RIPE NCC
RIPE NETWORK COORDINATION CENTRE

Financial Report 2021

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EXECUTIVE BOARD REPORT 2021

Introduction to the RIPE NCC Financial Report

In 2021, we continued to deliver world-class service while engaging to connect people to maintain the resiliency and stability of the Internet. While the restrictions imposed by COVID-19 have prevented us from organising physical events, they have freed up economic resources that have allowed us to devote more effort to improving and protecting our infrastructure and services.

During the 2021 financial year, the trend towards consolidation continued with a decrease of 360 LIRs to reach a total of 23,209 LIRs by the end of 2021. However, our membership grew from 19,843 to 20,015 and our membership income increased from 40M EUR to 43.5M EUR. This increase can be partly explained by the continued demand for IPv4 address, which drove many to join our waiting list to become a member or open an additional LIR account. A financial surplus of 13.3M EUR was redistributed to members, and the capital expense ratio decreased from 112% to 110% due to no significant capital increase compared to last year and higher costs in specific areas (staff, consultancy, IT infrastructure). The organisation's capital and liquidity positions slightly increased from 32,472 kEUR to 32,474 kEUR and remains in good condition and consistent with the RIPE NCC's risk appetite.

Due to COVID-19 restrictions, we have not been able to organise physical RIPE, ENOG, MENOG or SEE meetings or face-to-face training courses. This translates into an underspend of 2.8M EUR for Outreach and PR and 0.8M EUR for travel expenses. Overall, our costs were 11.8% lower than expected with a total of 29.6M EUR spent on a budget of 33.6M EUR.

On the other hand, this gave us the opportunity to focus on improving our due diligence procedures and member administration. As a result, we spent 3.3M EUR in IT infrastructure against a budget of 2.7M EUR. These efforts also helped us decrease our amount of bad debts which went from 278 kEUR in 2020 to 152 kEUR in 2021. The RIPE NCC Executive Board is confident in the organisation's capacity to remain financially stable and solvent in the coming years.

Looking ahead, we will focus on maintaining a strong and accurate registry, strengthening and protecting our infrastructure and services, as well as supporting the RIPE community and ensuring we engage effectively with regulators and policy-makers. We would also like to acknowledge that the war between Russia and Ukraine could have a financial impact on our activity as the ability of our members in both countries to pay their 2022 invoice remains uncertain at the time of writing.

More information on our future plans can be found in the 2022 Activity Plan and Budget and the RIPE NCC Strategy 2022- 2026.

About the RIPE NCC

The RIPE NCC is an independent, not-for-profit membership association that supports the infrastructure of the Internet through technical coordination in our service region. Our most prominent activity is to act as the Regional Internet Registry (RIR) providing global Internet resources and related services (IPv4, IPv6 and AS Number resources) to members in our service region.

In 2021, our team was composed of 161.9 FTEs located in Amsterdam and Dubai as well as consultants working in other parts of our service region.

Objectives:

1. Support an open, inclusive and engaged RIPE community
2. Operate a trusted, efficient, accurate and resilient Registry
3. Enable our members and community to operate one secure, stable and resilient global Internet
4. Maintain a stable organisation with a robust governance structure
5. Attract engaged, competent and diverse staff

The RIPE NCC Executive Board

The RIPE NCC Executive Board is elected by members to represent them and provide guidance to the RIPE NCC Management. In 2021, the RIPE NCC Executive Board consisted of six men and one woman. The RIPE NCC Executive Board does not receive remuneration or a fixed expense reimbursement.

RIPE NCC Management

The RIPE NCC's management team oversees the general operation of the organisation. In 2021, the RIPE NCC's management team consisted of five men and three women and their remuneration amounted to 1,355 kEUR.

The RIPE NCC remains in a stable financial position for 2022:

- **Sufficient and sustainable income**
  The number of LIRs decreased from 23,569 LIRs to 23,209 LIRs due to consolidation but our membership grew from 19,843 to 20,015 members. The total income was 43.5M EUR which is 12.7% higher than budgeted.

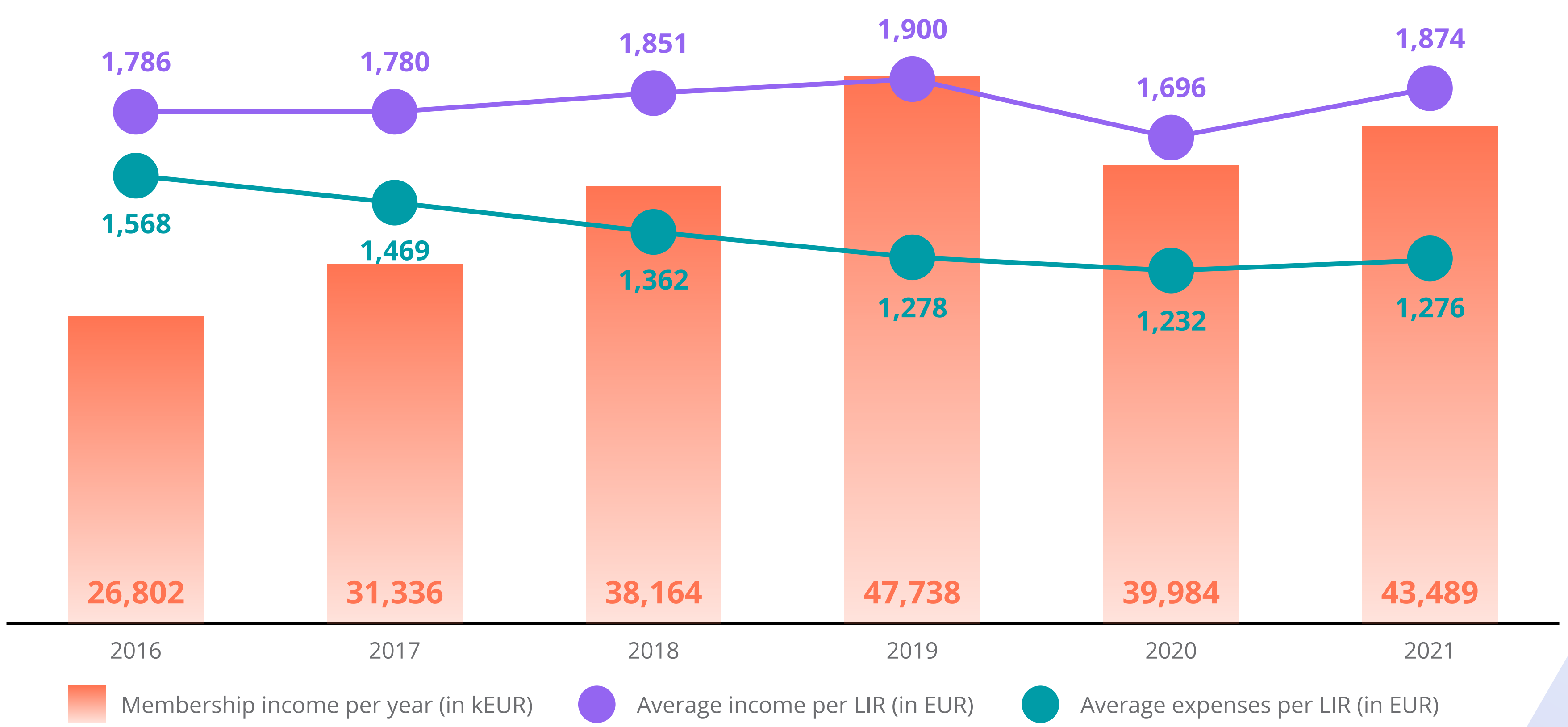
- **Costs under budget**
  The total expenditure for 2021 was 11.8% under budget at 29.6M EUR, mostly due to COVID-19 restrictions on travel and meetings. The cost per LIR increased from 1,232 EUR to 1,276 EUR.

- **Sound capital and liquidity management**
  In 2021, the RIPE NCC Capital Expense ratio decreased from 112% to 110% but remains at a high level due to an underspending caused by COVID-19 restrictions. This is sufficient to cover our operational costs for one year. If we were able to spend our entire budget, this ratio would be below 100%. The Capital Expense ratio as well as a five-year financial forecast are used as key indicators by the RIPE NCC to manage liquidity and ensure sound capital.

- **Transparency in financial operations**
  In January 2022, we published our new Billing Procedure and every year the RIPE NCC produces a detailed Financial Report and Activity Plan and Budget. We also follow the principles as described in our Tax Governance Paper and Treasury Statute.

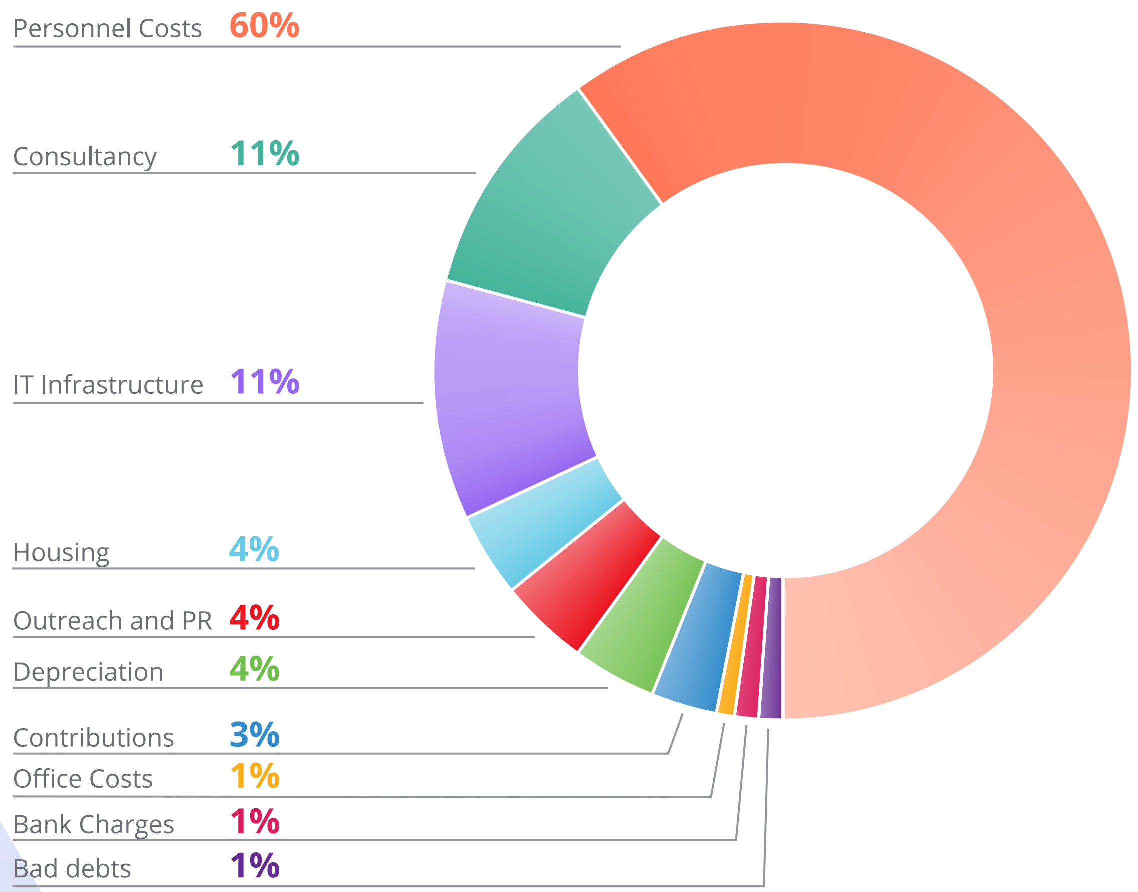
Membership trends and financial sustainability

In 2021, our membership income was 43.5M EUR before redistribution (13.3M EUR), which is 14.3% higher than budgeted. In 2020, our membership income was 40M EUR before redistribution (11.1M EUR). The income from annual fees decreased from 37.4M EUR to 36.4M EUR which is in line with the 2021 budget. On the other hand, the income from sign-up fees increased from 2.5M EUR to 7.1M EUR, with 3,550 new LIRs joining the RIPE NCC, which represents a 195% increase compared to budget. This also suggests that the prospect of receiving a /24 IPv4 address block from the waiting list remains a strong incentive to join the RIPE NCC as IPv4 market prices are on the rise. In parallel, there were 4,000 LIR account closures, which was higher than expected.



Costs under budget

Due to the pandemic, we spent 29.6M EUR instead of the 33.6M EUR budget, which represents a budget underspend of 11.8%. This mainly consists of 0.8M EUR in travel costs and 2.8M EUR in Outreach and PR (1.6M EUR in RIPE Meeting costs, 0.4M EUR in Regional Meetings costs and 0.5M EUR in training costs).



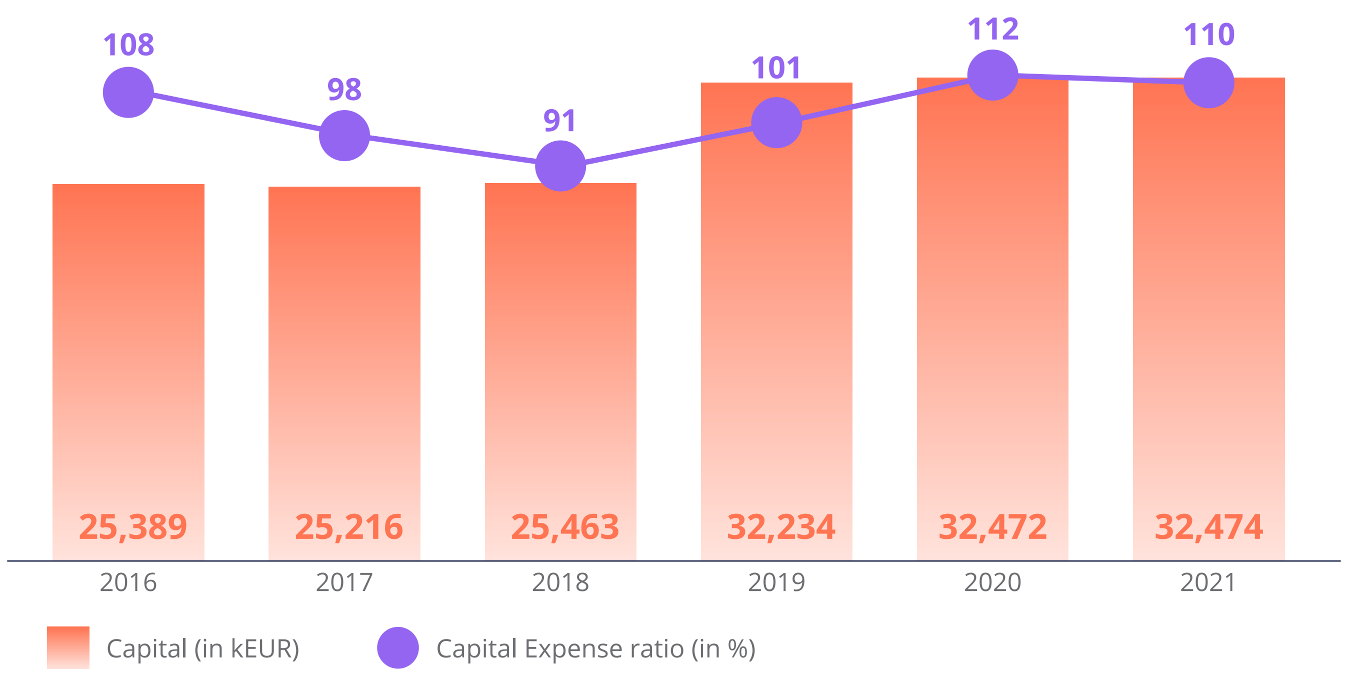
Sound capital and liquidity management

The RIPE NCC continues to implement a conservative investment strategy to minimise risk for the RIPE NCC reserves.

In 2021, the Capital Expense ratio decreased from 112% to 110% due to our capital remaining at a similar level to 2020 and higher costs in specific areas (staff, consultancy and IT infrastructure). There was also a slight increase of 2 kEUR in our Clearing House reserve from 32,472 kEUR to 32,474 kEUR (small surplus after redistribution). This is a comfortable amount that will allow us to handle uncertainties over the coming years.

The Treasury Statute describes how we minimise risks for our investment portfolio, including the asset mix spread, and it is monitored and reviewed annually by the Executive Board. In 2021, we started a project to reevaluate the Treasury Statute in cooperation with the Executive Board.

The RIPE NCC is solvent, and we will continue to look at our capacity to meet our longer-term financial obligations.



Risk and uncertainties

Risk management is an integral part of our corporate strategy. The understanding of risk exposure is crucial to ensure sound strategic decision-making. The RIPE NCC has implemented a company-wide risk management framework to identify, monitor and manage risk exposure. This approach enables us to make informed risk-return decisions, to exercise adequate control throughout the organisation and to manage the risks within our remit. We aim to support a stable, resilient and healthy Regional Internet Registry.

Main risk findings

The company-wide risk management framework spans eight risk types: Organisational, Financial, Legal, Operational, Human Resources, IT, Registry and Reputational. Risk mitigation is carried out through single-point accountability at risk type and risk item levels. Quantification of annual targets with associated risk limits is monitored and reported. We have a robust control framework in place accompanied by a risk mitigation method to close control gaps and address residual risk in line with our low-risk appetite.

The main risks were in the Organisational, Financial, Legal, IT and Registry risk types. To address these, we carried out the following controls:

- Organisational: We have implemented a new governance model in which Executive Board members are paired with risk type owners to better focus on the respective risk types. In addition, we established a risk, information security and compliance function to ensure separation of duties.
- Financial: We deployed a new financial governance model to facilitate close cost monitoring.
- Legal: We adopted a legal specification that allows us to anticipate regulatory scenarios triggered by the interplay of geopolitical factors.
- IT: We continued to focus on ongoing cybersecurity threats and developed a robust RPKI control framework with SOC 2-compliant controls.
- Registry: We instituted an automated sanctions screening and due diligence process, which was externally reviewed.

Risk culture

Our reputation is built on trust and we find it extremely important that our internal and external stakeholders comprehend our organisational purpose, direction and operating model. We operate according to the policies and guidelines as set out by the RIPE community and our members endorse our activities through a yearly Activity Plan and Budget cycle.

Risk profile

As part of our long-term strategy, we are committed to maintaining a low-risk profile. We actively manage our financial position factoring in relevant developments in the Internet domain that impact us, and we continuously consider the needs and requirements of our members and community. Our risk mitigation plan is linked to our funding needs, so that we can continue to fulfill our obligations in a stable and predictable manner. From a financial and organisational perspective, the RIPE NCC is well positioned to navigate the risks and opportunities ahead.

Risk management focus areas

We introduced the integrated risk management framework in 2019. This framework and the underlying risk matrices (one for each risk type) are validated on an annual basis. We plan to continue to focus on IT risk (information security), registry risk (sanctions), legal risk (legislation and regulation affecting us) and financial risk (maintaining a dialogue with our banks regarding (ultra) high-risk countries in our service area).

BALANCE SHEET AS OF 31 DECEMBER 2021 (in kEUR)

Before Allocation of Surplus/Deficit (in kEUR)

			31/12/2021		31/12/2020
FIXED ASSETS					
Tangible Fixed Assets	[1]				
Hardware		1,630		1,920	
Infrastructure		12		283	
Office Equipment		41		121	
			1,683		2,323
Financial Fixed Assets	[2]		10,271		12,381
CURRENT ASSETS					
Receivables					
Accounts Receivables	[3]	41		54	
Taxes and Social Security Contributions	[4]	288		446	
Miscellaneous Receivables	[5]	1,905		1,409	
			2,234		1,909
Cash at Bank and in Hand	[6]		37,134		32,557
TOTAL ASSETS			**51,322**		**49,169**
CAPITAL AND LIABILITIES					
Capital	[7]				
Clearing House		32,472		32,234	
Surplus/Deficit after Taxation		2		238	
			32,474		32,472
Current Liabilities	[8]				
Trade Creditors and Suppliers		561		1,457	
Taxes and Social Security Contributions		871		965	
Accruals and Deferred Income		17,415		14,274	
			18,848		16,697
TOTAL CAPITAL AND LIABILITIES			**51,322**		**49,169**

STATEMENT OF INCOME AND EXPENDITURE 2021 (in kEUR)

Before Allocation of Deficit/Surplus (in kEUR)

		Actual 2021	Budget 2021	Actual 2020
Income	[9]			
Annual Fees		36,389	35,626	37,460
Sign-up Fees		7,100	2,400	2,524
Ripe Meetings		-	235	-
Sponsorship Income		4	255	86
Other Income		(8)	50	107
Re-distribution of Member Fees		(13,290)	-	(11,075)
TOTAL INCOME		**30,195**	**38,566**	**29,101**
Expenditures				
Payroll and Personnel Expenditures	[10]	17,785	17,318	17,668
Other Operating Expenditures	[11]	10,756	15,011	10,270
Depreciations and Amortisations	[12]	1,071	1,227	1,156
TOTAL EXPENDITURES		**29,612**	**33,556**	**29,093**
Financial Income and Expenditures	[13]			
Result on Interest Income		69	150	117
Interest Expenditures		(124)	-	(85)
Result Exchange Differences		58	-	(115)
Unrealised Revaluation Financial Fixed Assets		(459)	100	312
TOTAL FINANCIAL INCOME AND EXPENDITURES		**(457)**	**250**	**230**
SURPLUS/DEFICIT BEFORE TAXATION		**126**	**5,260**	**238**
Income Taxes	[14]	124	-	-
SURPLUS/DEFICIT AFTER TAXATION		**2**	**5,260**	**238**

CASH FLOW STATEMENT 2021 (in kEUR)

The cash flow has been drawn up using the indirect method.

		2021		2020
Operating Result		**583**		**8**
Adjustments for				
Depreciations and Impairments	1,071		1,156	
Exchange Rate Differences	(16)		(103)	
Movement in Provisions	(8)		298	
		1,047		**1,351**
Changes in Working Capital:				
Receivables	(288)		(598)	
Short Term Liabilities	1,992		2,638	
		1,704		**2,040**
Cash Flow from Business Operations		**3,334**		**3,399**
Interest Received		92		162
Interest Paid		(89)		(37)
CIT Paid		-		(2,037)
CASHFLOW FROM OPERATING ACTIVITIES		**3,337**		**1,487**
Cash Flow from Investing Activities				
Additions to Tangible Fixed Assets		(437)		(553)
Disposals of Tangible Fixed Assets		6		9
CASHFLOW FROM FINANCING ACTIVITIES		**(431)**		**(544)**
Cash Flow from Financing Activities				
End of Duration Government Bond		1,672		-
Sold Securities		-		925
CASHFLOW FROM FINANCING ACTIVITIES		**1,672**		**925**
Currency Difference				
NET CASHFLOW		**4,578**		**1,867**
MOVEMENT CASH		**4,578**		**1,867**

ACCOUNTING POLICIES

1. General Notes

1.1 Activities

Réseaux IP Européens Network Coordination Centre (RIPE NCC) administers Internet number resources for its members. The RIPE NCC maintains several technical elements vital to the Internet infrastructure, including the public RIPE Database and K-root service. As the secretariat to the RIPE community, the RIPE NCC carries out a number of support functions such as running RIPE Meetings and facilitating the RIPE Policy Development Process.

1.2 Registered office, legal form and registration number at the chamber of commerce

The RIPE NCC is a not-for-profit membership association under Dutch law, registered with the Netherlands Chamber of Commerce under number 40539632, located at Stationsplein 11, 1012 AB Amsterdam, the Netherlands.

1.3 Going concern

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the association.

1.4 Judgments and estimates

The RIPE NCC's management makes various judgments and estimates when applying the accounting policies and rules for preparing financial statements. The principal judgments and estimates, including underlying assumptions, are the provision of bad debts. The provision of bad debts is an assumption based on the experience from past years that approximately 1% of existing members will not pay their membership fee. Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously, and;
- The firm intention is to settle the assets and liabilities on a net basis or simultaneously.

1.5 Accounting policies for the cash flow statement

The Cash Flow Statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than 12 months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the Cash Flow Statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the Cash Flow Statement. The value of the related asset and lease liability are disclosed in the notes to the Balance Sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

2 General accounting policies

2.1 General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards (RJ640 non-profit organisations), as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the Balance Sheet, Statement of Income and Expenditure and the Cash Flow Statement, references are made to the notes.

2.2 Comparison with previous years

The valuation principles and method of determining the result are the same as those used in the previous year. We made some reclassifications in the comparison figures for comparability reasons. The reclassifications do not have any effect in the results or equity.

2.3 Foreign currency

2.3.1 Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of the RIPE NCC.

2.3.2 Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the Balance Sheet date. The translation differences resulting from settlement and conversion are credited or charged to the Statement of Income and Expenditure, unless hedge-accounting is applied. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

2.4 Leasing

2.4.1 Operational leasing

The association may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit nor incurred by the association. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the Statement of Income and Expenditure for the duration of the contract.

3. Accounting Policies Applied to the Valuation of Assets and Liabilities

3.1 Tangible fixed assets

Tangible fixed assets are depreciated for the period of economic use. If the depreciation method, useful economic life and/or residual value are subject to changes over time, they are treated as a change in accounting estimates. A tangible fixed asset is derecognised upon sale or when no further economic benefits are expected from its continued use or sale. The gain or loss arising from the disposal is booked to the Statement of Income and Expenditure. Tangible fixed assets in use by the organisation are carried at the cost of acquisition, net of accumulated depreciation and, where applicable, accumulated impairment losses. Tangible fixed assets carried at cost do not include capitalised interest charges. Hardware, infrastructure and office equipment are written off after five years and depreciated on a straight-line basis. The threshold for capitalising fixed assets is EUR 500. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic lives, taking the residual value into account.

3.2 Financial fixed assets

Financial fixed assets consist of government bonds and Exchange-Traded Funds (ETFs.) The fair values of these quoted securities are based on price quotations at the reporting date.

Changes in the fair value are directly recognised in the Statement of Income and Expenditure.

3.3 Accounts receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

3.4 Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than 12 months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

3.5 Current liabilities

On initial recognition, current liabilities are recognised at fair value. After initial recognition, current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. Principles for the Statement of Income and Expenditure

4.1 General

The surplus/deficit is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year which they are realised. The surplus/deficit is determined taking into account the recognition of unrealised changes in fair value of the securities as included in the fixed assets.

4.2 Revenue recognition

4.2.1. General

Net income relates to the proceeds from membership fees, sponsorships and the delivery of services after deducting taxes on sales.

4.2.2 Sales of services

If the result of a transaction relating to one of these can be reliably estimated and the income is likely to be received, the income relating to that service is recognised in proportion to the service delivered. RIPE NCC members determine annually whether to adjust fees that members have to pay for the year by adopting a redistribution scheme for the current year regarding excess contribution paid.

4.3 Expenditures

4.3.1 General

Expenditures are determined with due observance of the accounting policies mentioned in this report and are allocated to the financial year to which they relate. Obligations (foreseeable and otherwise) and potential losses arising before the end of the financial year are recognised if they are known before the financial statements are prepared, provided that all other conditions for forming provisions are met. Project funding expenditures are recognised in the year in which the agreements with the funding recipient were signed and announced.

4.3.2 Employee costs

Wages, salaries and social security charges are recognised in the Statement of Income and Expenditure according to the terms of employment to the extent that they are due to either employees or the tax authorities.

4.3.3 Pensions

Pension contributions payable to the pension scheme administrator are recognised as an expenditure in the Statement of Income and Expenditure. Contributions payable or prepaid contributions at year-end are recognised under accruals and prepayments respectively.

4.4 Financial Income and Expenditure

4.4.1. Interest income and interest expenditures

Interest income and expenditures are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenditures, the recognised transaction expenditures for loans received are taken into consideration.

4.4.2. Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised.

4.5 Corporate Income Tax

Tax on the result is calculated based on the result before tax in the Statement of Income and Expenditure, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

5. Financial instruments and risk management

5.1 Market risk

5.1.1. Currency risk

The RIPE NCC mainly operates in Europe, Central Asia and the Middle East. From an income perspective, currency risks are low because invoices are sent to members in EUR only. However, outstanding payable positions are held in several foreign currencies and bank accounts are also held in USD and AED. Governments bonds and securities are held in four different currencies. Based on the RIPE NCC's Treasury Statute, which is reviewed annually by the Executive Board, it was decided that none of these currencies needs to be hedged.

5.1.2. Price risk

The RIPE NCC incurs risk regarding the valuation of Securities and Government Bonds disclosed under financial assets within fixed assets. Market value risk is managed by stratifying the portfolio and imposing limits as described in the RIPE NCC's Treasure Statute.

5.1.3 Interest rate and cash flow risk

Interest rate risk is incurred on interest-bearing receivables (in particular those included in financial assets, securities and cash). No financial derivatives for hedging of the interest rate risk are contracted with regard to the receivables.

5.2 Credit risk

The RIPE NCC does not have any significant concentrations of credit risk.

5.3 Liquidity risk

The RIPE NCC uses several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

BREAKDOWNS OF ITEMS IN THE BALANCE SHEET

Fixed Assets

Tangible Fixed Assets [1]

	31/12/2021	31/12/2020
Hardware	1,630	1,920
Infrastructure	12	283
Office Equipment	41	121
	1,683	**2,323**

Our tangible fixed assets decreased in 2021 due to fewer investments in hardware as we are continuing to move parts of our infrastructure to the cloud and made no new investment in office equipment. The bulk of our tangible investments for 2021 included laptops, load balancers and a few servers.

	Hardware	Infrastructure	Office Equipment	Total
Carrying amount as of 1 January 2021	1,920	283	121	2,323
Addition	437	-	-	437
Disposals/Retirements	(348)	-	-	(348)
Depreciation Disposals	343	-	-	343
Depreciation	722	270	80	1,071
CARRYING AMOUNT AS OF 31 DECEMBER 2021	**1,630**	**12**	**41**	**1,683**
Cost	7,113	1,369	508	8,990
Depreciation	(5,483)	(1,357)	(467)	(7,307)
CARRYING AMOUNT AS OF 31 DECEMBER 2021	**1,630**	**12**	**41**	**1.683**

Financial Fixed Assets [2]

	31/12/2021	31/12/2020
FINANCIAL FIXED ASSETS	**10,271**	**12,381**

	Government Bonds	Securities	Total
Carrying Amount as of 1 January 2021	7,341	5,040	12,381
Addition	-	-	-
Disposals	(1,672)	-	(1,672)
Currency Translation Effect	74	-	74
Unrealised Revaluation/Gain	(186)	(325)	(511)
CARRYING AMOUNT AS OF 31 DECEMBER 2021	**5,556**	**4,715**	**10,271**

The RIPE NCC's investments are managed in accordance with RIPE NCC's Treasury Statute. On 31 December 2021, the RIPE NCC held eight different government bonds and securities in three different currencies: EUR, CAD and AUD. In 2021, two government bonds reached maturity. No new investments were made in 2021 as our treasury strategy is currently under review to reflect the recent changes in economic markets caused by high inflation rates and negative interest rates. The total financial assets delivered an unrealised negative return of 511 kEUR. All government bonds and securities are held for trading. The total portfolio does not include any majority stakes.

Current Receivables

	31/12/2021	Remaining Term > 1 year	31/12/2020	Remaining Term > 1 year
Account Receivable	41	-	54	-
Taxes and Social Security Contributions	288	-	446	-
Miscellaneous Receivables	1,905	89	1,409	226
	2,234	**89**	**1,909**	**226**

The fair value of the receivables approximates the carrying amount due to their short-term character and that provisions for bad debt are recognised where necessary. The decrease in receivables with a remaining term > 1 year is due to the partial refund of the advance payments made in 2019 for events which have been cancelled or postponed to 2022.

Accounts Receivables [3]

	31/12/2021	31/12/2020
Debtors	41	54
Provision for Doubtful Debts	-	-
	41	**54**

There is no significant amount for debtors compared to the total income due to early invoicing of existing members in the year. Organisations under Dutch law need to adjust unpaid invoices that relate to the next year. These debts are not shown in the account receivables as new members are invoiced within the course of the year and must pay a sign-up fee and pro-rata service fee.

Without these reclassifications the debtors would show an outstanding amount of approximately 276 kEUR (325 kEUR in 2020). Based on the total outstanding amount (41 kEUR), we considered that a provision for doubtful debts was not necessary.

Taxes and Security Contributions [4]

	31/12/2021	31/12/2020
VAT	288	506
Provision for VAT Receivables	-	(60)
	288	**446**

In 2021, the VAT receivables consist of the Dutch VAT returns for November and December 2021. The foreign VAT, which was outstanding last year, has been partially received and the remaining amount has been written off against the provision in 2021.

Miscellaneous Receivables [5]

	31/12/2021	31/12/2020
Interest Receivable	35	58
Prepayments	1,600	1,315
Other Receivables	270	36
	1,905	**1,409**

The interest receivable consists of the interest on our financial fixed assets. We recorded a lower interest receivable compared to 2020 due to two out of our eight government bonds reached maturity in 2021.

Prepayments consist of several items linked to the budget for 2022 that were accounted for in 2021 as well as prepayments for multiple events. Around 300 kEUR (500 kEUR in 2020) were spent on prepayments for events that were postponed due to the pandemic. We received 145 kEUR from the RIPE Meeting in Milan (originally RIPE 81) which was cancelled and agreed to keep our prepayment of 245 kEUR for the RIPE Meeting in Berlin (originally RIPE 80) that was postponed to 2022. The remaining part of prepayments mainly consists of annual software subscriptions. The other receivables include receivable credit card payment payments from our external payment provider.

Cash at Bank and in Hand [6]

	31/12/2021	31/12/2020
ABN AMRO Bank N.V.	16,031	14,065
Rabobank	10,216	10,199
ING Bank N.V.	10,870	8,276
National Bank of Abu Dhabi	16	16
Cash in Hand	1	1
	37,134	**32,557**

All other cash at banks and in hand are at the RIPE NCC's disposal. The increase is due to the general development in our operational and financial activities. Income was higher than expected due to the high inflow of new LIR accounts. We didn't spend the entire amount budgeted due to COVID-19 restrictions.

CAPITAL AND LIABILITIES

Capital [7]

	31/12/2021	31/12/2020
CAPITAL	**32,474**	**32,472**

In 2021, the Capital Expense ratio decreased from 112% to 109%. This is sufficient to cover the RIPE NCC's operational costs for one year. The Capital Expense ratio as well as a five-year financial forecast are used as key indicators by the RIPE NCC to manage liquidity and ensure sound capital.

	Clearing house	Surplus/ deficit after taxation	Total
Carrying Amount as of 1 January 2021	32,234	238	32,472
Addition of the Surplus 2020	238	(238)	-
Surplus After Taxation 2021	-	2	2
CARRYING AMOUNT AS OF 31 DECEMBER 2021	**32,472**	**2**	**32,474**

Current Liabilities [8]

	31/12/2021	31/12/2020
Trade Creditors and Suppliers	561	1,457
Taxes and Social Security Contributions	871	965
Other Liabilities, Accruals and Deferred Income	17,415	14,274
	18,848	**16,697**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Trade Creditors

	31/12/2021	31/12/2020
Creditors	561	1,457
	561	**1,457**

The decrease of 841 kEUR in the amount due to trade creditors is explained by a different billing and payment schedule. The 2020 trade creditors amount included an investment of 339 kEUR in hardware which was not included in the 2021 amount.

Taxes and Social Security Contributions

	31/12/2021	31/12/2020
Wage Tax Payable	747	965
Corporate Income Tax Payable	124	-
	871	**965**

The difference in wage tax payable is mainly due to the postponement of the performance bonus payout to the following year. The 2021 bonus will be paid in 2022 whereas the 2020 bonus was paid within the same year.

Other Liabilities, Accruals and Deferred Income

	31/12/2021	31/12/2020
Unearned Revenues	49	153
VAT Payable to Non-EU Members	179	-
Accruals	1,105	898
Payable Employee Expenses	2,484	2,020
Interest payable	83	48
Redistribution of Members Fees	13,516	11,157
	17,415	**14,274**

The unearned revenues consist of the following:

- Invoices for the service fees for 2021 from existing members for which payment was not yet received in 2021
- Invoices for the service fees which relate to 2022 but where payment was received in 2021

The accruals mainly relate to ICANN Contribution, NRO expenses, the RIPE NCC Community Project funds, an invoice of December relating to the RIPE NCC Certified Professionals programme which has been received in January 2022 and some accrued consultancy fees for the month of December 2021.

The payable employee expenses include the performance bonus accrual, holiday allowance, outstanding vacation days for employees and the secondary benefits scheme.

The increase relates to the 2021 performance bonus accrual that will be paid out in 2022 and an increase of 173 kEUR of the outstanding vacations reserve, as many staff postponed their holidays due to COVID-19 restrictions.

The redistribution of member fees consists of the redistribution of the 2021 surplus of 13,290 kEUR and a residual redistribution of the surplus for 2020 of 226 kEUR.

ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Office Lease

	Total
Obligations to Pay:	
Within One Year	742
Between One and Five Years	2,382
After Five Years	0
	3,124

The office lease commitments relate to our offices in Amsterdam, Moscow and Dubai. For Amsterdam a bank guarantee of 204 kEUR is issued.

Other Lease Agreements

	Total
Obligations to Pay:	
Within One Year	-
Between One and Five Years	-
After Five Years	-
	-

Other Commitment Not Shown in the Balance Sheet

	Total
Obligations to Pay:	
Within One Year	2,480
Between One and Five Years	507
After Five Years	-
	2,987

BREAKDOWNS OF ITEMS IN THE STATEMENT OF INCOME AND EXPENDITURE

Income [9]

Annual Fees

	2021	Budget 2021	2020
Fees Existing Members	32,723	33,320	35,133
Independent Resource Fees	1,103	1,056	1,081
Fees New Members	2,345	1,050	1,140
Re-opening Fees	86	200	106
Other	133	-	-
	36,389	**35,626**	**37,460**

We started the year with 23,569 LIRs (19,857 members) and ended with 23,209 LIRs (20,015 members), which is a decrease of 360 LIRs compared to 2020. This contraction in LIR numbers is due to consolidation as a result of the IPv4 run-out and was smaller than expected. "Other" is a new category which includes income for which payment had to be postponed.

Sign-Up Fees

	2021	Budget 2021	2020
Sign-Up Fees	7,100	2,400	2,524
	7,100	**2,400**	**2,524**

The sign-up fee for each LIR account is EUR 2,000 the same as in 2020. We welcomed 3,550 new LIRs to the RIPE NCC which is significantly higher than planned and more than double last year's figure.

This increase could be attributed to the price of IPv4 addresses which has also doubled in 2021 making our IPv4 waiting list very attractive as each new LIR is eligible to receive one /24 allocation (256 IPv4 addresses) from a pool of recovered addresses. On the other hand, the number of LIR account closures was also higher than expected with 4,000 closures in 2021 against 2,000 closures budgeted.

RIPE Meetings

	2021	Budget 2021	2020
RIPE Meetings	-	235	-
	-	**235**	**-**

Due to COVID-19, RIPE 82 and RIPE 83 were organised online. Both meetings were open and free of charge.

Sponsorship Income

	2021	Budget 2021	2020
Sponsorship Income	4	255	86
	4	**255**	**86**

The decrease of sponsorship income is due to the COVID-19 pandemic and the changes in sponsorship packages which were adapted to the online event format.

Other Income

	2021	Budget 2021	2020
Other Income	(8)	50	107
	(8)	**50**	**107**

Other income mainly consists of the release of debtor overpayments. In 2021, we continued to refund overpayments to our members. Some of these amounts have been untraceable and therefore released in other income which explains the negative figure of 8 kEUR.

Re-distribution of Member Fees

	2021	Budget 2021	2020
Re-distribution of Member Fees	(13,290)	-	(11,075)
	(13,290)	**-**	**(11,075)**

The redistribution of the 2021 surplus was approved by the RIPE NCC General Meeting in November 2021. The RIPE NCC 2021 surplus will be redistributed to eligible members on their 2022 invoices. The amount of the redistribution applied to each LIR account is based on the annual membership fee paid in 2021. Sign-up fees and/or re-activation fees are excluded from the calculation.

Income per Region

	31/12/2021	31/12/2020
Western Europe	25,057	23,322
ENOG Region	6,897	5,736
Middle East	4,161	4,045
Eastern Europe	2,958	2,803
South East Europe	1,996	2,087
Other	2,420	2,184
	43,489	**40,176**

The income per region doesn’t include the redistribution of Member Fees.

Expenditures

Payroll and Personnel Expenditures [10]

	2021	Budget 2021	2020
Wages and Salaries	13,653	13,152	13,651
Social Security Charges	1,681	1,645	1,704
Pension Contributions	1,526	1,595	1,416
Miscellaneous Employee Expenditures	925	926	897
	17,785	**17,318**	**17,668**

The overall amount spent on payroll and personnel expenditures in 2021 increased compared to 2020 and is around 467 kEUR higher than budgeted. This relates to an increase of 173 kEUR in the reserve of outstanding vacation days and the payment of a working from home allowance of 200 kEUR.

In 2021, staff costs were higher than expected with an average of 110 kEUR per FTE against 102 kEUR budgeted but are in line with the previous year's expenses (111 kEUR in 2020). This increase is due to a miscalculation of our health insurance budget which was 200 kEUR against 590 kEUR actual.

Average Number of FTEs

In 2021, 161.9 FTEs were employed compared to 159.2 in 2020. Four of these FTEs were employed outside of the Netherlands.

	2021	Budget 2021	2020
The Registry	58.2	60.0	58.6
Information Services	38.9	40.0	40.2
Community and Engagement	38.3	40.0	36.8
Organisational Sustainability	26.5	30.0	23.6
TOTAL NUMBER OF FTEs	**161.9**	**170.0**	**159.2**

Remuneration of the Executive Board

The RIPE NCC Executive Board does not receive remuneration or a fixed expense reimbursement. Board members are reimbursed for travel expenses incurred while attending board meetings, RIPE Meetings, RIPE NCC Regional Meetings and other Internet coordination meetings, as well as for educational expenses related to their function. These costs decreased from 19 kEUR in 2020 to 7 kEUR in 2021 due to COVID-19 travel restrictions.

RIPE NCC Management

	2021	2020
Base Pay	1,065	898
Pension	146	123
Performance Bonus	84	101
Other	60	39
	1,355	**1,161**

In 2021, the RIPE NCC's management team consisted of the Managing Director, Chief Operations Officer, Chief Information Officer, Chief Community Officer, Chief Legal Officer, Finance Manager, Human Resources Manager and the Facilities, Administration and Reception Manager. Compared to 2020, three new members have joined the team: the Chief Community Officer, the Facilities, Administration and Reception Manager and the Finance Manager, who succeeds the Chief Financial Officer. The main principles of the RIPE NCC remuneration policy are based on a balanced approach between market competitive standards, the ratio between fixed and variable pay, and the economic and social contribution of the RIPE NCC.

Other operating expenditures [11]

	2021	Budget 2021	2020
Bad Debts	152	350	278
Bank Charges	326	334	292
Consultancy	3,332	4,057	2,928
Contributions	918	876	836
Housing	1,081	1,104	1,069
IT Infrastructure	3,295	2,687	2,505
Outreach and PR	1,158	3,910	1,764
Office Costs	481	871	380
Travel	12	823	218
	10,756	**15,011**	**10,270**

Other Operating Expenditures

In 2021, there was no staff travel, face-to-face training courses, physical RIPE Meetings or other events due to COVID-19 restrictions. This explains the discrepancy between the actual expenses (10.7M EUR) and the expenses budgeted (15M EUR).

Bad Debts and Bank Charges

Bad debts significantly decreased compared to 2020 due to investments and improvements in member administration and due diligence procedures as well as a sound payment behaviour from our members.

The increase in bank charges are in line with our income development. We also observe that an increasing number of members are using other payment methods than bank transfers which have lower fees such as credit card payment or PayPal.

Consultancy

The consultancy expenditures increased in 2021 compared to 2020 but remain lower than budgeted. This is due to a shift in budget from consultancy to IT infrastructure relating to the improvement of our due diligence procedure which required the purchase of business licenses related to due diligence and sanctions compliance software.

Contributions

In 2021, contributions were made to ICANN, the RIPE NCC Community Project Fund, the NRO and the IETF. No significant deviations between budget and the previous year are shown.

Housing

Housing expenses are similar to last year and remain stable.

IT Infrastructure

Our IT infrastructure expenses consisted of software licences, IT housing and IT support. These expenses were higher than budgeted and increased compared to 2020 due to investments in cloud services and business licences related to due diligence and sanctions compliance software.

Outreach and PR

In 2021, all of our meetings and training courses were held online due to the pandemic which resulted in lower costs.

Office Costs

In 2021, our office costs were slightly higher than 2020 due to the partial reopening of the office at the end of the year.

Travel Expenses

Due to COVID-19 restrictions, no staff travel was allowed.

Depreciations and Amortisations [12]

	2021	Budget 2021	2020
Hardware	722		811
Infrastructure	270		270
Office Equipment	80		75
	1,071	**1,227**	**1,156**

Financial Income and Expenditures [13]

	2021	Budget 2021	2020
Result on Interest Income	69	150	117
Interest Expenditures	(124)	-	(85)
Result Exchange Differences	58	-	(115)
Unrealised Revaluation Financial Fixed Assets	(459)	100	312
	(457)	**250**	**230**

In 2021, our total financial income became negative due to the revaluation of the government bonds and exchange traded funds, which are held in the RIPE NCC's portfolio.

Our interest expenditures increased due to the negative interest charged by banks on our accounts and desposits, and our interest income continued to decrease due to government bonds reaching maturity and no new investment made during this period.

Corporate Income Taxes [14]

The tax on the surplus from ordinary association activities, amounting to 124 kEUR, can be specified as follows:

	2021	2020
Surplus before Taxes	126	-
Deferred Corporate Income Tax	-	-
Corporate Income Tax Current Financial Year	124	-
Corporate Income Tax Previous Financial Years	-	-
TAXES ON SURPLUS	**124**	**-**

Since 1 January 2015, the RIPE NCC has been subject to corporate income tax. Any surplus or deficit will be submitted for taxation. The RIPE NCC has a tax ruling with the Dutch tax authorities that excludes the Clearing House reserve and any capital gains in the Clearing House reserve for corporate income taxation. No deferred tax assets are recognised for temporary differences between the valuation for tax and financial reporting purposes and we don't have any carry-forward losses.

The fiscal result of 2021 after redistribution is 594 kEUR (0 kEUR in 2020). A corporate income tax payable is recognised in the Balance Sheet and the Statement of Income and

Expenditure. The effective corporate income tax, which is equal to the corporate income tax charge divided by the commercial surplus before taxes, is 98%.

Subsequent Events

The war between Russia and Ukraine could have a financial impact on our activity as the ability of the 2,260 Russian LIR accounts and 452 Ukrainian LIR accounts to pay their 2022 invoice remains uncertain at the time of writing.

Auditors Fees

Expenditures for services provided by the RIPE NCC independent auditor, Ernst & Young Accountants LLP, in 2021 and in 2020, are specified as follows:

	2021	2020
Audit Fees	50	53
Audit-related Fees	30	-
Tax Advisory Fees	7	28
	87	**81**

The audit fees listed above relate to the procedures applied to the Association by accounting firms, external independent auditors including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

Signed by Ondřej Filip
RIPE NCC Executive Board Treasurer
10 March 2022
RIPE NCC
Amsterdam, the Netherlands

INDEPENDENT AUDITOR'S REPORT

To: the members and directors of Réseaux IP Européens Network Coordination Centre

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Réseaux IP Européens Network Coordination Centre, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Réseaux IP Européens Network Coordination Centre as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2021
- The profit and loss account for 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Réseaux IP Européens Network Coordination Centre in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The executive board's report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements and the other information, including the executive board's report in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's

INDEPENDENT AUDITOR’S REPORT *CONTINUED*

To: the members and directors of Réseaux IP Européens Network Coordination Centre

ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 10 March 2022

Ernst & Young Accountants LLP
signed by B.J.P. Langedijk

RIPE NCC

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