ANNUAL REPORT
FOR FISCAL YEAR 2000

INTERNET REGISTRY SERVICES
INTERNET PROTOCOL ADDRESSES
AUTONOMOUS SYSTEM NUMBERS
ROUTING REGISTRY

THE AMERICAN REGISTRY FOR
INTERNET NUMBERS, LTD.

The Regional Internet Registry Serving
North and South America
The Caribbean
Sub-Saharan Africa

ARIN *is* its members

The American Registry for Internet Numbers, Ltd.

Annual Report for Fiscal Year 2000

July 1, 1999 – June 30, 2000

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The American Registry for Internet Numbers
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A Note from the Chairman

This has been a very rewarding year for ARIN and its members, and I would like to take this opportunity to highlight some of the more significant changes that have occurred.

As a result of input from the community via the email mailing lists, open policy forums, and the members meetings, ARIN continued to refine the policies and processes for address and number allocation during the year. Upon the recommendations of the ARIN Advisory Council and the membership, we changed allocation policies this year to better reflect the needs of smaller ISPs seeking their initial allocation, introduced a policy allowing for micro-allocations for critical infrastructures, and addressed a major concern about the privacy of registration information received from home users. Looking toward the future, we established policies for IPv6 allocations and have begun making initial IPv6 allocations to service providers per the policy.

ARIN has been an active participant in the ICANN in general and in the Address Supporting Organization (ASO) in particular. This year we executed a memorandum of understanding with ICANN which allowed formation of the ASO, elected representatives to the ASO Address Council, and further pledged financial support to ICANN in consideration of the important role it will serve in the coordination of Internet allocation policies globally.

One of the most noteworthy changes at ARIN this year was the decision of Kim Hubbard to step down as ARIN President. ARIN owes its very existence and success to the last 5 years of her efforts, and it is understandable that anyone might seek different challenges after such an effort. As a founding member and the first president of ARIN, Kim provided tireless support, guidance, understanding, and loyalty in shaping ARIN into the efficient, responsive, and stable regional registry that it is today. I know I speak for the entire Internet community in thanking her for an outstanding job and wishing her well with future endeavors.

On a closing note, I want to thank each of you for your ongoing support of ARIN, whether you are a service provider, end user, technology supplier, or network operator. The increased participation at our biannual meetings and on ARIN's mailing lists demonstrates a strong desire by the community to be a part of the policy development process. This is exciting for us because it enables ARIN to better respond to the broad spectrum of our constituency, and ensures that policies which reflect the needs of the entire Internet community are put in place. We value your input and encourage each of you to continue your participation in this important process.

Regards,

John Curran
Chairman of the Board

CORPORATE PROFILE
A Successful Year in Review

Keeping pace with an ever-increasing workload. Another year of exciting changes has influenced the work of all those involved in Internet-related activities. It has also placed greater importance and increased responsibilities on the Internet Protocol (IP) registries worldwide. ARIN has met the challenges with a seasoned approach to providing the support needed by organizations in its region and beyond to the greater IP community. After 2-1/2 years of operation, ARIN has solidly ingrained its position in the global registry system with a veteran staff and reliable techniques.

**ARIN provides services that facilitate
continued access to the Internet**

Internal improvements boost ARIN's performance. ARIN's in-house processes have been intricate and labor-intensive from the registry's beginning. Under the guidance of capable management and staff, the system that ARIN "inherited" from the InterNIC, where many tasks are performed manually, is being converted to an automated system, reducing the number of tools needed to process requirements. Changes were made to automate a portion of the accounts receivable process, improve Membership Services tracking procedures, and to upgrade servers to keep pace with the load demand.

ARIN initiates public meetings to be more open. In an effort to make its processes more transparent, ARIN began holding Public Policy Meetings in conjunction with its Members Meetings. The first one, held in October 1999, along with one held in April 2000, was very successful. Participation at these meetings demonstrates a marked interest in the community for engaging in topic discussions brought to ARIN's attention.

ARIN is its Members

ARIN members and constituents shape IP policies. Through mailing list interaction, biannual meetings, and discussion topics posted on ARIN's website, the community generates, and is apprised of, the issues that come to ARIN's attention for consideration. Suggested topics, and their attendant questions, issues, and possible solutions are posted prior to the biannual meetings. Discussions on mailing lists are closely monitored to further understand the needs of the community. This provides the means for holding open discussions among representatives of the IP community who most understand the issues involved. At ARIN's biannual meetings this year, members decided, among other things, to:

- Increase the maximum allocation from /14 to /13
- Change SWIP to protect private residence information
- Decrease fee assessments for upgrades
- Establish a web-based E-commerce program

ARIN participates in the formation of global structures. The Regional Internet Registries (RIRs) -- ARIN, APNIC, and RIPE NCC -- are members of the Address Supporting Organization (ASO), a body formed by the Internet Corporation for Assigned Names and Numbers (ICANN) designed to facilitate development of global IP policies. Within the ASO is the Address Council (AC) which is responsible for making recommendations to the ICANN Board regarding the operation, assignment, and management of IP numbers. Elected by the RIRs, the ASO AC members coordinate global policy development with the public, RIRs, and ICANN. The formation of the ASO was solidified upon the formal signing of a Memorandum of Understanding (MoU) at ARIN's October Public Policy Meeting.

At the October 1999 meeting, ARIN elected its allotted three ASO AC representatives, as did the other RIRs. Shortly thereafter, all nine ASO AC members appointed one individual from each of the RIR regions to serve on the ICANN Board. At year's end, a number of issues were already on the ASO AC's agenda.

First IPv6 delegations issued to RIRs. After much anticipation from many sources in the community, the Internet Assigned Numbers Authority (IANA) delegated the first IPv6 address blocks to the RIRs for further allocation to first-tier providers. To accompany this milestone, development of the RIR's *Provisional IPv6 Assignment and Allocation Policy Document* was finalized and the guideline was adopted for use. ARIN also published its *Guidelines for Requesting Initial IPv6 Address Space* and began reviewing requests for IPv6 space.

Because initially too few organizations meet the general criteria for IPv6 production, a "bootstrap" phase for eligibility was put into effect until such time as there are a sufficient number of organizations operating IPv6 networks.

ARIN presents public tutorials. At ARIN's October 1999 Public Policy Meeting, tutorials were presented on how to request address space from ARIN, including how to use request templates and how to manage IP allocations. Their popularity has prompted the development of additional tutorials for future presentation.

ARIN's ROLE AS FACILITATOR
Providing a Forum for Change

ARIN's service to the public takes on many facets. While first and foremost it is responsible for allocating IP addresses and performing attendant administrative functions, ARIN also finds itself as a focal point for coordinating activities with varied groups that depend on unique and emerging technologies.

ARIN's position in the industry has afforded it the wherewithal to facilitate discussions across many spectrums, bringing such groups as the IETF and NANOG into dialogue about the policies under ARIN's consideration, their impact in the real world, and the development and advancement of future technologies. This year, topics, such as the start of IPv6, have generated interest in future developments and have bolstered increased interaction, involvement, and an awareness of the need to participate in developmental issues.

ORGANIZATIONAL STRUCTURE
A Look at Organizational and Operational Responsiveness

ARIN responds to the greater Internet community. Due to its proven ability to respond to the requests and needs of the community, ARIN's internal structure has remained relatively unchanged over the past year. Externally, ARIN interacts with the many, varied organizations that comprise the global network to gain the best possible perspective on issues that affect or are affected by IP numbering. ARIN staff members participated in international forums by providing onsite training, and attending conferences held by:

- IETF, Oslo, Adelaide, and Washington, DC
- NANOG, Montreal, Albuquerque, and San Jose, CA
- APNIC and APRICOT, Seoul
- RIPE NCC, Amsterdam
- ICANN ASO, Chile
- AfriNIC and AFNOG, Cape Town
- Wisconsin Internet Service Providers (WI-ISP), Madison, Wisconsin

Policy recommendations within ARIN's areas of responsibility are made from a variety of sources, including individual users, large Internet Service Providers (ISPs), technology companies, and ARIN member organizations. These recommendations are announced to the community at large to gain technical input from experts in the field and to alert all concerned parties that a new policy or a revision to an existing policy is under consideration.

ARIN remains on the pulse beat of IP developments

Staff experience continues on the rise. The efficiency of ARIN's staff continues on the incline due in part to incumbency of key staff members. For example, the hands-on experience of the Registration Services Department has decreased the turnaround time for processing requests, and has done so while the number of requests has steadily increased over the past year.

ARIN's global participation assured. When the RIRs signed a MoU with ICANN, a formal means by which the community has direct access to the ICANN organization was initiated. The MoU provided for interaction and input from the community on a global scale. ARIN's user community elects representatives to the ASO AC, who in turn appoint a director to the ICANN Board. A process was outlined whereby stakeholders and the public can discuss, review, and comment on policy issues.

OPERATIONS AND SERVICES REVIEW
  Another Productive Year of Providing IP Services

Registration Services Department

For the year and a half preceding the 1999 fiscal reporting year, the Registration Services Department has been developing its internal procedures, training materials, and system requirements. Now fully seasoned, the group has built on its established infrastructure to fine tune its operations. Testament to the group's efficiency is the large number of requests and phone calls that they successfully process each day.

IPv4 Allocations and Assignments. ARIN allocates blocks of IP addresses to ISPs in sizes ranging from /20 to /13. To show the total number of IPv4 addresses over a period of time, ARIN displays them by the number of /24s allocated. Each /24 is equivalent to 254 host IP addresses. Counting back to January 1998, ARIN has allocated a total of 51,226,974 host IP addresses (201,681 /24s).

Total /24's Issued FY 2000
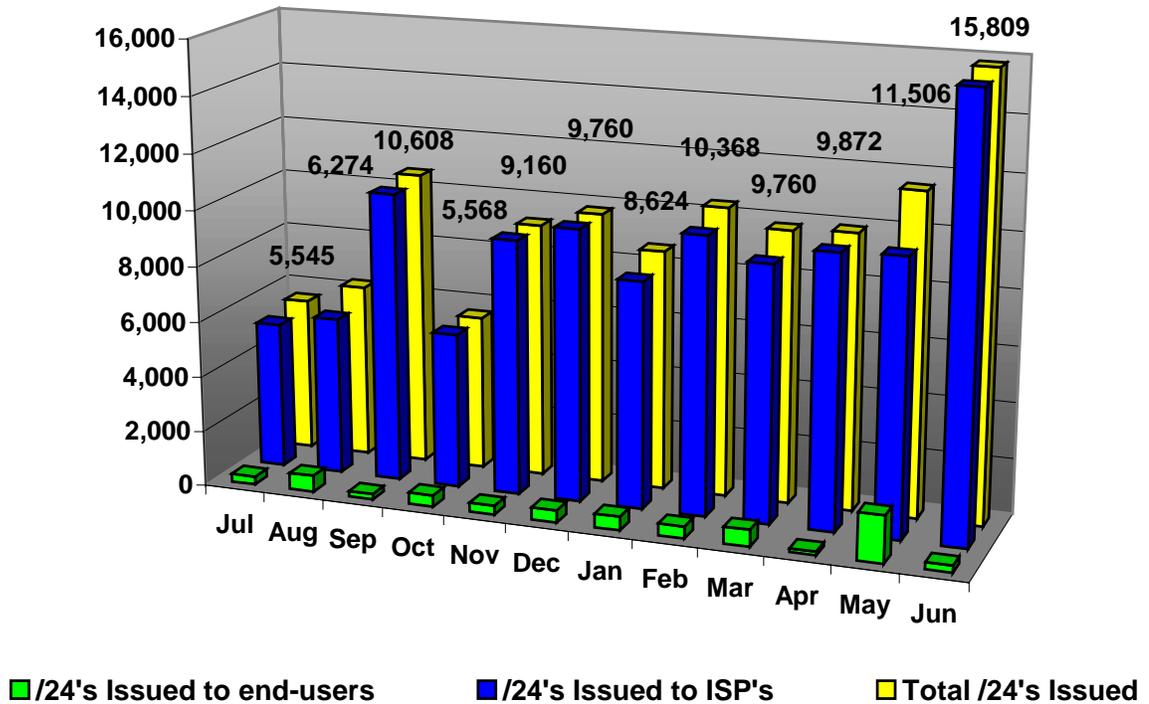
Total number of IPv4 addresses allocated to ISPs and end users (by number of /24s allocated)

End users are assigned small blocks of addresses, typically /20s. These assignments have remained relatively few compared to the number of ISP allocations made because most end users get their addresses from their upstream provider. There were 5,830 /24 registrations issued to end users this fiscal year. The number of allocations made to ISPs and assignments to end users both continue on a steady rise.

NEW IP REQUESTS
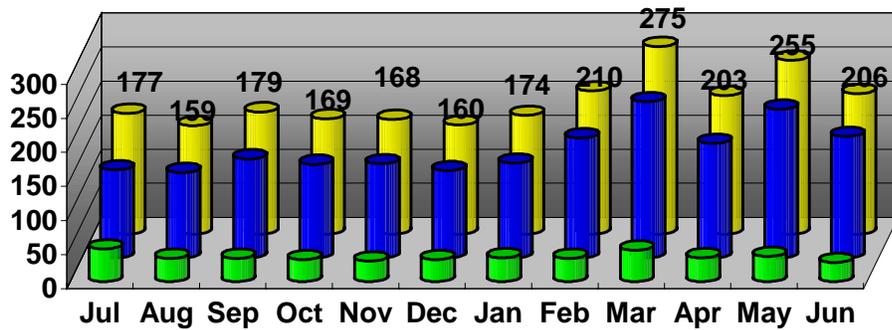
Legend: ■ End-user Requests ■ ISP Requests □ Total IP Requests

Values (Total IP Requests): Jul 177, Aug 159, Sep 179, Oct 169, Nov 168, Dec 160, Jan 174, Feb 210, Mar 275, Apr 203, May 255, Jun 206

ISPs are grouped by the size of IP address block they are allocated. ARIN's fee schedule also reflects this division of categories. Over the year, allocations were made to 513 new ISP customers, or an average of 20 new subscribers per month. ISPs that were already subscribing customers received 589 additional allocations. The total number of ISP subscribers for the year was 1102.
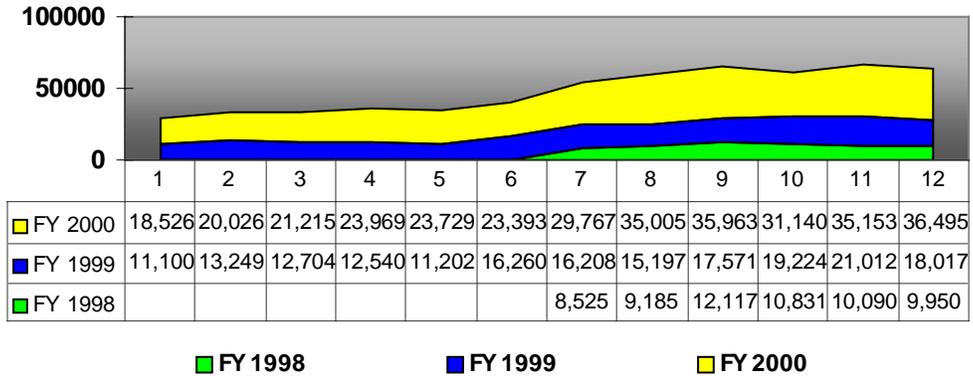
Category	Allocation Size	New Subscribers*		Subscribers Receiving Additional IPs*		Total Number of Subscribers
		Number	Growth(%) v. 1999	Number	Growth(%) v. 1999	
Small	/24**	4	N/A	N/A	N/A	648
	/20 - /19	341	.06	303	2.94	
Medium	>/19 - /16	130	.21	242	2.23	372
Large	>/16 - /14	21	1.33	34	.55	55
X-Large	>/14	17	16.00	10	.43	27
Total		513	.16	589	2.25	1102

* Some members have multiple subscriptions.
** A few /24s are allocated to public exchange points critical to the Internet.

**The number of new ISP requests is rising while requests
from end users has remained fairly static**

SWIP Templates. The Shared WHOIS Project (SWIP) template, used for updating customer IP reassignment information, generated the greatest volume of work within Registration Services. An average of 27,865 SWIP templates were processed each month, keeping ARIN's WHOIS database up to date on a daily basis.
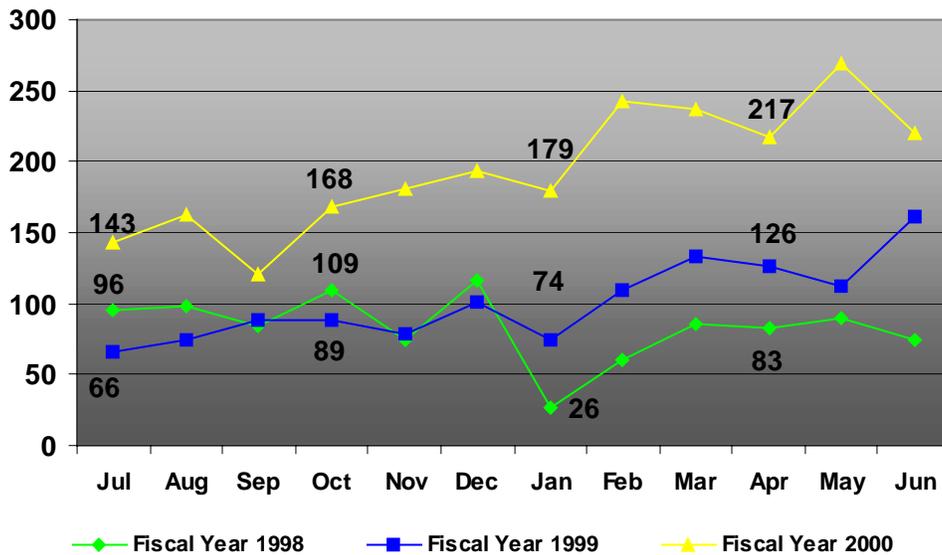
SWIPS PROCESSED

	1	2	3	4	5	6	7	8	9	10	11	12
FY 2000	18,526	20,026	21,215	23,969	23,729	23,393	29,767	35,005	35,963	31,140	35,153	36,495
FY 1999	11,100	13,249	12,704	12,540	11,202	16,260	16,208	15,197	17,571	19,224	21,012	18,017
FY 1998							8,525	9,185	12,117	10,831	10,090	9,950

■ FY 1998   ■ FY 1999   □ FY 2000

**The number of SWIP templates submitted is on the rise
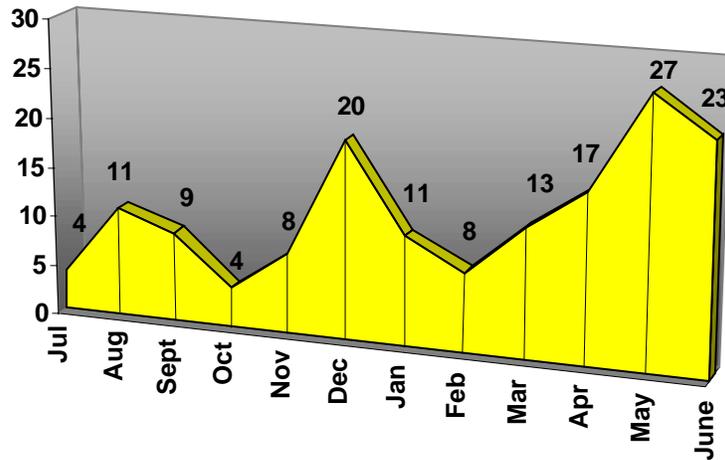and is expected to continue this trend**

Autonomous System Numbers. While all registration statistics have been on the increase, the number of Autonomous System (AS) Numbers being issued has increased at a dramatically high rate -- more than double that of some periods last year. Over this 12-month reporting period, 2,334 AS Numbers were issued.

AS NUMBERS ISSUED

Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

◆ Fiscal Year 1998   ■ Fiscal Year 1999   ▲ Fiscal Year 2000

Transfers. This year organizations have been submitting requests for transferring IP addresses and/or AS Numbers, due to entity changes, at an increasingly high rate, giving rise to discussions in the community. These transfers are being tracked to provide trend analyses as well as comparisons to past years to determine why this is occurring and whether it is cause for concern.
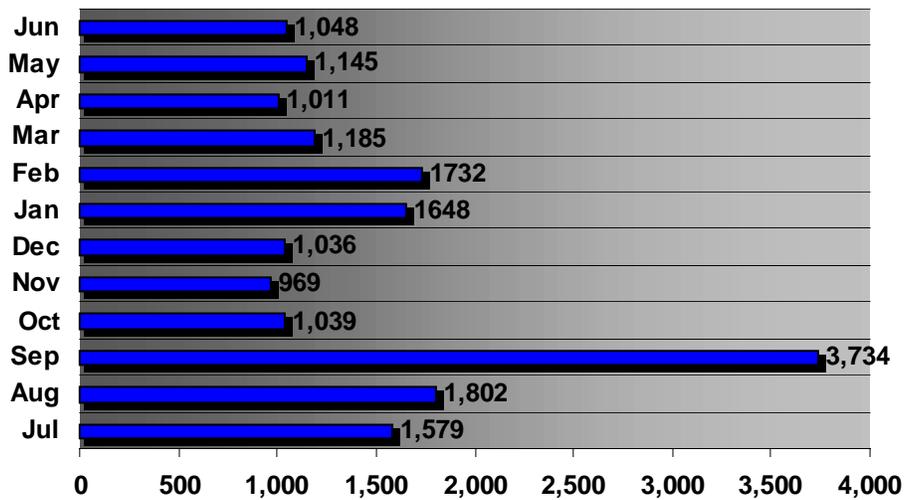
Transfers Completed

Data by month (Jul–June):

Month	Value
Jul	4
Aug	11
Sept	9
Oct	4
Nov	8
Dec	20
Jan	11
Feb	8
Mar	13
Apr	17
May	27
June	23

Transfer requests are being submitted at an increasingly high rate

Modify Templates. Modification Templates are used to make changes to existing network, AS Number, or POC records in the ARIN database.

Modify Template Email Received

| Month	Value
Jun	1,048
May	1,145
Apr	1,011
Mar	1,185
Feb	1732
Jan	1648
Dec	1,036
Nov	969
Oct	1,039
Sep	3,734
Aug	1,802
Jul	1,579

Last year's trend in number of modify templates submitted

Initial IPv6 Allocations. This year marked the first time that blocks of IPv6 address space have been allocated for use. During the start-up phase of IPv6, allocations are made from a portion of the IPv6 topology designated Top-Level Aggregation identifier, or sub-TLA. Five IPv6 /35s were issued during this reporting fiscal year. ARIN staff members coordinate with RIPE NCC and APNIC during the review process to obtain a consensus on the approval of IPv6 allocations.

Registration Help Desk. One of the tasks that keeps Registration Services continually busy is the responding to email messages and telephone calls. A total of 17,722 email messages were processed this fiscal year, with an average of 1,477 on a monthly basis. Hostmaster and netreg (network registration) email accounts are typically reviewed and responded to within a 2-day period.
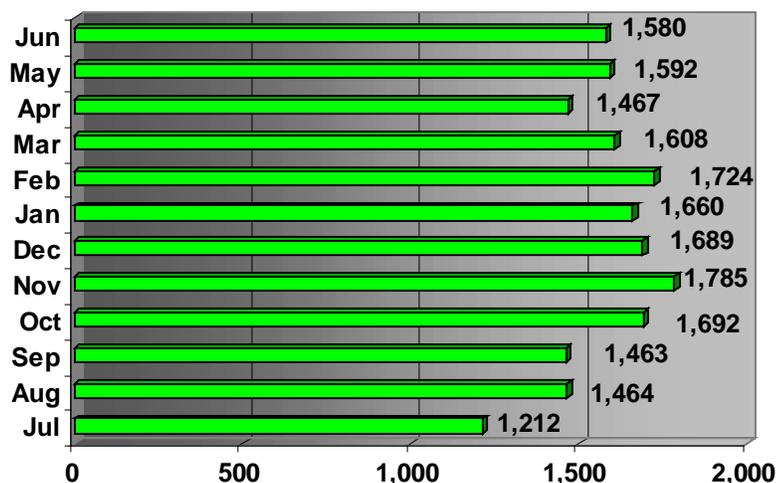
Hostmaster Email Received
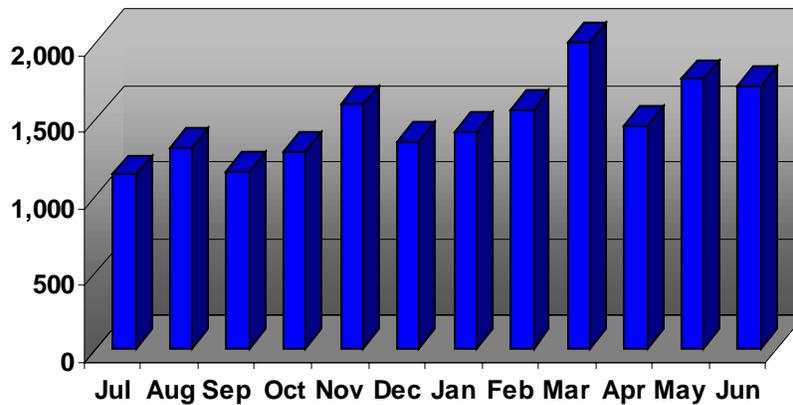
ARIN's Help Desk responds to a high volume of email messages

The staff responded to 18,934 phone calls, which represents a monthly average of 1,578 calls and an average talk time of 2 minutes and 42 seconds. Turnaround time for ARIN's response was within 1 business day, if not the same day. The number of email and telephone requests continues to increase, leaving a vigorous exercise for the group to perform. However, they have provided these services in a timely fashion to the satisfaction of ARIN's customers.

Number of Phone Calls Received

Month	Calls
Jun	1,580
May	1,592
Apr	1,467
Mar	1,608
Feb	1,724
Jan	1,660
Dec	1,689
Nov	1,785
Oct	1,692
Sep	1,463
Aug	1,464
Jul	1,212

**ARIN responded to the numerous phone requests it received each day
within 1 business day or less**

As a matter of procedure, ARIN responds to IP requests within 2 business days.

IP Addressing Tutorial. Members of ARIN's staff developed a how-to tutorial for requesting IP addresses and for submitting ARIN's templates, and have presented them to ISPs and other interested parties. Entitled *How the Heck do I get Address Space from ARIN... and What's Up With Those Templates*, this tutorial was presented in an easy-to-understand format wherein attendees ask questions as the presentation progresses. *Managing Your Allocation* was another tutorial that was presented to help ISPs manage their allocations internally and with their downstream customers.

Engineering Department

Successful Y2K Effort. Early in the fiscal year, the Engineering Department staff spent several months preparing for the switch over to the year 2000. Several employees stayed through the night on December 31 to ensure that operations remained fully functional. This proved to be unnecessary, however, as ARIN's Y2K compliance effort passed through the critical timeframe smoothly without any problems or interruptions.

Database Conversion. The staff was also successful in converting ARIN's database from Ingres to Oracle, which provided a consistent platform for ARIN's internal operations.

New IPv6 System. With the delegation of IPv6 address blocks to the RIRs, ARIN's Engineering and Registration Services staff members, working closely together, designed a system to facilitate the processing of IPv6 requests. This system has worked without anomalies from its initial roll out. ARIN and the other RIRs have been delegated responsibility for managing the reverse address mapping of each IPv6 address range distributed to them for further allocation to customers. The Engineering Department developed a system to set up name server records in the appropriate sub-domain.

Launching of E-systems. ARIN continued to roll out automated subsystems to replace cumbersome manual processes. This included an e-commerce program for registering AS Numbers and maintenance fees. A system for holding on-line elections for ARIN Board of Trustees, Advisory Council, and the ASO AC was also implemented and used for ARIN's fall elections.

Routing Registry. ARIN's Routing Registry (RR) continues to be a resource for network operators in configuring their own networks.

Routing Registry Queries
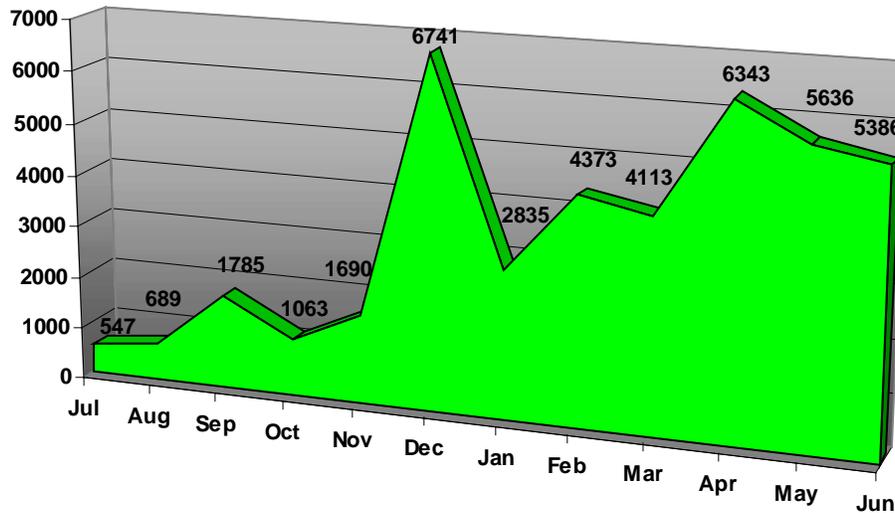
Number of queries made to the RR database

14

```
route objects:        421
mntner objects:       216
aut-num objects:       58
inetnum objects:       28
as-set objects:        15
route-set objects:      6
inet-rtr objects:       2
```
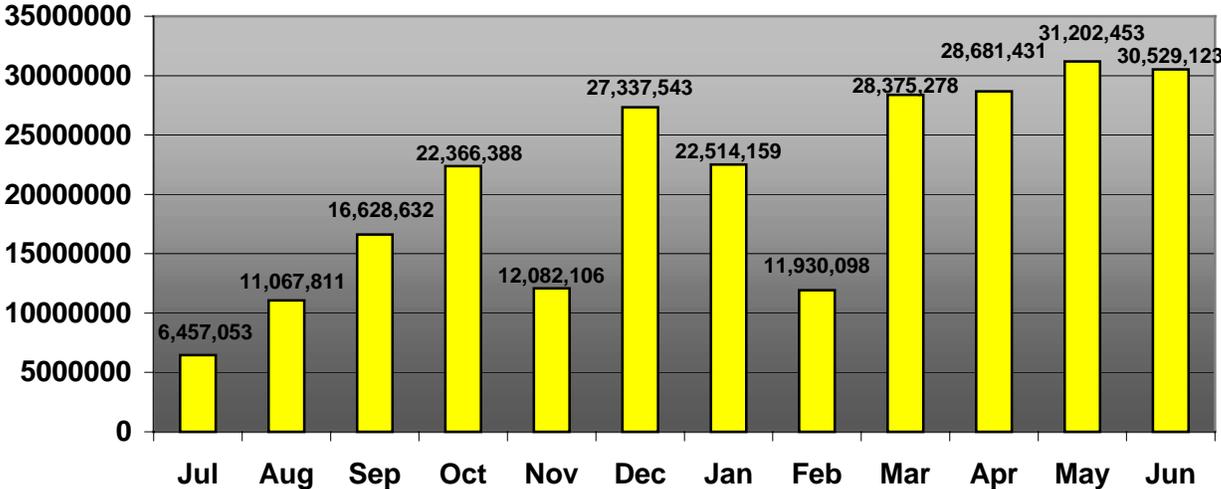
Number and types of objects in ARIN's routing registry database

Website Visits and WHOIS Queries. One of the interesting characteristics of the year has been the amount of activity generated on ARIN's web servers. The greatest number of visits was due to WHOIS queries that are made directly to ARIN's database. These visits demonstrate the need by network operators for an accurate WHOIS database, and shows the community's interest in ARIN activities.

This level of participation is both encouraging and exciting for ARIN, who operates solely in response to the community. It is not unusual for ARIN's web servers to receive nearly 3 million successful requests in a given month. This equates to 95,000 requests per day. The number of distinct files requested averages nearly 20,000 per day and close to 600,000 per month. Approximately 10,000 unique hosts make these requests per day, which equals approximately 300,000 per month.

Total WHOIS Queries per Month

| Month	Queries
Jul	6,457,053
Aug	11,067,811
Sep	16,628,632
Oct	22,366,388
Nov	12,082,106
Dec	27,337,543
Jan	22,514,159
Feb	11,930,098
Mar	28,375,278
Apr	28,681,431
May	31,202,453
Jun	30,529,123

The four most visited pages, represented here by the approximate number of requests per day, are the WHOIS database at over 70,000; meeting minutes at 1,000; mailing lists at 520; and registration services at 250.

Member Services Department

Increase in Membership. At the end of FY1999, ARIN members voted to automatically extend membership to all ISPs receiving IP addresses from ARIN. As a result, the number of members increased from 216 to 784. By the end of FY2000, the total membership had risen to 1,081. This represents an average of 25 new members per month. Fifty-eight new members were added by way of the annual membership fee.

Geographic Distribution of Membership

7% 3% 2% 1%

87%

■ U.S.
■ Canada
□ South America and the Caribbean
■ South Africa
■ Other
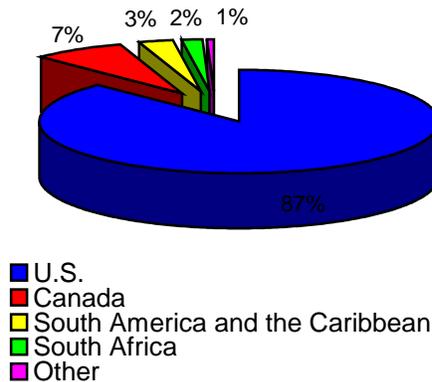
The geographic distribution of ARIN's membership at the close of the fiscal year

Elections. The first election conducted by the membership to elect new Board of Trustee members was held during the fall 1999 biannual meetings in Denver. This was a result of the membership deciding to change voting procedures so that they would be responsible for electing Board members. Two new Trustees were elected to the ARIN Board. During the same election period, three new plus two returning representatives were selected to serve on the ARIN's Advisory Council. An election was also held at this meeting to fill three seats on the newly formed ASO AC. A complete list of ARIN Board of Trustees, Advisory Council members, and the ASO AC is provided at the end of this annual report.

New Website. A revamping of ARIN's website was undertaken early in the year, which culminated in the launching of a brand new site. This site brought a new look, improved navigation, and additional areas of interest to the growing number of people who visit the site each day.

Administration and Business Department

Department staff makes concerted effort. The Administration and Business Department, consisting of business operations and accounting staff, met the year's demands by working extremely hard in a concerted effort with Registration Services staff to perform billing tasks. The group was busy processing and maintaining Billing Account forms, client anniversary billings, Registration Services Agreement forms, fee-paying member applications, as well as producing weekly client activity reports.

They also worked closely with Engineering and Registration Services staff personnel to automate a segment of ARIN's billing process. At year's end, the staff was moving towards restructuring the department in order to meet the increasing demands generated by the growth of ARIN's membership.

ARIN's financial statements confirmed by audit. The annual audit of ARIN's FY1999 financial statements was conducted by TATE & TRYON CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS, independent auditors located in Washington, DC. In their opinion, the financial statements presented fairly, in all material respects, the financial position of ARIN. At year's end, the department was busy preparing the FY2000 financial statements. The financial statements and auditor's letter are included near the end of this annual report.

WORKING GROUPS

ARIN members have formed four working groups to address issues that are best handled by small groups focused on gathering and analyzing data on a specific topic. Members of these groups held periodic meetings and generated discussions on mailing lists, to which anyone can subscribe.

IP Allocations Policies Working Group

The IP Allocations Policies Working Group has addressed such issues as RIR coordination; transfer policies; globally unique, non-routable allocations; routing table size; revision of RFC2050; and IPv6 allocation policies.

Database Implementation Working Group

The Database Implementation Working Group has been discussing topics such as: Tools needed for accessing system; encryption and security issues; use of XML/digital certificates; WHOIS and RWHOIS operational issues; use of universal handles; and Domain Name System (DNS) server requirements.

Community Learning and Education Working Group

The Community Learning and Education Working Group is dedicated to providing clear and concise information about the industry, and accepted methods used in efficient IP addressing. At the end of the fiscal year, the group was laying the groundwork for expanding ARIN's training program by broadening staff resources and increasing the number of training classes conducted at commercial sites. A layman's description of ARIN and its processes will soon be published.

Routing Table Measurement and Analysis

The Routing Table Measurement and Analysis Working Group concentrated on noting how ARIN's policy change in minimum allocation from /19 to /20 affects the global routing table size over time. The group is exploring various ways of summarizing routing table information.

PROJECTS UNDER DEVELOPMENT

External

Collocation Services Support Contract. Historically, ARIN has produced the in-addr.arpa zone file which was then installed by the InterNIC on nine (9) of the internet root zone servers. For many years there has been an ongoing discussion to reduce the size of this file. This will be accomplished by delegating all of the /8 zones from this zone file. In order for ARIN to provide service for the /8 zones it must identify a suite of DNS servers. The Collocation Services Support project will provide this function. ARIN will produce a zone file for each /8 delegated from the in-addr.arpa zone file and will install them on this suite of servers. To accomplish this, ARIN will be contracting with a vendor(s) to provide the hardware and systems support at multiple sites in ARIN's region.

Separating Legacy Space. The RIRs together have undertaken a database separation project whereby legacy address space that has been maintained by ARIN for providers located in other RIR regions will be transferred to their proper RIR. This effort will simplify records maintenance for the holders of legacy space by enabling them to maintain all their records in one database, and will provide for a cleaner database.

The responsibility for providing reverse delegation for the legacy address space will be distributed among the RIRs according to geographical considerations. At year's end, the RIRs had drafted a procedures document and are pursuing how to delegate reverse DNS information.

Internal

Systems upgrade and automation. As part of ARIN's program to consolidate data and automate its registration and billing processes, technical improvements were made to the billing process that included automating responses sent to subscribers for their anniversary payments. Eventually, all billing data will be automated and will reside in Oracle. The system will use SSL encryption and will support authorization and authentication, as well as audit trail features. System security plays an important role in the new design. Authentication and Authorization will be tied to the Point of Contact (POC) and the system will direct which POC can be changed.

OUTLOOK

As emerging technologies come into more widespread use, their melding into the world of IP and AS Numbers is anticipated to rapidly increase. These future technologies, such as telephony, mobile telecommunications, cable modem requirements, electronic devices, and e-commerce have been developing for some time, and may play a role in the production of IPv6.

In the coming months, ARIN personnel will be attending and participating in various international and technical meetings throughout the year. Among those scheduled are NANOG, ICANN Annual Meeting, IETF, APRICOT, RIPE NCC, APNIC, LACNIC, and AfriNIC.

The service and stability that ARIN provides, with its grass roots membership as the foundation, will help ensure continuing success for Internet operations as the industry continues to change rapidly.

Independent Auditor's Report

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

We have audited the accompanying statements of financial position of the American Registry for Internet Numbers, Ltd. (ARIN) as of June 30, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of ARIN's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Registry for Internet Numbers, Ltd. as of June 30, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Washington, DC
August 25, 2000

FINANCIAL REPORT

AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.

Statements of Financial Position

| | June 30, | |
	2000	1999
Assets		
Current assets		
Cash and cash equivalents	$ **4,979,483**	$ 1,717,954
Accounts receivable	**12,746**	32,775
Prepaid expenses	**17,866**	2,831
Deposits - ICANN - Note E	**150,255**	-
Total current assets	**5,160,350**	1,753,560
Investments - Note B	**606,884**	576,709
Fixed assets		
Furniture and equipment	**647,325**	560,706
Leased equipment - Note C	**186,795**	186,795
	834,120	747,501
Less accumulated depreciation and amortization	**(630,074)**	(371,474)
	204,046	376,027
Total assets	$ **5,971,280**	$ 2,706,296
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ **90,443**	$ 166,585
Funds held for ICANN	**150,255**	-
Deferred revenue	**2,748,313**	1,711,584
Capital lease obligation, current portion - Note C	**35,339**	70,221
Total current liabilities	**3,024,350**	1,948,390
Capital lease obligation, less current portion - Note C	**-**	25,701
Total liabilities	**3,024,350**	1,974,091
Commitments and contingencies - Note C	**-**	-
Net assets - unrestricted	**2,946,930**	732,205
Total liabilities and net assets	$ **5,971,280**	$ 2,706,296

AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.
Statements of Activities

	June 30	
	2000	1999
Revenue		
Registrations	**$ 4,737,655**	$ 2,561,119
Dividends and interest	**170,513**	45,848
Other revenue	**78,618**	36,130
Membership dues	**26,000**	112,500
Contributions	**8,776**	5,420
Total revenue	**5,021,562**	2,761,017
Expense		
Program services:		
Engineering	**1,083,947**	894,501
Registration services group	**763,584**	740,617
Member services	**207,548**	135,810
Total program services	**2,055,079**	1,770,928
Administration	**751,758**	468,779
Total expenses	**2,806,837**	2,239,707
Change in unrestricted net assets	**2,214,725**	521,310
Net assets, beginning of year	**732,205**	210,895
Net assets, end of year	**$ 2,946,930**	$ 732,205

AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.

Statements of Cash Flows

	June 30	
	2000	**1999**
Cash Flows From Operating Activities		
Change in net assets	$ 2,214,725	$521,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	258,600	243,249
Changes in assets and liabilities:		
Accounts receivable	10,214	6,590
Prepaid expenses	(15,035)	2,099
Deposits - ICANN	(150,255)	-
Accounts payable and accrued expense	(66,327)	72,010
Funds held for ICANN	150,255	-
Deferred revenue	1,036,729	891,429
Total adjustments	1,224,181	1,215,377
Net cash provided by operating activities	3,438,906	1,736,687
Cash Flows From Investing Activities		
Purchases of investments, net	(30,175)	(322,189)
Purchases of furniture and equipment	(86,620)	(22,492)
Net cash used in investing activities	(116,795)	(344,681)
Cash flows From Financing Activities		
Principal payments on capital lease obligation	(60,582)	(60,582)
Net increase in cash and cash equivalents	3,261,529	1,331,424
Cash and cash equivalents, beginning of year	1,717,954	386,530
Cash and cash equivalents, end of year	$ 4,979,483	$1,717,954

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