

ARIN 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
 - Five meetings since ARIN 51
- Business items
 - Reviewed quarterly financial statements (x2)
 - Reviewed quarterly investment results with investment advisor (x2)
 - Met with tax advisors and reviewed IRS Form 990, which has been approved by the Board and filed with the IRS
 - Reviewed proposed 2024 budget and sent it to the full Board for approval
 - Recommended IETF Endowment contribution to the full Board

Financial Position



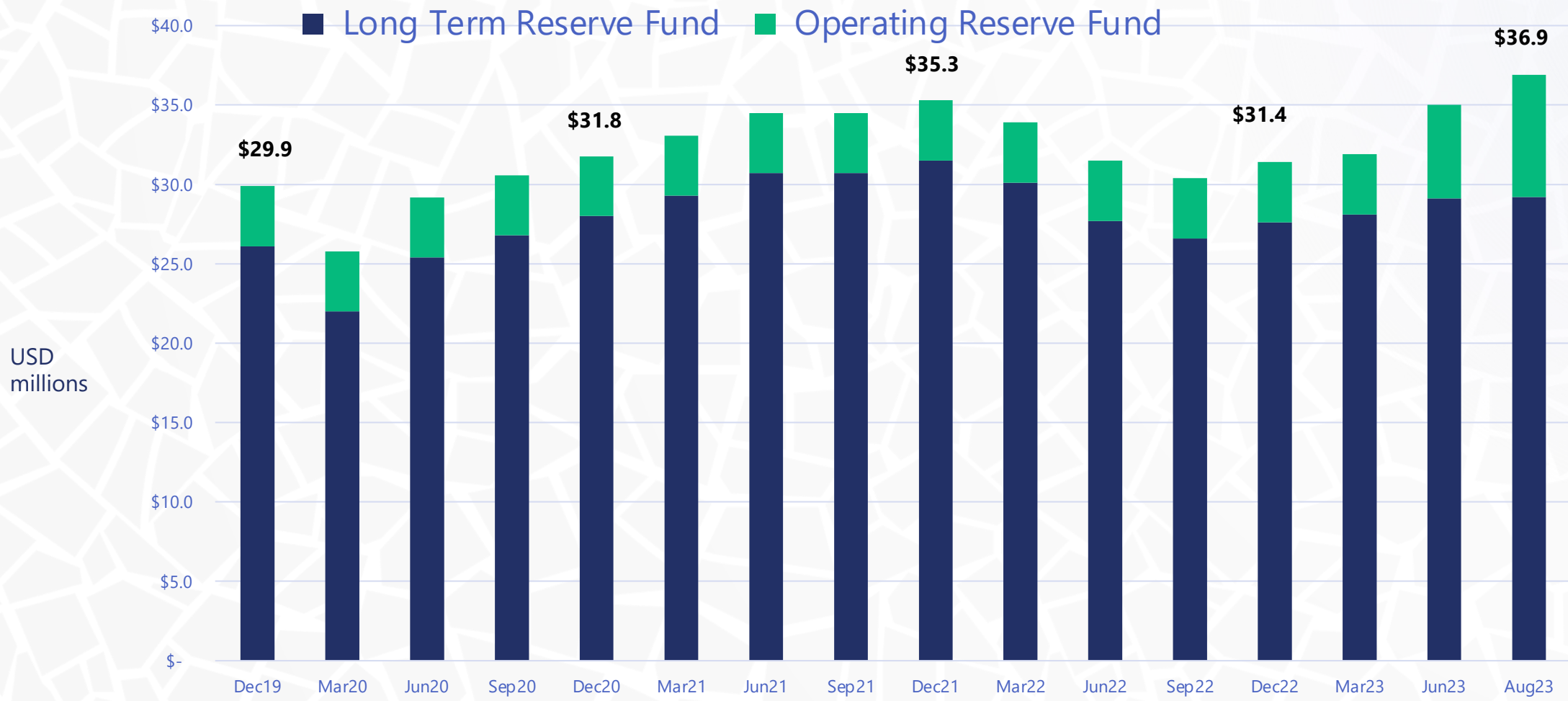
Financial Position



	2023-Aug	2022-Dec	Change \$	YOY Change %
ASSETS				
Cash	\$756,453	\$2,870,548	-\$2,114,095	-74%
Investments	\$36,910,370	\$31,438,755	\$5,471,615	17%
Property and equipment	\$3,659,955	\$4,025,711	-\$365,756	-9%
Finance ROU asset	\$526,448	\$404,837	\$121,611	30%
Operating ROU asset	\$2,243,874	\$2,531,846	-\$287,972	-11%
Other	\$2,084,200	\$1,517,123	\$567,077	37%
TOTAL ASSETS	\$46,181,300	\$42,788,820	\$3,392,480	8%
LIABILITIES				
Accounts payable and accrued expenses	\$2,560,160	\$2,026,831	\$533,329	26%
Finance lease liability	\$538,027	\$409,462	\$128,565	31%
Operating lease liability	\$3,319,499	\$3,796,744	-\$477,245	-12%
Deferred revenue	\$13,373,362	\$12,495,950	\$877,412	7%
TOTAL LIABILITIES	\$19,791,048	\$18,728,987	\$1,062,061	6%
NET ASSETS	\$26,390,252	\$24,059,833	\$2,330,419	10%
TOTAL LIABILITIES AND NET ASSETS	\$46,181,300	\$42,788,820	\$3,392,480	8%

Some changes to ARIN's financial position

- Cash moved to investment account
- Favorable investment performance
- New financing lease right of use assets and liabilities
- Increase in deferred revenue
- Increase in net assets



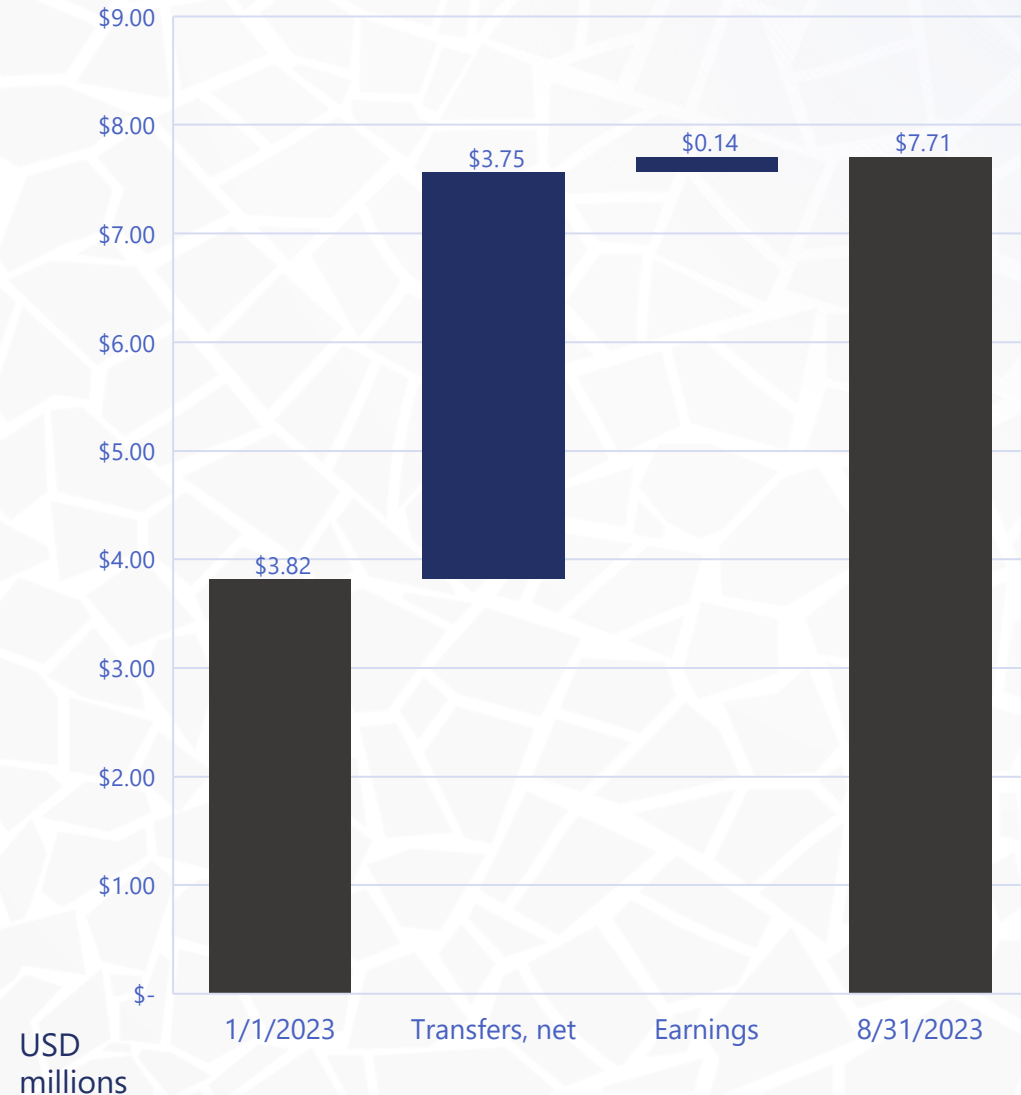
Investment changes for 2023 include transfers from ARIN cash account



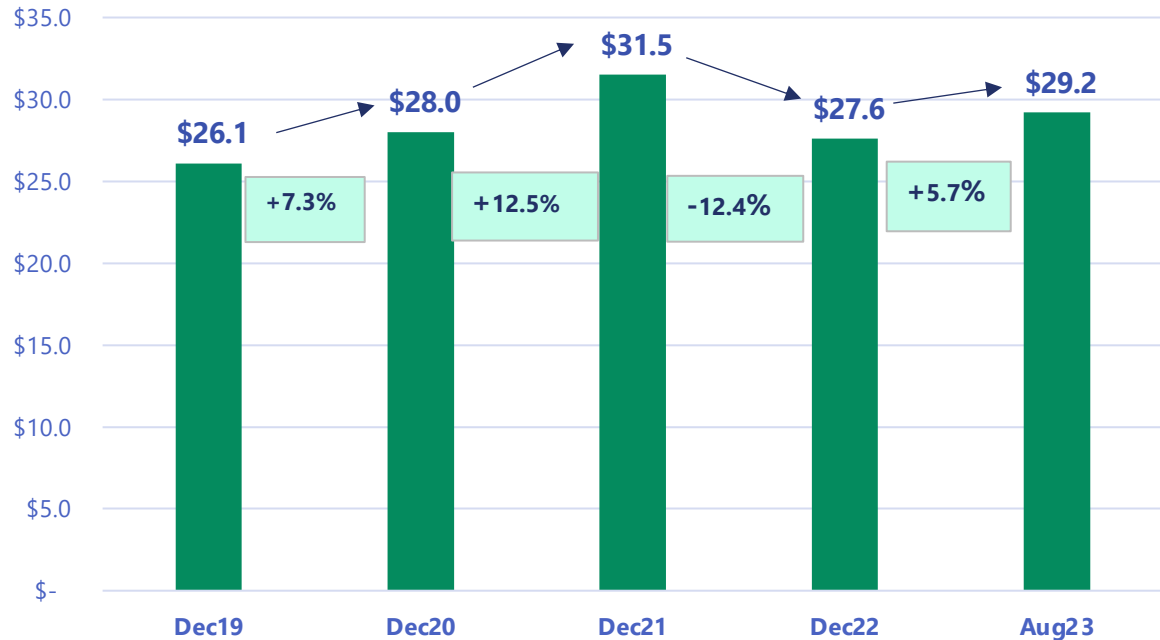
Operating Reserve Fund



- After several years of money market interest rates near 0%, the Operating Reserve Fund is now earning interest of more than 4%.
- Funds have been moved out of the operating bank account and into the Operating Reserve Fund to take advantage of the higher interest rates.
- Funds will be transferred back to the operating bank account when necessary to meet disbursement needs.

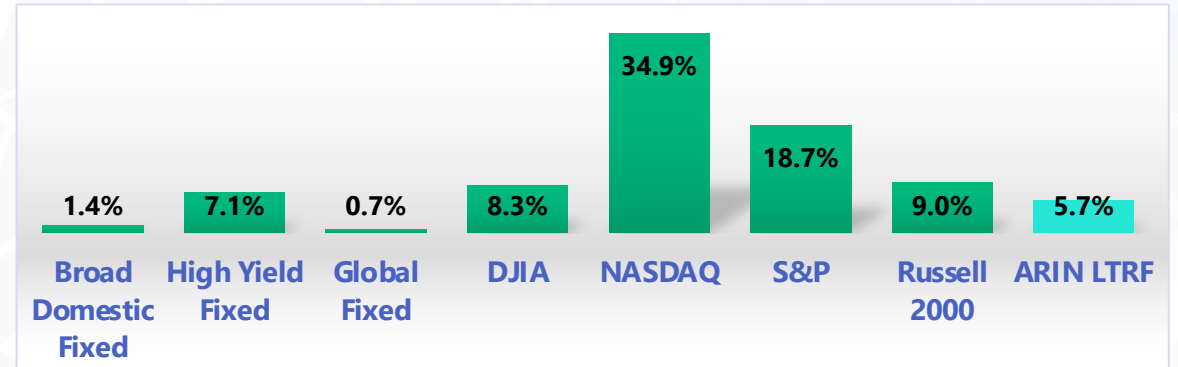


Long Term Reserve Fund



USD
millions

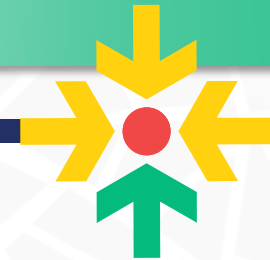
2023 Results Through August



2023 performance is recapturing some of the losses experienced in 2022



Operating Results



Operating Results



	2023 YTD Aug	2022 YTD Aug	% Change	2023 Budget	% Variance
Revenue and Expenses					
Revenue	\$18,761,627	\$16,000,411	17%	\$18,900,743	-1%
Expenses	\$18,152,824	\$16,129,719	13%	\$18,166,199	0%
Operating Surplus (Deficit)	\$608,803	-\$129,308	572%	\$734,544	-17%

2023 revenues and expenses have grown compared to August 2022, but the growth was expected and is tracking closely to budget.

Revenues



	2023 YTD Aug	2022 YTD Aug	% Change	2023 Budget	% Variance
Revenue					
Registration fees - annual renewal	\$16,569,286	\$14,289,420	16%	\$16,545,363	0%
Registration fees - initial	712,978	\$833,533	-14%	\$763,379	-7%
Network transfers	\$1,059,375	\$481,700	120%	\$1,142,000	-7%
Org create and recovery	\$86,000	\$92,100	-7%	\$86,667	0%
Contributions	\$302,867	\$281,667	8%	\$276,667	9%
Other revenue	\$31,121	\$21,991	42%	\$86,667	-64%
Total Revenues	\$18,761,627	\$16,000,411	17%	18,900,743	-1%

- Fee harmonization program led to an increase in registration fee renewal revenues
- Recipient transfer fee driving increasing in network transfer revenues

IPv4/IPv6 Registration Services Plan



August 2023

Category	Customers
3X-Small	5,034
2X-Small	3,612
X-Small	4,102
Small	1,870
Medium	938
Large	428
X-Large	125
2X-Large	39
3X-Large	15
4X-Large	7
5X-Large	3
Total Customers	16,173
Total \$	\$23,954,500

August 2022

Category	Customers
3X-Small	4,857
2X-Small	3,521
X-Small	4,018
Small	1,853
Medium	937
Large	431
X-Large	123
2X-Large	37
3X-Large	16
4X-Large	8
5X-Large	2
Total Customers	15,803
Total \$	\$23,606,750

Growth in customers

- 370
- 2.3%

Growth in annual revenue run rate

- \$347,750
- 1.5%

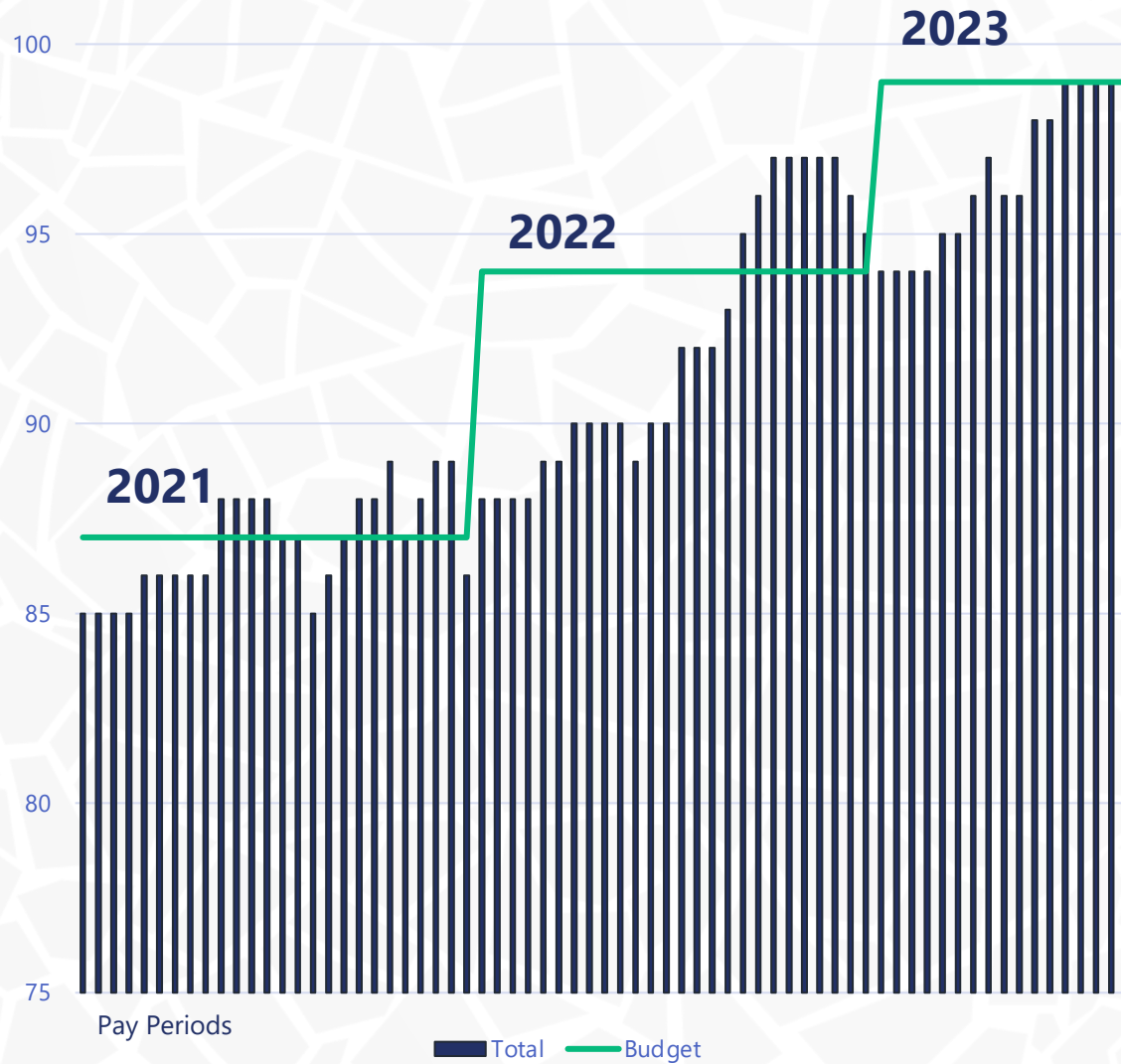
Operating Expenses



	2023 YTD Aug	2022 YTD Aug	% Change	2023 Budget	% Variance
Operating Expenses					
Salaries and benefits	\$12,257,836	\$10,467,365	17%	\$11,961,605	2%
Engineering operations	\$1,495,563	\$1,174,750	27%	\$1,531,283	-2%
Depreciation and amortization	\$980,118	\$1,143,959	-14%	\$1,065,509	-8%
Professional fees	\$712,930	\$835,425	-15%	\$807,789	-12%
Travel	\$705,962	\$632,610	12%	\$705,962	0%
Treasury and corporate insurance	\$532,396	\$519,843	2%	\$505,298	5%
Meeting expenses	\$370,869	\$395,296	-6%	\$377,450	-2%
Outreach and industry support	\$548,048	\$391,926	40%	\$605,422	-9%
Rent and occupancy	\$403,919	\$387,111	4%	\$412,504	-2%
General office expense	\$145,183	\$181,434	-20%	\$193,377	-25%
Total Operating Expenses	\$18,152,824	\$16,129,719	14%	\$18,166,199	0%

- 2023 total operating expenses are on budget through August
- Personnel costs are driving operating expense increase as headcount grows

ARIN Employees



Personnel costs account for the majority of ARIN expenses

- 2023 number of employees (Aug)
 - Average: 97
 - Budgeted: 99
- 2022 number of employees (Dec)
 - Average: 92
 - Budgeted: 94
- 2021 number of employees (Dec)
 - Average: 87
 - Budgeted: 87

Net Assets and Liquidity



Net Assets and Liquidity



	YE 2019	YE 2020	YE 2021	YE 2022	Aug 2023
Net Assets	\$24.1	\$27.5	\$29.4	\$24.1	\$26.4
Cash and Investments	\$31.4	\$34.5	\$37.6	\$34.3	\$37.7
% Net Assets Covered by Cash and Investments	130%	125%	128%	142%	143%
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	11.0

* 2023 budgeted

USD
millions

ARIN remains in a favorable liquidity position.

Thank You



Questions or Comments?