



FY 2014 Financial Package

For the Three Months Ending September 2013

Table of Contents

Executive Summary	1
FY14 Budget by Quarter	2
Statement of Activity (Actual vs. Budget)	3
Balance Sheet.....	4
Funds Under Management.....	5
Cash Flows Synopsis	6
Operating Fund and New gTLD Cash	7
Reserve Fund.....	8
New gTLD Financial Summary.....	9
New gTLD Historical Development Costs	10

ICANN
Executive Summary
For the Three Months Ending September 2013

Overview

The ICANN change in net assets (aka "net income/(loss)") is flat to budget during Q1 mainly as a result of (i) delays in planned operations (\$1.5M, see Operating Expenses below), (ii) timing differences of ccTLD contributions (\$1.1M), (iii) Reserve Fund investment income (\$2.3M), offset by (iv) delayed evaluation processing in the New gTLD program (-\$6.3M).

The Funds under Management by ICANN have decreased by \$15M during the quarter to a total of \$345M, mainly as a result of the payment of New gTLD evaluation expenses.

Financial Position

The funds under management decreased by \$15.0M during the quarter as a result of the following:

- A decrease of the New gTLD funds by \$42.6M due to:
(i) the net reimbursement to ICANN Operations of the accumulated direct/allocated costs for \$8.7M,
(ii) the reimbursement to ICANN Operations of the historical development costs for \$16.8M,
(iii) refunds to applicants for \$4.6M,
(iv) payments to vendors/employees for \$13.5M,
(v) partially offset by appreciation of the new gTLD investments for \$1.0M.

- An increase of the ICANN Operations funds by \$27.6M due to:
(i) the reimbursement from the New gTLD funds of the direct/allocated costs for \$8.7M,
(ii) the reimbursement from the New gTLD program of the historical development costs for \$16.8M,
(ii) all other net operating variances for \$2.1M.

The decrease of the deferred revenues balance of \$29.4M corresponds to:

(i) the amount of revenues recognized for the New gTLD program (\$25.7M),
(ii) the refunds to New gTLD applicants (\$4.6M)
(iii) other (-\$0.9M).

Support and Revenue

Revenues for ICANN Ops were \$1.5M favorable to budget primarily due to the timing of the non-contracted contribution from the ccTLDs for fiscal year 2013. Revenues for New gTLD program were \$15.7M unfavorable to budget primarily due to lower costs incurred in the quarter, resulting in lower revenues recognized in the quarter.

Operating Expenses

Personnel costs for ICANN Ops were \$0.5M unfavorable to budget primarily due to early hires and unbudgeted positions. Personnel costs for the New gTLD program were \$0.7M favorable to budget primarily due to delayed hires.

Travel and Meetings costs for ICANN Ops were \$0.4M favorable to budget mainly due to delayed travel of the Expert Working Group and IDN Variant Program. Travel and Meetings costs for the New gTLD Program were relatively flat to budget.

Professional Services costs for ICANN Ops were \$1.3M favorable to budget primarily due to delayed security projects, signing of EBERO contracts, and recruiting/ relocation fees. Professional Services costs for the New gTLD Program were \$7.7M favorable to budget due to lower costs incurred for Initial Evaluation and delayed Pre-delegation testing and contracting.

Administrative costs for ICANN Ops were \$0.6M favorable to budget primarily due to timing of sponsorships and IT costs. Administrative costs for the New gTLD Program were \$0.2M favorable to budget due to a lower allocation of ICANN ops shared services costs to the program.

Bad debt expenses were relatively flat to budget.

Depreciation costs were \$0.2M unfavorable to budget primarily due to higher than budgeted capital projects expenditures.

Other Income /Expense

Investment Income was \$2.4M and \$0.8M favorable to budget for ICANN Ops and the New gTLD Program, respectively due to investment income/ loss not budgeted in FY14.

**ICANN
Statement of Activity
FY14 Budget by Quarter
In Thousands**

	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Total Year		
	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total
Support and Revenue															
Registry	\$10,115	\$0	10,115	\$10,068	\$0	10,068	\$12,828	\$0	12,828	\$14,545	\$0	14,545	\$47,556	\$0	47,556
Registrar	8,448	0	8,448	8,005	0	8,005	9,237	0	9,237	10,389	0	10,389	36,079	0	36,079
R.I.R.	206	0	206	206	0	206	206	0	206	206	0	206	823	0	823
ccTLD	0	0	0	100	0	100	150	0	150	1,650	0	1,650	1,900	0	1,900
ccTLD IDN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions & Other															
Income	450	0	450	450	0	450	450	0	450	450	0	450	1,800	0	1,800
New gTLD Application Fees	0	41,411	41,411	0	26,343	26,343	0	22,665	22,665	0	21,687	21,687	0	112,105	112,105
Total Support and Revenue	19,219	41,411	60,629	18,829	26,343	45,172	22,870	22,665	45,535	27,240	21,687	48,927	88,158	112,105	200,263
Expenses															
Personnel	7,474	2,965	10,439	8,983	2,779	11,762	9,883	2,552	12,435	10,375	2,217	12,593	36,716	10,513	47,229
Travel & Meetings*	4,062	444	4,506	3,439	430	3,869	3,737	411	4,148	4,302	357	4,659	15,540	1,642	17,182
Professional Services	4,805	18,531	23,336	6,192	10,412	16,604	5,436	8,669	14,105	4,772	8,579	13,351	21,205	46,190	67,395
Administration	2,797	917	3,714	3,120	919	4,039	2,902	878	3,781	3,268	817	4,085	12,088	3,531	15,618
Bad Debt Expenses	120	0	120	120	0	120	120	0	120	120	0	120	480	0	480
Depreciation Expenses	510	0	510	510	0	510	510	0	510	1,010	0	1,010	2,540	0	2,540
Total Expenses	19,768	22,856	42,625	22,364	14,540	36,903	22,589	12,510	35,098	23,848	11,970	35,817	88,568	61,875	150,444
Contingency	925	0	925	925	0	925	925	0	925	925	0	925	3,700	0	3,700
Interest - General	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FX Translation (Gain) / Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment (Income)/ Loss	0	(141)	(141)	0	(125)	(125)	0	(110)	(110)	0	(94)	(94)	0	(470)	(470)
Total Other (Income)/Expense	925	(141)	784	925	(125)	800	925	(110)	815	925	(94)	831	3,700	(470)	3,230
Change in Net Assets Before Historical Costs and Reserves	(1,475)	18,695	17,220	(4,460)	11,928	7,469	(643)	10,265	9,621	2,468	9,811	12,279	(4,110)	50,699	46,589
Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hist. Development Costs/ (Reimbursement)	(4,317)	4,317	(0)	(2,746)	2,746	0	(2,363)	2,363	(0)	(2,261)	2,261	0	(11,687)	11,687	(0)
Risk Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional Items**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change In Net Assets	\$2,842	\$14,378	\$17,220	(\$1,714)	\$9,182	\$7,469	\$1,719	\$7,902	\$9,621	\$4,728	\$7,550	\$12,279	\$7,576	\$39,013	\$46,589

*Includes Community Support Requests

**Exceptional Items are included in "Expenses" section above.

ICANN
Statement of Activity
Actual vs. Budget
For the Three Months Ending September 2013
In Thousands

	FY 14 Actuals			FY 14 Budget			Variance			
	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	ICANN Ops	NgTLD	Total	%
Support and Revenue										
Registry	\$10,499	\$0	10,499	\$10,115	\$0	10,115	\$384	\$0	\$384	3.8%
Registrar	8,554	0	8,554	8,448	0	8,448	106	0	106	1.3%
R.I.R.	206	0	206	206	0	206	0	0	0	0.0%
ccTLD	1,137	0	1,137	0	0	0	1,137	0	1,137	0.0%
ccTLD IDN	0	0	0	0	0	0	0	0	0	0.0%
Contributions & Other Income	372	3	375	450	0	450	(78)	3	(75)	(16.6%)
Revenues from NgTLD App. Fees	0	25,731	25,731	0	41,411	41,411	0	(15,680)	(15,680)	(37.9%)
Total Support and Revenue	20,767	25,735	46,502	19,219	41,411	60,629	1,549	(15,676)	(14,127)	(23.3%)
Expenses										
Personnel	8,001	2,238	10,239	7,474	2,965	10,439	(527)	727	200	1.9%
Travel & Meetings	3,672	493	4,165	4,062	444	4,506	390	(49)	341	7.6%
Professional Services	3,495	10,858	14,352	4,805	18,531	23,336	1,310	7,673	8,983	38.5%
Administration	2,174	747	2,921	2,797	917	3,714	623	170	793	21.3%
Bad Debt Expenses	209	0	209	120	0	120	(89)	0	(89)	(74.2%)
Depreciation Expenses	736	0	736	510	0	510	(226)	0	(226)	(44.4%)
Total Expenses	18,288	14,335	32,623	19,768	22,856	42,625	1,481	8,521	10,002	23.5%
Contingency	0	0	0	925	0	925	925	0	925	100.0%
Interest - General	0	0	0	0	0	0	0	0	0	0.0%
FX Translation (Gain) / Loss	34	39	73	0	0	0	(34)	(39)	(73)	0.0%
Investment (Income)/ Loss	(2,393)	(982)	(3,375)	0	(141)	(141)	2,393	841	3,234	(2298.4%)
Total Other (Income)/Expense	(2,359)	(943)	(3,302)	925	(141)	784	3,284	802	4,086	521.0%
Change in Net Assets Before Historical Costs and Reserves	4,839	12,342	17,181	(1,475)	18,695	17,220	6,313	(6,353)	(39)	(0.2%)
New gTLD Applicant Support	0	0	0	0	0	0	0	0	0	0.0%
Hist. Development Costs/ (Reimbursement)	(3,739)	3,739	0	(4,317)	4,317	(0)	(578)	578	(0)	100.0%
Risk Costs	0	0	0	0	0	0	0	0	0	0.0%
Exceptional Items	0	0	0	0	0	0	0	0	0	0.0%
Change In Net Assets	\$8,578	\$8,603	\$17,181	\$2,842	\$14,378	\$17,220	\$5,735	(\$5,775)	(\$39)	(0.2%)

*Includes Community Support Requests

**Exceptional Items are included in "Expenses" section above.

ICANN
Balance Sheet
As of September 30, 2013
In Thousands

	09/30/13			06/30/13			Increase/ (Decrease)			Notes
	ICANN	New gTLD	Total	ICANN	New gTLD	Total	ICANN	New gTLD	Total	
ASSETS										
Cash & Cash Equivalents	\$42,562	\$14,953	\$57,515	\$17,340	\$47,547	\$64,887	\$25,222	(\$32,593)	(\$7,372)	(1)
Investments	58,078	229,171	287,249	55,685	239,189	294,874	2,393	(10,018)	(7,625)	(2)
Funds Under Management	100,640	244,124	344,764	73,025	286,736	359,761	27,615	(42,612)	(14,997)	
Receivables	22,484	1,290	23,774	22,866	1,290	24,156	(382)	0	(382)	
Prepaid Expenses	640	0	640	927	1,397	2,323	(286)	(1,397)	(1,683)	
Furniture & Fixtures - Net	9,278	0	9,278	8,518	0	8,518	760	0	760	
Other Assets	10,554	(9,167)	1,387	33,296	(30,880)	2,416	(22,743)	21,713	(1,030)	
TOTAL ASSETS	\$143,595	\$236,247	\$379,842	\$138,631	\$258,543	\$397,174	\$4,964	(\$22,295)	(\$17,332)	
LIABILITIES AND NET ASSETS										
Payables	6,200	12,774	18,974	10,855	13,320	24,175	(4,655)	(546)	(5,201)	(3)
Deferred Income	14,003	160,151	174,154	13,090	190,503	203,594	912	(30,352)	(29,440)	(4)
Other Liabilities	803	0	803	674	0	674	129	0	129	
TOTAL LIABILITIES	21,006	172,925	193,931	24,620	203,824	228,443	(3,614)	(30,899)	(34,513)	
UNRESTRICTED/RESTRICTED ASSETS	114,012	54,719	168,731	114,012	54,719	168,731	0	0	0	
CURRENT YEAR CHANGE IN NET ASSETS	8,578	8,603	17,181	0	0	0	8,578	8,603	17,181	
TOTAL NET ASSETS	122,589	63,322	185,912	114,012	54,719	168,731	8,578	8,603	17,181	
TOTAL LIABILITIES & NET ASSETS	\$143,595	\$236,247	\$379,842	\$138,631	\$258,543	\$397,174	\$4,964	(\$22,295)	(\$17,332)	

Note (1):

ICANN Operations cash increased and New gTLD cash decreased mainly as a result of the repayment received from the New gTLD program of \$17m of Historical Development costs (transferred to the Reserve Fund in October, and \$15m of accumulated direct and allocated costs incurred on behalf of the program. The new gTLD cash also includes an increase of \$11m resulting from a transfer from the New gTLD investments and a decrease resulting from disbursements to vendors.

Note (2):

The ICANN investment (Reserve Fund) increased as a result of unrealized gains during the period.

The New GTLD investments decreased mainly as a result of an \$11m transfer to the New gTLD cash account for disbursement purposes.

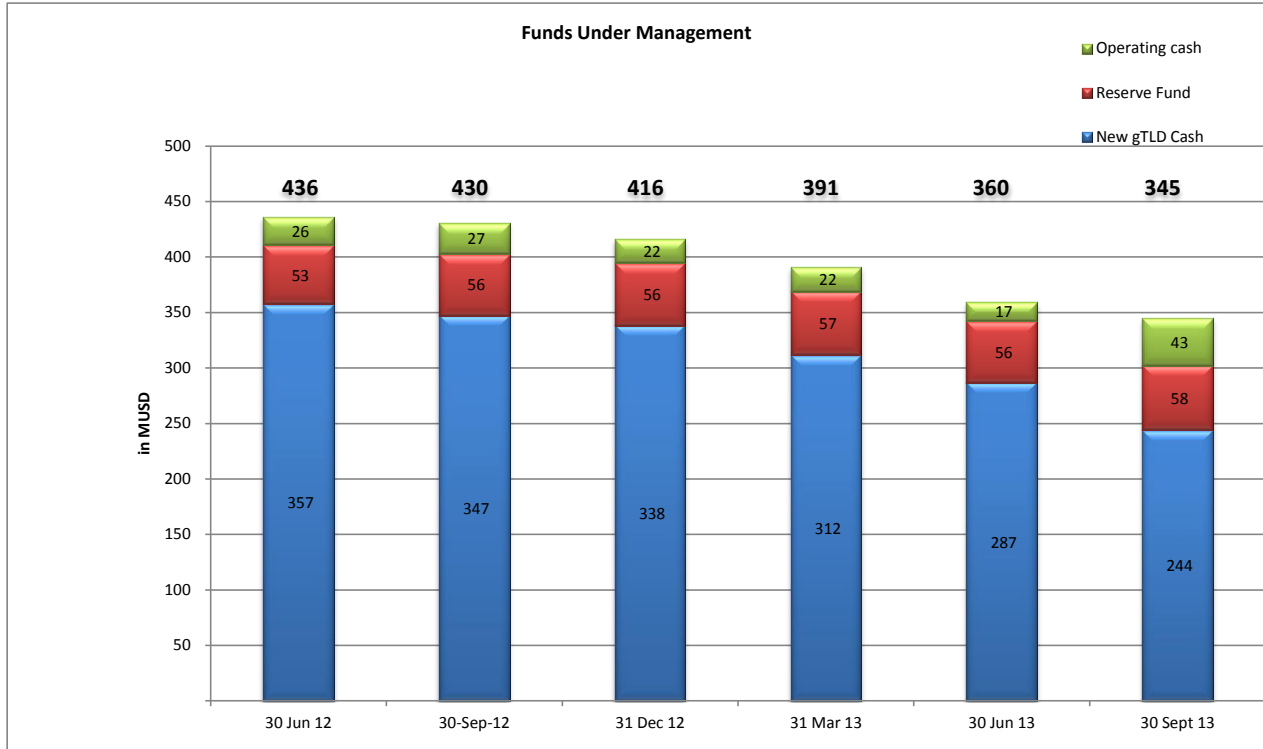
Note (3):

The reduction of payables is driven by the timing of expenses and relative payments

Note (4):

The reduction of deferred revenues is resulting mainly from the revenues recognized during the quarter on the new gTLD program, reflecting from the progress of the evaluation process, and from the refunds of application fees.

**ICANN
Funds Under Management
As of September 30, 2013
In Millions**



ICANN
Cash Flows Synopsis
For the Three Months Ending September 2013
In Thousands

	ICANN Ops	NgTLD	Total
Funds Under Management at Beginning of Period	\$73,025	\$286,736	\$359,761
Collected/ (refunded) from contributors/parties	21,853	(4,618)	17,235
Paid to vendors (operating)	(13,997)	(11,286)	(25,283)
Paid to employees	(7,619)	(2,238)	(9,857)
Capital expenditures	(1,496)	0	(1,496)
Intracompany Clearing	25,452	(25,452)	0
Other net cash flows	1,030	0	1,030
Change in investment value	2,393	982	3,375
Funds Under Management at End of Period	\$100,640	\$244,124	\$344,764

ICANN
Operating Fund and New gTLD Cash
As of September 30, 2013
In Thousands

ICANN Ops	As of Friday 6/29/2012	As of Friday 6/28/2013	As of Friday 9/27/2013
Total	\$28,295	\$18,508	\$42,431
HSBC	14,928	15,917	42,425
Union Bank	3,824	2,473	-
Bank of America	1,978	-	-
NAB	7,565	117	6

Historical default = 3 months of operating expenses.

Updated monthly per statements. Includes operating and term deposit accounts. FX rate used is the average current EOM/ previous EOM rates.

The Operating cash on hand has increased by \$24m between June and September

- (i) the repayment of Historical Development costs from New gTLD: \$17m,
- (ii) the reimbursement of direct and allocated staff costs from New gTLD: \$15m,
- (iii) Other various disbursements: -\$8m.

The Bank of America account was closed in May, the Union Bank account was closed in August, and the NAB account (Australia) was closed in October.

New gTLD	As of Friday 6/29/2012	As of Friday 6/28/2013	As of Friday 9/27/2013
Total	\$357,464	\$286,768	\$244,279
HSBC	124,443	47,579	15,108
Union Bank	109,608	-	-
Bank of America	123,413	-	-
Investments	-	239,189	229,171

**ICANN
Reserve Fund*
As of September 30, 2013
In Thousands**

Reserve Fund Activity		
Nov-07	Contribution	\$25,000
Aug-08	Contribution	8,000
Sep-09	Contribution	11,000
	Total contributions	44,000
Inception through 30 JUNE 2011	Gains/Losses net of interest and fees	7,716
7/1/2011	Fund Balance	51,716
	Change in Asset Value - Gains/(Losses)	1,040
	Income (Interest/Dividends)	279
6/30/2012	Fund Balance, net of accrued fees	53,035
	Change in Asset Value - Gains/(Losses)	2,157
	Income (Interest/Dividends)	0
9/30/2012	Fund Balance, net of accrued fees	55,192
	Change in Asset Value - Gains/(Losses)	1,067
	Income (Interest/Dividends)	0
12/31/2012	Fund Balance, net of accrued fees	56,259
	Change in Asset Value - Gains/(Losses)	1,074
	Income (Interest/Dividends)	0
3/31/2013	Fund Balance, net of accrued fees	57,334
	Change in Asset Value - Gains/(Losses)	(1,649)
	Income (Interest/Dividends)	0
6/30/2013	Fund Balance, net of accrued fees	55,685
	Change in Asset Value - Gains/(Losses)	2,393
	Income (Interest/Dividends)	0
9/30/2013	Fund Balance, net of accrued fees	\$58,078

*Historical default = 12 months of operating expenses

ICANN
New gTLD Financial Summary
As of September 30, 2013
In Thousands

	Program to date	Full Program		Program Balance	
	as of 30/9/13	Current Estimate (June 2013)	Prior Estimate (June 2012)	Actual vs Current Estimate	Actual vs Prior Estimate
Fees					
Application Fees	\$359,554 ⁽¹⁾	\$359,554	\$368,000	\$0	(\$8,446)
Other Fees	440 ⁽²⁾	3,788	2,000	(3,348)	(1,560)
Total Fees	359,994	363,342	370,000	(3,348)	(10,006)
Refunds					
Withdrawal (Pre-reveal/Overpayment)	1,035	5,736	-	4,701	(1,035)
Withdrawal (@ 80%)	444	444	5,900	-	5,456
Withdrawal (@ 70%)	12,610	13,650	7,744	1,040	(4,866)
Withdrawal (@ 35%)	947	25,350	6,453	24,403	5,506
Withdrawal (@ 20%)	-	6,845	12,833	6,845	12,833
Total Refunds	15,037	52,025	32,930	36,988	17,893
Funds Net of Refunds	344,958	311,317	337,070		
Revenue					
Recognized Revenue	96,085	311,317	337,070		
Deferred Revenue	248,872	-	-		
Total Revenue	344,958	311,317	337,070	33,640	7,888
Expenses					
Evaluation Processing Costs	84,460	130,458	142,618	45,997	58,158
Overhead	15,608	41,371	14,238	25,763	(1,370)
NgTLD Team	3,300	12,415	5,599	9,115	2,299
ICANN Staff Allocation	9,460	22,769	7,118	13,308	(2,342)
Other Overhead	2,848	6,187	1,521	3,340	(1,327)
Total Operating Expenses	100,068	171,829	156,856	71,760	56,788
Historical Development Costs	19,135	32,454	32,454	13,319	13,319
Total Expenses	119,203	204,283	189,310	85,079	70,107
Net Remaining Funds	\$225,754	\$107,035	\$147,760	\$118,720	\$77,994
Remaining Funds	225,754	107,035	147,760	118,720	77,994
Risk Costs	1,350 ⁽³⁾	1,179	-		
Risk Reserve	108,750	108,921	120,000		
Net Remaining Funds	115,654	(3,065)	27,760	118,720	87,894

⁽¹⁾ Includes overpayments. There are also 8 applicants that have not paid any application fees.

⁽²⁾ Proceeds from Prioritization Draw and Fees for Change Request. 100% of proceeds from Prioritization Draw were donated to eligible California charitable organizations in accordance with California legal requirements.

⁽³⁾ Currently includes actual risk costs incurred. Future costs cannot be estimate. Further review of risk costs identification in progress.

ICANN
New gTLD Historical Development Costs
As of September 30, 2013
In Thousands

	Accrued	Transferred/Paid
FY13 Actual	\$16,750	\$0
Q1 FY14 Actual	2,385	16,750
Q2 FY14 Budget	3,369	2,385
Q3 FY14 Budget	2,719	3,369
Q4 FY14 Budget	2,591	2,719
FY14 Total	11,065	25,224
FY14 (Program to date)	27,815	25,224
Q1 FY15 Budget	1,649	2,591
Q2 FY15 Budget	1,405	1,649
Q3 FY15 Budget	824	1,405
Q4 FY15 Budget	760	1,584
FY15 Total	4,639	7,230
FY15 (Program to date)	\$32,454	\$32,454

NOTE: Forecast referenced above, as of September 2013.