

ARIN Financial Report

Nancy Carter | *Treasurer, ARIN Board of Trustees*





Financial Report Agenda

- Finance Committee update
- Financial Position
- Investments
- Operating Results
- Net Assets and Liquidity

Finance Committee Update



- Finance Committee meetings
 - Five meetings since ARIN 52
- Business items
 - Reviewed Finance Committee charter and prepared 2023 Committee report
 - Reviewed quarterly financial statements
 - Reviewed quarterly investment results with investment advisor
 - Reviewed and approved proposed changes to investment asset allocations
 - Discussed 2024 RFPs for financial statement audit and investment advisory services
 - Discussed 2024 project to review ARIN operating reserve policy
 - Reviewed proposed contribution of \$1M to the IETF Endowment
 - Met with auditors and reviewed results of 2023 audit of ARIN financial statements



Financial Position

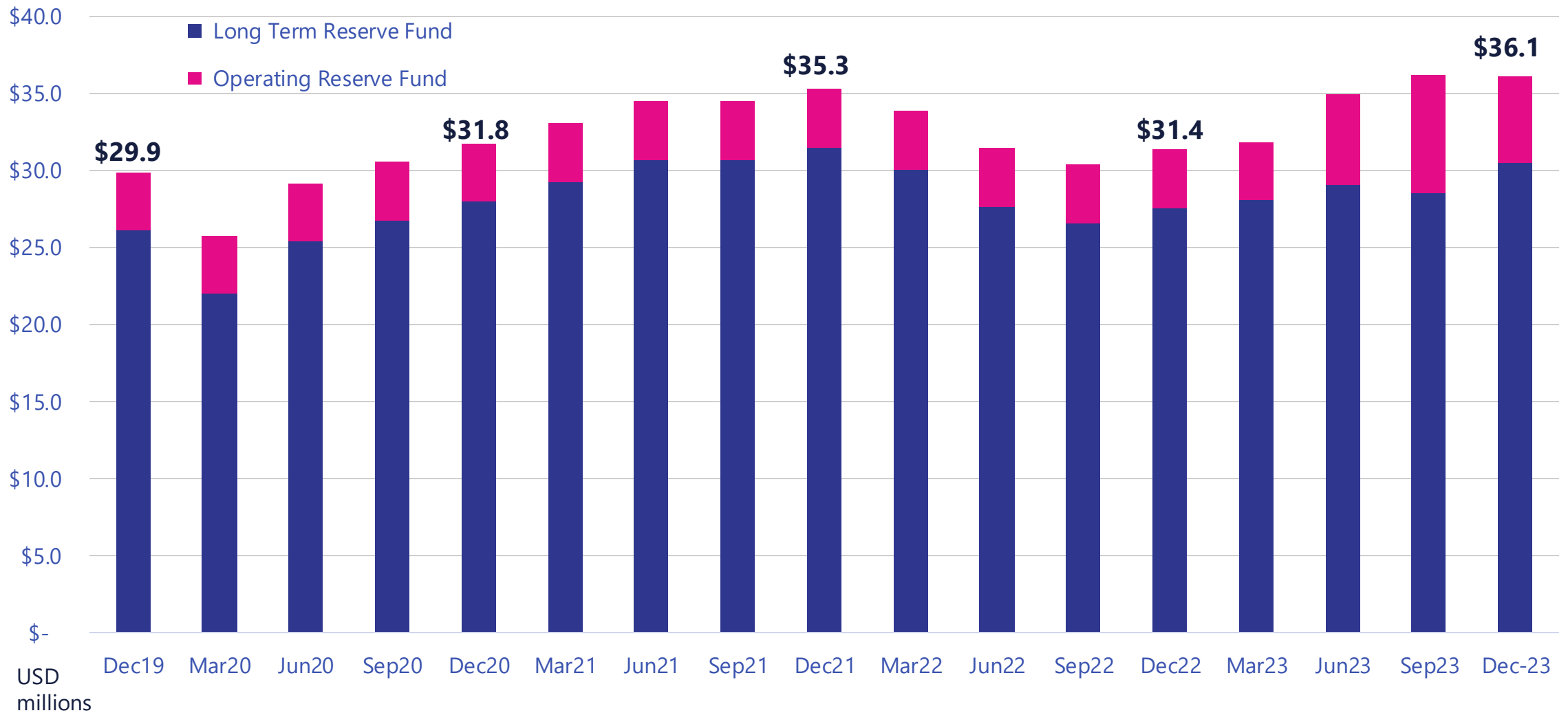
Financial Position



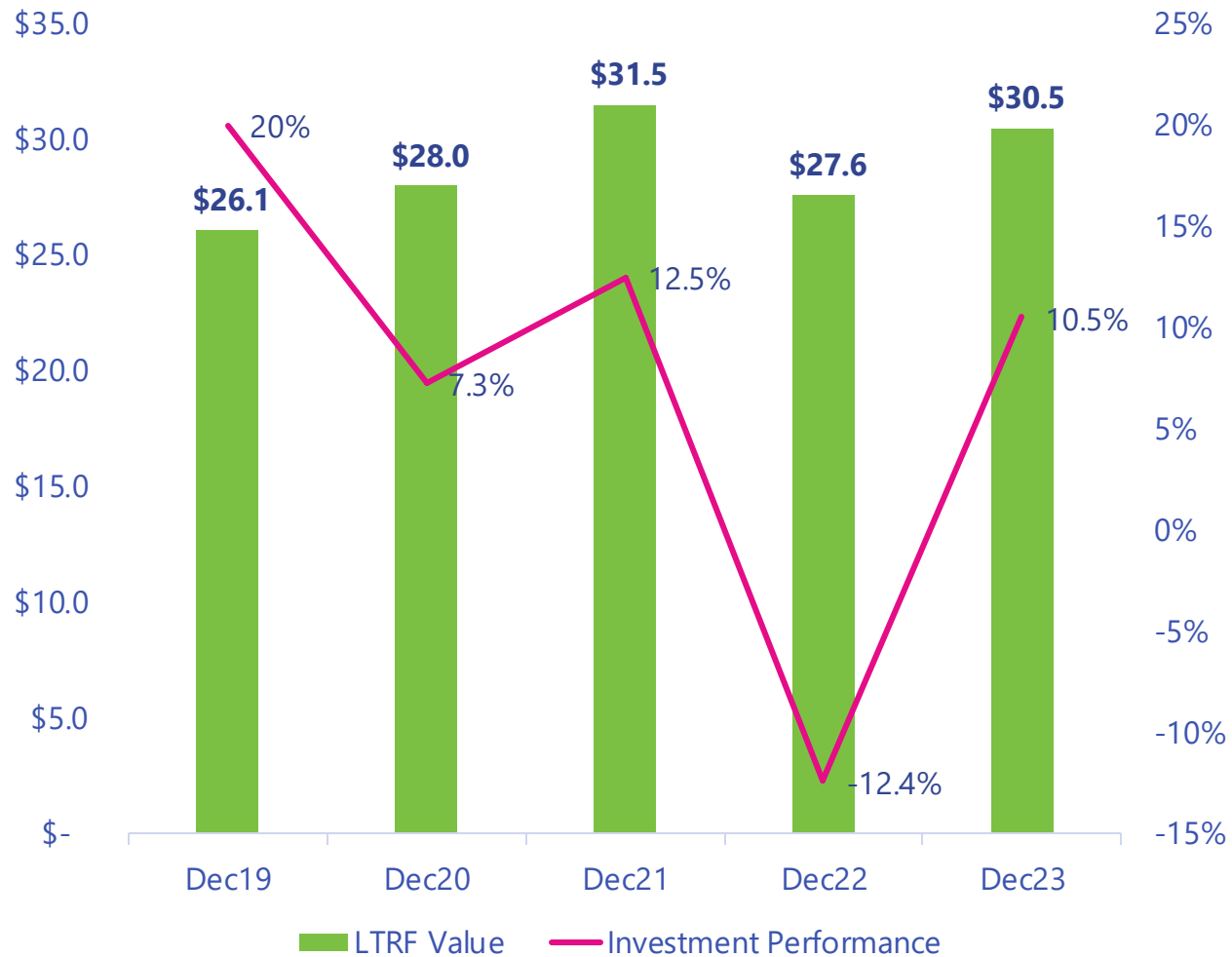
	2023-Dec	2022-Dec	Change \$	YOY Change %
ASSETS				
Cash	\$791,618	\$2,870,548	-\$2,078,930	-72%
Accounts receivable - customers	\$906,623	\$795,779	\$110,844	14%
Investments	\$36,092,643	\$31,438,755	\$4,653,888	-15%
Property and equipment	\$3,582,973	\$4,025,711	-\$422,738	-11%
Lease right of use assets	\$2,650,404	\$2,936,683	-\$286,280	-10%
Other	\$1,060,557	\$721,344	\$339,213	47%
TOTAL ASSETS	\$45,084,818	\$42,788,820	\$2,295,998	5%
LIABILITIES				
Accounts payable and accrued expenses	\$3,804,561	\$2,026,831	\$1,777,730	88%
Lease liabilities	\$3,596,789	\$4,206,205	-\$609,417	-15%
Deferred revenue	\$12,368,196	\$12,495,951	-\$127,755	-1%
TOTAL LIABILITIES	\$19,769,546	\$18,728,987	\$1,040,559	6%
NET ASSETS	\$25,315,272	\$24,059,833	\$1,255,439	5%
TOTAL LIABILITIES AND NET ASSETS	\$45,084,818	\$42,788,820	\$2,295,998	5%

Some changes to ARIN's financial position

- Cash moved to investment account
- Favorable investment performance
- Paydown of lease liabilities
- Deferred revenue more constant in post fee harmonization environment
- Accrual of IETF contribution
- Increase in net assets

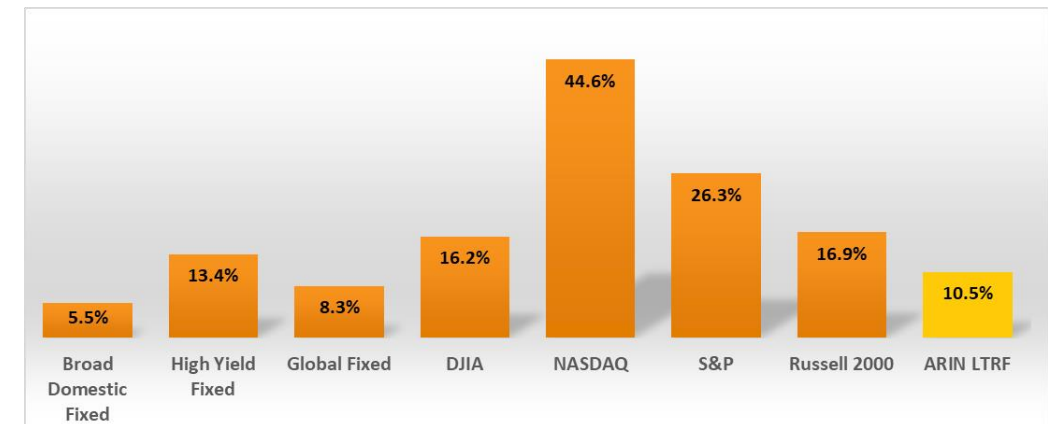


Investment changes for 2023 include transfers from ARIN cash account



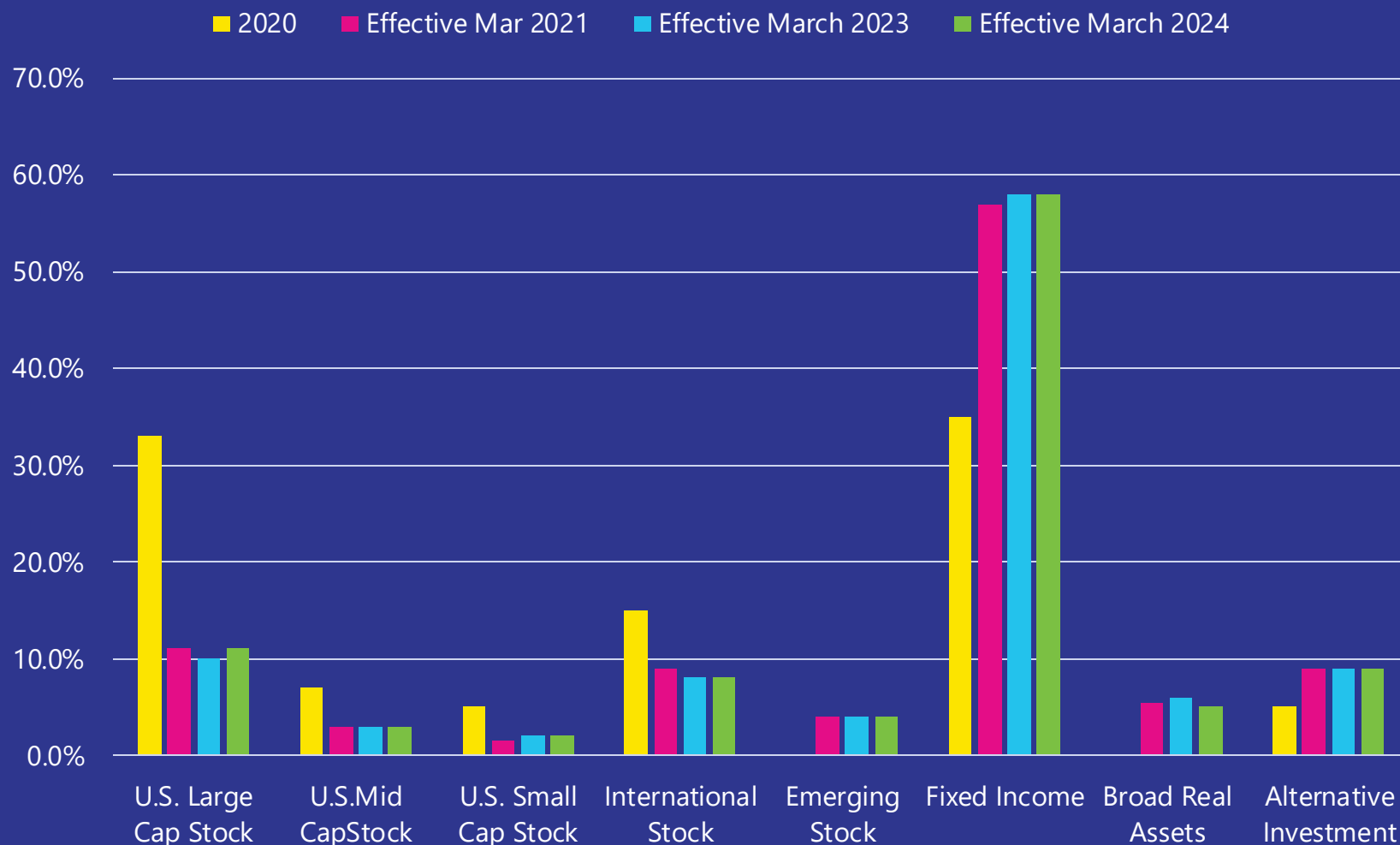
Long Term Reserve Fund

2023 Market Performance



2023 earnings of 10.5% provided \$2.9M as the fund continues to recover from 2022 losses

Investment Asset Allocation



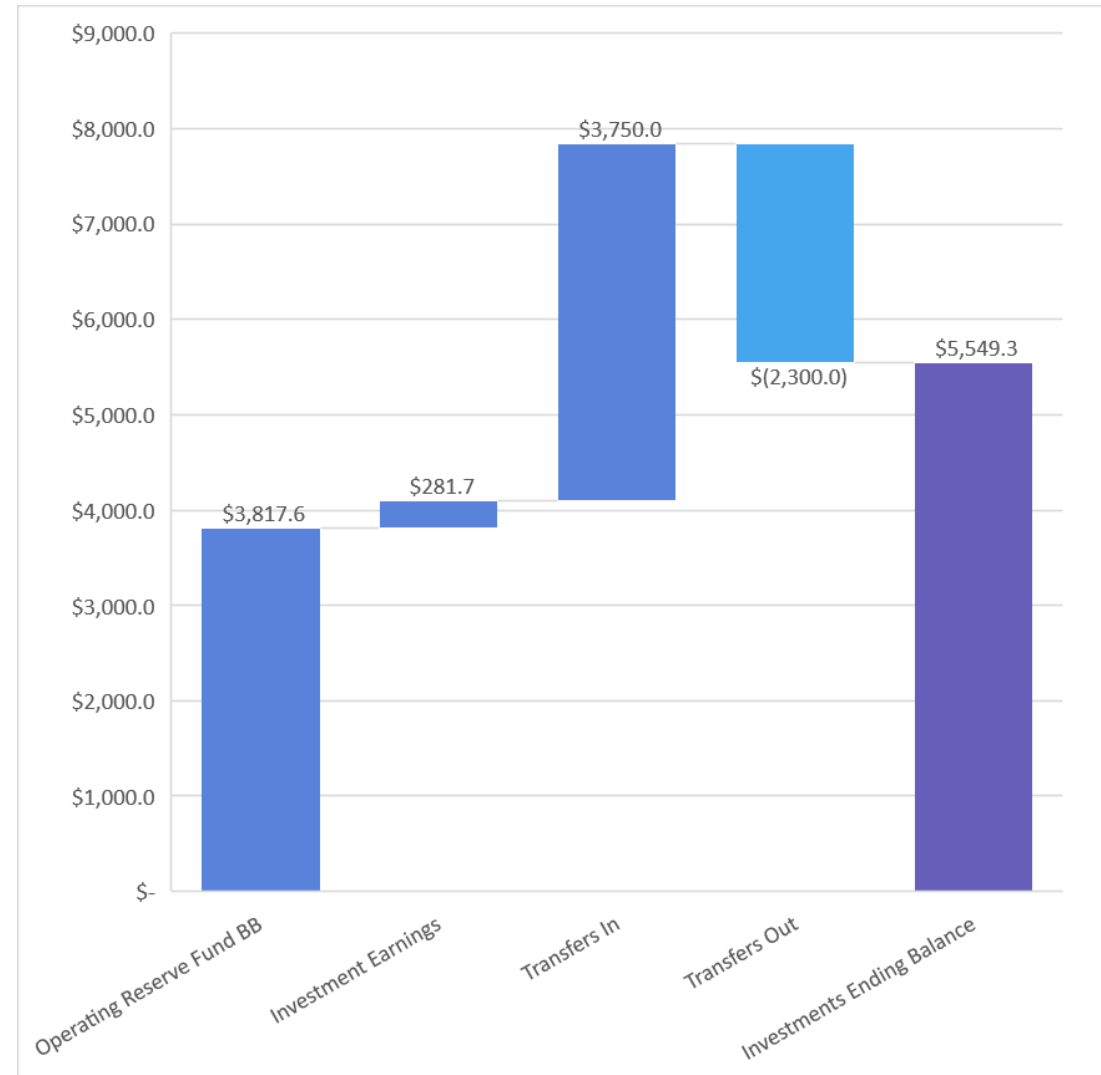
- Asset allocation has been relatively constant since shifting in 2021 to a more conservative investment philosophy
- Current allocation is
 - 58% fixed income
 - 28% equity
 - 6% real assets
 - 9% alternative investments

Operating Reserve Fund



- After several years of money market interest rates near 0%, the Operating Reserve Fund is now earning interest of more than 4%.
- Active treasury management process in 2023 — cash was transferred into and out of the Operating Reserve Fund to take advantage of the higher interest rates.
- Interest earned in 2023 was \$281K, compared to \$53K in 2022.

USD thousands





Operating Results

Operating Results



	2023 Actual	2022 Actual	% YOY Change	2023 Budget	% Budget Variance
Revenue and Expenses					
Revenue	\$28,346,197	\$24,877,028	14%	\$28,634,589	-1%
Expenses	\$30,294,647	\$26,397,656	15%	\$29,385,192	3%
Operating Surplus (Deficit)	-\$1,948,450	-\$1,520,628	-28%	-\$750,603	-26%

- 2023 revenues tracked close to budget
- 2023 operating expenses were close to budget except for one major outlier
 - Board of Trustees approved the second of two contributions to IETF; \$1M accrued but not yet paid

Revenues



	2023 Actual	2022 Actual	% YOY Change	2023 Budget	% Budget Variance
Revenue					
Registration fees - annual renewal	\$25,013,208	\$22,329,433	12%	\$25,070,914	0%
Registration fees - initial	\$1,052,078	\$1,221,700	-14%	\$1,170,675	-10%
Network transfers	\$1,592,813	\$707,200	125%	\$1,713,000	-7%
Contributions and other revenue	\$688,098	\$618,695	11%	\$680,000	1%
Total Revenues	\$28,346,197	\$24,877,028	14%	28,634,589	-1%

- Annual registration fees grew as expected in the post fee harmonization environment
- Initial registration fees decreased slightly more than expected
- Resource transfer fees grew substantially as the new recipient transfer fee was introduced in 2023

IPv4/IPv6 Registration Services Plan

March 2024

Category	Customers
3X-Small	5,257
2X-Small	3,688
X-Small	4,139
Small	1,864
Medium	950
Large	422
X-Large	121
2X-Large	41
3X-Large	15
4X-Large	6
5X-Large	4
Total Customers	16,507
Total \$	\$24,201,250

March 2023

Category	Customers
3X-Small	4,931
2X-Small	3,567
X-Small	4,005
Small	1,860
Medium	946
Large	429
X-Large	126
2X-Large	36
3X-Large	16
4X-Large	7
5X-Large	3
Total Customers	15,976
Total \$	\$23,863,250

Growth in customers

- 531
- 3.3%

Growth in annual revenue run rate

- \$338,000
- 1.4%

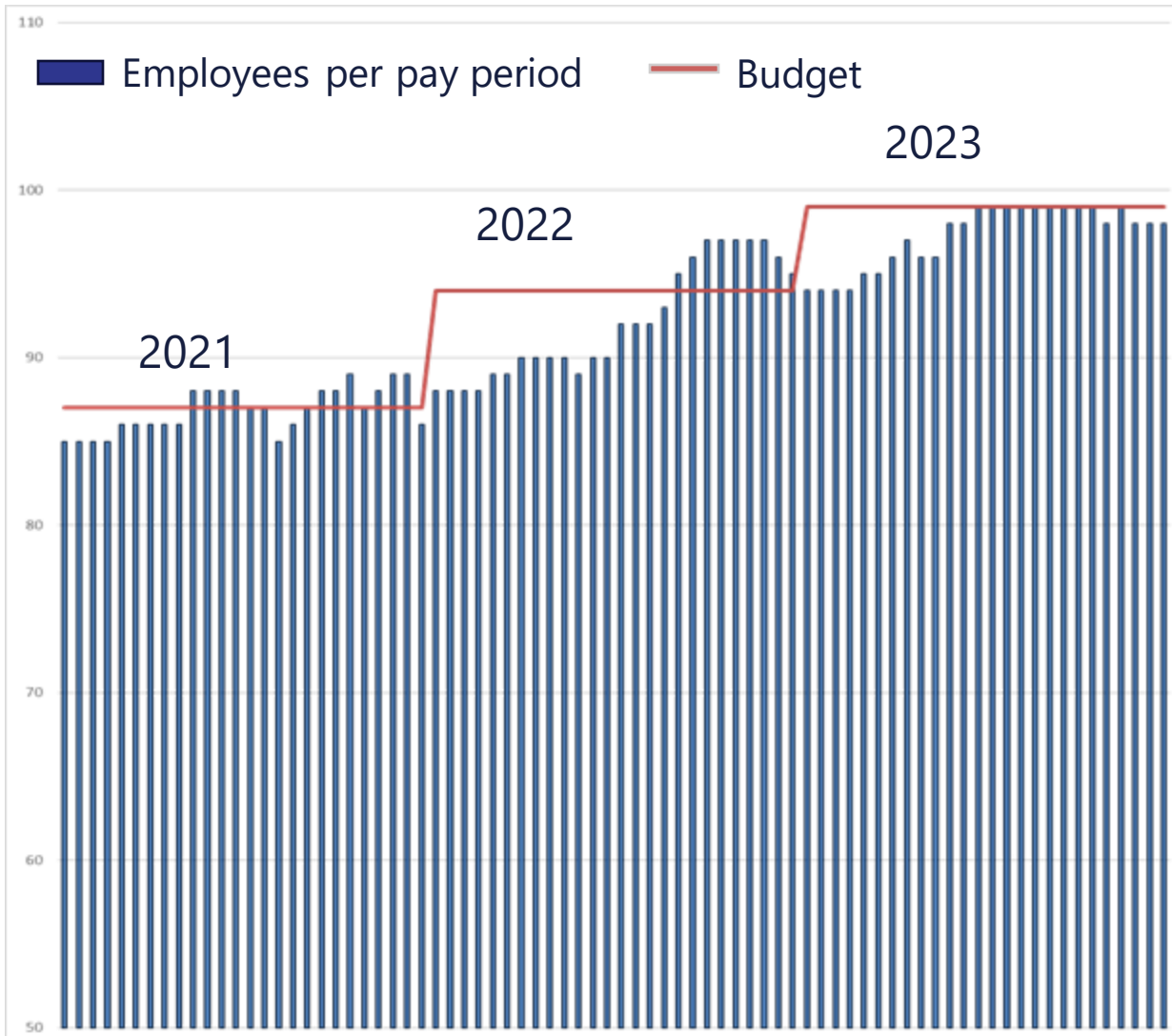
Operating Expenses



	2023 Actual	2022 Actual	% YOY Change	2023 Budget	% Budget Variance
Operating Expenses					
Salaries and benefits	\$20,264,009	\$17,547,094	16%	\$20,049,801	1%
Engineering operations	\$3,703,873	\$3,545,741	5%	\$3,993,049	-7%
Outreach and industry support	\$1,810,903	\$628,350	188%	\$954,600	90%
Travel and meeting	\$1,661,559	\$1,686,553	-2%	\$1,638,400	1%
Professional fees	\$1,185,710	\$1,377,895	-14%	\$1,221,045	-3%
Occupancy and office expense	\$851,946	\$838,418	2%	\$883,454	-4%
Treasury and corporate insurance	\$816,647	\$773,605	6%	\$644,843	27%
Total Operating Expenses	\$30,294,646	\$26,397,656	15%	\$29,385,192	3%

- 2023 outreach and industry meetings expense includes the second of two \$1M contributions ARIN committed to in 2016.
- The budget variance in treasury and corporate insurance is driven by ARIN cancelling the proposal to charge customers for credit card payment fees.

Employee growth



Year-over-year changes in recurring operating expenses is driven by the number of ARIN employees

- 2023 number of employees
 - Average: 97
 - Budgeted: 99
- 2022 number of employees
 - Average: 92
 - Budgeted: 94
- 2021 number of employees
 - Average: 87
 - Budgeted: 87

Net Assets and Liquidity



Net Assets and Liquidity



	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023
Net Assets	\$24.1	\$27.5	\$29.4	\$24.1	\$25.3
Cash and Investments	\$31.4	\$34.5	\$37.6	\$34.3	\$36.9
% Net Assets Covered by Cash and Investments	130%	125%	128%	142%	144%
Avg Monthly Operating Expenses	\$1.8	\$1.8	\$1.9	\$2.2	\$2.4*
Number of Months of Expenses Covered by Net Assets	13.4	15.3	15.5	11.0	10.5

* 2023 actual, excluding IETF accrued contribution

\$ USD millions

ARIN remains in a favorable liquidity position.

Thank You

Questions or Comments?

