



**ARIN 44**

31 October - 1 November 2019 • Austin, Texas

**Treasurer**

***Nancy Carter***

# Treasurer's Report



- Work of the Finance Committee
- Financial Results through September 30, 2019 (Q3)
- Investment Portfolio
- Customer Growth

# Finance Committee Activities



- Investments
  - Continued to monitor investments keeping in compliance with the Investment Policy Statement
  - As of September 30, 2019 the balance was \$28,500,619
- Reviewed 2019 unaudited Financial Results through September 2019
- IRS 990 Form filed

# Financial Results - YTD through September 2019 (unaudited)



Revenue and Expenses	YTD Actuals	YTD Budget	Variance \$	2019 Budget
Total Revenue	\$15,473,699	\$15,332,213	\$141,487	\$20,449,450
Total Expenses	14,780,233	15,627,933	(847,700)	22,670,537
<b>Operating Surplus</b>	<b>693,467</b>	<b>(295,720)</b>	<b>989,187</b>	<b>(2,221,087)</b>
Investment (Loss) Income	2,858,223	1,068,825	1,789,398	1,425,100
<b>Change in Net Assets</b>	<b>\$3,551,690</b>	<b>\$773,105</b>	<b>\$2,778,585</b>	<b>(\$795,987)</b>

# Statement of Operating Revenue - YTD through September 2019 (unaudited)



Revenue	YTD Actuals	YTD Budget	Variance \$	2019 Budget
Registrations	\$11,811,774	\$11,854,500	(\$42,726)	\$15,806,000
Maintenance Fees	3,145,525	3,003,900	141,625	4,005,200
Contributions	201,200	160,950	40,250	221,100
Other Revenue	22,700	19,238	3,463	25,650
Membership Dues	21,000	23,625	(2,625)	31,500
Network Transfers	271,500	270,000	1,500	360,000
<b>Total Operating Revenue*</b>	<b>\$15,473,699</b>	<b>\$15,332,213</b>	<b>\$141,487</b>	<b>\$20,449,450</b>

\*Does not include Investment (Loss) Income

# Statement of Operating Expenses - YTD through September 2019 (unaudited)



Expenses	YTD Actuals	YTD Budget	Variance \$	2019 Budget
Salaries and Employee Benefits	\$7,800,952	\$8,101,745	(\$300,793)	\$12,164,406
<b>Personnel</b>	<b>7,800,952</b>	<b>8,101,745</b>	<b>(300,793)</b>	<b>12,164,406</b>
Telecommunications	698,137	691,176	6,960	914,965
Software, Equipment, Support and Licenses	445,290	539,590	(94,300)	713,227
Depreciation and Amortization	2,622,917	2,543,562	79,355	3,498,352
<b>Operations</b>	<b>3,766,344</b>	<b>3,774,328</b>	<b>(7,984)</b>	<b>5,126,544</b>
Professional Fees/Outreach	592,157	901,666	(309,509)	1,147,037
General Office	405,849	547,534	(141,686)	721,374
Bad Debt Expense	20,200	30,000	(9,800)	40,000
Legal Fees	390,958	337,500	53,458	450,000
Litigation	6,986	0	6,986	0
Members Meetings	419,422	435,347	(15,925)	823,861
Merit/NANOG/NewNOG Meeting Support	33,334	33,333	1	50,000
Rent & Occupancy	380,032	403,034	(23,002)	535,621
Travel	694,830	832,345	(137,515)	1,150,787
<b>General Office &amp; Administrative</b>	<b>2,943,768</b>	<b>3,520,758</b>	<b>(576,990)</b>	<b>4,918,680</b>
Funds Committed to ICANN	179,024	181,101	(2,077)	241,468
Grants Program	44,500	0	44,500	0
Internet Research and Support	46,215	50,000	(3,785)	50,000
NRO Expenses	(570)	0	(570)	169,439
<b>Internet Support</b>	<b>269,169</b>	<b>231,101</b>	<b>38,068</b>	<b>460,907</b>
<b>Total Operating Expenses</b>	<b>\$14,780,233</b>	<b>\$15,627,933</b>	<b>(\$847,700)</b>	<b>\$22,670,537</b>

# Capital Expenditures - Year over Year through September 2019 (unaudited)



Capital Expenses	YTD Actuals as of September 2019	YTD Actuals as of September 2018	Variance \$
ARIN Database	\$2,265,815	\$2,475,699	(\$209,884)
Computer Hardware	305,536	\$252,194	53,342
Computer Software	10,967	39,332	(28,365)
Building	0	9,489	(9,489)
Office Equipment	3,731	2,489	1,242
<b>Total Capital Expenditures</b>	<b>\$2,586,049</b>	<b>\$2,779,202</b>	<b>(\$193,153)</b>

# Statement of Financial Position - Year over Year through September 2019 (unaudited)



	YTD Actuals as of September 2019	YTD Actuals as of September 2018	Variance \$
<u>ASSETS</u>			
Current Assets	\$4,224,133	\$4,886,067	(\$661,934)
Non-Current Assets	9,443,014	10,224,786	(781,772)
Investments/Reserves	28,500,619	28,549,261	(48,642)
<b>Total Assets</b>	<b>42,167,766</b>	<b>43,660,114</b>	<b>(1,492,347)</b>
<u>LIABILITIES</u>			
Current Liabilities	9,176,104	9,795,359	(619,255)
Non-Current Liabilities	2,023,703	2,223,558	(199,855)
<b>Total Liabilities</b>	<b>11,199,807</b>	<b>12,018,917</b>	<b>(819,110)</b>
<u>NET ASSETS</u>			
<b>Total Net Assets</b>	<b>30,967,960</b>	<b>31,641,197</b>	<b>(673,237)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$42,167,767</b>	<b>\$43,660,114</b>	<b>(\$1,492,347)</b>



# Investment Portfolio Balances at September 30, 2019



The Board of Trustees has designated net assets for the following purposes:

**Long Term Reserve Fund** – \$24,738,605

To provide long-term financial stability for ARIN.

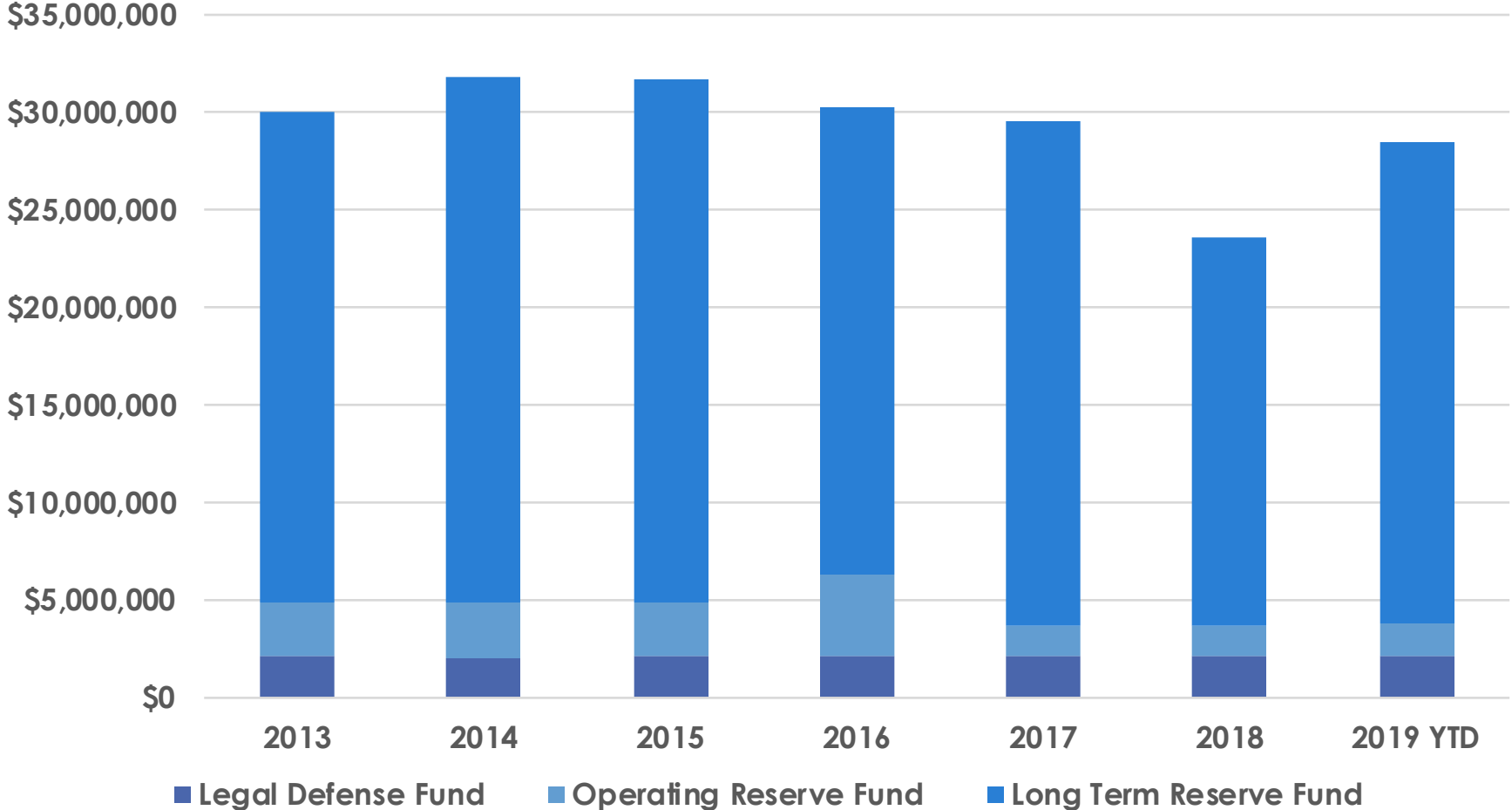
**Legal Defense Reserve Fund** – \$2,206,036

To fund legal challenges as they arise.

**Operating Reserve Fund** – \$1,555,978

To provide short-term financial stability for ARIN.

# Investment Portfolio Balances at September 30, 2019



# Net Assets as a Percentage of Prior Year's Expenses - YTD through September 2019 (unaudited)



	<u>2018 Total</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>	<u>September 2019 YTD</u>
Total Expenses, per period	\$22,165,731	\$5,197,946	\$5,149,860	\$4,432,426	\$14,780,233
Net Asset Balance, YTD	27,416,270	29,238,243	30,060,073	30,967,960	30,967,960
<b>Percentage of Net Assets, as compared to Expenses</b>	<b>124%</b>	<b>132%</b>	<b>136%</b>	<b>140%</b>	<b>140%</b>
Average Monthly Expenses, run rate	1,847,144	1,732,649	1,716,620	1,477,475	1,642,248
<b>Number of Months in Reserves</b>	<b>14.84</b>	<b>16.87</b>	<b>17.51</b>	<b>20.96</b>	<b>18.86</b>

# Customer Growth by Size Category – Year End 2016 through YTD September 2019



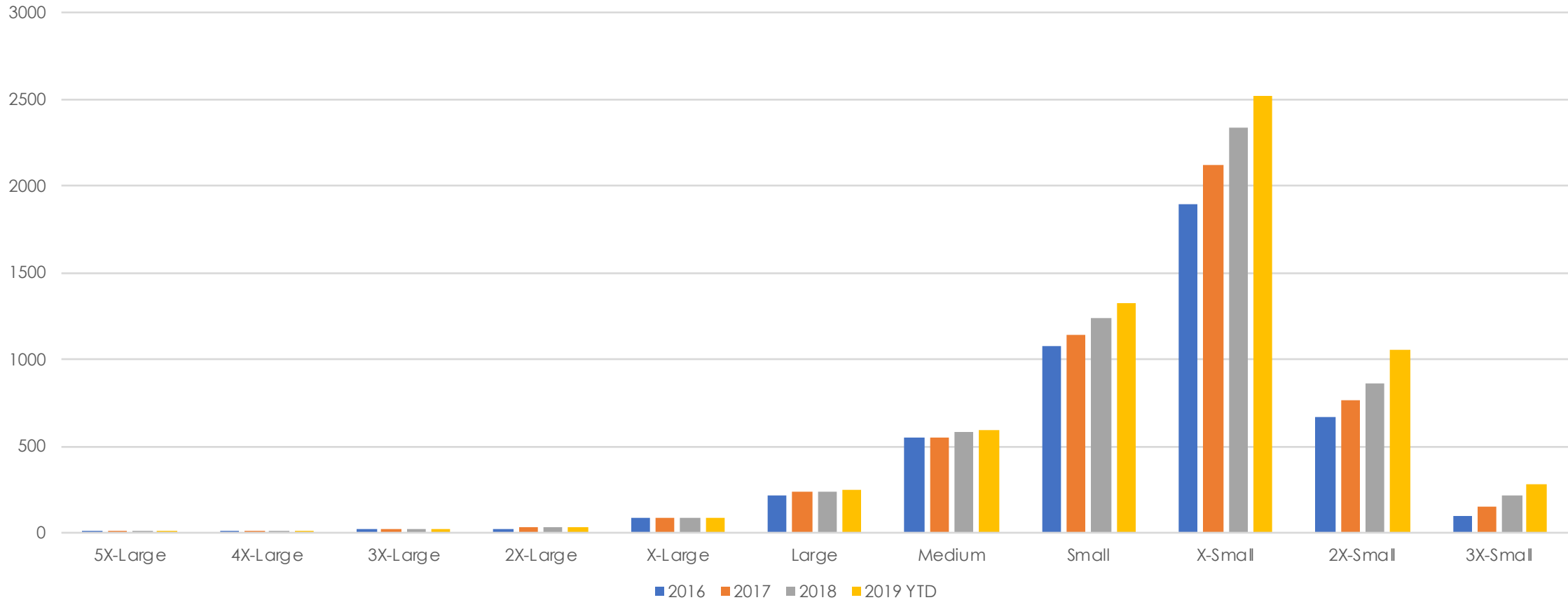
Size Category	2016	2017	2018	2019
5X-Large	1	1	1	1
4X-Large	6	6	7	8
3X-Large	17	19	18	17
2X-Large	26	29	31	31
X-Large	85	84	81	81
Large	219	234	236	243
Medium	544	545	577	587
Small	1,078	1,140	1,235	1,328
X-Small	1,896	2,117	2,337	2,521
2X-Small	664	762	859	1051
3X-Small	99	149	210	275
End Users	15,388	15,893	16,230	16,490
<b>Total Customers</b>	<b>20,023</b>	<b>20,979</b>	<b>21,822</b>	<b>22,633</b>

- Highest Growth, by Size Category

# Registration Service Plan Growth – Year End 2016 through YTD September 2019



ARIN RSP Growth 2016-2019 YTD



• Note: Does not include End User figures

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**Thank you.**

Any Questions?