

ARINI

12-14 APRIL 2021



Financial Report

Nancy Carter, Board Treasurer



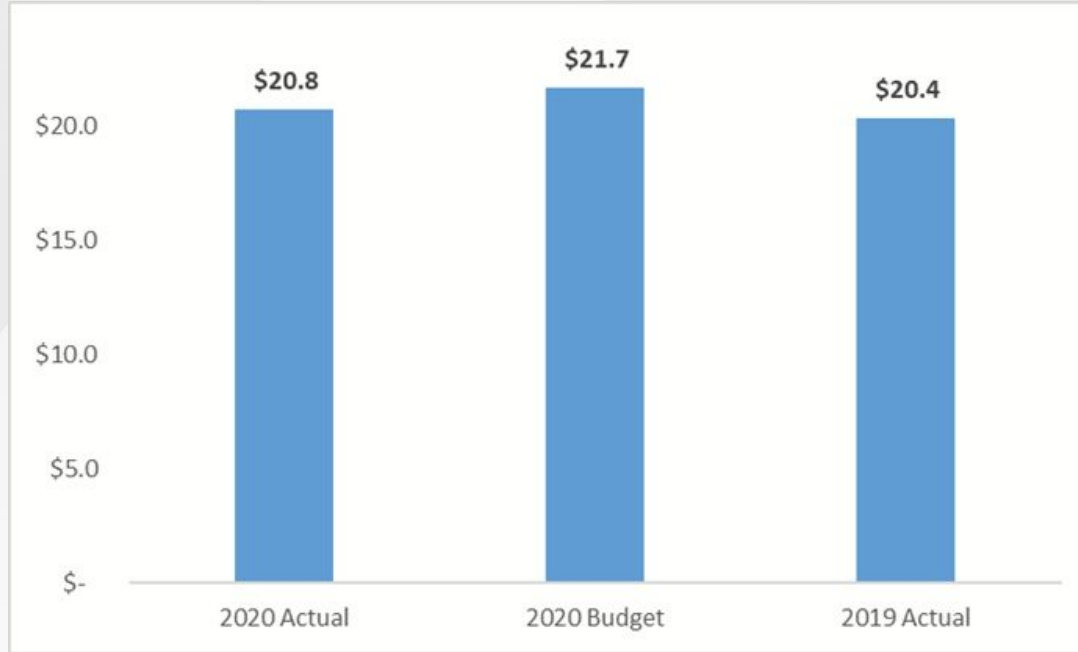
Financial Report

- Finance Committee Update
- 2020 Revenues
- 2020 Operating expenses
- Statement of Financial Position
- Investments
- Net assets and operating expense coverage
- 2021 Budget

Finance Committee Update

- Finance committee meetings
 - 9 committee meetings held in 2020
 - 5 committee meetings held/scheduled through April 2021
- Business since ARIN 46
 - Completed audit service RFP and selected new auditor
 - Completed new investment consultant RFP and selected new service provider
 - Reviewed and approved 2021 budget (several iterations)
 - Reviewed and implemented Investment Policy Statement (IPS) amendments
 - Revised risk/return position for ARIN long term investments
 - Reviewing investment rebalancing in alignment with new target asset mix
 - Reviewing 2020 audited financial statements with BDO auditors

Total revenues



USD in millions

- Total revenues of \$20.8M for 2020
- 2020 revenues are below budget by 4%
- 2020 revenues are slightly ahead of 2019

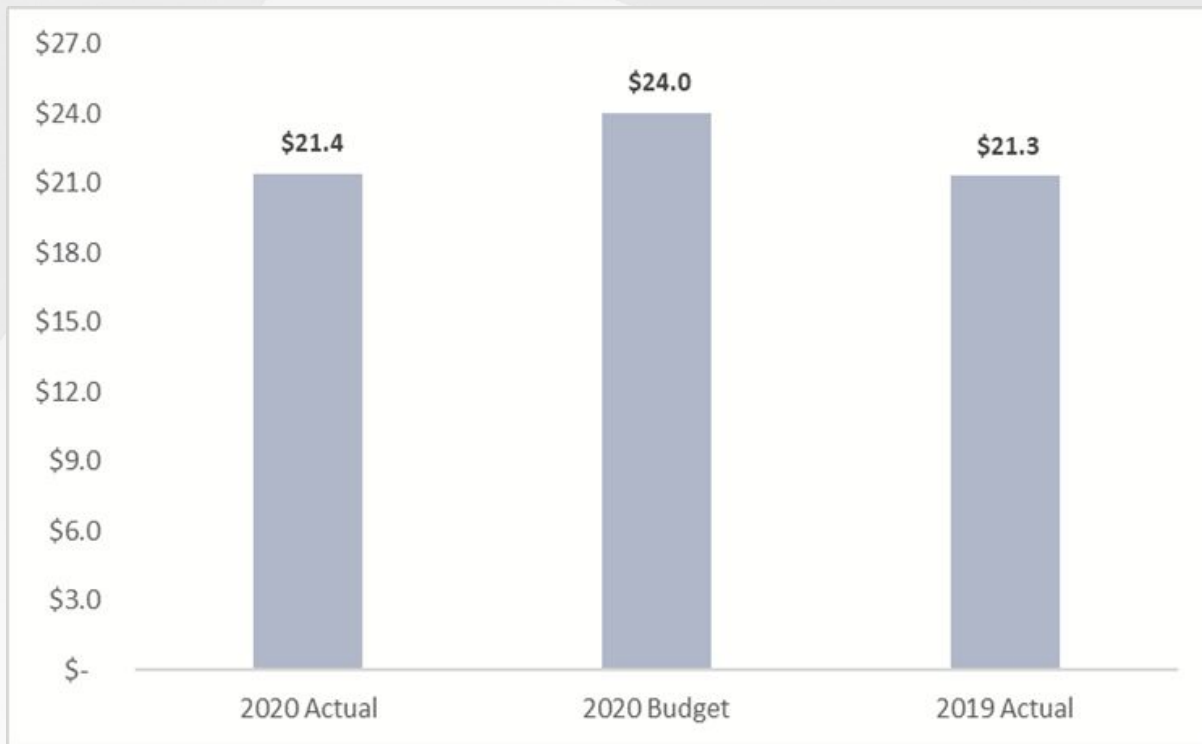
Customer counts - March 31, 2021



- Total customers
 - RSP - 6,974
 - EU - 8,073
 - ASN Only - 7,905
 - LRSA- 733
 - Legacy - 15,538

- Change from Sep 2019
 - RSP +14%
 - EU & ASN Only +1%
 - LRSA +15%
 - Legacy -1%

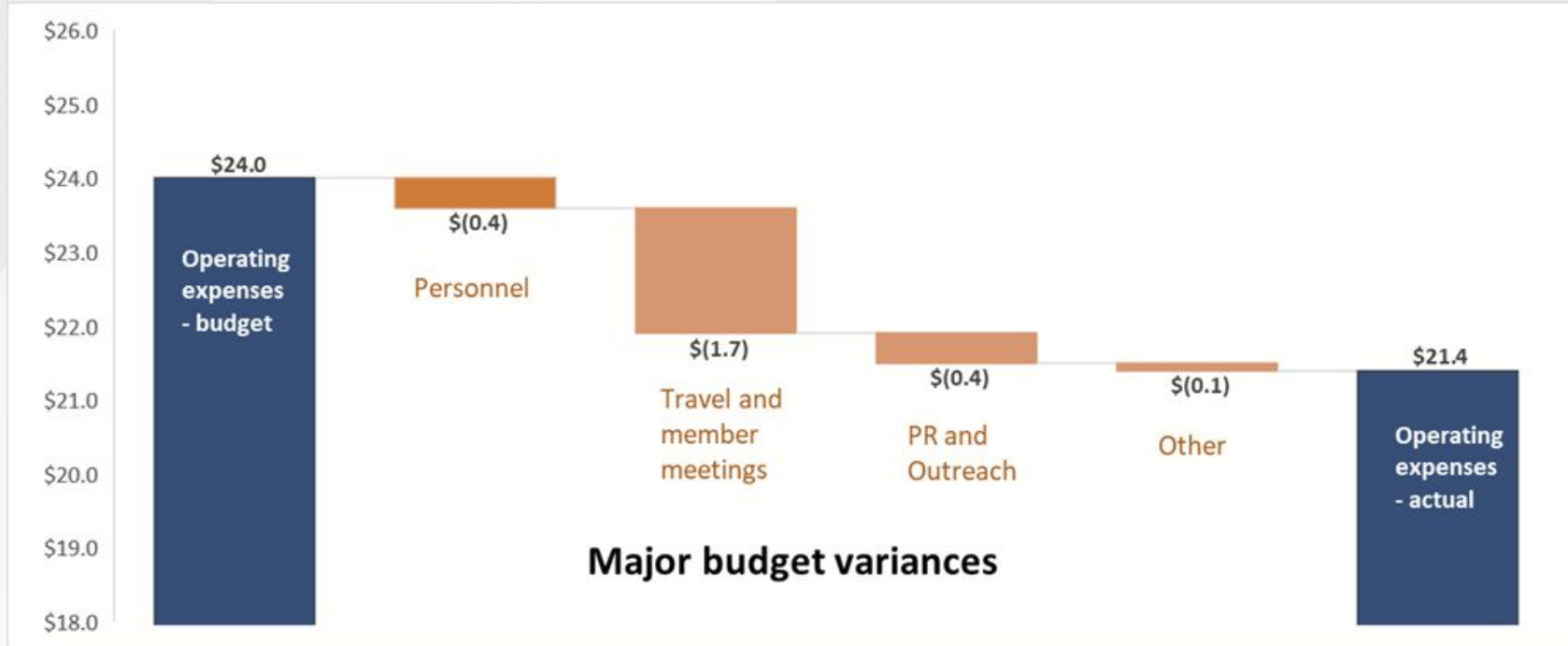
Total operating expenses



USD in millions

- 2020 operating expenses are \$21.4M
- 2020 operating expenses are below budget by 11%
- Slight increase from 2019 operating expenses

2020 operating expenses – budget variances



Statement of financial position

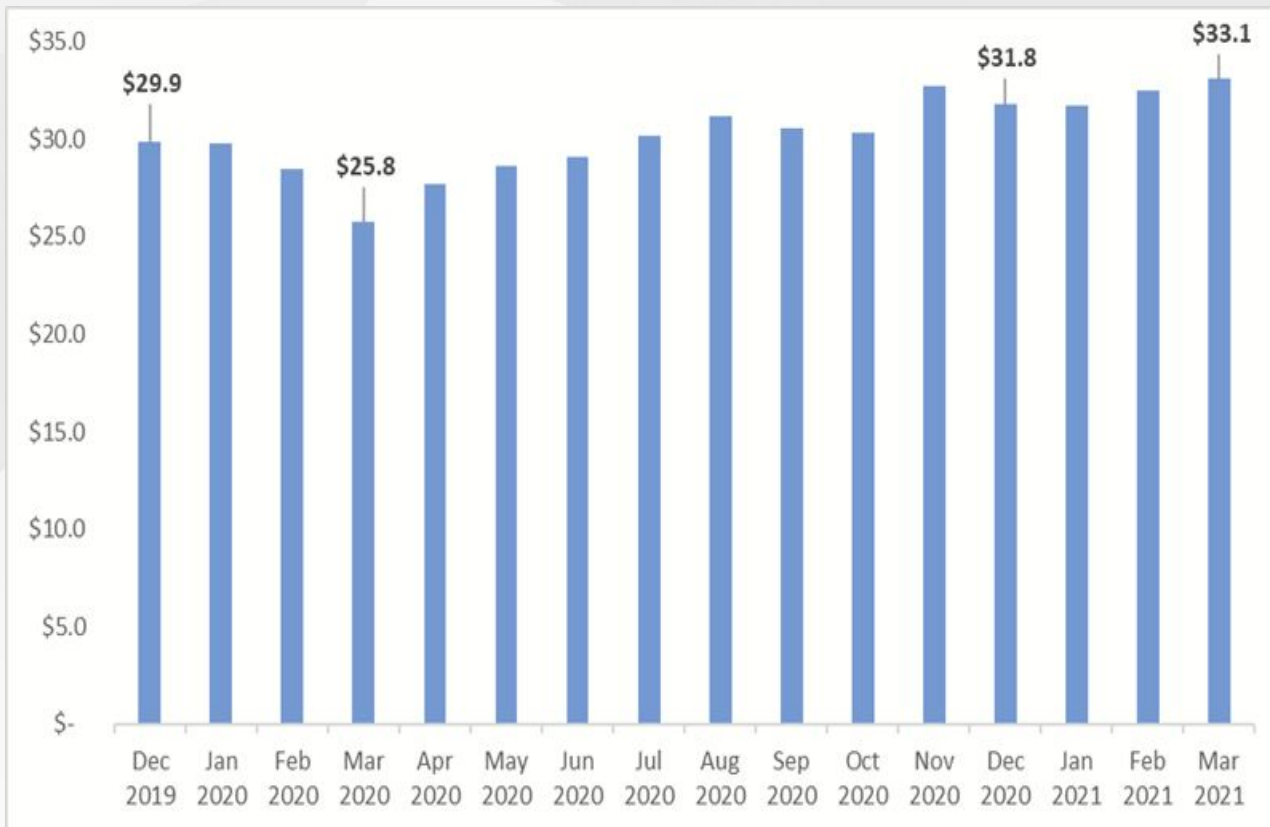
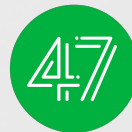
	December 2020	December 2019 (As Restated)
Assets		
Cash and cash equivalents	\$ 2.7	\$ 1.5
Investments	\$ 31.8	\$ 29.9
Property and equipment - net	\$ 4.5	\$ 4.9
Other assets	\$ 1.6	\$ 1.3
	\$ 40.6	\$ 37.6
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1.8	\$ 2.0
Deferred revenue	\$ 9.6	\$ 9.4
Deferred rent	\$ 1.7	\$ 2.0
Total liabilities	\$ 13.1	\$ 13.4
Net assets	\$ 27.5	\$ 24.2
	\$ 40.6	\$ 37.6

➤ Property and equipment restated to reduce amount for capitalized software development costs

➤ Other assets now includes accounts receivable for all registration maintenance invoices outstanding at financial statement date

➤ Balance sheet continues to be in good shape

Investments



USD in millions

- Investments recovered well from the sharp drop in Q1 of 2020
- Long Term Reserve Fund return was just under 15% for 2020
- Investments grew by almost \$4M in 2020
 - Transfer of \$2M to operating cash account in December 2020

Net assets

Change in net assets:	2020 Actual	2020 Budget
Net assets, January 1	\$ 24.2	\$ 24.2
Revenues	\$ 20.8	\$ 21.7
Operating expense	\$ (21.4)	\$ (24.0)
Excess of revenues over (under) operating expenses	\$ (0.6)	\$ (2.3)
Investment income (loss)	\$ 3.9	\$ 1.3
Net assets, December 31	\$ 27.5	\$ 23.2

- As adjusted, net asset grew substantially in 2020
- Lower expenses due to the pandemic and exceptional earnings on investments contributed to increase in net assets

USD in millions

Operating expense coverage - 2020 Actual



Change in net assets:	2020	2019
Operating expenses (USD in millions)	\$21.4	\$21.3
Net assets (USD in millions)	\$27.5	\$24.2
Operating expense coverage percentage	129%	114%
Number of months covered by net assets	15.4	13.6

USD in millions

- The ARIN operating expense coverage is still positive even with the restatement of net assets
- Net assets at December 31, 2020 are \$6.1M more than 2020 operating expenses

Operating expense coverage - 2021 Budget



Change in net assets:	2021 Budget	2020 Actual
Operating expenses (USD in millions)	\$24.4	\$21.4
Net assets (USD in millions)	\$25.5	\$27.5
Operating expense coverage percentage	105%	129%
Number of months covered by net assets	12.5	15.4

USD in millions

- Increase operating expenses and a decrease of net assets reduces the operating expense coverage in 2021

Thanks!

Any
Questions?