American Registry for Internet Numbers, Ltd.

Financial Report
December 31, 2017

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Trustees
American Registry for Internet Numbers, Ltd.

Report on the Financial Statements
We have audited the accompanying financial statements of American Registry for Internet Numbers, Ltd. (ARIN), which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Registry for Internet Numbers, Ltd. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

McLean, Virginia
May 11, 2018

American Registry for Internet Numbers, Ltd.

Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	**$ 1,553,480**	$ 795,522
Investments:		
Legal defense reserve fund	**2,126,689**	2,114,269
Operating reserve fund	**1,623,209**	4,194,312
Long-term reserve fund	**25,819,281**	23,969,185
	29,569,179	30,277,766
Accounts receivable, net	**371,850**	366,309
Prepaid expenses	**751,900**	809,057
Property and equipment, net	**10,448,735**	10,279,924
Deposits	**140,851**	130,384
	$ 42,835,995	$ 42,658,962
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 1,654,932**	$ 2,172,075
Due to ICANN	**123,720**	122,220
Due to NRO	**186,592**	244,439
Deferred revenue	**7,226,101**	6,692,871
Deferred rent	**2,361,559**	2,150,213
Total liabilities	**11,552,904**	11,381,818
Commitments (Notes 4, 5 and 6)		
Net assets:		
Unrestricted	**31,283,091**	31,277,144
	$ 42,835,995	$ 42,658,962

See notes to financial statements.

American Registry for Internet Numbers, Ltd.

Statements of Activities
Years Ended December 31, 2017 and 2016

	2017	2016
Revenue and support:		
Registrations	**$ 14,343,917**	$ 14,809,470
Maintenance fees	**2,513,925**	2,467,699
IP end-user registrations	**157,000**	150,250
Contributions	**257,600**	246,438
Network transfers	**355,600**	568,000
Membership dues	**24,500**	28,464
Other revenue	**6,036**	7,053
Total revenue and support	**17,658,578**	18,277,374
Operating expenses:		
Program services:		
Engineering	**11,575,575**	12,053,375
Member services	**3,969,038**	4,154,938
Registration services group	**3,478,352**	3,204,065
Total program services	**19,022,965**	19,412,378
Support services:		
General and administrative	**2,507,590**	2,524,679
Total operating expenses	**21,530,555**	21,937,057
Change in net assets before investment activities	**(3,871,977)**	(3,659,683)
Realized and unrealized gain on investments	**3,052,044**	1,060,701
Interest and dividends	**825,880**	697,823
Change in net assets	**5,947**	(1,901,159)
Unrestricted net assets, beginning of year	**31,277,144**	33,178,303
Unrestricted net assets, end of year	**$ 31,283,091**	$ 31,277,144

See notes to financial statements.

American Registry for Internet Numbers, Ltd.

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	**$ 5,947**	$ (1,901,159)
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Depreciation and amortization	**3,435,677**	3,153,262
Realized and unrealized gains in investments	**(3,052,044)**	(1,060,701)
(Gain) loss on disposal of property and equipment	**(35,363)**	314
(Decrease) increase in allowance for doubtful accounts	**(45,712)**	1,750
Loss on lease termination	**-**	476,489
Deferred rent	**211,346**	132,166
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	**40,171**	218,158
Prepaid expenses	**57,157**	(47,118)
Deposits	**(10,467)**	47,108
(Decrease) increase in:		
Accounts payable and accrued expenses	**(517,143)**	299,475
Due to ICANN	**1,500**	10,068
Due to NRO	**(57,847)**	244,439
Deferred revenue	**533,230**	(370,773)
Net cash provided by operating activities	**566,452**	1,203,478
Cash flows from investing activities:		
Property and equipment acquisitions	**(3,570,880)**	(4,497,437)
Proceeds from the sale of equipment	**1,755**	200
Proceeds from the sale of investments	**4,584,069**	9,674,553
Purchase and reinvestments of investments	**(823,438)**	(7,201,011)
Net cash provided by (used in) investing activities	**191,506**	(2,023,695)
Net increase (decrease) in cash and cash equivalents	**757,958**	(820,217)
Cash and cash equivalents:		
Beginning	**795,522**	1,615,739
Ending	**$ 1,553,480**	$ 795,522
Supplemental schedule of noncash investing activities:		
Property and equipment acquired under tenant allowance	**$ -**	$ 1,930,153

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: American Registry for Internet Numbers, Ltd. (ARIN) was established on August 28, 1997, and began operations on December 22, 1997. ARIN, a not-for-profit member-based organization, supports the operation of the Internet through the management of Internet number resources throughout its service region, which is Canada, the United States and several islands in the Caribbean Sea and North Atlantic Ocean. ARIN coordinates the development of policies by the community for the management of Internet Protocol (IP) number resources and advances the Internet through information and educational outreach.

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, where unconditional support is recognized when received, revenues are recognized when earned and expenses are recognized when incurred.

A summary of ARIN's significant accounting policies is as follows:

Basis of presentation: The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). ARIN reports information regarding its financial position and activities according to the existence or absence of externally (donor) imposed restrictions into three classes of net assets. The net asset classes are: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. ARIN had no temporarily or permanently restricted net assets at December 31, 2017 and 2016.

The Board of Trustees has designated unrestricted net assets for the following purposes:

Legal defense reserve fund: Funds legal challenges as they arise. At December 31, 2017 and 2016, the legal defense reserve fund totaled $2,126,689 and $2,114,269, respectively.

Operating reserve fund: Provides short-term financial stability for ARIN. At December 31, 2017 and 2016, the operating reserve fund totaled $1,623,209 and $4,194,312, respectively.

Long-term reserve fund: Provides long-term financial stability for ARIN. At December 31, 2017 and 2016, the long-term reserve fund totaled $25,819,281 and $23,969,185, respectively.

Cash and cash equivalents: For the purposes of the statements of cash flows, ARIN considers all highly liquid instruments purchased with an original maturity of three months or less and available for general operating purposes to be cash equivalents. Cash accounts maintained in brokerage accounts are subject to Board of Trustees' approval and are reported with investments.

Financial risk: ARIN maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. ARIN has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

ARIN invests in a portfolio that contains cash, exchange traded funds, mutual funds, money market funds and certificates of deposit. Such investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: ARIN includes in investments all accounts, including cash equivalents and money market funds, which are managed by investment advisors. Investments are recorded at fair market value, and realized and unrealized gains and losses are reported in the accompanying statements of activities.

Accounts receivable: Accounts receivable consist of registration fees and are recorded at original invoice, less an estimate made for doubtful receivables. Management determines the allowance for doubtful receivables by regularly evaluating individual customer receivables. Receivables are written off when deemed uncollectible. At December 31, 2017 and 2016, management established an allowance in the amount of $32,788 and $78,500, respectively.

Property and equipment: ARIN capitalizes all property and equipment purchased with a cost of $1,000 or more. Expenditures for additions, renewals and improvements are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of property, the cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in operations.

Leasehold improvements are amortized over the shorter of the expected useful life of the improvement or the remaining lease term. Depreciation of property and equipment is provided for using the straight-line method over the estimated useful life of the assets which range from three to five years.

ARIN expenses preliminary project stage costs as incurred. Capitalized applications stage software costs are amortized over five years using the straight-line method. Post-implementation and operation stage costs are expensed as incurred.

Impairment of long-lived assets: ARIN reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. As of December 31, 2017 and 2016, management has determined that there has been no impairment in the carrying value of long-lived assets reflected in the accompanying financial statements.

Deferred rent: ARIN's lease for office space includes escalations of the base rent. Rent expense is recorded on a straight-line basis over the entire lease term. The deferred rent liability recorded in the accompanying statements of financial position represents the cumulative difference between the monthly rent expense and rent paid. ARIN's office leases provide for certain incentives in the form of a landlord improvement allowance provided for leasehold improvements. This benefit is also recognized in deferred rent and is being amortized on a straight-line basis over the life of the lease.

Deferred revenue: Payments received in advance of the period in which it is earned is deferred to subsequent periods. Deferred revenue is comprised principally of registration fees received in advance.

Income taxes: ARIN is a qualifying not-for-profit organization as defined in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal income taxes. ARIN did not have any unrelated business income the years ended December 31, 2017 and 2016. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Management evaluated ARIN's tax positions and concluded that ARIN had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, ARIN is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

Revenue recognition: Registrations revenue of Autonomous System Number (ASN) and IP registrations are recognized in the applicable period. Resources are not issued until payment is received.

Both initial and renewal registrations revenue are recognized in the corresponding period in which the services are rendered.

Fees for maintenance and administration of the addresses are recognized as revenue when received.

Membership dues are recorded as revenue in the applicable period to which the membership applies.

Unconditional contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions in the period acknowledged. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain management and staff expenses have been allocated to programs on a percentage basis.

Recent accounting pronouncements: In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. ARIN is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. ARIN is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. ARIN has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

Subsequent events: In preparing these financial statements, ARIN has evaluated subsequent events through May 11, 2018, which is the date the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

In accordance with the FASB ASC guidance, Fair Value Measurement, ARIN has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statements of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and mutual funds.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds, government obligations and over-the-counter derivatives.

Level 3: These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Note 2. Investments and Fair Value Measurements (Continued)

ARIN investments are categorized as follows:

Exchange traded, mutual funds and money market funds: Valued at quoted market prices in active markets for identical assets, and therefore, classified as Level 1 assets.

Certificates of deposit: Valued at market prices based upon observable inputs such as interest rates, and therefore, classified as Level 2 assets.

The following table sets forth by level, within the fair value hierarchy, ARIN's assets at fair value at December 31, 2017:

Description	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond fund	$ 6,101,890	$ -	$ -	$ 6,101,890
Growth funds	5,743,921	-	-	5,743,921
Foreign blended funds	4,354,895	-	-	4,354,895
U.S. blended funds	2,508,563	-	-	2,508,563
Multialternative	1,083,009	-	-	1,083,009
Bank loan	995,930	-	-	995,930
	20,788,208	-	-	20,788,208
Equity exchange traded funds	5,029,842	-	-	5,029,842
Certificates of deposit	-	2,402,109	-	2,402,109
Money market funds	286,103	-	-	286,103
	$ 26,104,153	$ 2,402,109	$ -	$ 28,506,262

The table below reconciles total investments to the statement of financial position at December 31, 2017:

Investments held at fair value	$ 28,506,262
Investments held at cost	1,062,917
	$ 29,569,179

Cash accounts maintained in brokerage accounts totaling $1,062,917 are not included in the above table because they are recorded at cost.

Note 2. Investments and Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, ARIN's assets at fair value at December 31, 2016:

Description	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond fund	$ 6,220,397	$ -	$ -	$ 6,220,397
Growth funds	5,154,752	-	-	5,154,752
Foreign blended funds	3,749,288	-	-	3,749,288
U.S. blended funds	2,243,171	-	-	2,243,171
Multialternative	1,086,697	-	-	1,086,697
Bank loan	1,010,277	-	-	1,010,277
	19,464,582	-	-	19,464,582
Equity exchange traded funds	4,497,528	-	-	4,497,528
Certificates of deposit	-	3,128,721	-	3,128,721
Money market funds	291,147	-	-	291,147
	$ 24,253,257	$ 3,128,721	$ -	$ 27,381,978

The table below reconciles total investments to the statement of financial position at December 31, 2016:

Investments held at fair value	$ 27,381,978
Investments held at cost	2,895,788
	$ 30,277,766

Cash accounts maintained in brokerage accounts totaling $2,895,788 are not included in the above table because they are recorded at cost.

Note 3. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2017 and 2016, are as follows:

	2017	2016
ARIN Online database	$ 17,251,970	$ 14,280,089
Computer equipment	5,738,760	6,219,311
Computer software	810,026	810,026
Furniture and fixtures	503,834	816,630
Office equipment	33,696	66,640
Software (in process)	466,346	590,091
Leasehold improvements	2,303,868	3,085,890
	27,108,500	25,868,677
Less accumulated depreciation and amortization	16,659,765	15,588,753
	$ 10,448,735	$ 10,279,924

Note 4. Retirement Plan

ARIN has a 401(k) retirement plan, which is available to all employees within their first month of hire. ARIN makes a discretionary matching contribution equal to 200% of the first 3% of salary deferred and 100% of the next 3% deferred. Total retirement plan contribution for 2017 and 2016 was $1,337,836 and $1,110,123, respectively.

Note 5. Related Party Transactions

ARIN is provided internet numbers for distribution by the Internet Corporation for Assigned Names and Numbers (ICANN). ARIN pays ICANN a voluntary contribution based on ARIN's fees collected and resources allocated. During 2017 and 2016, ARIN paid ICANN $242,955 and $254,507, respectively.

On October 24, 2003, the four Regional Internet Registries (RIR) and ARIN, along with Asia Pacific Registry (APNIC), Latin American Registry (LACNIC) and European Registry (RIPE NCC), entered into a memorandum of understanding to form the Number Resource Organization (NRO). In April 2005, ICANN recognized the African Registry (AfriNIC) as the fifth RIR in the world. Until 2004, number resources were managed in Africa by the RIPE NCC, ARIN and APNIC.

The purpose of the NRO is to undertake joint activities of the RIRs, including joint technical projects, liaison activities and policy coordination. The NRO Executive Council consists of one person selected by each RIR. NRO expenses are borne by the RIR signatories on an equal basis of each RIR, unless specifically superseded by a specific or general per capita agreement by the NRO Executive Council. RIRs may donate funds, personnel, services and equipment to the NRO at their individual discretion in addition to the provisions for cost sharing. ARIN's contribution to finance the operations of NRO for 2017 and 2016 were $41,603 and $244,448, respectively.

Note 6. Commitments

Lease commitments: ARIN had a lease (old lease) for old office space in Chantilly, Virginia under an operating lease, expiring in January 2019. The base rent was subject to an annual escalation percentage of 3% and increases in its proportionate share of operating expense. Deferred rent was recorded in relation to the escalating lease payments. Also, ARIN had utilized $162,475 of the tenant improvement allowances provided by the old lease. ARIN vacated the space during the year ended December 31, 2016. At the cease use date, August 1, 2016, ARIN recorded a loss of $476,489 associated with the old lease exit costs, which included the write-off of deferred rent liability and tenant improvement allowances. As of December 31, 2016, the remaining liability of $427,217 was included with accounts payable and accrued expenses in the accompanying statements of financial position. ARIN terminated the lease for their old office space with an effective date of May 1, 2017 and subsequently paid the remaining liability in 2017.

During December 2015, ARIN entered into a new lease agreement (new lease) for new office space in Chantilly, Virginia. The new lease commenced in August 2016 and expires in January 2027, with a base monthly rental payment of $54,579. Rent payments commenced on the one-year anniversary of the lease commencement date. The base rent is subject to an annual escalation percentage of 2.5% and increases in its proportionate share of operating expense. Deferred rent is recorded in relation to the escalating lease payments. The lease provides two optional renewal terms of five years each. ARIN also utilized $1,930,153 of the tenant improvement allowances provided by the lease. This allowance is included with property and equipment, net in the accompanying statements of financial position and is being amortized over the life of the lease. A deferred rent liability is recorded on the statements of financial position in relation to the tenant improvement allowance and escalating lease payments.

Note 6. Commitments (Continued)

Future minimum lease payments for the years ending December 31, are as follows:

Years ending December 31:		
2018	$	678,336
2019		695,244
2020		712,667
2021		730,496
2022		748,689
Thereafter		3,256,838
	$	6,822,270

Rent expense totaled $491,087 and $357,059 during 2017 and 2016, respectively.

Severance agreement commitments: ARIN provides various severance plans to employees within various levels of the organization under specific conditions and for various time periods up to 12 months.

RSM

RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the Board of Trustees
American Registry for Internet Numbers, Ltd.

We have audited the financial statements of American Registry for Internet Numbers, Ltd. (ARIN) as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon, which contains an unmodified opinion on those financial statements as a whole. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

McLean, Virginia
May 11, 2018

American Registry for Internet Numbers, Ltd.

Schedules of Operating Expenses
Years Ended December 31, 2017 and 2016

	2017	2016
Salaries and employee benefits	**$ 11,570,232**	$ 10,864,414
Hiring costs	**250**	1,595
Personnel	**11,570,482**	10,866,009
Depreciation and amortization	**3,435,677**	3,153,262
Communications	**899,120**	879,810
Equipment support and licenses	**737,519**	571,265
Operations	**5,072,316**	4,604,337
Travel	**1,201,106**	1,261,450
General office	**713,216**	853,651
Members meeting	**578,278**	482,672
Rent and occupancy	**571,362**	979,324
Consulting expense	**514,436**	295,856
Legal expense	**439,266**	295,991
Outreach expense	**193,357**	329,307
General office and administrative	**4,211,021**	4,498,251
ASO support and AC support	**246,033**	288,813
ICANN support	**242,955**	254,507
Internet research and support	**146,145**	1,180,692
NRO	**41,603**	244,448
Internet support	**676,736**	1,968,460
	$ 21,530,555	$ 21,937,057