

Financial Report

Nancy Carter, Board of Trustees, Treasurer

Financial Report Agenda

- Finance Committee update
- Financial Position
- Investments
- Operating Results
- Net Assets and Liquidity

Finance Committee Update



- Finance Committee meetings
 - Four meetings since ARIN 50
- Business items
 - Reviewed Finance Committee charter and prepared 2022 committee report
 - Reviewed quarterly financial statements
 - Reviewed quarterly investment results with investment advisor
 - Reviewed changes to Investment Policy Statement
 - Reviewed and approved proposed changes to investment asset allocation and proposed investment fund changes
 - Met with auditors and reviewed results of 2022 audit of ARIN financial statements

Financial Position

Financial Position

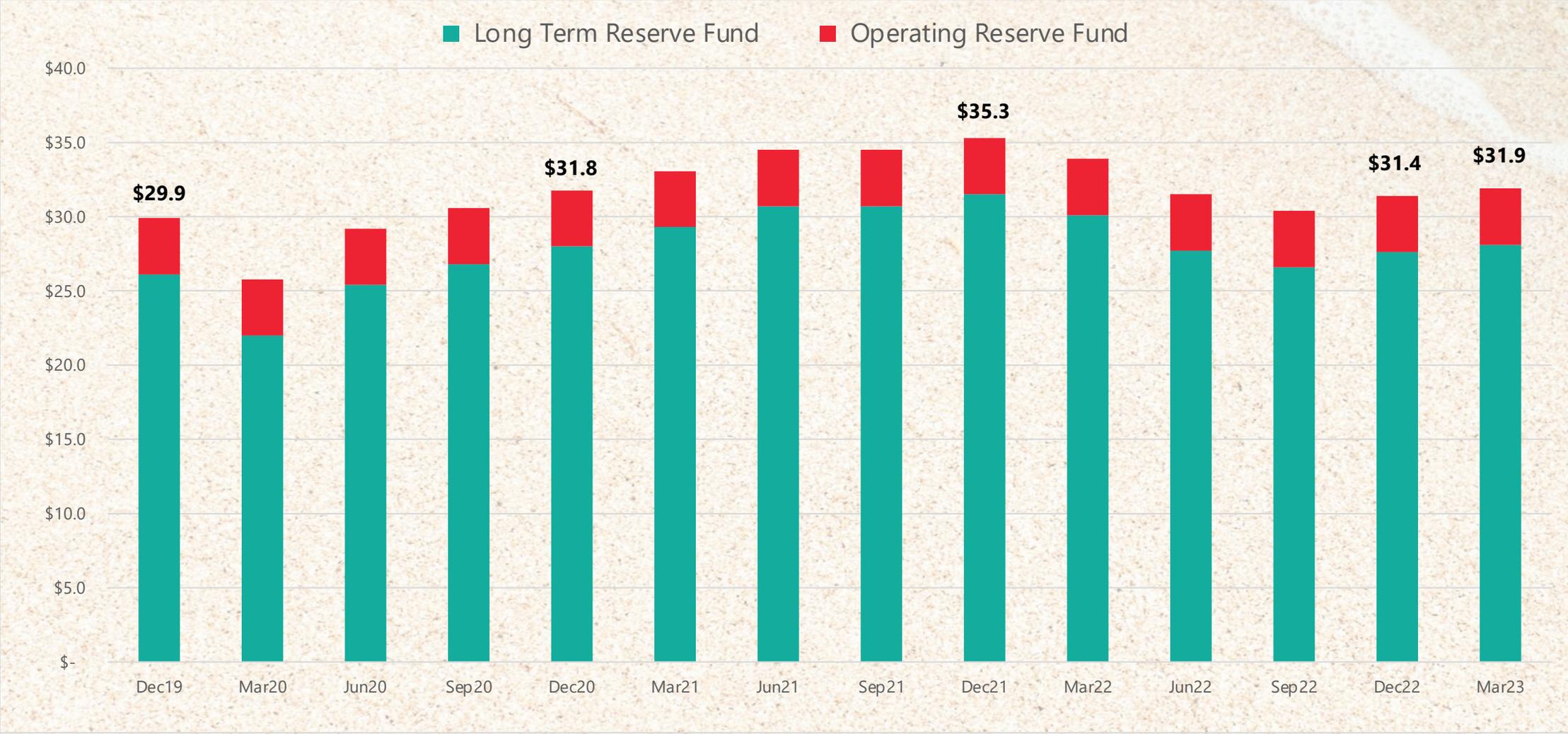


	2022-Dec	2021-Dec	YOY Change \$	YOY Change %
ASSETS				
Cash	\$2,870,548	\$2,356,179	\$514,369	22%
Investments	\$31,438,755	\$35,281,763	-\$3,843,008	-11%
Property and equipment	\$4,025,711	\$4,414,706	-\$388,995	-9%
Finance ROU asset	\$404,837	\$0	\$404,837	100%
Operating ROU asset	\$2,531,846	\$0	\$2,531,846	100%
Other	\$1,517,123	\$1,545,925	-\$28,802	-2%
TOTAL ASSETS	\$42,788,820	\$43,598,572	-\$809,752	-2%
LIABILITIES				
Accounts payable and accrued expenses	\$2,026,831	\$2,036,759	-\$9,928	0%
Finance lease liability	\$409,462	\$0	\$409,462	100%
Operating lease liability	\$3,796,744	\$0	\$3,796,744	100%
Deferred rent	\$0	\$1,509,166	-\$1,509,166	-100%
Deferred revenue	\$12,495,950	\$10,629,176	\$1,866,774	18%
TOTAL LIABILITIES	\$18,728,986	\$14,175,101	\$4,553,884	32%
NET ASSETS	\$24,059,834	\$29,423,471	-\$5,363,636	-18%
TOTAL LIABILITIES AND NET ASSETS	\$42,788,820	\$43,598,572	-\$809,752	-2%

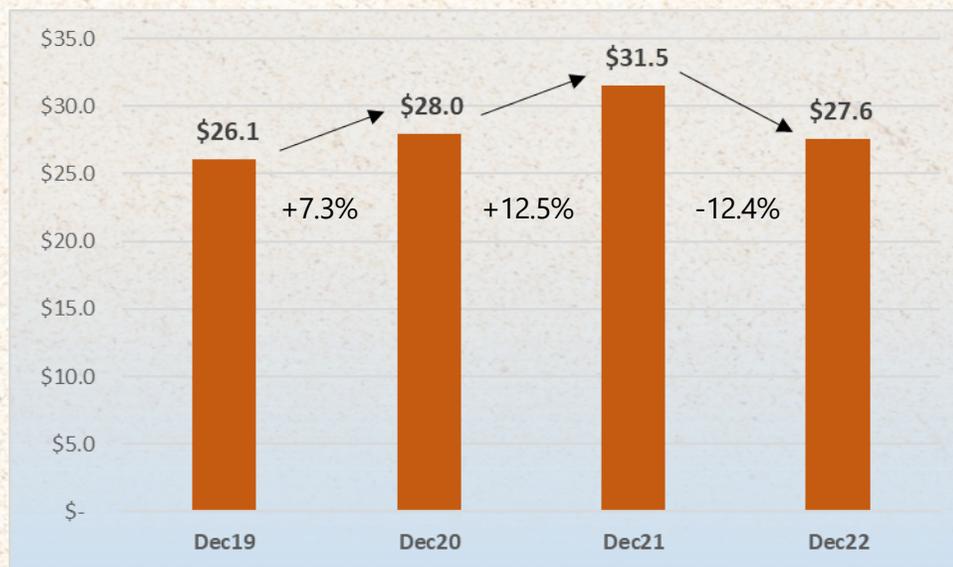
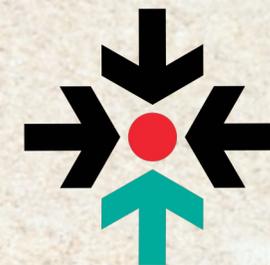
Some material changes to ARIN's financial position

- Growth in cash
- Investment losses
- New lease right of use assets (ASC 842)
- New lease liabilities (ASC 842)
- Increase in deferred revenue
- Decrease in net assets

Investments have been trending up since September of last year



Long Term Reserve Fund



- Loss of 12.4% in 2022
- *Nowhere to hide in 2022*
 - "2022 was the first year on record where both the Bloomberg Aggregate Bond and the S&P 500 indices experienced negative returns." – Fiducient Advisors
- Risk-averse diversification strategy helped limit ARIN's losses

Operating Results

Operating Results



	2022 Actual	2021 Actual	% Change	2022 Budget	% Variance
Revenue and Expenses					
Revenue	\$24,877,028	\$21,533,339	16%	\$26,019,779	(4%)
Expenses	\$26,397,656	\$23,057,493	14%	\$26,584,096	(1%)
Operating Surplus (Deficit)	(\$1,520,628)	(\$1,524,154)	0%	(\$564,317)	(169%)

Significant operating deficit for 2022 ... but don't let that alarm you.

Revenues



	2022 Actual	2021 Actual	% Change	2022 Budget	% Variance
Revenue					
Registration fees - annual renewal	\$22,329,433	\$19,243,385	16%	\$23,474,529	-5%
Registration fees - initial	\$1,221,700	\$1,466,264	-17%	\$1,268,300	-4%
Network transfers	\$707,200	\$318,300	122%	\$588,000	20%
Org create and recovery	\$162,518	\$0	100%	\$262,050	-38%
Contributions	\$432,500	\$450,500	-4%	\$400,000	8%
Other revenue	\$23,677	\$54,890	-57%	\$26,900	-12%
Total Revenues	\$24,877,028	\$21,533,339	16%	\$26,019,779	-4%

2022 fee harmonization program led to an increase in revenues.

IPv4/6 Registry Service Renewals



IPv4 Renewals	Number Billed	\$ Billed	IPv6 Renewals	Number Billed	\$ Billed
3X-Small	3,665	\$916,250	3X-Small	1,074	\$268,500
2X-Small	3,500	1,750,000	2X-Small		
X-Small	3,004	3,004,000	X-Small	993	993,000
Small	1,771	3,542,000	Small	74	148,000
Medium	936	3,744,000	Medium	9	36,000
Large	428	3,424,000	Large	4	32,000
X-Large	121	1,936,000	X-Large	3	48,000
2X-Large	37	1,184,000	2X-Large		
3X-Large	16	1,024,000	3X-Large		
4X-Large	8	1,024,000	4X-Large		
5X-Large	2	512,000	5X-Large		
Totals	13,488	\$22,060,250	Totals	2,157	\$1,525,500

Total 2022 Registry Service Renewals

- IPv4: \$22,060,250
- IPv6: \$1,525,500
- Total: \$23,585,750
- Budget: \$23,217,000

Total Registry Services Billed in 2022

Service	Number Billed	\$ Billed
IPv4 Renewal	13,488	\$22,060,250
IPv6 Renewal	2,157	1,525,500
ASN Renewal	7,843	1,176,450
IPv4 Initial	413	174,750
IPv6 Initial	466	243,750
ASN Initial	1,276	701,800
Legacy Annual	781	120,600
Transfers	1,427	712,900
Org Create/Recovery	2,625	155,600
PSP	9	34,568
Other	84	33,770
Totals	30,569	\$26,939,938

- ARIN also billed more than \$2,000,000 in initial registrations, transfers and other registry services.
- Total customer billing amount almost \$27,000,000
- Very close to 2022 budget of \$26,700,000

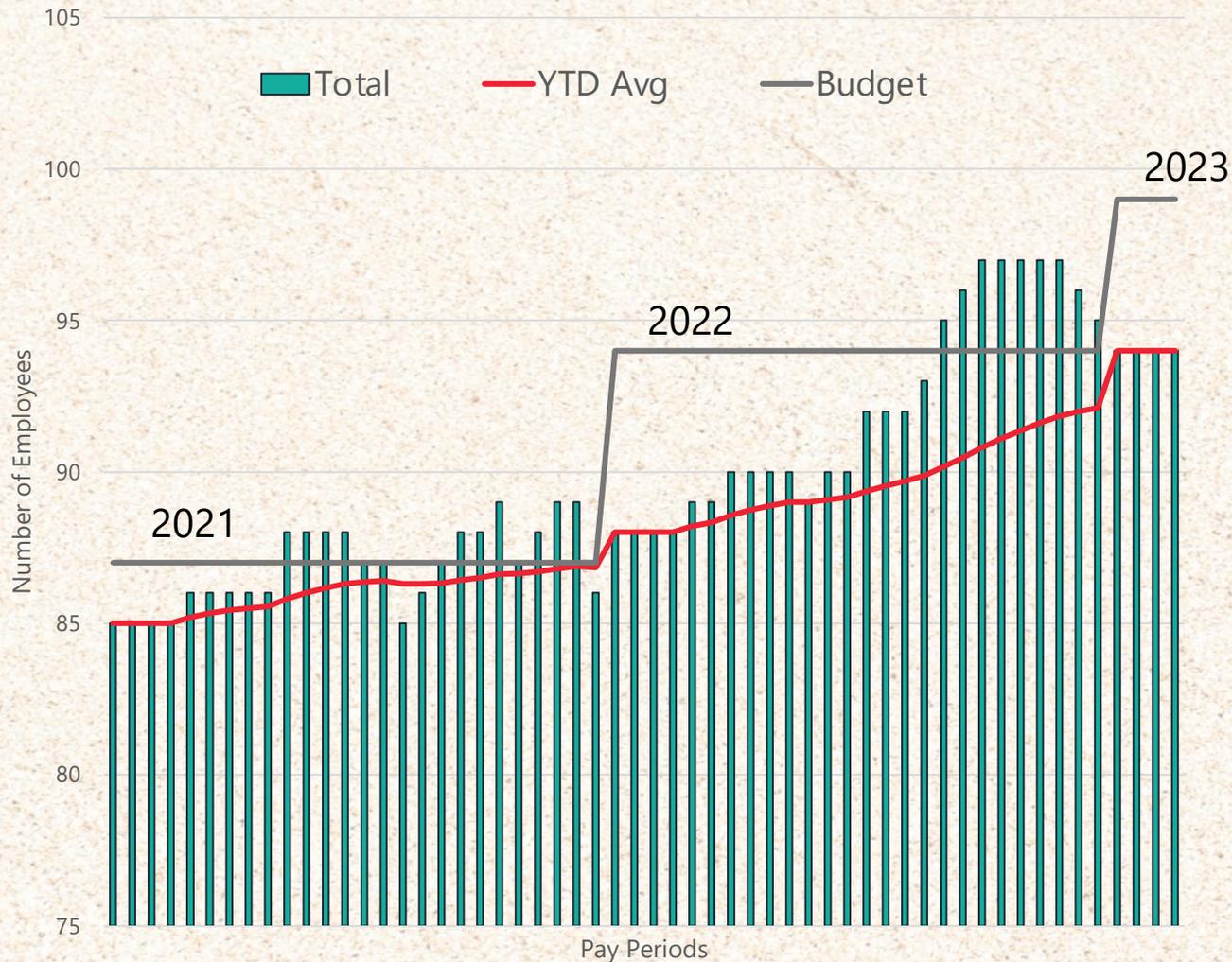
Operating Expenses



	2022 Actual	2021 Actual	% Change	2022 Budget	% Variance
Operating Expenses					
Salaries and benefits	\$17,547,125	\$16,025,035	9%	\$17,635,532	(1%)
Engineering operations	\$1,890,730	\$1,721,725	10%	\$1,761,887	7%
Depreciation and amortization	\$1,655,011	\$1,708,842	(3%)	\$1,927,533	(14%)
Professional fees	\$1,377,865	\$1,279,954	8%	\$1,149,692	20%
Travel	\$937,550	\$115,529	712%	\$1,000,000	(6%)
Treasury and corporate insurance	\$773,605	\$684,414	13%	\$743,323	4%
Meeting expenses	\$749,003	\$154,785	384%	\$618,800	21%
Outreach and industry support	\$628,350	\$534,342	18%	\$850,199	(26%)
Rent and occupancy	\$581,747	\$594,336	(2%)	\$596,853	(3%)
General office expense	\$256,671	\$238,532	8%	\$300,276	(15%)
Total Operating Expenses	\$26,397,656	\$23,057,493	14%	\$26,584,096	(1%)

Operating expenses of \$26,400,000 in 2022

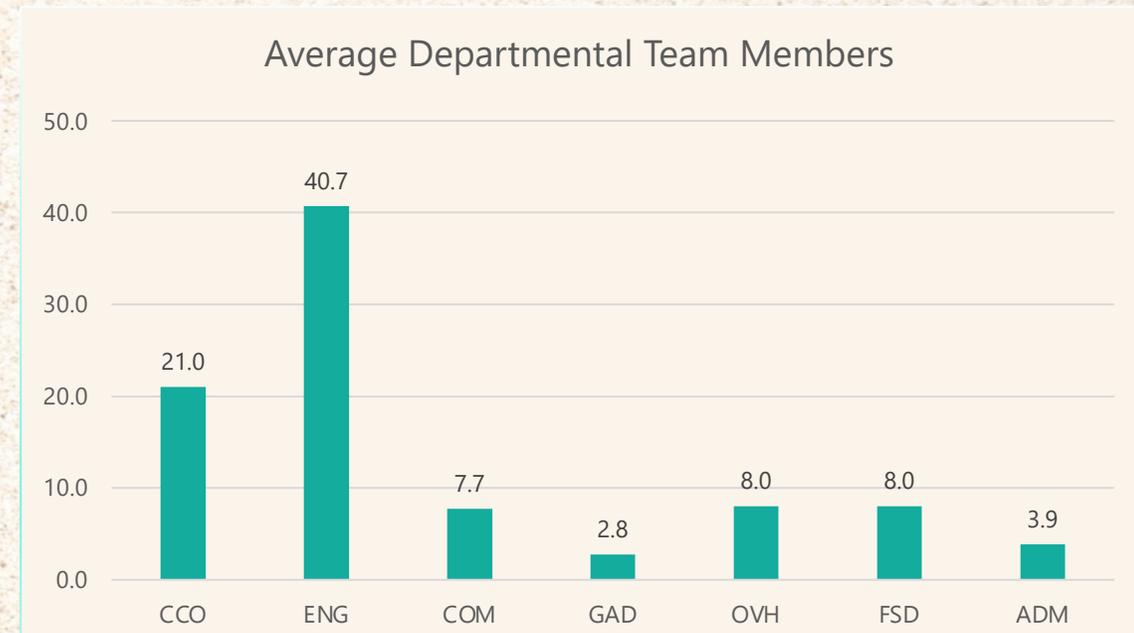
ARIN Employees



2022

Average number of employees: 92

Budgeted number of employees: 94



Net Assets and Liquidity

Net Assets and Liquidity



	2019	2020	2021	2022
Net Assets	\$24.1	\$27.5	\$29.4	\$24.1
Cash and Investments	\$31.4	\$34.5	\$37.6	\$34.3
% Net Assets Covered by Cash and Investments	130%	125%	128%	142%
Avg Monthly Operating Expenses	\$1.8	\$1.8	\$1.9	\$2.2
Number of Months of Expenses Covered by Net Assets	13.4	15.3	15.5	11.0

Despite the investment losses, ARIN remains in a favorable liquidity position.

Thank You

