



NEW ORLEANS | 2-5 APRIL 2017

Treasurer

Bill Sandiford

Finance Committee Activities

- Investments
 - Continued to adjust investments consistent with the Investment Policy Statement, i.e. minor changes to investments in small and large capitalization funds
 - As of 28 February 2017, balance was \$28,214,757
- Fee Schedule
- 2017-2018 Budget
- 2016 Financial Results* and IRS 990 Form Preparation
 - *Please Note: All 2016 financials are unaudited, as the auditors have not provided their final report.***

2016 Financial Results

• Registration Revenue	\$18,277,378
• RSP Registrations = \$14,104,696	
• All Other = \$ 4,172,682	
• 2016 Expenses	<u>\$21,530,743</u>
• Operating Result	(\$3,253,365)
• 2016 Investment Result	\$1,758,477
• Net to Reserves	(\$1,494,888)

2016 Financial Results vs Budget

Line Items	Actual	Budget	Variance
Salaries & Employee Benefits	\$10,866,023	\$10,714,412	(\$151,611)
Communications	\$879,816	\$921,578	\$41,762
Software & Equip Support & Licenses	\$571,268	\$507,738	(\$63,530)
Depreciation	\$3,125,608	\$3,539,115	\$413,507
Professional Fees/Outreach	\$502,105	\$742,675	\$240,570
General Office	\$747,860	\$731,766	(\$16,094)
Bad Debt Expense	\$105,748	\$100,000	(\$5,748)
Legal Fees	\$418,060	\$680,000	\$261,940
Legal Defense Fund	\$993	\$0	(\$993)

2016 Financial Results vs Budget

Line Items	Actual	Budget	Variance
Members Meetings	\$630,447	\$796,500	\$166,053
NANOG Meeting Support	\$49,998	\$50,000	\$2
Rent & Occupancy	\$600,668	\$1,098,207	\$497,539
Travel	\$1,402,500	\$1,179,558	(\$222,942)
Funds Committed to ICANN in Escrow	\$254,507	\$224,679	(\$29,828)
Internet Research & Support	\$1,130,693	\$130,000	(\$1,000,693)
NRO Expenses	\$244,448	\$235,000	(\$9,448)
Total Expenses	\$21,530,743	\$21,651,228	\$120,485

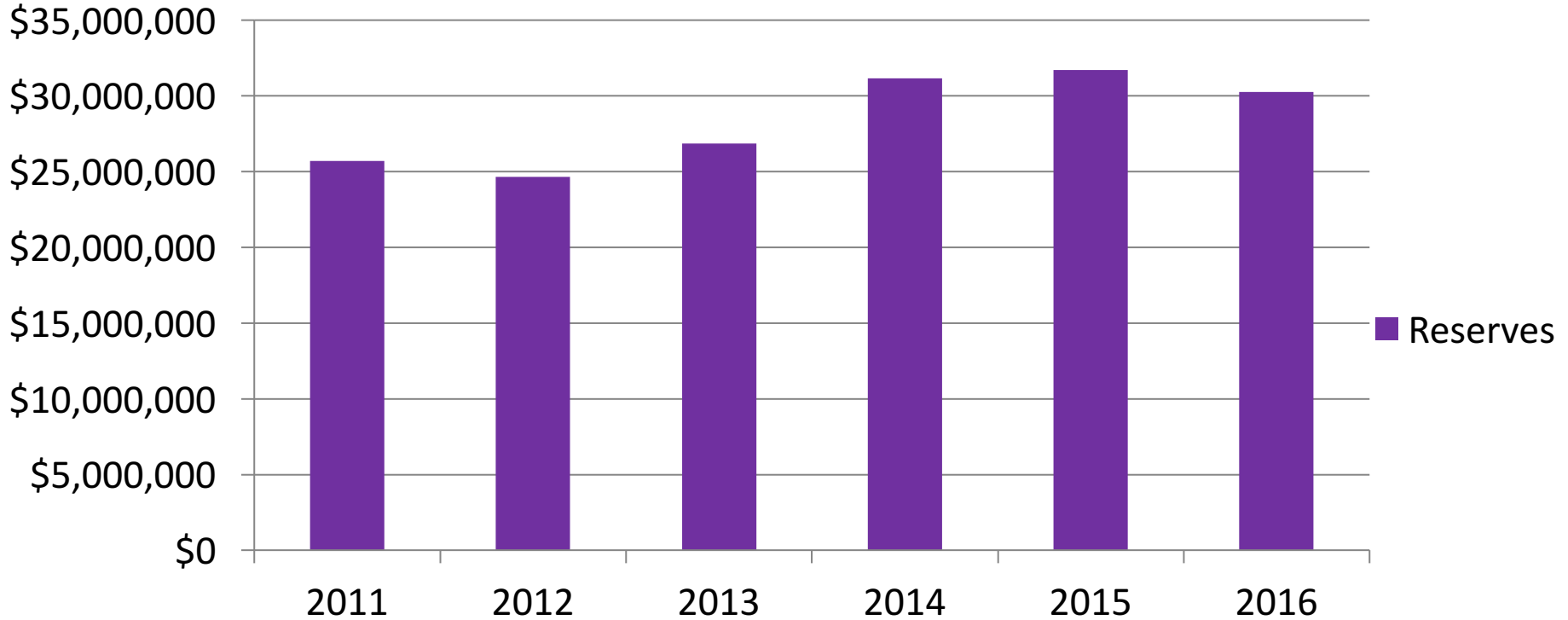
Explanations for Larger Variances

- Salaries & Fringe – (\$151,611) – ARIN Online capitalized salaries & fringe were lower than budget
- Depreciation - \$413,207 -The variance is purchasing computer hardware later than budgeted and building costs under budget for CCD
- Professional Fees/Outreach - \$240,570 – Consulting and outreach travel expense lower than budget
- Legal Fees - \$261,940 – Our outside legal firm was not as active this year but plans to increase in 2017
- Rent & Occupancy - \$497,539 - Budgeted a rent buyout in August for 3635 Concorde Parkway Building. ARIN continues to pay monthly for former facility lease, rather than buyout
- Travel - \$222,942 – Attendance at several meetings exceeded budget
- Internet Research – (\$1,000,693) - IETF Endowment not in the 2016 budget

Financial Reserves Through Year End

- The Board of Trustees has designated net assets for the following purposes:
 - **Legal Defense Reserve Fund** – To fund legal challenges as they arise. Balance at 12/31/16 \$2,114,270
 - **Operating Reserve Fund** – To provide short-term financial stability for ARIN. Balance at 12/31/16 \$4,194,313
 - **Long Term Reserve Fund** – To provide long-term financial stability for ARIN. Balance at 12/31/16 \$23,969,185

ARIN's Financial Reserves



2017 Budget vs 2016 Actuals

Line Items	2017 Budget	2016 Actuals	Variance
Salaries & Employee Benefits	\$11,976,106	\$10,866,023	(\$1,110,083)
Communications	\$999,514	\$879,816	(\$119,698)
Software & Equip Support & Licenses	\$845,216	\$571,268	(\$273,948)
Depreciation	\$4,184,831	\$3,125,608	(\$1,059,223)
Professional Fees/Outreach	\$689,600	\$502,105	(\$187,495)
General Office	\$813,050	\$747,860	(\$65,190)
Bad Debt Expense	\$60,000	\$105,748	\$45,748
Legal Fees	\$450,000	\$418,060	(\$31,940)
Legal Defense Fund	\$0	\$993	\$993

2017 Budget vs 2016 Actuals

Line Items	2017 Budget	2016 Actuals	Variance
Members Meetings	\$795,300	\$630,447	(\$164,853)
NANOG Meeting Support	\$50,000	\$49,998	(\$2)
Rent & Occupancy	\$868,693	\$600,668	(\$268,025)
Travel	\$1,358,600	\$1,402,500	\$43,900
Funds Committed to ICANN in Escrow	\$244,431	\$254,507	\$10,076
Internet Research & Support	\$110,000	\$1,130,693	\$1,020,693
NRO Expenses	\$255,000	\$244,448	(\$10,552)
Total	\$23,700,342	\$21,530,743	(\$2,169,599)

Explanations for Larger Variances

- Salaries & Benefits – (\$1,110,083) - Increase in personnel due to 1) hiring experienced replacements for Senior Director of Registration Services and Executive Director of Government Affairs and Public Policy 2) Registration Services Analysts vacancies filled with legal experienced personnel, i.e. paralegal and attorney, 3) health care cost increase, and 3) reaching full staff
- Software & Support – (\$273,948) - Dell server support has increased due to ARIN keeping servers in production longer than expected and maintenance for some equipment was bundled into the purchase price and now, after the first year, is purchased separately
- Depreciation – (\$1,059,223) - Depreciation costs increase due primarily to the new facility and new furniture related depreciation
- Rent & Occupancy – (\$268,025) - Increase due to new facility as well as carrying prior facility. ARIN continues to pay monthly for former facility lease, rather than buyout.
- Internet Research & Support - \$1,020,693 – 2016 higher due to the IETF Endowment funding

Questions?