

ARIN Financial Report

Nancy Carter | *Treasurer, ARIN Board of Trustees*





Financial Report Agenda

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



Finance Committee Update



- Finance Committee meetings
 - Five meetings since ARIN 52
- Business items
 - Reviewed Finance Committee charter and prepared 2023 Committee report
 - Reviewed quarterly financial statements
 - Reviewed quarterly investment results with investment advisor
 - Reviewed and approved proposed changes to investment asset allocations
 - Discussed 2024 RFPs for financial statement audit and investment advisory services
 - Discussed 2024 project to review ARIN operating reserve policy
 - Reviewed proposed contribution of \$1M to the IETF Endowment
 - Met with auditors and reviewed results of 2023 audit of ARIN financial statements



Financial Position

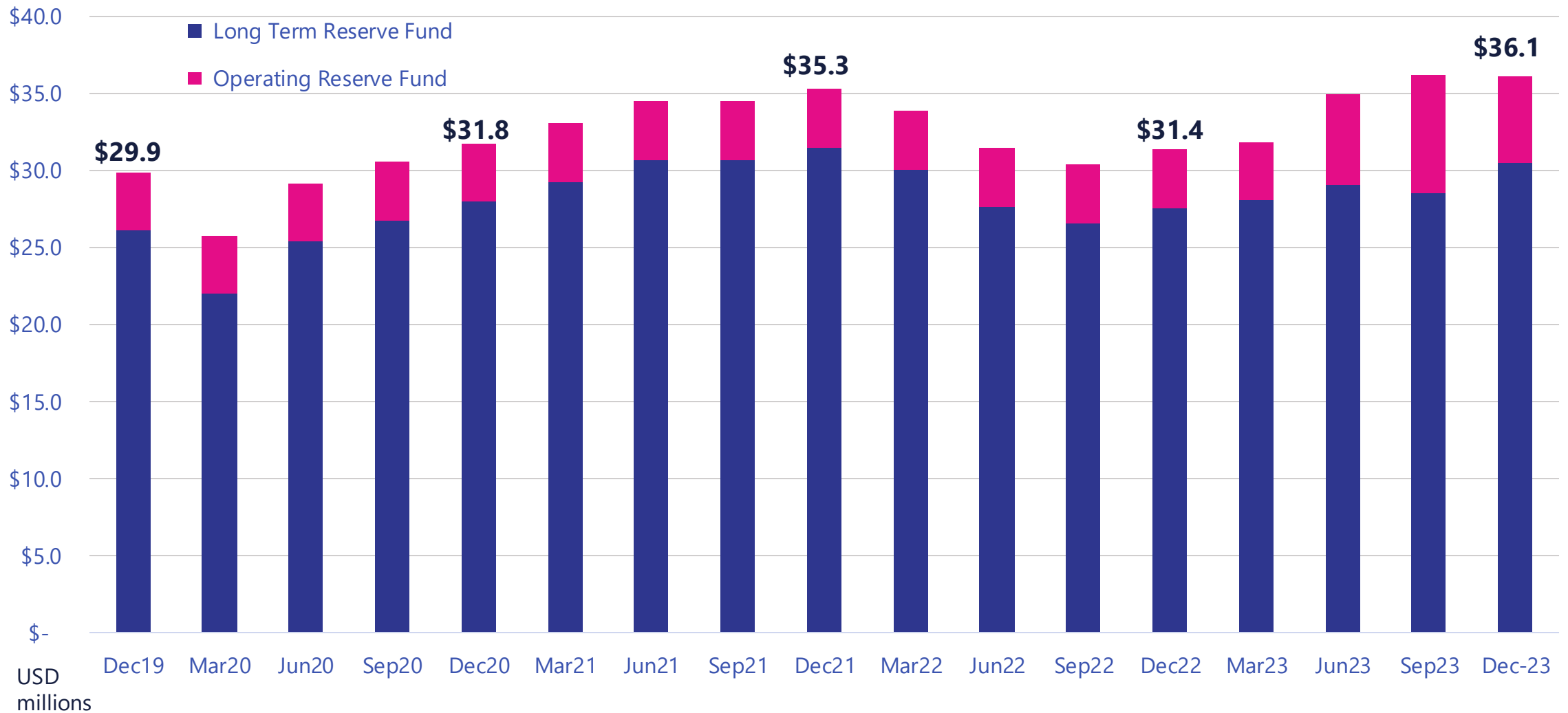
Financial Position



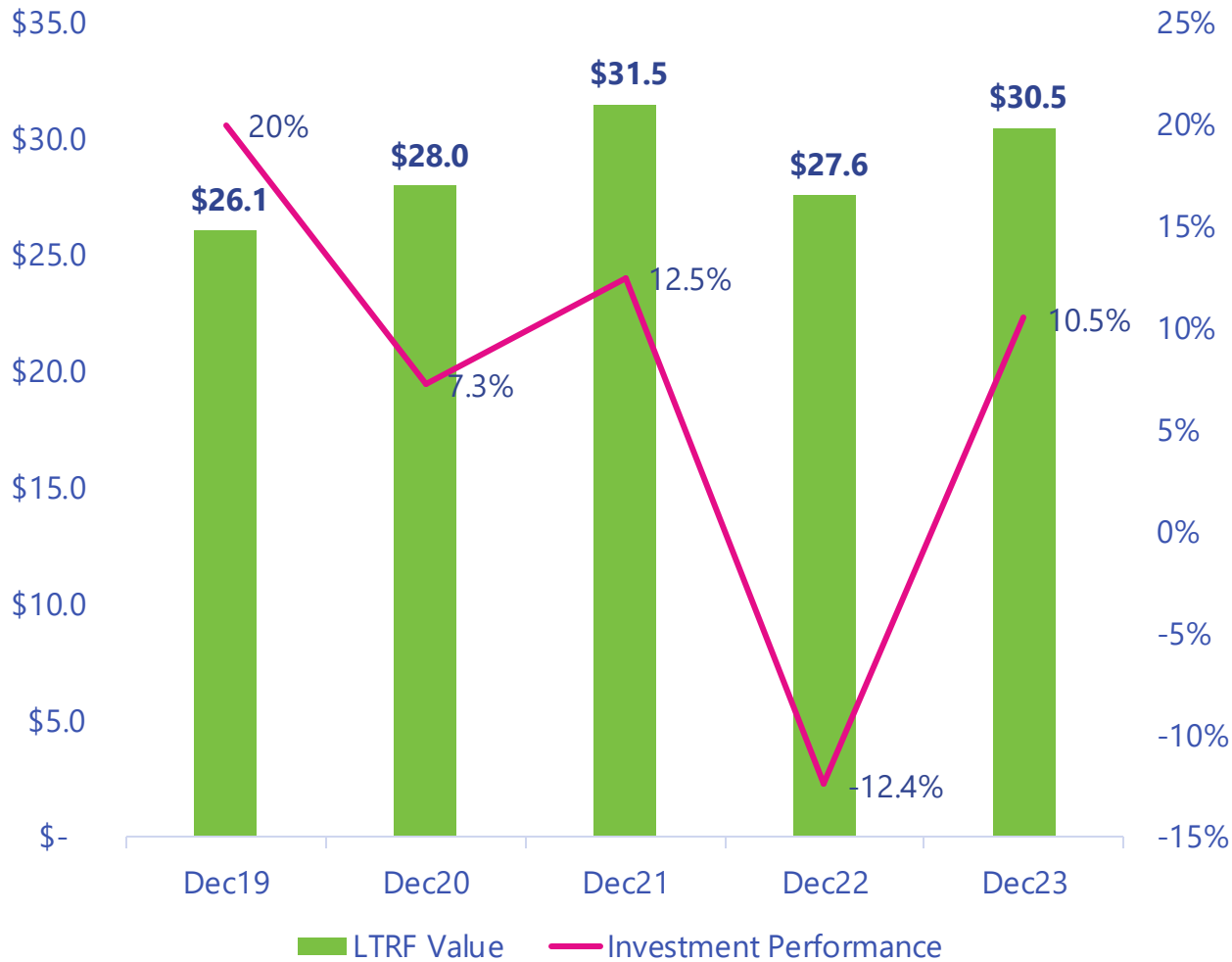
	2023-Dec	2022-Dec	Change \$	YOY Change %
ASSETS				
Cash	\$791,618	\$2,870,548	-\$2,078,930	-72%
Accounts receivable - customers	\$906,623	\$795,779	\$110,844	14%
Investments	\$36,092,643	\$31,438,755	\$4,653,888	-15%
Property and equipment	\$3,582,973	\$4,025,711	-\$422,738	-11%
Lease right of use assets	\$2,650,404	\$2,936,683	-\$286,280	-10%
Other	\$1,060,557	\$721,344	\$339,213	47%
TOTAL ASSETS	\$45,084,818	\$42,788,820	\$2,295,998	5%
LIABILITIES				
Accounts payable and accrued expenses	\$3,804,561	\$2,026,831	\$1,777,730	88%
Lease liabilities	\$3,596,789	\$4,206,205	-\$609,417	-15%
Deferred revenue	\$12,368,196	\$12,495,951	-\$127,755	-1%
TOTAL LIABILITIES	\$19,769,546	\$18,728,987	\$1,040,559	6%
NET ASSETS	\$25,315,272	\$24,059,833	\$1,255,439	5%
TOTAL LIABILITIES AND NET ASSETS	\$45,084,818	\$42,788,820	\$2,295,998	5%

Some changes to ARIN's financial position

- Cash moved to investment account
- Favorable investment performance
- Paydown of lease liabilities
- Deferred revenue more constant in post fee harmonization environment
- Accrual of IETF contribution
- Increase in net assets

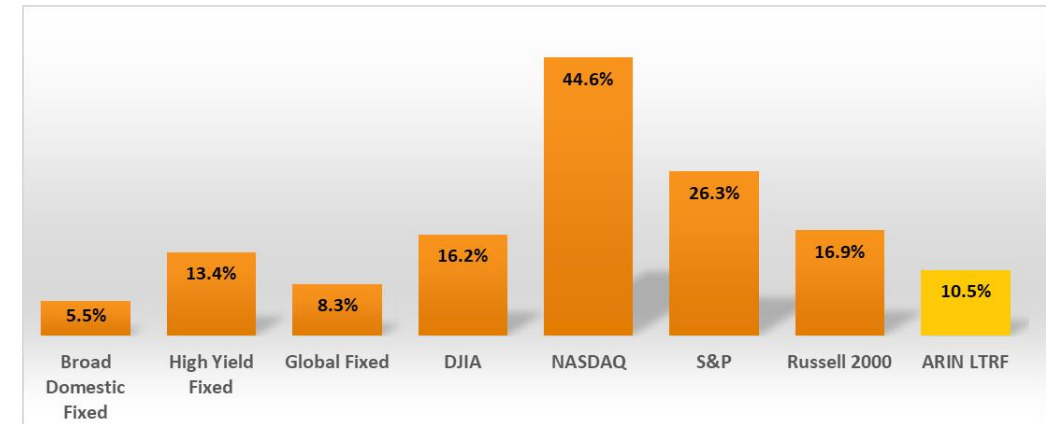


Investment changes for 2023 include transfers from ARIN cash account



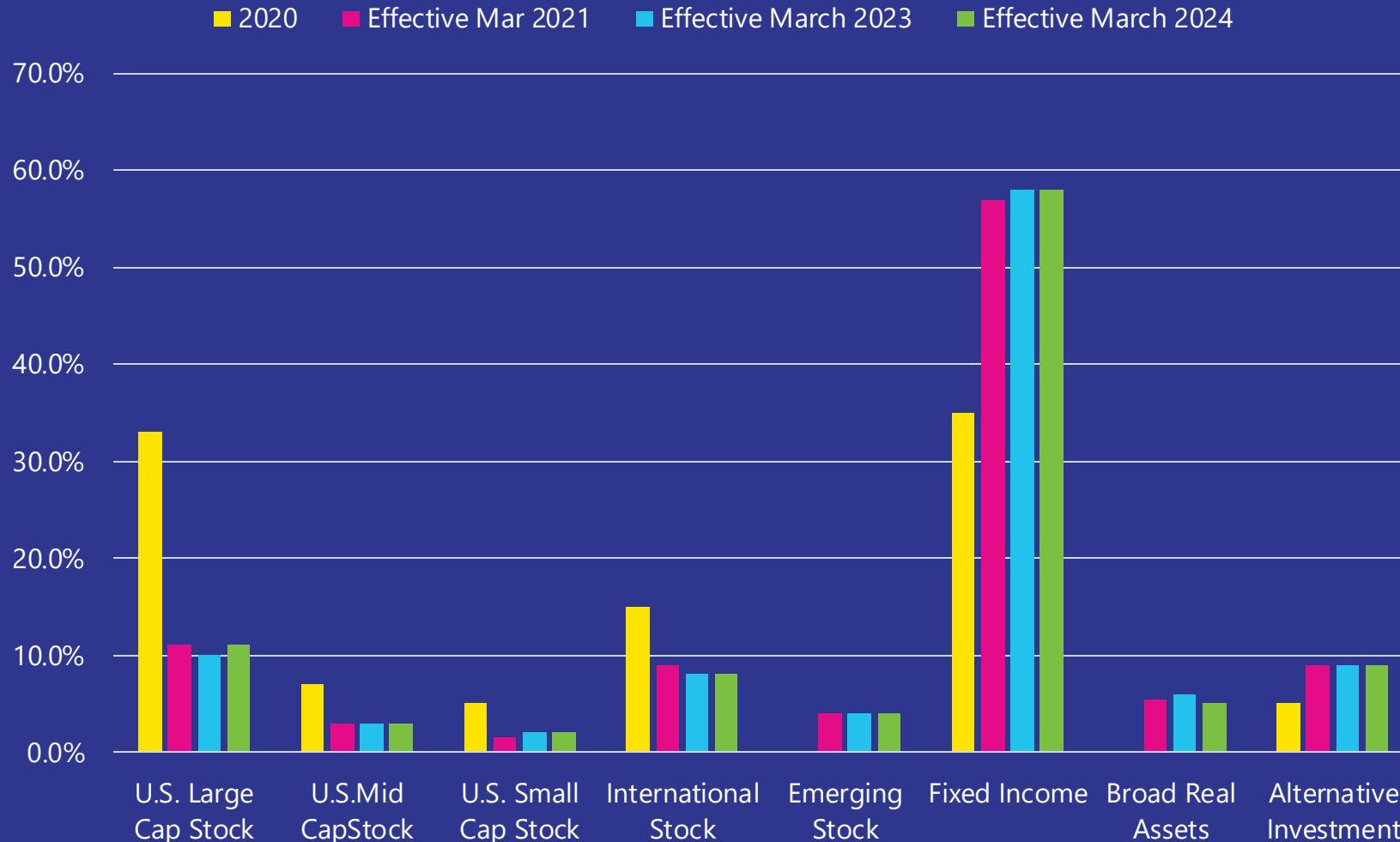
Long Term Reserve Fund

2023 Market Performance



2023 earnings of 10.5% provided \$2.9M as the fund continues to recover from 2022 losses

Investment Asset Allocation



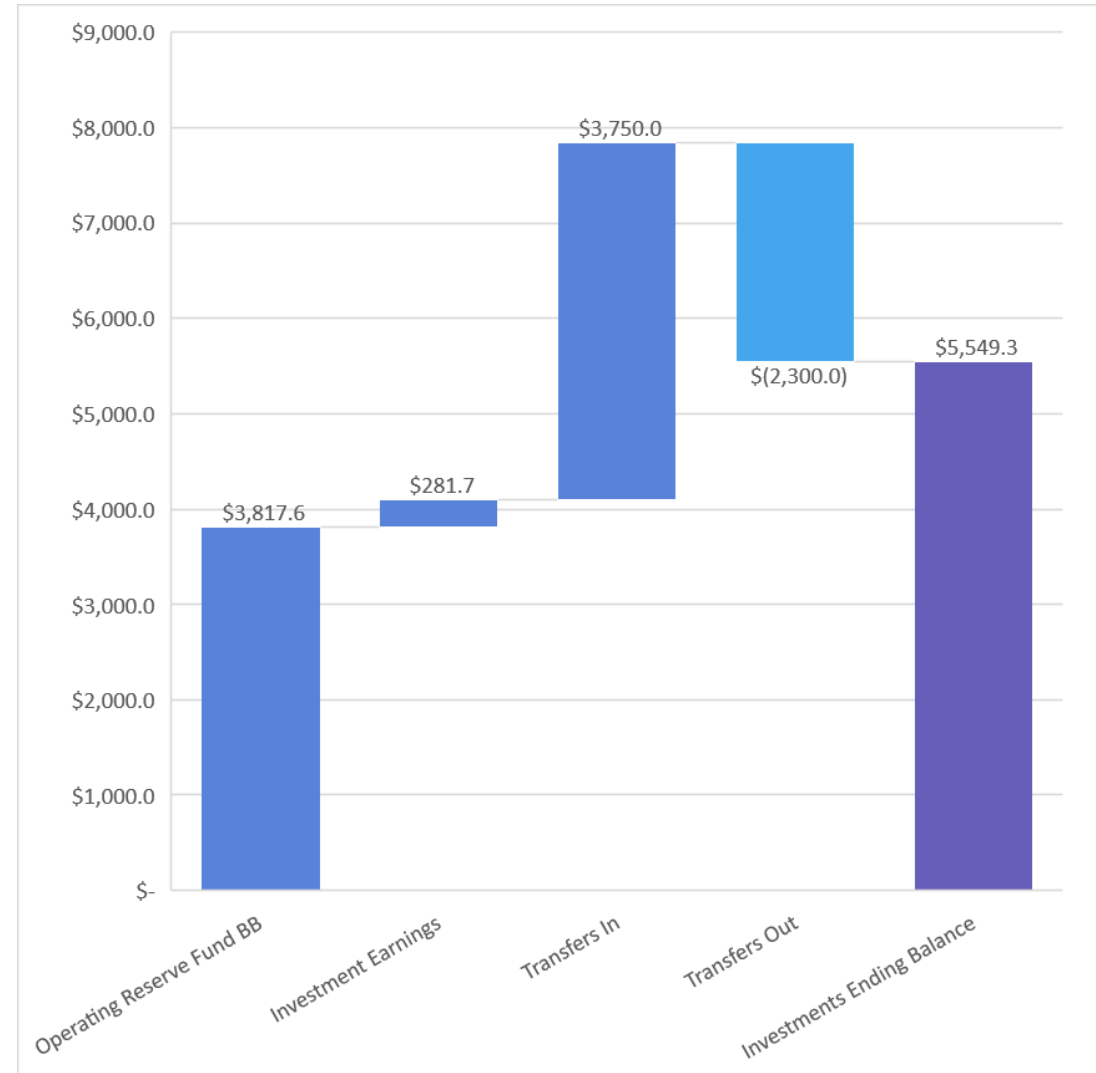
- Asset allocation has been relatively constant since shifting in 2021 to a more conservative investment philosophy
- Current allocation is
 - 58% fixed income
 - 28% equity
 - 6% real assets
 - 9% alternative investments

Operating Reserve Fund



- After several years of money market interest rates near 0%, the Operating Reserve Fund is now earning interest of more than 4%.
- Active treasury management process in 2023 — cash was transferred into and out of the Operating Reserve Fund to take advantage of the higher interest rates.
- Interest earned in 2023 was \$281K, compared to \$53K in 2022.

USD thousands





Operating Results

Operating Results



	2023 Actual	2022 Actual	% YOY Change	2023 Budget	% Budget Variance
Revenue and Expenses					
Revenue	\$28,346,197	\$24,877,028	14%	\$28,634,589	-1%
Expenses	\$30,294,647	\$26,397,656	15%	\$29,385,192	3%
Operating Surplus (Deficit)	-\$1,948,450	-\$1,520,628	-28%	-\$750,603	-26%

- 2023 revenues tracked close to budget
- 2023 operating expenses were close to budget except for one major outlier
 - Board of Trustees approved the second of two contributions to IETF; \$1M accrued but not yet paid

Revenues



	2023 Actual	2022 Actual	% YOY Change	2023 Budget	% Budget Variance
Revenue					
Registration fees - annual renewal	\$25,013,208	\$22,329,433	12%	\$25,070,914	0%
Registration fees - initial	\$1,052,078	\$1,221,700	-14%	\$1,170,675	-10%
Network transfers	\$1,592,813	\$707,200	125%	\$1,713,000	-7%
Contributions and other revenue	\$688,098	\$618,695	11%	\$680,000	1%
Total Revenues	\$28,346,197	\$24,877,028	14%	28,634,589	-1%

- Annual registration fees grew as expected in the post fee harmonization environment
- Initial registration fees decreased slightly more than expected
- Resource transfer fees grew substantially as the new recipient transfer fee was introduced in 2023

IPv4/IPv6 Registration Services Plan

March 2024

Category	Customers
3X-Small	5,257
2X-Small	3,688
X-Small	4,139
Small	1,864
Medium	950
Large	422
X-Large	121
2X-Large	41
3X-Large	15
4X-Large	6
5X-Large	4
Total Customers	16,507
Total \$	\$24,201,250

March 2023

Category	Customers
3X-Small	4,931
2X-Small	3,567
X-Small	4,005
Small	1,860
Medium	946
Large	429
X-Large	126
2X-Large	36
3X-Large	16
4X-Large	7
5X-Large	3
Total Customers	15,976
Total \$	\$23,863,250

Growth in customers

- 531
- 3.3%

Growth in annual revenue run rate

- \$338,000
- 1.4%

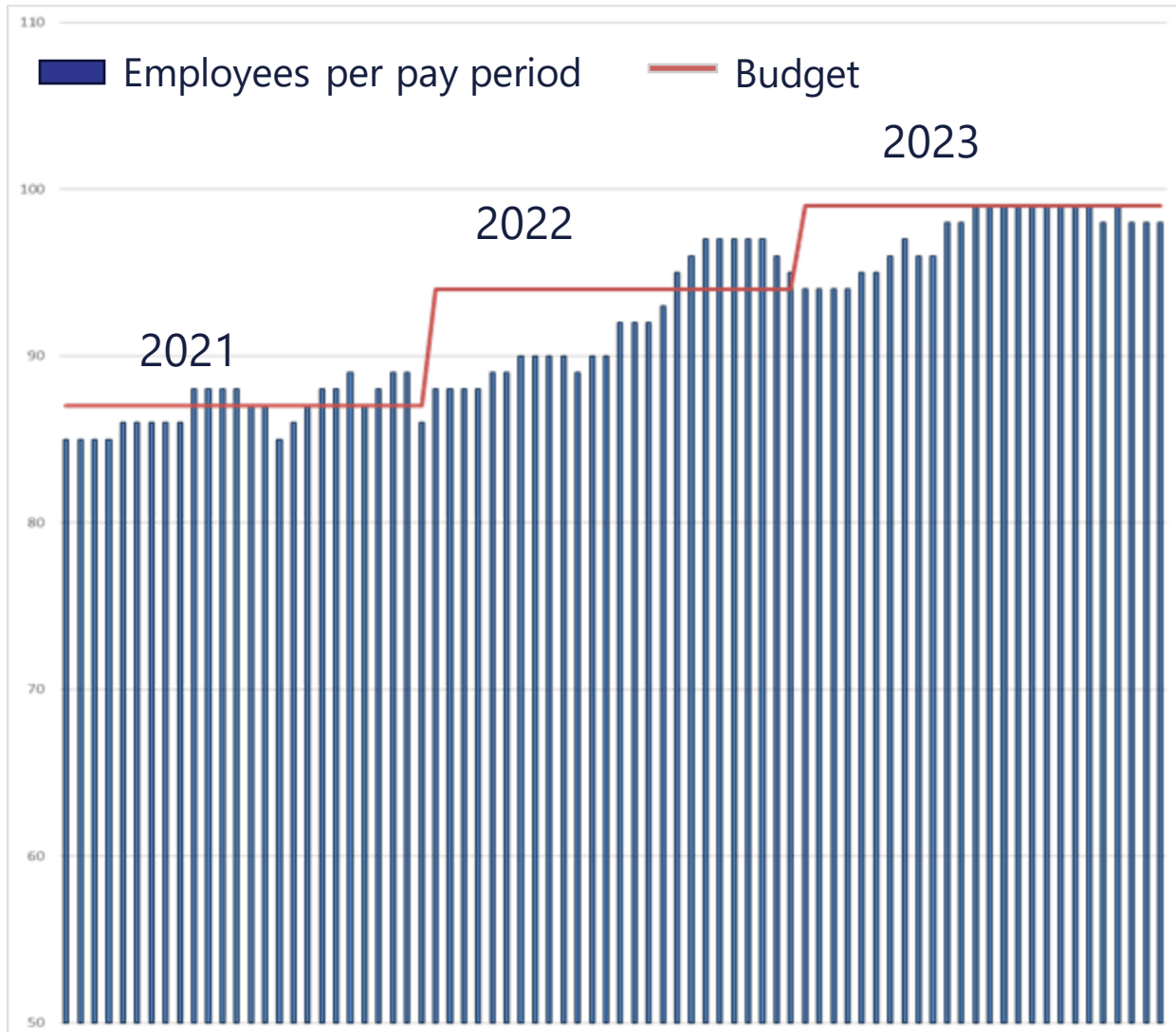
Operating Expenses



	2023 Actual	2022 Actual	% YOY Change	2023 Budget	% Budget Variance
Operating Expenses					
Salaries and benefits	\$20,264,009	\$17,547,094	16%	\$20,049,801	1%
Engineering operations	\$3,703,873	\$3,545,741	5%	\$3,993,049	-7%
Outreach and industry support	\$1,810,903	\$628,350	188%	\$954,600	90%
Travel and meeting	\$1,661,559	\$1,686,553	-2%	\$1,638,400	1%
Professional fees	\$1,185,710	\$1,377,895	-14%	\$1,221,045	-3%
Occupancy and office expense	\$851,946	\$838,418	2%	\$883,454	-4%
Treasury and corporate insurance	\$816,647	\$773,605	6%	\$644,843	27%
Total Operating Expenses	\$30,294,646	\$26,397,656	15%	\$29,385,192	3%

- 2023 outreach and industry meetings expense includes the second of two \$1M contributions ARIN committed to in 2016.
- The budget variance in treasury and corporate insurance is driven by ARIN cancelling the proposal to charge customers for credit card payment fees.

Employee growth



Year-over-year changes in recurring operating expenses is driven by the number of ARIN employees

- 2023 number of employees
 - Average: 97
 - Budgeted: 99
- 2022 number of employees
 - Average: 92
 - Budgeted: 94
- 2021 number of employees
 - Average: 87
 - Budgeted: 87

The background features a dark blue field with a faint, repeating pattern of stylized leaves or petals. Overlaid on this are several large, vibrant, semi-transparent geometric shapes in shades of cyan, yellow, orange, and green, primarily concentrated on the right side of the frame. A solid yellow horizontal band runs across the middle of the image, containing the text.

Net Assets and Liquidity



Net Assets and Liquidity

	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023
Net Assets	\$24.1	\$27.5	\$29.4	\$24.1	\$25.3
Cash and Investments	\$31.4	\$34.5	\$37.6	\$34.3	\$36.9
% Net Assets Covered by Cash and Investments	130%	125%	128%	142%	144%
Avg Monthly Operating Expenses	\$1.8	\$1.8	\$1.9	\$2.2	\$2.4*
Number of Months of Expenses Covered by Net Assets	13.4	15.3	15.5	11.0	10.5

* 2023 actual, excluding IETF accrued contribution

\$ USD millions

ARIN remains in a favorable liquidity position.

Thank You

Questions or Comments?

