

## DotAsia Board Finance Committee (BFC) Meeting Minutes

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| <b>Date(s) &amp; Time:</b> | June 24, 2022 (Friday)<br>14:00 – 15:15 HKT  |
| <b>Location:</b>           | DotAsia Zoom Meeting Room: <a href="http://aji.asia/zoomboardfinance">http://aji.asia/zoomboardfinance</a>   |
| <b>Attendees:</b>          | <p>Santanu ACHARYA <sup>*a</sup><br/>Kashif ADEEL<br/>Satish BABU<br/>Andi BUDIMANSYAH<br/>Edmon CHUNG<br/>Joel DISINI<br/>Murad IBRAGIMOV<br/>Leonid TODOROV</p> <p>Mable LAM (Fusion Financial Services) <sup>*b</sup><br/>Pavan BUDHRANI (DotAsia Team)<br/>Rebecca CHAN (DotAsia Team)<br/>Leona CHEN-BIRKNER (DotAsia Team)<br/>June LAU (DotAsia Team)<br/>Phyo Thiri LWIN (Observer)</p> <p>Apologies:<br/>Arthur CHANG</p> <p><sup>*a</sup> Left meeting during Discussion Item 6.1<br/><sup>*b</sup> Left meeting after Discussion Item 3</p> |

| No.          | Action Items:  | Owner        | Remarks   |
|--------------|--|--------------|---|
| F2021.01.A04 | Search other bank options for opening new Namesphere bank account.   | Rebecca CHAN | Suspended until after mediation.                                      |
| F2021.08.A01 | Propose procedures of conducting random verification on the Reports provided by Afiliats.                    | Rebecca CHAN | Reports circulated to BFC.<br>Discussion deferred to Jul BFC meeting. |
| F2022.03.A01 | Organize a special meeting with legal representatives for questions and clarifications on the Board matters. | Edmon CHUNG  | In progress.  |
| F2022.05.A01 | Organise a special meeting with Fusion to go through the format and details of monthly financial report.     | Rebecca CHAN | To be scheduled at F2F Board meeting.                                 |
| F2022.05.A03 | Prepare draft policy document of Board Member Reimbursements for further discussion.                         | Edmon CHUNG  | Completed.<br>Refer to Item 4.  |

| No.          | Action Items:  | Owner              | Remarks   |
|--------------|--|--------------------|---|
| F2022.06.A01 | Validate if there are any non-current liabilities for DotAsia                                    | Rebecca CHAN       | Completed, will update BFC in next BFC meeting. |
| F2022.06.A02 | Update draft Policy Document for Board Community Engagement Support (BFC-003) based on feedback. | Edmon CHUNG        | To be circulated before next BFC meeting.       |
| F2022.06.A03 | Develop draft measurements for marketing cost versus new create/renewals                         | Leona CHEN-BIRKNER |   |

## Discussions:

### 1. Roll Call

- 1.1. Mr. Kashif ADEEL chaired the BFC meeting as BFC Chair on June 24, 2022.
- 1.2. Roll call. Those present for all or part of the meeting are included in the Attendees section.

### 2. Adoption of Minutes of Last BFC Meeting on May 20, 2022

- 2.1. Draft 1.2 of BFC meeting minutes 2022.05.20 and action items were discussed.
- 2.2. BFC meeting minutes 2022.05.20 approved unanimously.

### 3. Monthly Financial Reporting

- 3.1. Financial report for Oct 2021 – Mar 2022 was prepared and presented by Fusion to BFC.
- 3.2. A question was raised regarding the delay of unaudited figures from September 2021. It was clarified that the appointment of the auditor, Mazars, took longer than expected. It was their first year working with DotAsia and due to the evaluation of the legal situation, the audit review took longer than usual. Mazars was appointed in 2021 and completed the 2020 audit in Jan 2022.
- 3.3. Mazars is currently conducting the 2021 audit. The estimated completion of the 2021 audit may depend on legal updates. It was commented that the 2021 audit should be completed within this year.
- 3.4. It was clarified that HNET may record a loss at some points during the year depending on when HNET book their profits and expenses, but a profit will be reflected if an entire fiscal year is accounted for.
- 3.5. It was explained that the number of domain registration is different each year and the ICANN fee per domain had remained the same, therefore the cost of service varies each year.

- 3.6. It was clarified that the SCP allocation is listed under the Cost of Services section because the amount is accrued based on domain registration and should not be included in gross profit. It was suggested that this topic be included in the workshop planned for Board members to better understand the accounting reports.
- 3.7. It was clarified that data escrow and secure plus protection is generally stable and do not necessarily correlate to the number of domain registration. Additional hosting cost is due to the increased usage of cloud services.
- 3.8. A question was raised about whether DotAsia has current liabilities and non-current liabilities. It was explained that DotAsia only has current liabilities. A request was made to validate if there are any non-current liabilities for DotAsia. (F2022.06.A01)
- 3.9. It was suggested that in the future staff include an additional slide to indicate any matters of attention for the Board where needed.

#### **4. Draft Policy Document for Board Community Engagement Support (BFC-003)**

- 4.1. Draft document was presented and briefed to BFC.
- 4.2. It was noted that the policy is good and should proceed with moderation.
- 4.3. There were suggestions to consider the following in the policy:
  - 4.3.1. Air ticket criteria to include lowest refundable fare;
  - 4.3.2. Provision of “force majeure” and emergency situations, as well as consideration for travel insurance; and,
  - 4.3.3. Utilize savings from other funded travel and reallocation savings to Board members that may have a higher cost of travel; and
- 4.4. Question was raised on whether regional boundaries are envisioned. It was clarified that at the moment, the program applies globally.
- 4.5. It was suggested that amendments based on received feedback be circulated to members for their review in the next three days and the final document be presented to the board for approval. It was further suggested and agreed that the draft policy document be circulated in early July and finalized at the next BFC meeting, then presented at the July Board meeting for consideration. (F2022.06.A02)

#### **5. Namesphere Financials & Audit Considerations**

- 5.1. It was reminded that the Namesphere AGM will take place on June 30<sup>th</sup>, 2022 with two key items including the appointment of an auditor and financial update for the Namesphere group.
- 5.2. It was noted that 10 CPA firms were contacted and four quotations were received. A comparison of the firms was presented.
  - 5.2.1. Comments were raised for careful selection of an auditor.
  - 5.2.2. Staff recommended Abacus CPA due to the previous working experience with the Board Election, DotAsia Foundation and DotKids Foundation.

Additionally, Abacus is part of an international network with a reasonable price.

A question was raised on when the last audit was done for Namesphere. It was noted that the 2019 audit report was prepared by Dynamic Dragons. There were no concerns raised by the auditor for the 2019 audit report. Upon updating the new Namesphere director's record, the 2019 report will reflect the updates.

## 6. Budget Review

### 6.1. Market Development Team Presentation

6.1.1. Staff presented and briefed to BFC on DotAsia's top economies & registrars, opportunities & challenges, new creates & renewals, and goals & targets.

6.1.2. Board members expressed interest in understanding the relationship between marketing/price promotion costs compared to new creates and renewals which can be used to consider performance. It was explained that marketing costs may not directly translate to new creates or renewals. Nevertheless, the marketing team will study the request and set reasonable assumptions to develop measurements that can be presented. (F2022.06.A03)

6.1.3. There was a suggestion to add the target of 3% increase in domain registration by end of September 2023 to the measurement.

### 6.2. DotAsia Office Premises

6.2.1. It was explained that due to the pandemic, it is not fully utilized, however, staff does continue to use the facility. It was recommended not to make any changes at this point in time.

### 6.3. Allocation of Salaries in Budget

6.3.1. Salary allocation has been consistently around 1/3 of the budget. There was a comment that it is in line with global practices for nonprofit organizations.

### 6.4. DotAsia's Budget into Namesphere

6.4.1. It was clarified that this is the anticipated contribution cost into Namesphere, not the Namesphere budget itself.

6.4.2. It was explained that most of the cost are headcount related which is based on the operational need of Namesphere. If the budget or operation of Namesphere changes in the future, the anticipated contribution cost from DotAsia will be updated.

6.4.3. Concern was raised relating to the allocation of cost to Namesphere. It was noted that this is part of the dispute with the litigant against the company, and explained that the current arrangement was put in place in 2015.

## 7. Afilias Agreement

Discussion deferred to next BFC meeting.

**8. Review of BFC-001 SPO for Finance & Procurement**

Discussion deferred to next BFC meeting.