compliance report
- Reviewed Finance Committee Charter and year-end report to the board
- Reviewed preliminary estimate of 2026 financial position



Financial Performance

Financial Performance

Compared to 2024 budget



2024 Financial Highlights

- Revenues: \$28.9M (1.5% under budget)
 - Registration services plan revenues (\$25.8M) was on budget
- Operating expenses: \$30.3M (4.5% under budget)
 - Salaries and benefits of \$20.9M (3% under budget)
- Investment income: \$2.4 million (108% ahead of budget)
 - Long-term investment portfolio earnings of 7%

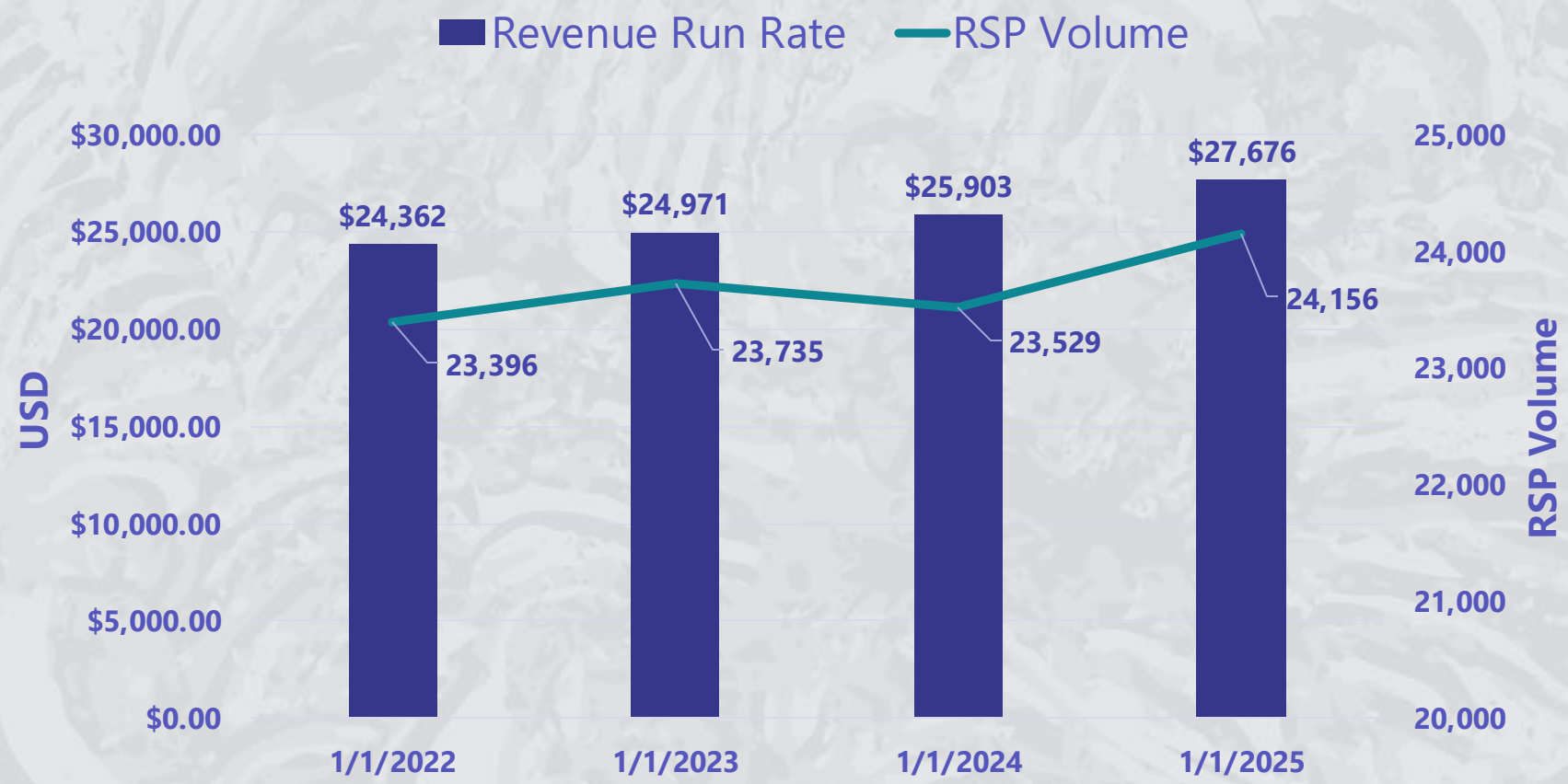


Revenues

2024 Revenues: \$28.9M - 1.5% Under Budget

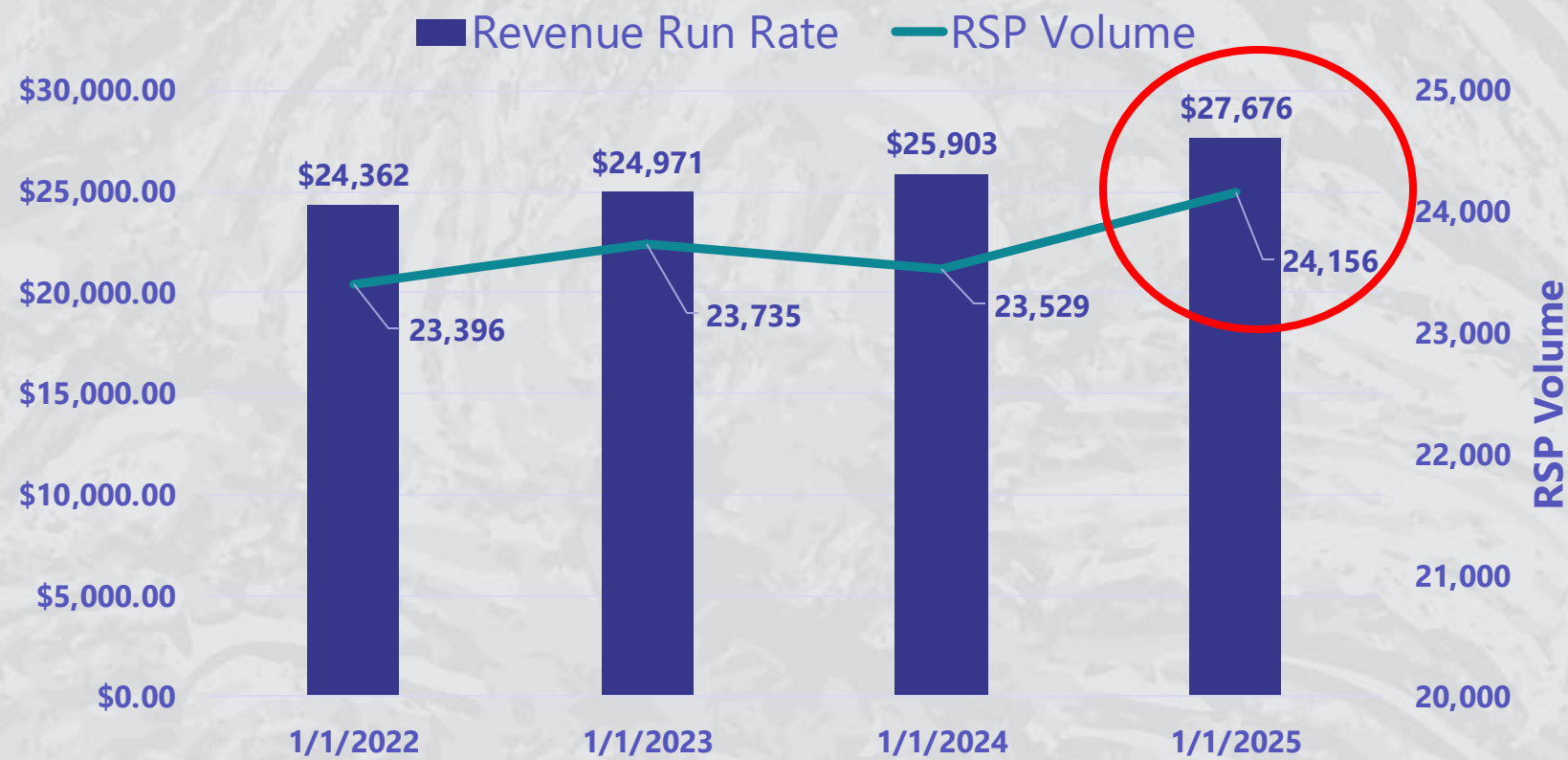
- Annual resource registration fees: \$25.8M – on budget (\$25.0M in 2023)
- Initial resource registration fees: \$0.7M – 26% under budget (\$1.1M in 2023)
- Transfer fees: \$1.6M – 7% under budget (\$1.6M in 2023)
- Other revenues: \$0.7M – 2% under budget (\$0.7M in 2023)

Registration Services Plan – YOY Run Rate



Note: Autonomous System Number-only customers were transitioned into the Registration Services Plan pricing model in January 2024. For comparison purposes, this chart includes ASN-only volumes and revenues for 2022 and 2023.

Registration Services Plan



1 Jan 2025	IPv4 3XS	IPv4 2XS	IPv4 XS	IPv4 S	IPv4 M	IPv4 L	IPv4 XL	IPv4 2XL	IPv4 3XL	IPv4 4XL	IPv4 5XL	Total
Volume	12,491	3,936	4,263	1,886	958	433	127	38	14	6	4	24,156
Revenue (000's)	\$ 3,279	\$ 2,066	\$ 4,476	\$ 3,961	\$ 4,024	\$ 3,637	\$ 2,134	\$ 1,277	\$ 941	\$ 806	\$ 1,075	\$ 27,676



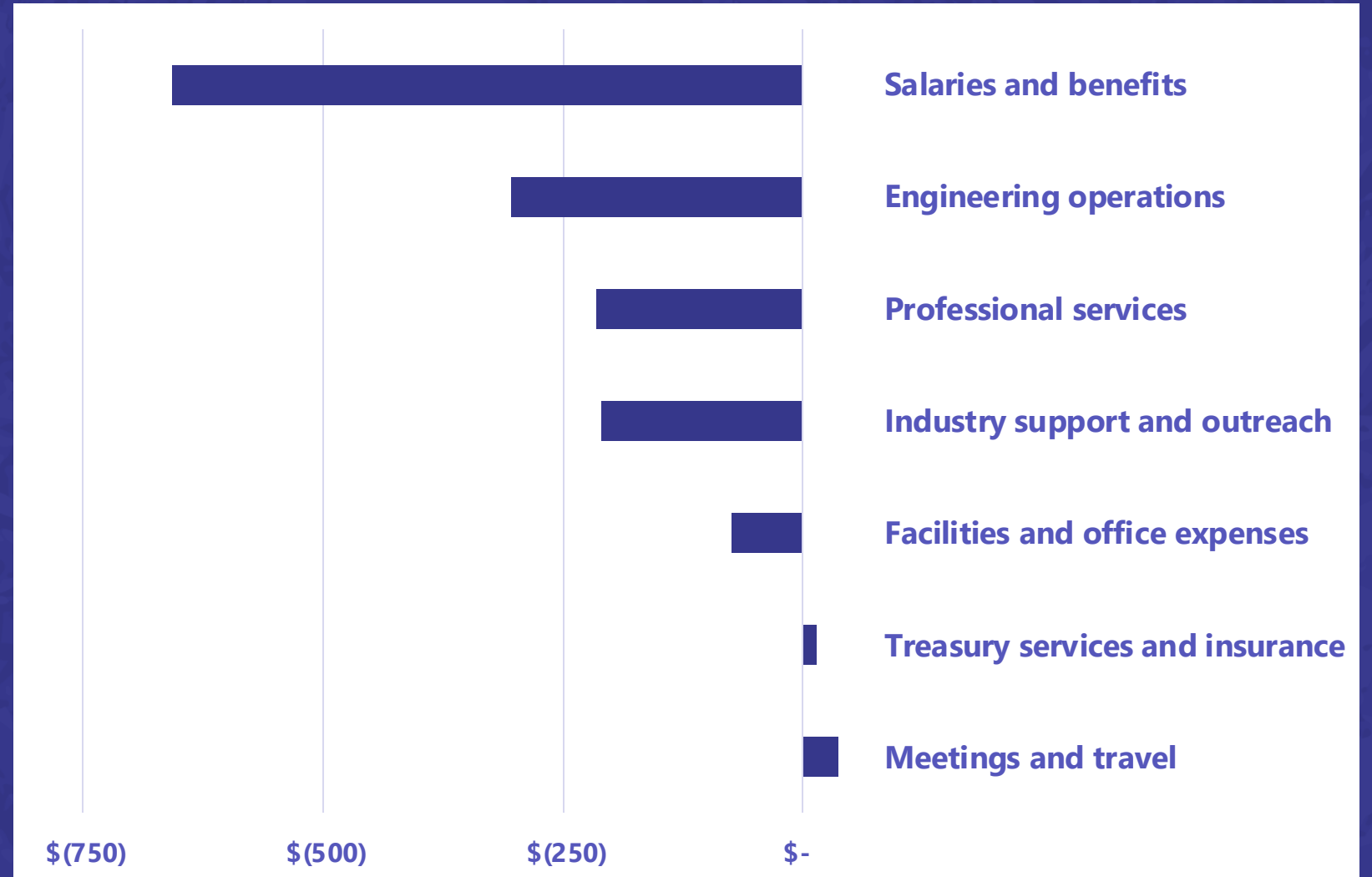
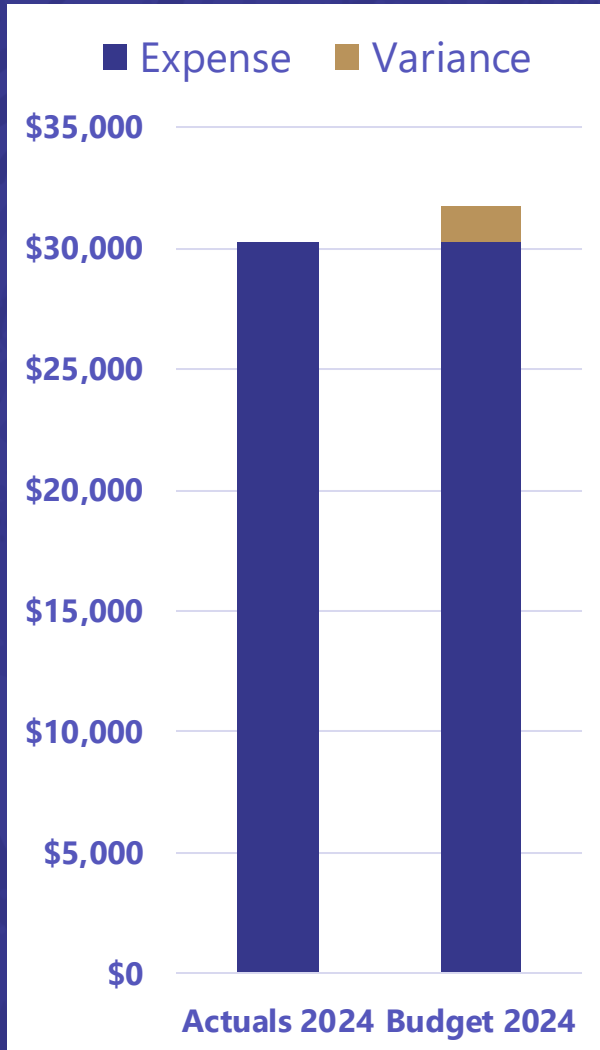
Operating Expenses

2024 Operating Expenses: \$30.3M - 4.5% Under Budget

- **Salaries and benefits: \$20.9M**
 - 3% under budget
 - Began year with 98 employees and ended year with 105
 - Average number of employees was 102 (compared to budget of 106)
- **Engineering operations: \$4.0M**
 - 7% under budget
 - Software expenses less than expected
 - Depreciation and amortization under budget
- **Other expenses: \$5.4M**
 - 7.5% under budget



Operating Expense Budget Variance





Investments

2024 Investment Results

Total investments of \$35.8M

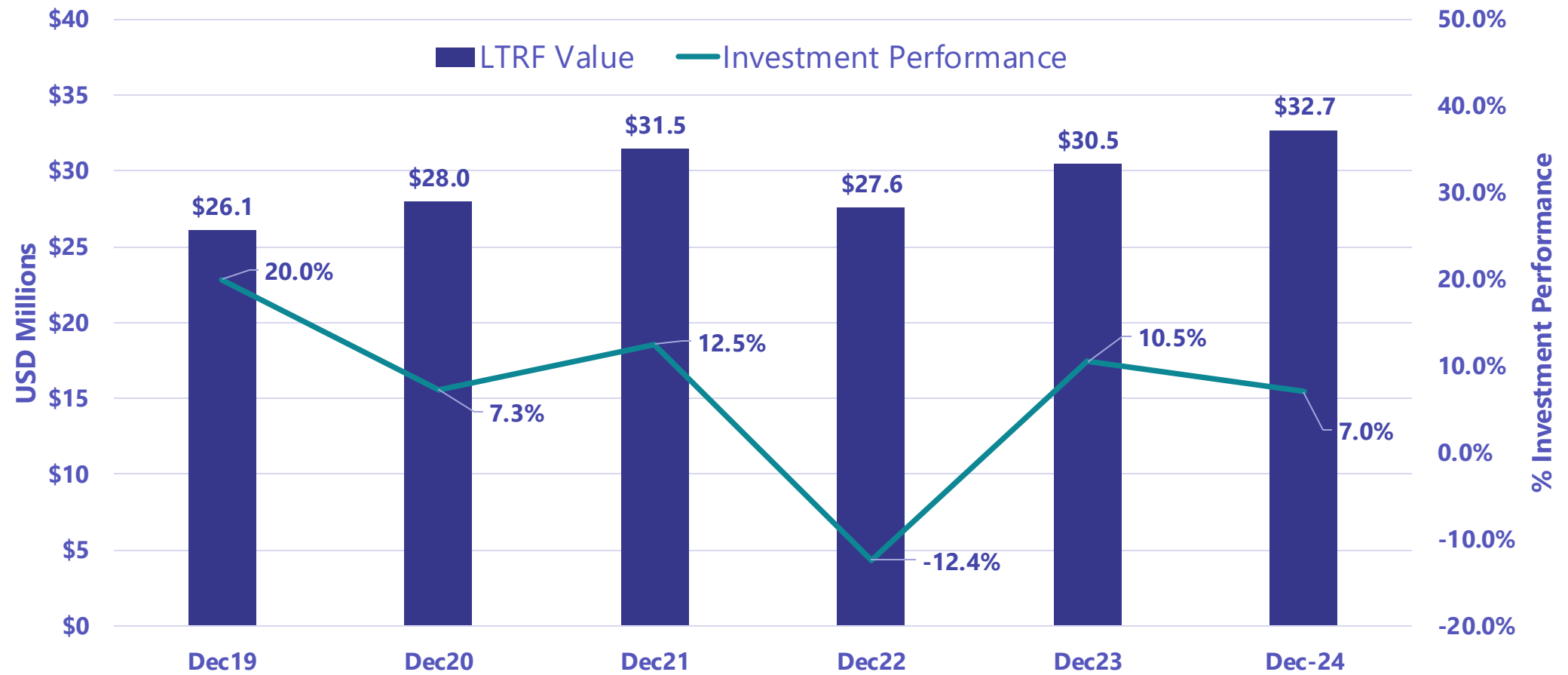
Net decrease of \$0.3M

Long-term investment
fund: \$32.7M

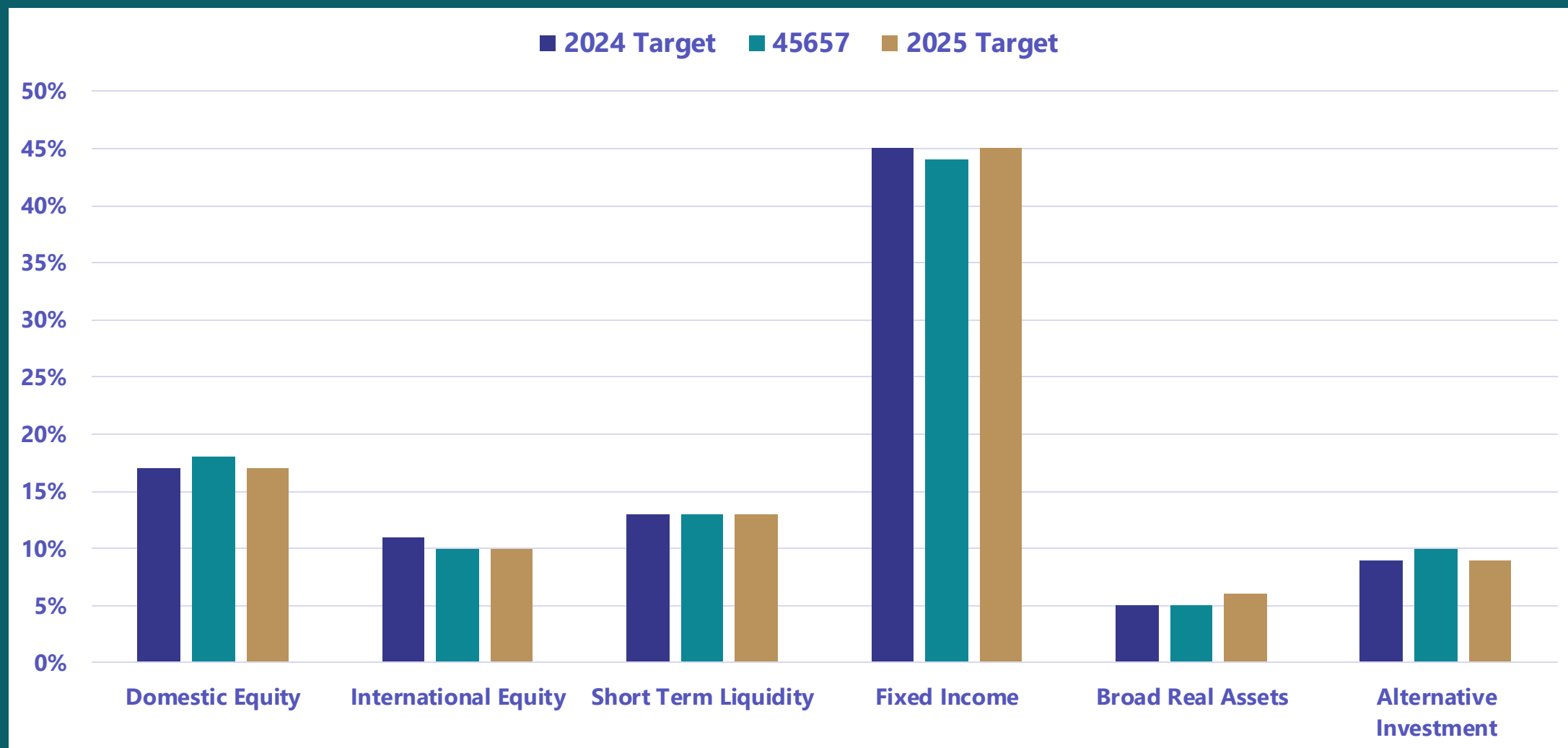
- Investment earnings of 7% (\$2.1M)

Operating investment
fund: \$3.1M

- Investment earnings of 5.2% (\$265K)
- Withdrawals of \$2.7M



2024 earnings of 7.0% on
long-term investment fund



Asset allocation remains conservative



Net reduction of \$2.4M in the
operating investment fund

Target Operating Reserve

Target operating reserve is defined as nine months of annual operating expenditures

2025 target operating reserve is \$24.7M

- 2025 budgeted operating expenditures are \$32.9M

Investment balance is \$11.1M more than the target operating reserve



Financial Position

Financial Position

Assets	Dec 2024	Dec 2023
Cash and Accounts Receivable	\$1.7	\$1.7
Investments	\$35.8	\$36.1
Other Assets	\$7.7	\$7.3
Total Assets	\$45.2	\$45.1
Net Assets and Liabilities	Dec 2024	2023
Net Assets	\$26.3	\$25.3
Total Liabilities	\$18.9	\$19.8
Total Net Assets and Liabilities	\$45.2	\$45.1

**Overall consistency in
ARIN's financial position!**





Other Business

Data Center Move

- In Q4 of 2024, ARIN started a project to move the data center managed in our Chantilly headquarters to a dedicated colocation site better suited to provide the high level of availability required by our community
- 2025 project budget of \$2.1M approved by Board of Trustees
- Status
 - Site selected in Northern Virginia
 - Cage cabinets, AC/power and Internet connections are complete
 - Initial hardware purchases have begun



Long-term Financial Plan

Achieve a balanced budget by year 2030

- Financial forecasts indicate ARIN will be in a negative budget position for the next several years
- By exercising annual Registration Services Plan price increases of up to 5%, and managing year-over-year spending, ARIN anticipates achieving a balanced budget in year 2030
- Annual budget deficits will be funded from investments
 - This is a short-term solution to enable the achievement of a balanced budget without a reduction in services to the community
 - Even with a conservative investment strategy, total investment balances are forecasted to be adequate to fund the target operating reserve





Questions and Comments?
Thank you