



**Proposed Framework for FY10 Operating Plan
and Budget**

Fiscal Year Ending 30 June 2010

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I Introduction

The ICANN Board will consider a Fiscal Year 2010 (FY10) Operating Plan and Budget at its meeting in Sydney in June, 2009. This proposed Framework for the FY10 Operating Plan and Budget is the first draft of that Plan, which covers the operating activities and budgets for revenues and expenses for the fiscal year beginning 1 July 2009 and ending on 30 June 2010, contains:

- a description of the operations planning and budgeting process followed for the Internet Corporation for Assigned Names and Numbers (ICANN) including the critical requirement for community involvement in that process.
- the highlights of the annual operating plan, describing the key outcomes that ICANN has set out to achieve
- the annual proposed budget including explanations of the revenue expectations and general spending plans for the fiscal year ending 30 June 2010.

This framework will be discussed with members of the ICANN community at the Mexico City meeting in March, through online public comment areas, and through conference calls with ICANN constituencies. The plan will be refined based on that feedback, and by further staff work to improve estimates, to solidify the plan for the next fiscal year. The more detailed draft FY10 Operating Plan and Budget will be posted by 17 May 2009 on the ICANN website in accordance with ICANN's bylaws in order to solicit further community feedback on the draft operating plan and budget. After public comment, feedback and input from the ICANN community, and discussions with the ICANN Board of Directors' Finance Committee, the budget is expected to be adopted by the ICANN Board at its Sydney meeting in June 2009.

II Executive Summary

The ICANN operating plan and budget flows from the approved strategic plan and sets forth the planned outcomes and goals for ICANN as well as the resources required to deliver on those goals. At the highest summary level, the proposed FY10 operational activities, and the resources required to perform them, are:

Operational Activities	Proposed FY10 Budget (US\$000)
New gTLD Implementation and Delegation	7,448
IDN Implementation	1,250
New gTLD / IDN efforts	8,698
IANA and Technology Operations	5,079
Security, Stability and Resiliency (SSR)	5,483
Contractual Compliance	3,219
Core Meeting Logistics	5,289
Constituency Support	6,272
Policy Development Support	5,280
Global Engagement and Increasing International Participation	6,781
DNS Operations	1,242
Administrative improvement and other operations such as Board Support, NomCom support, Ombudsman and Community travel support	7,004
ICANN Core (w/o new gTLD)	45,649
	54,347

ICANN has now completed its 10th year of operations, and this FY10 budget framework reflects a growing organization that is attaining operational maturity in many areas. Many of the organizational support elements envisioned for ICANN have been completed at a level that they can provide adequate support for the current scale of community work. So, ICANN's spending growth is anticipated to slow substantially in this budget as compared with previous years (4.9% compared with 30.1% in FY09). Some areas still require further investment, including contractual compliance, technology operations and two more regions for Global Partnerships coverage.

FY09 has proven to be one of the most significant in ICANN's history. In this year ICANN will have:

- made new gTLD plans concrete through several drafts of the applicant guidebook, and as modified and amended by community feedback;
- made cc IDN plans concrete through two drafts of the implementation plan and as modified and amended by community feedback;
- achieved a plan for GNSO improvements, and embarked solidly down that road;
- at-or-near readiness for DNSSEC operational capability
- continued to improve accountability and transparency through the Improving Institutional Confidence initiative, financial reporting, public comment analysis response, and more

FY09 is also proving to be particularly challenging. There is the clear turbulence and downturn in the world economies. The economic situation has dictated that costs that can be delayed will be. ICANN will likely under run its FY09 budget through some explicit cost controls. It is also true that extensive feedback regarding the new gTLD program will result in a third guidebook draft, and an overall shift in timing for starting this new program. This will defer some expenses into FY10.

Between now and the anticipated approval of this plan in June, ICANN staff and Board welcome community comments regarding areas of ICANN work that could be streamlined, reduced or deferred. Some specific areas that could benefit from consideration are:

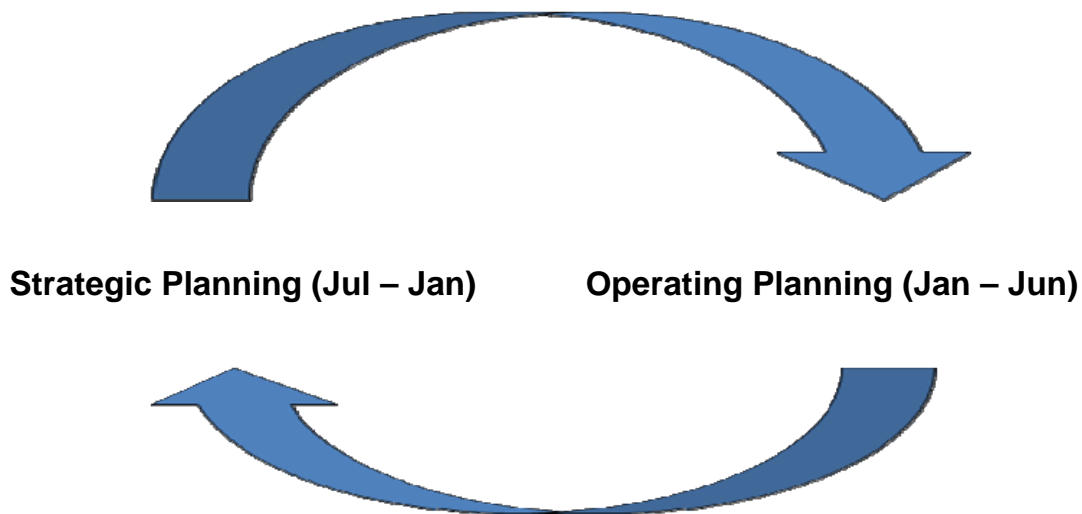
- Is the approach to meetings scaling with the ICANN community's size and diversity, and work style over time? Should ICANN take action in FY10 to reduce or redirect the substantial expense – both directly by ICANN and indirectly by participants – in three meetings around the world?
- As ICANN grows to support application processing for the new gTLD program, what is the best way to staff (hire vs. outsource) and what are the appropriate geographic locations for this effort?
- How does the community want to explicitly prioritize work such that the costs to support additional work don't just grow?
- How can ICANN better report on and measure the effectiveness of many activities such as outreach and policy development, so as to allow these areas to be tuned/improved?
- What other ideas does the community have for prioritization or cost reduction consistent with the Strategic Plan goals?

The revenue forecast for FY10 is \$67.6 million (11.5% increase from FY09 budget) and operating expenses are forecast at \$54.3 million (4.9% increases from FY09 budget). This budget includes hiring and other expenses necessary to be ready to launch the new generic Top Level Domain (TLD) program and country code IDN (cc IDN) program, but not the resources to actually implement application processing for the programs. The new gTLD program will have a separate budget submission (where cost and revenues will offset) near the time of program launch.

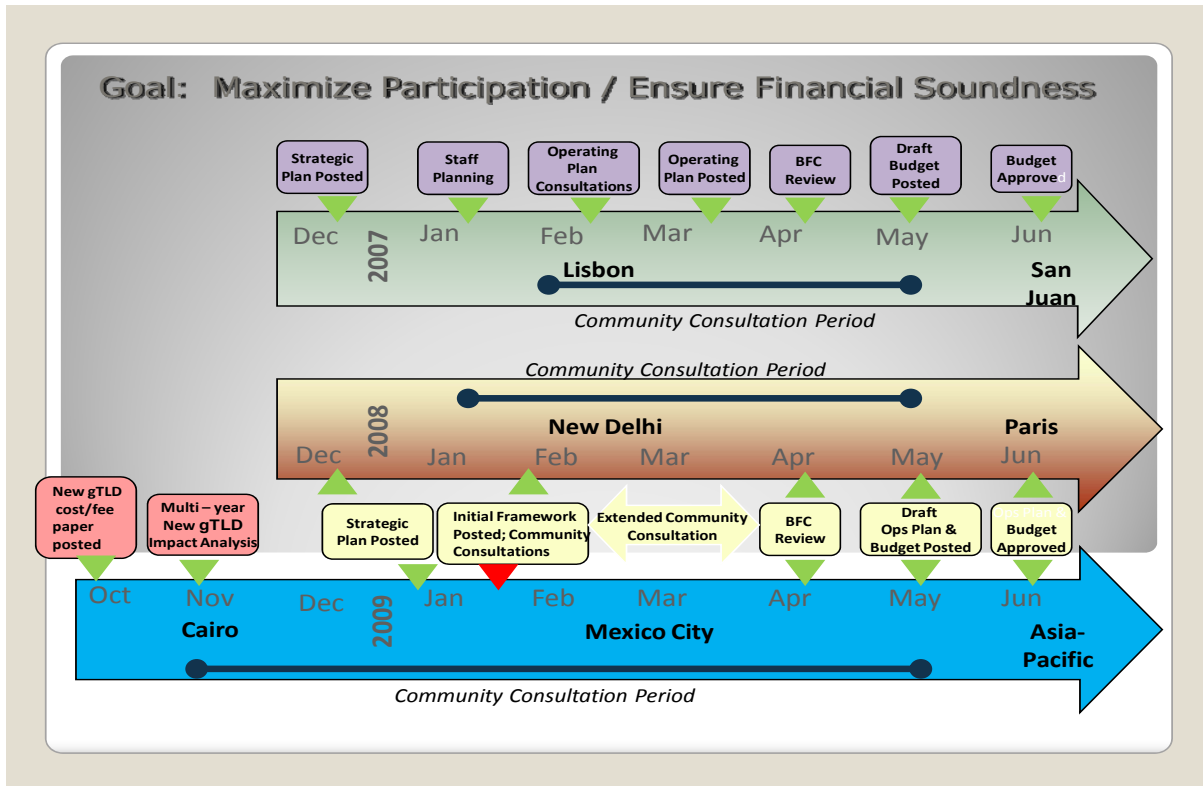
III The Planning Process

ICANN's Strategic Plan describes the organization's priorities and deliverables over the three year planning horizon. ICANN's Operating Plan and Budget describes how that strategy will be implemented by the organization.

ICANN's Draft FY10 Operating Plan and Budget cycle begins with the completion of the strategic plan. During the first six months of each fiscal year, community planning efforts focus on the Strategic Plan. After this plan is reviewed and approved, the second six months of the fiscal year is spent developing the Operating Plan and Budget. The following chart depicts the timing of strategic planning and operating planning activities at ICANN:



For FY10, the timing of the development of the FY10 Operating Plan and Budget continues the trend to create opportunities for the community to provide input as early as possible. This is depicted in the following chart:



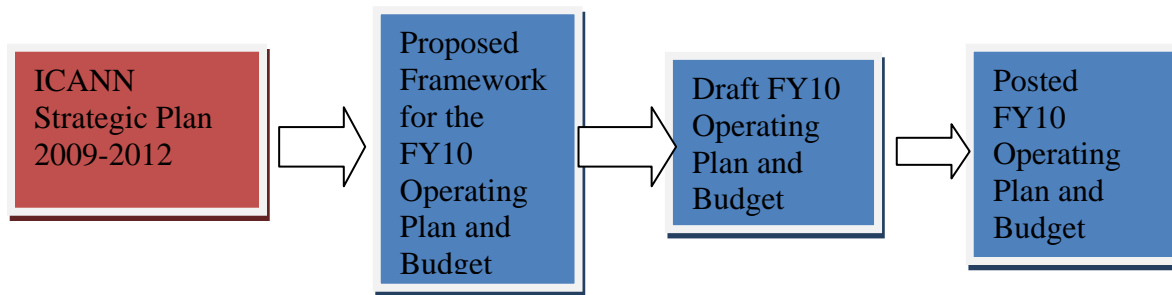
3.1 The Strategic Plan

ICANN's approved [Strategic Plan](#) identifies the following priorities:

1. Implement IDNs and new gTLDs
2. Enhance security, stability and resiliency in the allocation and assignment of the Internet's unique identifiers
3. Monitor the depletion of IPv4 address space and provide leadership towards IPv6 adoption
4. Improve confidence in the gTLD marketplace
5. Strive for excellence in core operations
6. Strengthen processes for developing policy
7. Strengthen ICANN's multi-stakeholder model to manage increasing demands and changing needs
8. Globalize ICANN's operations
9. Ensure financial accountability, stability and responsibility

3.2 FY10 Operating Plan and Budget

During the second half of the fiscal year, ICANN points its planning activities toward preparing the Operating Plan and Budget for the following fiscal year.



The overarching goals for the FY10 Operating Plan and Budget process this year are to maximize community participation and ensure financial soundness of the plan. This process commenced in October 2008, through a paper posted on the New gTLD costs and fees along with ICANN undergoing a multi-year New gTLD Impact Analysis. The approval of the 2009-2012 Strategic Plan occurred on 3 February 2009.

The Board Finance Committee was actively involved in discussion and formation of the FY10 Operating Plan and Budget Framework, which is to be posted before the ICANN International public meeting in Mexico City March 1-6. ICANN engages in extended community consultation period prior to, during, and after the Mexico City meeting. The consultations continue through the posting of the draft of the FY10 Operating Plan and Budget. Every year, ICANN is required under its Bylaws to post its draft Operating Plan and Budget by the 17th of May (i.e., 45 days before its fiscal year end). After posting of the Draft FY10 Operating Plan and Budget on the 17th of May, ICANN's constituencies will be consulted and there will be a public comment period. After possible amendments in accordance with the feedback, constituency consultation and recommendation from the Board Finance Committee, the final FY10 Operating Plan and Budget will be submitted to the Board for careful consideration and approval during the Sydney ICANN meeting in June 2009.

Adoption of the FY10 Operating Plan and Budget

The Board will consider the draft FY10 Operating Plan and Budget at its regularly scheduled Board meeting in May, and will give final consideration to the FY10 Operating Plan and Budget at the Sydney ICANN meeting in June 2009.

Community Input / Feedback

This year ICANN continued and extended the approach of allowing more time for community consultation and to provide additional input on the FY10 Operating Plan and Budget. In February 2009, the process was launched with the posting of the Proposed Framework for the FY10 Operating Plan and Budget. As compared with last year, this early framework posting is much more detailed, to allow more in-depth comment. This is to jump-start community discussions at the Mexico City ICANN meeting.

A series of consultations and a public comment period are to be held February through early May on the FY10 Operating Plan and Budget. Community input will be factored into the draft FY10 Operating Plan and Budget.

A summary of public comments, the analysis of those comments, and the responses to those comments (including whether they were factored into the FY10 Operating Plan and Budget) will be provided in an appendix.

Further feedback on this draft FY10 Operating Plan and Budget is encouraged from the community in the following ways:

- Post a comment on the [ICANN public comment](#) page appropriate for feedback on the Operations Plan and Budget.
- Ask the leader of your constituency to schedule a conference with ICANN staff (contact Chief Financial Officer, Kevin Wilson).
- Comment at a public session at ICANN's meeting in Mexico City (1st to 6th of March 2009) or at ICANN's meeting in Sydney (June 2009)

In addition, the planning and budget team will formally be seeking feedback from the community by requesting conference calls with ICANN constituency groups, supporting organizations, and advisory committees.

IV FY10 Operating Plan Framework

The work plan called for in the FY10 Operating Plan and Budget is once again a challenging undertaking, with the launching of New gTLDs, IDN ccTLD fast track, and increasing Security Initiatives.

The organizational activities to be performed in FY10, and the required resources, is summarized in the following table:

Operational Activities	Proposed FY10 Budget (US\$000)	FY09 Budget (US\$000)	Change from FY09 (US\$000)	Change from FY09 (%)
New gTLD Implementation and Delegation	7,448	8,671	(1,223)	-14.1%
IDN Implementation	1,250	1,375	(125)	-9.1%
New gTLD / IDN efforts	8,698	10,046	(1,348)	-13.4%
IANA and Technology Operations	5,079	4,310	769	17.8%
Security, Stability and Resiliency (SSR)	5,483	4,944	539	10.9%
Contractual Compliance	3,219	2,457	762	31.0%
Core Meeting Logistics	5,289	5,128	161	3.1%
Constituency Support	6,272	5,855	417	7.1%
Policy Development Support	5,280	5,152	128	2.5%
Global Engagement and Increasing International Participation	6,781	6,348	433	6.8%
DNS Operations	1,242	1,033	209	20.2%
Community Travel Support	1,467	1,451	16	1.1%
Board Support	2,418	2,389	29	1.2%
Nominating Committee (NomCom) Support	790	785	5	0.6%
Ombudsman	451	450	1	0.2%
Administrative improvement	1,878	1,466	412	28.1%
ICANN Core (w/o new gTLD)	45,649	41,768	3,881	9.3%
	54,347	51,814	2,533	4.9%

These organizational activities are briefly described below. More details, including key deliverables for each activity, are available in Appendix A.

1. New gTLD Implementation and Delegation

The implementation of a process for the introduction of New gTLDs is one of the two most significant changes that have been made to the name space (the other being IDNs). This new process will significantly increase competition and choice for consumers in the gTLD marketplace and offer the potential of innovative, creative and valuable application of TLDs for Internet users. As stated in the Strategic Plan, the principal objective for this priority is to have new gTLDs functioning in the root, during FY10, with the processes to support them embedded in standard operations.

The new gTLD portion of the FY10 budget is \$7.45 million (vs. \$8.67 million in FY09, a 14.1% decline) and includes the staff, professional services, and technical costs required to complete the development of the implementation of the new gTLD policies as well as those costs necessary to prepare for new gTLD application processing (e.g. advanced staffing of the application processing function). A separate new gTLD budget will be proposed at a later time prior to launch that will address the additional costs to actually process the applications (e.g. evaluation panel fees). This separate new gTLD budget, along with the revenue from evaluation fees, is described in Section VII.

New gTLD program development costs are projected to decline in FY10 from FY09 because the project is coming to completion. FY09 gTLD forecasted costs are below the FY09 budget levels largely due to the delays in the plans for the new gTLD program. Many of these unspent resources are still required in FY10 to complete the implementation of this program along with the costs for additional studies and preparation of an additional draft of the applicant guidebook.

2. IDN Implementation

The introduction of IDN TLDs at the top level, as well as the launch of IDN ccTLDs within the fast track process, remain a priority for ICANN, with the intent to fulfill a global need for domain names in the scripts and languages of the world. The IDN ccTLD fast track implementation plan will be completed in accordance with the recommendation from the IDNC working group, and when executed, will result in the delegation of IDN ccTLDs in the root zone. The IDN implementation portion of the FY10 budget as proposed is \$1.25 million (vs. \$1.38 million in FY09, a 9.1% decline). As with the new gTLD program, this cost is projected to decline in FY10 because the implementation program will end. Some of the FY09 expense will be underrun, and deferred into FY10.

3. IANA and Technology Operations

The IANA department will need to grow to accommodate process development and execution associated with new gTLDs and ccIDNs. ICANN's internal organization is adapting to address the expectation of additional operational requirements accompanying new services, including: DNSSEC, scaling the number of TLDs, and other online services such as the Interim Trust Anchor Repository. At one time software and computer operations resources were decentralized across ICANN (in IANA and elsewhere). This capability is now being centralized, with additional people and resources invested in expertise in DNS operations and high-availability computer and network operations. The proposed FY10 budget for IANA and Technology Operations is \$5.08 million (vs. \$4.31 million in FY09, a 17.8% increase) most of which is for new hires and consultants to develop required software applications as well as to improve processes to anticipate the impact of the new gTLD and IDN programs.

4. Security, Stability and Resiliency (SSR)

Ensuring Security, Stability and Resiliency (SSR) of the DNS and other unique identifiers in a changing global environment is a core part of ICANN's mission. It requires ICANN to work effectively with other Internet stakeholders to enhance and protect the security and stability of the Internet, especially with the expected growth due to increased number of IDNs and TLDs in the root and the signing of DNSSEC. The proposed FY10 budget for SSR is \$5.48

million (vs. \$4.94 million in FY09, a 10.9% increase) and includes funds for technical support systems and professional services for DNSSEC and other initiatives.

5. Contractual Compliance

ICANN's contractual compliance activities grew significantly in FY09. This included an enhanced Whois Data Problem Reporting service, adding staff in Washington DC, and a new senior Director in Los Angeles, and higher levels of audit and enforcement activity. ICANN will continue to invest and grow this function in FY10. The proposed FY10 budget for contractual compliance is \$3.21 million (vs. \$2.46 million in FY09, a 31.0% increase). This includes funds for new hires such as A WHOIS compliance manager and auditors as well as funds for Whois data accuracy studies.

6. Core Meeting Logistics

The FY10 budget assumes that there will be little change to the current meetings approach in FY10, and that any changes would influence the FY11 budget. The proposed FY10 budget for core meeting logistics is \$5.29 million (vs. \$5.13 million in FY09, a 3.1% increase) includes all staff and other costs required to support the venue and set-up of the thrice-annual ICANN and other meetings.

7. Constituency Support

Changes to the makeup of the ICANN community, stemming mainly from the addition of IDNs and gTLDs, will increase the number of registries and registrars around the globe and create the need for increased support for these and a range of other constituencies, councils, advisory committees and stakeholder groups. ICANN continues to build and improve upon this support to address evolving needs. Staff is working to make procedures and operations of the constituencies more transparent, accountable and accessible, and to increase global participation in, and understanding of, the activities of the constituencies. The proposed FY10 budget for constituency support is \$6.27 million (vs. \$5.86 million in FY09, a 7.1% increase). The increase includes additional staff to support registries and registrars to serve regions such as East Asia. FY10's budget (as in FY09) includes amounts for Registrar Data Escrow, estimates for Registry Services Evaluation Policy, secretariat support for AC's and SO's, and active participation in the GNSO policy development process activities which directly impact gTLD registries and ICANN-accredited registrars.

8. Policy Development Support

ICANN has continued to invest in processes to ensure policies are developed as fairly, effectively and expeditiously as possible to meet community needs. There has been significant increase in the volume of policy support work over the past fiscal year and this level of work is expected to continue in FY10. In addition, the Board has asked the community and Staff to implement numerous improvement initiatives for ICANN's policy structures. The proposed FY10 budget for policy development support is \$5.28 million (vs. \$5.15 million in FY09, a 2.5% increase) and includes funds for converting efforts from GNSO policy development to implementation as well as funds for services, programs, and tools to train future leaders in policy.

9. Global Engagement and Increasing International Participation

ICANN needs to continue globalization of all aspects of its operations, in support of maintaining its multi-stakeholder model, in order to appropriately and effectively service the needs of a multi-lingual global stakeholder base. In order to reach out to the ever increasing and diverse number of individuals and organizations, Global Partnerships Managers of Regional Relations (MRRs) create and deliver presentations, in support of key projects and initiatives with stakeholder specific constituent groups, as well as provide training and education to the internet community in the growing ICANN regions, and conduct one-on-one briefings with governmental and regulatory representatives on local and regional levels. These support initiatives run the gamut from promoting and facilitating participation in the ICANN processes by drawing people into the ICANN meetings, to broad based education and promotional activities in the various constituency arenas. The proposed FY10 budget for this important organizational activity is \$6.78 million (vs. \$6.35 million in FY09, a \$433k or 6.8% increase) includes funding for hiring liaisons in new regions and the required travel as well as \$400 thousand for the fellowship program and as much as one million dollars for translation of documents and multiple language interpretation services for ICANN's meetings.

10. Travel Support for ICANN Community

In order to increase global awareness of ICANN and its mission, increase participation levels in the ICANN regions and key stakeholders, and support those who may not otherwise be able to attend the International or Regional meetings, ICANN funds limited travel support for certain stakeholders who provide leadership and productivity to the volunteer community of ICANN. The proposed FY10 budget is \$1.47 million and is essentially flat with the FY09 budget. Discussions with the community on size and administration of this resource are continuing.

11. Ombudsman

The Ombudsman shall serve as an objective advocate for fairness and shall seek to evaluate and where possible resolve complaints about unfair or inappropriate treatment by ICANN staff, the Board, or ICANN constituent bodies, clarifying the issues and using conflict resolution tools such a negotiation, facilitation, and "shuttle diplomacy" to achieve these results.

12. Board Support

ICANN's Board consists of 21 volunteers who travel to all three ICANN meetings as well as other intercessional meetings. The FY10 budget is \$2.42 million which is close to the FY09 budget in order to provide focused support of the board, their activities and goals, including support of board committees.

13. Nominating Committee (NomCom) Support

The Nominating Committee appoints members to several of ICANN's key structures (including the ICANN Board). Funding for FY10 is proposed to be \$0.8 million (similar to

FY09) and is provided to allow for adequate administrative support, travel support for NomCom members, and professional services for candidate evaluation.

14. DNS Operations

Ensuring stability and security of the DNS and other Unique Identifiers remains a core function and a key priority for ICANN. The work in FY10 will be to maintain and improve communications with our global audience of stakeholders at all knowledge levels regarding how DNS works and ICANN's role in the DNS, particularly in light of the introduction of new gTLDs and the deployment of DNSSEC. The FY10 proposed budget for DNS Operations is \$1.26 million about \$227k more than FY09. This includes funding for a new research team, to start in late FY10, and will focus on IANA/DNS topics. This small research group will be the subject of further consultation.

15. Administrative Improvement

ICANN will continue to focus on preparing for a post JPA environment, to maintain an appropriate organizational entity structure to serve ICANN's increasingly globalized technical coordination functions. The proposed budget for FY10 is \$1.88 million, a \$412k increase over FY09, in order to fund the implementation of organizational reviews.

V FY10 Budget Framework

ICANN's proposed FY10 Budget includes \$67.6 million for revenue (vs. \$60.7 million in FY09), \$54.4 million in operating expenses (vs. \$51.8 million in FY09), and \$7.4 million in contributions to net assets (vs. \$3.5 million in FY09). The following table describes the FY10 proposed budget framework as compared to the budget in FY09.

ICANN FY10 Budget (in Thousands of US Dollars)

	Proposed FY10 Budget	FY09 Budget	Change from FY09	
			Amount	Percentage
REVENUE	\$ 67,642	\$ 60,674	6,968	11.48%
EXPENSES				
Core ICANN	45,649	41,768	3,881	9.29%
New gTLD	8,698	10,046	(1,348)	-13.42%
Operating Expenses	\$ 54,347	\$ 51,815	2,532	4.89%
Non Cash Expenses				
Bad Debt Expense	1,400	1,200	200	16.7%
Depreciation	1,500	865	635	73.4%
	2,900	2,065	835	40.44%
Total Expenses	\$ 57,247	\$ 53,880	3,367	6.3%
Contingency	\$ 3,000	\$ 3,250		
Total Expenses w/ Contingency	\$ 60,247	\$ 57,130	3,117	5.5%
Change in Net Assets	\$ 7,395	\$ 3,544	3,851	108.66%
Capital	\$ 3,000	\$ 3,660	(660)	-18.03%

Revenue Budget for FY10

The FY10 budget assumes that ICANN's revenue sources will remain largely the same as in FY09. In addition to country code operators and Regional Internet Registries, generic name registrants, via generic registries and registrars, provide substantial funding for the coordination of a globally interoperable Internet through the work of ICANN. The following table summarizes by source the FY10 Revenue budget of \$67.6 million as compared to FY09's budget of \$60.7 million (11.5% growth).

	Proposed FY10 Budget	FY09 Budget	Change from FY09	% Change from FY09	FY09 Forecast
Registrar	30,866	30,947	(81)	-0.3%	32,202
Registry	32,153	25,104	7,049	28.1%	23,832
RIR	823	823	-	0.0%	823
ccTLD	2,300	2,300	-	0.0%	1,197
Other	1,500	1,500	-	0.0%	587
Total Revenue	67,642	60,674	6,968	11.5%	58,641

Most of the \$7.0 million growth in revenue for FY10 is based upon the fixed fee increase built into the .COM contract, from \$12 million per year to \$18 million per year. The remaining growth in revenue is calculated based upon minimal growth in transaction volume in FY10 over FY09 as indicated by this table:

Period	Period	Transactions	% Change
FYE 30 June 2005	Oct-Dec 2004	8,609,473	
	Jan-Mar 2005	14,852,287	72.5%
	Apr-Jun 2005	15,238,720	2.6%
FYE 30 June 2006	Jul-Sep 2005	15,361,480	0.8%
	Oct-Dec 2005	17,045,957	11.0%
	Jan-Mar 2006	20,173,715	18.4%
	Apr-Jun 2006	19,827,010	-1.7%
FYE 30 June 2007	Jul-Sep 2006	19,521,289	-1.5%
	Oct-Dec 2006	21,461,069	9.9%
	Jan-Mar 2007	24,601,274	14.6%
	Apr-Jun 2007	24,516,150	-0.4%
FYE 30 June 2008	Jul-Sep 2007	25,631,635	4.6%
	Oct-Dec 2007	25,815,357	0.7%
	Jan-Mar 2008	27,609,477	7.0%
	Apr-Jun 2008	27,486,425	-0.5%
FYE 30 June 2009	Jul-Sep 2008	29,064,841	5.7%
	Oct-Dec 2008		
	Jan-Mar 2008		
	Apr-Jun 2008		
Proposed FY10 Budget			
FYE 30 June 2010	Jul-Sep 2009	31,252,280	
	Oct-Dec 2009	31,875,324	2.0%
	Jan-Mar 2010	32,460,832	1.8%
	Apr-Jun 2010	33,109,050	2.0%
		128,697,486	

Registrar fees: Application fees, accreditation fees, and variable fees are proposed to be budgeted at the same amounts for FY10 as for FY09. Add Grace Period Delete (AGPD) fees, introduced in FY09, were budgeted at zero in FY09 and are proposed to be budgeted at zero for FY10. Registrar transaction fees, set at \$0.20 per transaction year in FY09, are proposed also to be set at \$0.20 per transaction year for FY10 (as was budgeted in FY09 and as proposed and ratified by the registrars in FY09). Transaction volume is proposed to increase at a modest rate in FY10 relative to prior years.

Registry Fees: Registry contracts are based upon fixed fees, transaction based fees, or both. The following table summarizes these provisions for the proposed FY10 Revenues:

FY10 Proposed Registry Revenue -- Transaction & fixed fees		
gTLD	Fixed Fee	Fee per Trans
.com	18,000,000	
.pro	121,900	
.tel	50,000	
.aero	5,000	
.coop	5,000	
.museum	500	
.cat	10,000	\$ 1.00
.jobs	10,000	\$ 2.00
.travel	10,000	\$ 2.00
.net		\$ 0.75
.biz		\$ 0.15
.info		\$ 0.15
.name		\$ 0.15
.org		\$ 0.15
.mobi		\$ 0.40
.asia		\$ 0.75

Regional Internet Registries (RIR) Contributions: For FY10's revenue budget, RIR contributions are expected to amount to \$823K which is the same as the FY09 budget.

ccTLD Contributions: ccTLD contributions are expected to amount to \$2.3M, flat with FY09 budget. Many ccTLDs have expressed support of the ICANN model and the understanding of the value that the ICANN model provides and thus provide continued financial contribution. Many ccTLDs have agreements with ICANN including exchange of letters, accountability frameworks, and sponsorship agreements. These agreements can be seen on the [world map](#) on the ICANN Website.

In addition, some ccTLDs without formal agreements with ICANN contribute to ICANN's revenues in order to demonstrate support for the ICANN process. Historical ccTLD contributions can be viewed on the ICANN website's 07-08 [world map](#).

Other Sources of Revenue: Other revenue for FY10 is expected to amount to \$1.5M, flat with FY09 budget. Other revenue is comprised of investment income and sponsorship income.

- Sponsorship revenue is forecast to be \$500K, flat with the FY09 budget. Sponsorships are available for companies wishing to contribute to the ICANN

meeting experience. Sponsoring companies receive special services during an ICANN meeting, depending on the level of sponsorship.

- Investment income is forecast at \$1.0M in FY10, flat with FY09's budget. ICANN's Board restricted investment reserve fund, and directed by the ICANN Investment Policy is about \$28.0 million at the time of the posting of this proposed framework.

Other Sources of Revenue for FY10:

The separate new gTLD budget will estimate revenue related to the launch of the new gTLDs. Revenue is expected to be significant for application fees during the open period of the launch. These fees are not included in this FY10 proposed budget framework but will be included as part of a separate new gTLD budget as described elsewhere in this document.

Expense Budget for FY10

The operating expense budget proposed in this framework is \$54.3 million for FY10 (vs. \$51.8 million in FY09), and is based on the assumption that ICANN is approaching the required scale to accomplish its core mission. The budget proposes expense growth of 4.9% as compared with 30% for FY09. Significant new services coming through community policy development, such as the new gTLD program, will be self-funding.

As noted in the introduction to this budget, it is also true that the world economic slowdown has touched virtually all ICANN stakeholders, and ICANN's financial structure should be sensitive to that reality. That means both planning to put more in ICANN's reserve fund in FY10 (more than double FY09, and getting closer to attaining the strategic goal for reserve level), and looking to save expenses where possible. As part of this budget consultation, ICANN staff is looking for input from the community on areas where ICANN should spend less or where resources should be better prioritized.

Growth in certain organizational activities need to be accomplished in FY10:

- New gTLD and IDN. Resources of nearly \$8.7 million are required to complete the implementation processes for both the new gTLD and IDN (both ccIDN and IDN gTLD) programs.
- Compliance. The aggressive growth of contractual compliance efforts needs to continue in FY10 with 31.0% growth planned. While ICANN staffing of compliance is allowing for more complete execution of mandated compliance activities, a key focus in FY10 will be asking the community to consider what contractual/policy tools are necessary to make compliance efforts even more effective and more cost efficient in the long term.
- Technology Operations infrastructure. ICANN's current infrastructure is under resourced to provide adequate support for DNSSEC, the new gTLD program, and other key initiatives. As noted earlier, the structure of ICANN's technology operations are changing, centralizing and professionalizing the resources needed to be a high-quality deliverer of needed services. The FY10 projects an increase of \$768k or 18% in order to meet the critical requirements of these programs.
- Global engagement. Increasing presence in certain regions of the world.

The following table summarizes major expense categories for the proposed FY10 expense budget.

ICANN FY10 Budget (in Thousands of US Dollars)

	Proposed FY10 Budget	FY09 Budget	Change from FY09	
			Amount	Percentage
REVENUE				
Registrar	30,866	30,947	(81)	-0.26%
Registry	32,153	25,104	7,049	28.08%
RIR	823	823	-	0.00%
ccTLD	2,300	2,300	-	0.00%
Other	1,500	1,500	-	0.00%
Total Revenue	\$ 67,642	\$ 60,674	6,968	11.48%
EXPENSES				
Personnel	24,721	19,881	4,840	24.34%
Travel & Meetings	11,458	12,482	(1,024)	-8.20%
Professional Services	11,862	11,886	(24)	-0.20%
Administration	6,306	7,566	(1,260)	-16.65%
Operating Expenses	\$ 54,347	\$ 51,815	2,532	4.89%
Non Cash Expenses				
Bad Debt Expense	1,400	1,200	200	16.7%
Depreciation	1,500	865	635	73.4%
	<u>2,900</u>	<u>2,065</u>	<u>835</u>	<u>40.44%</u>
Total Expenses	\$ 57,247	\$ 53,880	3,367	6.3%
Contingency	\$ 3,000	\$ 3,250		
Total Expenses w/ Contingency	\$ 60,247	\$ 57,130	3,117	5.5%
Change in Net Assets	\$ 7,395	\$ 3,544	3,851	108.66%
Capital	\$ 3,000	\$ 3,660	(660)	-18.03%

VI Contribution to Reserve Fund

ICANN's strategic plan calls for the full funding of a financial reserve equivalent to one year's operating expenses within three to five years. It is intended to reach this goal by contributing \$10 million to \$15 million per year to the reserve fund. The draft FY10 Operating Plan and Budget projects that approximately \$7.4 million will be added to the reserve fund in FY10. The one-time new gTLD program costs are the primary reason for a reserve contribution below the target of \$10 million. Still, this contribution is more than double the planned contribution in FY09, reflecting higher revenue, and a relatively more conservative spending posture.

This budget approach is designed to balance competing priorities including the necessary funding for key FY10 initiatives, avoiding fee increases, and continuing to grow the reserve fund.

When the new TLD program is launched, it is expected that some portion of the recovered historical costs included in application fees will be used to increase/replenish the reserve fund.

VII Separate new gTLD Budget Amendment

The implementation of policy recommendations and development of the processes for the introduction of new gTLDs is moving forward with a collaborative effort among ICANN staff, outside consultants, and the community. In October 2008, the first draft of the new gTLD Applicant Guidebook was posted for community feedback. In February 2009, the second draft of the Applicant Guidebook is posted for community feedback. The new gTLD program is expected to launch the first round of applications during FY10.

Several months prior to the launch of the new gTLD program, a separate new gTLD budget will be published to obtain approval for the revenues generated by, and the costs associated with, the new gTLD program. A separate new gTLD budget needs to be prepared and approved on a schedule different from the usual ICANN budget cycle because:

- Uncertainty remains regarding the timing of the new gTLD program. There is not a good reason to accelerate the approval of the budget expenditures and revenue expectations until the timing is known. As noted elsewhere, baseline expenditures necessary to prepare for the launch are included in this FY10 budget proposal.
- The new gTLD program is established, by policy, to be a revenue-cost neutral program. Thus, the fees collected and the costs expended for the new gTLD program are to be accounted for separately from ICANN's general funds. There is not a need to obtain approval for these funds far in advance of the program, as the program will not increase ICANN's net operating budget.
- While good progress has been made in many aspects of the new gTLD implementation plan, some elements that affect cost have yet to be finalized. The final budget will depend on a final, approved implementation plan.

The separate new gTLD budget amendment will be prepared for Board approval approximately 90 days prior to launch of the first round of the new gTLD program. It will contain:

- The revenue expected to be collected and the refunds expected to be paid out for the new gTLD launch.
- The resources required to process the applications from submittal to delegation.
- The methodology that will be used to replenish the Reserve Fund with the portion of each Evaluation Fee associated with Development Costs
- The mechanisms that will be used to process, track and report on the variable processing costs (ICANN's cost accounting methodology).
- The process by which the use of any surplus funds, if any, will be determined including obtaining community involvement in all decisions on how much, when, and for what purpose the disbursements will be made.
 - If there is a shortfall, and the costs for the program exceed the revenue, the likelihood is that these costs would be passed on to applicants in subsequent rounds.
- The principles that will guide all cost accounting and disbursement efforts to ensure that expenditures are made efficiently and wisely in accordance with the appropriate priorities to help ensure that transparency and accountability are followed for the accounting of the entire new gTLD program.

Appendix A: Operating Plan Activities

1. New gTLD Implementation and Delegation

Complete the implementation plan in accordance with the GNSO Policy Recommendations and taking into account the GAC Principles on New gTLDs. Key activities include:

- Conduct community consultations to resolve outstanding overarching implementation issues such as rights protections and DNS stability aspects, completing the final version of the Applicant Guidebook, coordinating the design of an online application system deployment and executing a broad communications plan).
- Launch new gTLD application process after completion of a four-month communications campaign.
- Complete Operational Readiness activities both for receiving and processing applications and for supporting new gTLDs in the Registry Liaison function.
- Create the process for considering new registry services, Finance, Legal, Contractual Compliance, and the IANA function. Develop and implement procedures, retain and onboard evaluation panels, retain ICANN staff (make staff / outsourcing decisions based upon cost/benefit analysis).
- Develop and implement compliance action plan for new gTLDs to establish and sustain operational contract compliance readiness
- Hiring of additional staff, consultants as needed to fulfil the positions dictated by the operational readiness plan

2. IDN Implementation

Complete the IDN ccTLD Fast Track implementation plan in accordance with the recommendation from the IDNC working group. Execute the plan, resulting in the delegation of IDN ccTLDs in the root zone during FY10. Implementation details include execution of a broad communications plan, developing and implementing an application and evaluation process, and resolving outstanding policy issues such as the form of agreements with ccTLDs, fee, and coordination with other root zone processes (such as gTLD introduction and DNNSEC).

- Technical standards: facilitate the completion of the IDNA protocol; and coordination / manage amendment to the IDN Guidelines
- Provide regional outreach and training in order to encourage participation in the opening of the top-level zone and understand and resolve regional concerns.

3. IANA and Technology Operations Improvements

- Test and implement RZM software to facilitate accurate, reliable, timely handling of root zone change requests submitted by ccTLD and gTLD registries.
- Manage root zone request processing and continue to refine process to improve efficiency and reliability.
- Improve performance reporting against published commitments
- Improve efficiency in protocol parameter request processing
- Manage stakeholder relations in a measurable way by requesting feedback on IANA performance, making changes in accordance with the feedback, and publish metrics on changes and responses.

- Manage number resource requests and report on turnaround time performance against published commitments
- Ongoing reporting of activities and performance: recommend improvements to the monthly DoC report (to the USG), meet each reporting deadline; publish complete set of performance metrics to ICANN dashboard in a timely manner
- Draft and execute operational readiness plan to accommodate the delegation of new gTLDs and ccTLDs, including IDNs
- Assess software development needs 3x a year
- Manage and maintain policy documentation
- Support DNSSEC signing for Root Zone, continue present signing activities, facilitate introduction in reports to USG and other stakeholders.
- Make improvements to IANA infrastructure to support major activities (e.g., root zone change management) by facilitating monitoring and a quality assurance function.

4. Security, Stability and Resiliency (SSR)

- Enhance ICANN Efforts as Overall Contributor to Internet Security and Resiliency (SSR). Key activities will include:
 - Ensure approval by community and Board to ICANN Plan to Enhance Internet SSR by October 2009
 - Coordinate ICANN SSR efforts with partners as identified in ICANN Plan, establish specific joint work plans by fall 2009 and begin implementation of joint efforts between October 2009 and Feb 2010.
 - Work with key global cyber security leadership organizations including Software Engineering Institute, DNS-OARC, European Network and Information Security Agency (ENISA) and Forum for Incident Response Teams (FIRST) to establish metrics for ICANN SSR programs by December 2009 and conduct initial program evaluations by June 2010.
 - Investigate a mechanism to enhance involvement in SSR activities from stakeholders based in developing countries to include potentially leveraging ICANN Fellowships program. Develop program proposal by Jan 2010 for consideration in 2011 operating plan and budget
- Enhance Overall Domain Name System Security Stability and Resiliency (SSR). Key activities will include:
 - Work with partners, establish an initiative and work plan to enhance collaborative responses to threats to or that abuse the DNS by October 2009 and initiate sustained collaborative approaches by January 2010
 - Enhance and sustain DNS Security & Resiliency Best Practices Portal established in collaboration with OARC with full range of planned capabilities in place by Dec 2009
 - Coordinate and partner in conducting DNS Security & Resiliency Symposium in early 2010 to identify key risks to the DNS and opportunities for community-based collaboration to improve DNS SSR
 - Actively participate in root server operators and technical forums and lead collaborative planning and executing root server system contingency response exercise by spring 2010

- Enhancing Top Level Domain Security, Stability and Resiliency. Key activities will include:
 - Enhance and continue execution of TLD security and resiliency capacity building program in conjunction with Regional TLD Associations, ISOC and Network Startup Resource Center (NSRC) Key activities will include:
 - Continue conduct of Attack and Contingency Response Program with 5 workshops in coordination with regional TLD organizations integrating DNS/TLD security lessons-learned and best-practices into the curriculum. Ensure training & materials available in Spanish and English by end of 2009
 - In conjunction with ISOC and NSRC develop a hands-on, technical Registry Operations Curriculum combining existing / emerging training for registry operators with DNS security-focused content. Integrate existing technical security workshop content with evolving community efforts focused on training ccTLD operations staffs in three workshops
 - Conduct three tabletop exercise (TTX) workshops in coordination with regional TLD organizations. Provide support to TLD and regional organizations in planning and conducting tabletop exercises targeting one event by end 2009 and one by June 2010
 - Support continued enhancement of TLD Continuity Program to include working with the community to refine the gTLD registry contingency plan, conducting a live data escrow procedures drill in fall 2009 and holding another collaborative exercises with key partners in Jan 2010
- Program: Enhance security of ICANN programs to implement new gTLD and IDN programs. Key activities will include:
 - Ensure software applications developed to support programs, particularly the TAS are secure. Conduct TAS initial code review and vulnerability testing by September 2009 and initiate program for on-going security assessment of all new applications associated with these programs by end 2009.
 - Establish and implement security and resiliency focused evaluation process for new gTLD/IDN application process integrated with overall applicant application process, initiating in fall 2009
- Conduct and enhance ICANN's corporate information, personnel and facilities security programs in accordance with benchmarked international standards. Key activities will include:
 - Ensure annual update ICANN security plans occurs and monitor effective implementation of security controls and procedures
 - Coordinate ICANN corporate security risk management and business continuity planning. Conduct a business continuity related drill in spring 2009
 - Conduct physical security assessment of ICANN facilities by Oct 2009
 - Conduct external audit of ICANN security program in Spring 2010
 - Ensure ICANN security staff has strong skills appropriately tools and maintains currency with security threats and best practices

5. Contractual Compliance

- Perform contract compliance risk assessment to identify internal and external areas of operational, financial and reputational risk, create strategies and controls for mitigating risk and prioritize operational compliance improvement efforts.
- Form an external ICANN contract compliance advisory council to increase external communication to global stakeholders, regulators and media to inform, solicit input on and raise awareness of global contract compliance enforcement actions, the new gTLDs compliance action plan and proposed Whois studies.
- Perform economic/contract compliance Whois studies as directed by the board, GNSO council and senior management to provide information relevant to interested parties: e.g., privacy advocates, law enforcement access and contracted parties. Examples of studies include:
 - Manage, respond to and measure volume of incoming registrar, registry and Whois data inaccuracy consumer complaints.
 - Analyze Whois inaccuracy audit investigation data and post udrp transfer enforcement complaint statistics, compile compliance performance statistics and draft semi-annual/annual contractual compliance reports.
 - Analyze WDPRS complaint data to assess trends, determine compliance actions and publish findings to improve contract compliance enforcement.
 - Continually assess and rest ways to improve Whois accuracy, including the role of proxy and privacy services.
 - Audit registrars for transfer policy compliance and data escrow agreement compliance. Audit registries for reporting requirements compliance under the AGP
 - Establish Audit Staff in APJ, EMEA and Americas to convey the importance of and enhance contract compliance enforcement of registrar and registry agreements in all regions.
 - Develop and map a new business process for handling UDRP compliance matters from intake to resolution by January 2010.
 - Analyze WDPRS complaint data to assess trends, determine compliance actions and publish findings to improve contract compliance enforcement.
 - Implement improvement in contractual compliance systems and processes to improve and automate key business functions.
 - Draft and execute operational readiness plan for Contractual Compliance function to accommodate the delegation of new gTLDs and including IDNs.

6. Core Meeting Logistics

- Increase the professionalism of the 3 ICANN International public meetings through improved execution of: AV technology and lighting, advanced stage design, sponsor and registration visibility, remote connectivity
- Redesign the meetings schedule for improved understanding and flow, and public participation/comment forum
- Identification and selection of three sites for future ICANN Meetings (publish Expressions of Interest, issue RFPs, analyze proposals, conduct site visits, etc)
- Effectively plan and execute all elements of ICANN international public meetings to ensure the highest levels of public participation and constituency support. Activities include:
 - Site selection
 - Hotel contracts and management

- Internet connectivity
- Audio-visual equipment and support
- Registration and staffing
- Host and sponsorship activities
- Schedule development and posting
- Meetings website development
- Identify and select sites for future ICANN international public meetings:
 - Publish announcements for Expressions of Interest
 - Issue Requests for Proposals
 - Conduct site visits
 - Evaluate proposals
 - Develop Board submission papers

7. Constituency Support

- Deploy improvements in the Registrar Liaison systems and processes department to include: accept, review, and approve new registrar accreditation applications within 30 days of submission; renew or terminate expiring RAAs 30-90 days prior to expiration; review and approve RAA assignment applications within approximately 30 days of submission; facilitate voluntary and involuntary RAA terminations and bulk transfers of registrations; provide registrar contacts information to registries on a monthly basis or direct access to customer relations system
- Continue to operate Registrar Data Escrow program and on-board registrars in a timely manner as posted on the ICANN website; introduce, test and implement the data escrow audit function
- Produce and distribute regular e-newsletter to registrars on current events and developments in the department and translate in order to facilitate communications of notices and contractual advisories in all regions.
- Independently access registry services request process performance against published metrics: timely response to inquiries, track and report inquiry statistics; facilitate timely sharing of information about registry activities with other internal customers as necessary, make improvements to ensure a measureable process that meets requirements.
- Develop registrar / registry customer relations system to facilitate communications and performance of each party's contractual requirements.
- Draft and execute operational readiness plan for Registry and Registrar Liaison functions to accommodate the delegation of new gTLDs and including IDNs.
- Implement results Registry/Registrar Vertical Integration with existing registries
- Registry and Registrar departments to coordinate outreach to constituencies through at least 3 regional gatherings, industry events, etc
- Enhance automation of Registrar accreditation agreement and application processing through digital document management
- Augment reporting of Registrar departmental procedures and processes through creation of new documentation and revision of existing documentation to be posted to ICANN web site.
- GAC support staffing and communication through creating of briefing papers as requested (target 6 topics), administrative support such as translation of materials, interpretation of sessions, arrangements of calls, report generation in timely manner

- IT department to deploy GNSO website improvements and new forum system; implement Registry software enhancements and implement RADAR enhancements based on Registrar Dept input
- Develop participation rules and operating procedures for all entities.
- Develop and support targeted education and information sharing initiatives aimed at increasing involvement in SOs and ACs.
- Provide online communication and collaboration tools to support policy development efforts of constituencies, SOs and ACs.
- Develop and support a "tool kit" of basic services for use by all GNSO constituencies

8. Policy Development Support

- Retain 2 additional staff members: Dept. secretariat and Policy Director to improved support
- Implement working groups and PDP structure as directed by ICANN Board; effort expected to result in more efficient and effective policy process with increased involvement by all aspects of GNSO community
- Develop implementation plan and support implementation of improvement initiatives – if directed by the Board – for the ALAC, SSAC, RSSAC, ccNSO and ASO.
- Create education and training programs and other systems to encourage direct involvement in ICANN SOs and ACs, and to develop a group of skilled chairs and facilitators familiar with ICANN issues and able to assist with policy development;
- Support development and implementation of benchmarking and self-assessment processes for GNSO PDP working groups, the GNSO Council, and the ALAC to evaluate the effectiveness of their work and identify opportunities for improvement;
- Support development and implementation of operational improvements for the GNSO Council;
- Develop and implement a formal document handling system that will allow easy tracking of all policy development documents;
- Revamp the process for gathering and addressing public comments on policy issues;
- Develop and implement a plan for translation of documents associated with policy development;
- Support implementation of the GNSO's new Stakeholder Group structure;
- Develop and implement a revised "Statement of Interest" process for the GNSO;
- Revise bylaws to accommodate GNSO Improvements and Restructuring
- Develop and implement education and training curriculum for GNSO and At-Large participants and community members;
- Support of targeted programs to increase direct involvement in SOs and ACs;
- Develop and maintain a database of GNSO participants;
- Develop and implement a process for regularly informing the SOs and ACs of developing industry trends that will help them proactively identify important policy issues and make well-informed policy decisions

9. Global Engagement and Increased International Participation

- Design, implement and Support a pilot GAC participation Program - create the program, design scope and the selection process, prepare and manage the budget, participate in the administrative process and assist in promoting awareness of the program to increase diversity of applicants, develop and implement mechanism to assess quality and impact of participation in addition to descriptive statistics including

gathering and analysis of metrics on the program; bring target of 10 new GAC members in FY program.

- Provide advice and information from the regions on reception of new gTLD communications campaign and application process, promote participation in public comment periods, educate and provide outreach to the regions through presentations, critique documents as requested by working groups, assist communication plan (formation, promotion, implementation) interface with legal and IANA, etc. to promote measurable global participation in the IDN process in FY10
- Provide advice and information from the regions on reception of the IDN fast track process, including promote participation in public comment periods, educate and provide outreach through presentations, critique documents as requested by working groups, assist communication plan (formation, promotion, implementation) interface with legal and IANA, etc. to promote measurable global participation in the IDN process in FY10
- Support the globalization of ICANN through outreach, presentations and education, project support and initiative implementation such as training and negotiation with stakeholder specific constituent groups, regional groups and staff. For external outreach there is a target of at least 20 presentations. For internal education the department will revise and expand the on-boarding materials.
- Support globalization of ICANN and promote the multi-stakeholder model in the international arena through presentations, educational outreach, and participation in Internet governance and various policy meetings, monitoring activity in international arena and producing briefing papers, position analysis and strategic information for senior management in planning ICANN work and initiatives. Monthly report with updates against initiatives for communication to senior management and Board, internal posting to staff
- Enhance communications and reporting tools with refinement of the Dashboard charts, public scoreboards, staff portal, monthly reporting and internal newsletter. Monthly reports posted and newsletter circulated to staff and posted on portal
- Design, implement and Support a pilot GAC participation Program – For the consideration and approval of the GAC staff will create the program, design scope and the selection/support criteria, prepare and manage the budget, promote awareness of the program to increase diversity of GAC participants, gather and conduct analysis and report metrics on the program, develop and implement mechanism to assess quality and impact of participation in addition to descriptive statistics; bring target of 10 new GAC members in FY program; work on retention and repeat participation.
- In support of the Fellowship program to increase the diversity, quantity and quality of participation in the ICANN processes staff develop and implement mechanism to assess quality and impact of participation in addition to descriptive statistics;
- Support the GAC through staffing and communication through creating of briefing papers as requested (target 6 topics), administrative support for GAC meetings and working sessions such as translation of materials, interpretation of sessions, arrangements of calls, and report generation in timely manner

10. Travel Support for ICANN Community

- Provide travel resources support for Supporting Organizations and Committees as needed to the ICANN meetings, regional meetings, and outreach events, in a fair and equitable manner. Review the approach to travel support for FY10, and continue to monitor for FY11.

- Provide administrative support for the travel support that ensures clarity on who will be supported, what level and type of costs are to be supported and with efficiency and assurance that costs are being spent efficiently and wisely.

11. Ombudsman

- Receive complaints from community concerning the fairness of ICANN staff, board, and supporting organizations actions, decisions or inactions
- Outreach concerning the activities of the office of the Ombudsman, and ICANN as a leader in online dispute resolution.
- Produce an annual report to the board of directors and community
- Budget as directed by the bylaw V
- Evaluate effectiveness of the Ombudsman program
- Participate in Ombudsman conferences, and present research conducted within ICANN
- Produce articles for academic and peer publications on ICANN Ombudsman activities and research
- Monitor the case management and filing system
- Identify trends and critical issues to ICANN management and Board
- Increase ICANN's reputational value through efficient neutral party dispute resolution
- Correspond with complainants in a timely fashion in the language of their choosing
- Develop internal and external relationships to foster understanding of the Ombudsman process and dispute resolution mechanisms at ICANN
- Supervise the adjunct Ombudsman
- (Adjunct) to act on behalf of the Ombudsman during annual leave or absences
- Maintain physical office at ICANN International Public meetings to meet the community
- To meet the requirements of the standards of practice of confidentiality, neutrality and impartiality
- Provide written reports to the Board on a case necessary basis

12. Board Support

- Create and implement a Board Portal, including electronic training and maintenance of the system;
 - Coordinate and manage Board website hosting as needed
 - Provide Administrative and Travel support for all Board members at 2 retreats, 3 ICANN meetings and as required for regularly scheduled Board meetings or appearances
 - Coordinate support for Assistant to the Chairman of the Board at 3 ICANN meetings
 - Coordinate administrative support of all Board committees
 - Effectively manage Board calendar
 - Engage Consultant for a 1x Board Skills Evaluation
 - Coordinate and manage Consultant for Board Training opportunities at two retreats and multiple seminars including travel
 - Coordinate and facilitate payment of director expenses
 - Support the General Counsel/Secretary on Board related issues and events
-

13. NomCom Support

- Support Nom Com Committee activities by producing meeting minutes, developing relevant graphics and charts and other administrative duties during the FY10 period; support of Nom Com travel including that of the Assessment Provider.

14. DNS Operations

- Certify DNSSEC-signing facility designs meet community requirements
- Deploy production-quality DNSSEC services
- Deploy L-root test lab
- Finalize new L-root global node design
- Finalize L-root local node design
- Separate secondary's for DNS Group-managed zones from IT-managed zones
- Start small research group late in FY10. Engage community in plan for this effort. Staff this effort.

15. Administrative Improvement

- Perform external reviews and assessments for ccNSO and ASO
- Develop performance indicators and workshops (post implementation or working group phases) for gNSO, ALAC, Nom Com, Board Organizational reviews

Appendix B: Financials

To help fulfill ICANN's mission for accountability and transparency, the following financial information is provided:

- Forecasted Statement of Revenues and Expenses (unaudited)
- Historical comparison of ICANN's budgets and actuals (unaudited)
- Historical comparison of ICANN's budgets and actuals in Euro
- ICANN's [FY08 audited financial statements](#) are available on the website.

Forecast for FY09 (in Thousands of US Dollars)

	FY09 Forecast	FY09 Budget	Change from Budget	
			Amount	Percentage
REVENUE				
Registrar	32,202	30,947	1,255	4.06%
Registry	23,832	25,104	(1,272)	-5.07%
RIR	823	823	-	0.00%
ccTLD	1,197	2,300	(1,103)	-47.96%
Other	587	1,500	(913)	-60.87%
Total Revenue	\$ 58,641	\$ 60,674	(2,033)	-3.35%
EXPENSES				
Personnel	19,700	19,881	(181)	-0.91%
Travel & Meetings	10,038	12,482	(2,444)	-19.58%
Professional Services	11,596	11,886	(290)	-2.44%
Administration	5,280	7,566	(2,286)	-30.21%
Operating Expenses	\$ 46,615	\$ 51,815	(5,200)	-10.04%
Non Cash Expenses				
Bad Debt Expense	1,094	1,200	(106)	-8.8%
Depreciation	413	865	(452)	-52.3%
Investment loss	3,752		3,752	0.0%
	5,260	2,065	3,195	154.72%
Total Expenses	\$ 51,874	\$ 53,880	(2,006)	-3.7%
Contingency	\$ 3,250	\$ 3,250	-	0.0%
Total Expenses w/ Contingency	\$ 55,124	\$ 57,130	(2,006)	-3.5%
Change in Net Assets	\$ 3,517	\$ 3,544	(27)	-0.76%

ICANN Financials for Fiscal Year 2007 thru 2010 (in US dollars)

	FY 2007		FY 2008		FY 2009		FY 2010
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	FORECAST	BUDGET
REVENUE							
Registrar	19,147,000	15,046,548	26,730,000	27,856,875	30,947,000	32,201,946	30,865,547
Registry	14,032,000	25,864,130	19,652,000	19,636,365	25,104,000	23,831,616	32,153,000
RIR	823,000	823,000	823,000	823,001	823,000	823,000	823,000
ccTLD	1,500,000	1,277,231	1,800,000	1,583,406	2,300,000	1,197,032	2,300,000
Other	40,000	460,177	1,348,000	833,502	1,500,000	587,000	1,500,000
Total Revenue	\$ 35,542,000	\$ 43,471,086	\$ 50,353,000	\$ 50,733,150	\$ 60,674,000	\$ 58,640,594	\$ 67,641,547
EXPENSES							
Personnel	13,264,000	13,783,662	18,191,931	16,746,028	19,880,664	19,700,314	24,720,667
Travel & Meetings	7,404,000	6,203,443	8,110,922	9,448,853	12,481,605	10,038,199	11,458,412
Professional Services	6,731,000	5,864,072	9,453,072	8,853,969	11,885,616	11,596,000	11,862,062
Administration	3,256,000	3,079,171	4,039,963	4,697,709	7,566,468	5,280,000	6,305,910
Operating Expenses	\$ 30,655,000	\$ 28,930,348	\$ 39,795,888	\$ 39,746,559	\$ 51,814,353	\$ 46,614,513	\$ 54,347,051
Non Cash Expenses							
Bad Debt Expense	1,560,000	(2,428,594)	980,103	(461,567)	1,200,000	1,094,110	1,400,000
Depreciation		139,647	96,000	259,034	865,000	413,408	1,500,000
Investment loss						3,752,000	-
	1,560,000	(2,288,947)	1,076,103	(202,533)	2,065,000	5,259,518	2,900,000
Total Expenses	\$ 32,215,000	\$ 26,641,401	\$ 40,871,991	\$ 39,544,026	\$ 53,879,353	\$ 51,874,031	\$ 57,247,051
Contingency	\$ -	\$ -	\$ 1,748,829	\$ -	\$ 3,250,000	\$ 3,250,000	\$ 3,000,000
Total Expenses w/ Contingency	\$ 32,215,000	\$ 26,641,401	\$ 42,620,820	\$ 39,544,026	\$ 57,129,353	\$ 55,124,031	\$ 60,247,051
Change to Reserve Fund	\$ 3,327,000	\$ 16,829,685	\$ 7,732,180	\$ 11,189,124	\$ 3,544,647	\$ 3,516,563	\$ 7,394,496
Suggested addition to Reserve Fund	\$ 2,817,000	\$ 2,817,000	\$ 6,141,833	\$ 6,141,833	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Capital	\$ 510,000	\$ 1,095,735	\$ 1,591,000	\$ 993,582	\$ 3,660,000	\$ 2,000,000	\$ 3,000,000
Change in Board Restricted Reserve Fund							
Revenue	35,542,000	43,471,086	50,353,000	50,733,150	60,674,000	58,640,594	67,641,547
Total Expenses w/ Contingency	(32,215,000)	(26,641,401)	(42,620,820)	(39,544,026)	(57,129,353)	(55,124,031)	(60,247,051)
Increase in Reserve Fund	3,327,000	16,829,685	7,732,180	11,189,124	3,544,647	3,516,563	7,394,496
Suggested addition to Reserve Fund	(2,817,000)	(2,817,000)	(6,141,833)	(6,141,833)	(10,000,000)	(10,000,000)	(10,000,000)
Addition / (Shortfall)	510,000	14,012,685	1,590,347	5,047,291	(6,455,353)	(6,483,437)	(2,605,504)

ICANN Financials for Fiscal Year 2007 thru 2010 (in EURO)

Average for fiscal year (OANDA):

0.76655

0.68352

0.68352

0.77899

*rate at 02/06/09

	FY 2007		FY 2008		FY 2009		FY 2010
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	FORECAST	BUDGET
REVENUE							
Registrar	14,677,133	11,533,931	18,270,490	19,040,731	21,152,893	22,010,674	24,043,952
Registry	10,756,230	19,826,149	13,432,535	13,421,848	17,159,086	16,289,386	25,046,865
RIR	630,871	630,871	562,537	562,538	562,537	562,537	641,109
ccTLD	1,149,825	979,061	1,230,336	1,082,290	1,572,096	818,195	1,791,677
Other	30,662	352,748	921,385	569,715	1,025,280	401,226	1,168,485
Total Revenue	€27,244,721	€33,322,760	€34,417,283	€34,677,122	€41,471,892	€40,082,018	€52,692,088
EXPENSES							
Personnel	10,167,519	10,565,866	12,434,549	11,446,245	13,588,832	13,465,559	19,257,152
Travel & Meetings	5,675,536	4,755,249	5,543,977	6,458,480	8,531,426	6,861,310	8,925,988
Professional Services	5,159,648	4,495,104	6,461,364	6,051,865	8,124,056	7,926,098	9,240,428
Administration	2,495,887	2,360,339	2,761,396	3,210,978	5,171,832	3,608,986	4,912,241
Operating Expenses	€23,498,590	€22,176,558	€27,201,286	€27,167,568	€35,416,146	€31,861,953	€42,335,809
Non Cash Expenses							
Bad Debt Expense	1,195,818	(1,861,639)	669,920	(315,490)	820,224	747,846	1,090,586
Depreciation	-	107,046	65,618	177,055	591,245	282,573	1,168,485
Investment loss	-	-	-	-	-	2,564,567	-
	1,195,818	(1,754,593)	735,538	(138,435)	1,411,469	3,594,986	2,259,071
Total Expenses	€24,694,408	€20,421,965	€27,936,824	€27,029,133	€36,827,615	€35,456,939	€44,594,880
Contingency	€ -	€ -	€ 1,195,360	€ -	€ 2,221,440	€ 2,221,440	€ 2,336,970
Total Expenses w/ Contingency	€ 24,694,408	€ 20,421,965	€ 29,132,184	€ 27,029,133	€ 39,049,055	€ 37,678,379	€ 46,931,850
Change to Reserve Fund	€ 2,550,312	€ 12,900,795	€ 5,285,100	€ 7,647,990	€ 2,422,837	€ 2,403,641	€ 5,760,238
Suggested addition to Reserve Fund	€ 2,159,371	€ 2,159,371	€ 4,198,066	€ 4,198,066	€ 6,835,200	€ 6,835,200	€ 7,789,900
Capital	€ 390,941	€ 839,936	€ 1,087,480	€ 679,133	€ 2,501,683	€ 1,367,040	€ 2,336,970

Appendix C: High Level Spending Analyses

The ICANN budget is tied to the 2009-2012 Strategic Plan and the corresponding enclosed Operating Plan, and it is anticipated that all operational activities described can be accomplished with the proposed budget.

- revenues of \$67.6 million
- total expenses (including depreciation, allowances and contingency) of \$54.3 mil
- contribution to reserve of \$7.4 million
- capital budget allocation of \$3.0 million

The following charts depict these amounts in formats familiar to readers of ICANN’s budgets from prior years. It is anticipated that the recently proposed detail expense reporting (i.e., functional reporting) will be used for these types of analyses.

