

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
American Registry for Internet Numbers, Ltd.  
Centreville, Virginia

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of American Registry for Internet Numbers, Ltd. (ARIN), which comprise of the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ARIN as of December 31, 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ARIN and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ARIN's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 ARIN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ARIN's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit. CliftonLarsonAllen LLP.

***Other Matter***

The 2023 financial statements were audited by other auditors, whose report dated April 23, 2024, expressed an unmodified opinion on those statements.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
August 13, 2025

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 830,200	\$ 791,618
Investments:		
Operating Reserve Fund	3,114,220	5,549,306
Long-Term Reserve Fund	<u>32,657,173</u>	<u>30,543,337</u>
Total Investments	35,771,393	36,092,643
Accounts Receivable, Net of Provision for Credit Loss of \$63,742 and \$32,215, Respectively	955,136	937,389
Prepaid Expenses	1,006,691	678,612
Property and Equipment, Net	3,883,220	3,582,973
Right-of-Use Assets - Finance Leases	956,416	714,218
Right-of-Use Assets - Operating Leases	1,652,460	1,936,185
Deposits	<u>180,527</u>	<u>351,180</u>
 Total Assets	 <u><u>\$ 45,236,043</u></u>	 <u><u>\$ 45,084,818</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 2,644,613	\$ 3,486,013
Due to ICANN	156,421	163,119
Due to NRO	159,175	140,854
Deferred Revenue	12,706,746	12,382,771
Lease Liabilities - Finance Leases	955,977	662,853
Lease Liabilities - Operating Leases	<u>2,342,528</u>	<u>2,933,936</u>
Total Liabilities	18,965,460	19,769,546
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	<u>26,270,583</u>	<u>25,315,272</u>
Total Net Assets	<u>26,270,583</u>	<u>25,315,272</u>
 Total Liabilities and Net Assets	 <u><u>\$ 45,236,043</u></u>	 <u><u>\$ 45,084,818</u></u>

See accompanying Notes to Financial Statements.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>REVENUE AND SUPPORT</b>		
Renewal Registration Fees	\$ 25,828,477	\$ 25,013,207
Initial Registration Fees	701,532	1,052,079
Network Transfers	1,636,187	1,592,813
Contributions	78,917	41,803
Contributions - Nonfinancial Assets	400,000	400,000
Other Revenue	<u>228,097</u>	<u>246,295</u>
Total Revenue and Support	28,873,210	28,346,197
<b>OPERATING EXPENSES</b>		
Program Services:		
Engineering	14,469,889	13,624,806
Member Services	3,413,684	2,299,914
Registration and Services Group	4,678,168	5,587,655
Government Affairs Group	1,602,756	1,482,607
Internet Support	<u>545,192</u>	<u>1,653,779</u>
Total Program Services	24,709,689	24,648,761
Support Services:		
General and Administrative	<u>5,586,962</u>	<u>5,645,888</u>
Total Operating Expenses	<u>30,296,651</u>	<u>30,294,649</u>
<b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN, Net</b>	(1,423,441)	(1,948,452)
Investment Return, Net	<u>2,378,752</u>	<u>3,203,888</u>
<b>CHANGE IN NET ASSETS</b>	955,311	1,255,436
Net Assets - Beginning of Year	<u>25,315,272</u>	<u>24,059,836</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 26,270,583</u></u>	<u><u>\$ 25,315,272</u></u>

See accompanying Notes to Financial Statements.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	Program Services						Support Services	Total
	Engineering	Member Services	Registration Services Group	Government Affairs Group	Internet Support	Total Program Services	General and Administrative	
Salaries and Employee Benefits	\$ 9,447,067	\$ 1,968,761	\$ 3,705,597	\$ 950,856	\$ -	\$ 16,072,281	\$ 4,809,646	\$ 20,881,927
Travel	494,615	259,343	267,973	124,732	-	1,146,663	8,701	1,155,364
Members Meeting	363,797	371,962	21,132	3,449	-	760,340	-	760,340
Telecommunications	47,242	15,208	19,560	3,374	-	85,384	8,013	93,397
Engineering Operations	2,387,283	84,039	54,626	12,606	-	2,538,554	108,528	2,647,082
Depreciation and Amortization	640,165	266,736	173,378	40,010	-	1,120,289	253,399	1,373,688
Rent and Occupancy	267,932	111,638	72,565	16,746	-	468,881	106,056	574,937
General Office	444,393	180,618	171,821	28,777	-	825,609	167,544	993,153
Legal	139,713	58,214	37,839	8,732	-	244,498	55,303	299,801
Industry Memberships and Other Support	-	-	-	-	545,192	545,192	-	545,192
Professional Services	221,252	74,087	47,739	252,961	-	596,039	69,772	665,811
Outreach and Public Relations	16,430	23,078	105,938	160,513	-	305,959	-	305,959
Total	<u>\$ 14,469,889</u>	<u>\$ 3,413,684</u>	<u>\$ 4,678,168</u>	<u>\$ 1,602,756</u>	<u>\$ 545,192</u>	<u>\$ 24,709,689</u>	<u>\$ 5,586,962</u>	<u>\$ 30,296,651</u>

See accompanying Notes to Financial Statements.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	Program Services						Support Services	Total
	Engineering	Member Services	Registration Services Group	Government Affairs Group	Internet Support	Total Program Services	General and Administrative	
Salaries and Employee Benefits	\$ 9,076,679	\$ 1,391,625	\$ 4,055,234	\$ 934,402	\$ -	\$ 15,457,940	\$ 4,802,019	\$ 20,259,959
Travel	406,328	142,315	344,318	128,216	-	1,021,177	4,218	1,025,395
Members Meeting	249,751	354,949	30,637	4,536	-	639,873	340	640,213
Telecommunications	44,862	8,545	22,845	3,083	-	79,335	8,549	87,884
Engineering Operations	2,098,775	20,123	55,339	8,568	-	2,182,805	50,308	2,233,113
Depreciation and Amortization	658,779	122,564	337,049	45,961	-	1,164,353	306,408	1,470,761
Rent and Occupancy	254,315	47,314	130,115	17,743	-	449,487	118,286	567,773
General Office	443,699	78,399	267,736	31,076	-	820,910	192,027	1,012,937
Legal	182,549	33,963	93,397	12,736	-	322,645	84,907	407,552
Industry Memberships and Other Support	-	-	-	-	1,653,779	1,653,779	-	1,653,779
Professional Services	209,069	31,530	187,908	270,825	-	699,332	78,826	778,158
Outreach and Public Relations	-	68,587	63,077	25,461	-	157,125	-	157,125
Total	<u>\$ 13,624,806</u>	<u>\$ 2,299,914</u>	<u>\$ 5,587,655</u>	<u>\$ 1,482,607</u>	<u>\$ 1,653,779</u>	<u>\$ 24,648,761</u>	<u>\$ 5,645,888</u>	<u>\$ 30,294,649</u>

See accompanying Notes to Financial Statements.



**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 955,311	\$ 1,255,436
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization of Property and Equipment	1,373,688	1,470,761
Amortization of Right-of-Use Assets - Finance Leases	425,613	235,114
Realized and Unrealized Gain on Investments	(868,241)	(1,844,236)
Loss on Disposal of Property and Equipment	-	12,059
Noncash Lease Expense	623,990	595,662
Increase in Allowance for Credit Losses	31,527	3,918
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(49,274)	(101,169)
Prepaid Expenses	(328,079)	(183,155)
Deposits	170,653	(169,652)
Accounts Payable and Accrued Expenses	(841,400)	1,610,924
Due to ICANN	(6,698)	25,952
Due to NRO	18,321	140,854
Deferred Revenue	323,975	(127,754)
Principal Reduction in Lease Liabilities - Operating Leases	<u>(935,355)</u>	<u>(862,807)</u>
Net Cash Provided by Operating Activities	894,031	2,061,907
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and Equipment Acquisitions	(1,673,935)	(1,041,617)
Proceeds from the Sale of Equipment	-	1,535
Proceeds from the Sale of Investments	9,528,886	10,458,393
Purchase and Reinvestments of Investments	<u>(8,339,395)</u>	<u>(13,268,045)</u>
Net Cash Used by Investing Activities	(484,444)	(3,849,734)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Reduction in Lease Liabilities - Finance Lease	<u>(371,005)</u>	<u>(291,103)</u>
Net Cash Used by Financing Activities	<u>(371,005)</u>	<u>(291,103)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	38,582	(2,078,930)
Cash and Cash Equivalents - Beginning of Year	<u>791,618</u>	<u>2,870,548</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 830,200</u>	<u>\$ 791,618</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Acquisition of Property and Equipment Through Finance Lease	<u>\$ 451,663</u>	<u>\$ 544,495</u>
Operating Lease Assets Obtained in Exchange for New Operating Lease Liabilities	<u>\$ 300,743</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1    PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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 on the accrual basis of accounting, which recognizes revenue and support when earned and expenses when incurred and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of Presentation**

ARIN follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities*. As required by the Not-for-Profit Entities Topic of the Codification, ARIN is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

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 reported with investments.

**Investments**

Investments consist of a hedge fund, equity and fixed income mutual funds, equity exchange traded funds, and money market funds. 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 values as determined by quoted market prices from established exchanges. Investments in fund-of-funds for which a fair market value may not be readily determinable, are carried at net asset value (NAV) as reported by the fund manager and validated by ARIN. Interest and dividend income are accounted for on the accrual basis. Gains and losses on investments, including changes in market value, are reported in the accompanying statements of activities. Investment return, including interest, dividends, and realized and unrealized gains (losses) on investments are presented net of investment expenses in the statements of activities.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1    PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Accounts Receivable**

Accounts receivable consist of registration fees and other service fees and are recorded at their estimated net realizable value, the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to credit loss expense and a credit to the valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts. As of December 31, 2024 and 2023, management established a provision in the amount of \$63,742 and \$32,215, respectively. Management will write off any balance that remains after it has exhausted all reasonable collection efforts and concludes that additional collection efforts are not cost-justified. Changes in the valuation provision have not been material to the financial statements.

**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 capitalizes certain costs related to the development of internal-use software. Costs incurred during the application development phase are capitalized only when ARIN believes it is probable the development will result in new or additional functionality. The types of costs capitalized during the application development phase include employee compensation. Costs related to the preliminary project stage and post-implementation activities are expensed as incurred. Internal-use software is amortized over five years using the straight-line method. When internal-use software that was previously capitalized is abandoned, the cost less the accumulated amortization, if any, is recorded as impairment expense. As of December 31, 2024 and 2023, management determined there has been no impairment in the carrying value of capitalized costs related to the development of internal-use software.

**Deferred Revenue**

Payments received in advance of the period in which performance obligations are satisfied are deferred to subsequent periods. Deferred revenue is comprised principally of renewal and initial registration fees received in advance.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1    PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Net Assets**

ARIN's resources are classified for accounting and reporting purposes into net asset groups established according to their nature and purpose and based on the existence or absence of donor imposed restrictions. Accordingly, ARIN classifies net asset groups as follows:

*Net Assets Without Donor Restrictions* – Undesignated net assets represent funds that are available for the support of ARIN's operations and are not subject to donor restrictions. The board may designate net assets without donor restrictions at its discretion. There were no board-designated net assets as of December 31, 2024 and 2023.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the restriction was restricted has been fulfilled, or both. ARIN had no net assets with donor restrictions as of December 31, 2024 and 2023.

**Lease Accounting**

ARIN assesses contracts at inception to determine whether an arrangement includes a lease, which conveys ARIN's right to control the use of an identified asset for a period of time in exchange for consideration. ARIN determines whether the lease classification is an operating or financing lease at the commencement date.

ARIN has operating and finance leases for which right-of-use assets and lease liabilities are recorded in the accompanying statements of financial position in accordance with FASB ASC 842, *Leases*. ARIN measures its operating lease assets and liabilities using a risk-free rate of return selected based on the term of the lease. ARIN measures its finance lease assets and liabilities using the implicit interest rate included in the lease agreement.

As a matter of policy, ARIN has elected to exclude leases with terms of 12 months or less from the statement of financial position. ARIN had no short-term leases as of December 31, 2024 and 2023.

ARIN considered the likelihood of exercising renewal or termination terms in measuring the right-of-use assets and lease liabilities. If ARIN was not reasonably certain that a lease would be extended or terminated early, the additional term was not included in the determination of the lease liability and right-of-use asset.

ARIN's office space includes nonlease components such as common area maintenance costs, utilities, and other maintenance costs. ARIN's colocation data center leases include nonlease components such utilities and data services. ARIN has elected to include nonlease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed or variable based on an index or rate. Nonlease components that are not fixed are expensed as incurred as variable lease payments.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1    PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition**

**Renewal Registration Fees**

Renewal registration fees are revenues received from Resource Services Plan (RSP) customers for internet number resource services to be received subsequent to the initial registration service period. The renewal registration fee allows customers continued use of the internet number resources, the IP/ASN registry services and the resource management services for an additional 12-month period. ARIN's performance obligation exists and is determined to be satisfied evenly throughout the term and therefore the revenue is recognized over time. Customers are billed renewal registration fees 60 days prior to their anniversary month. Revenue is deferred upon billing and is later recognized equally over the 12-month period beginning with the anniversary month.

**Initial Registration Fees**

Initial registration fees are revenues received from RSP customers for use of allocations of initial internet number resources throughout a 12-month term. In addition to the allocation of internet number resources, the ARIN systems offer many methods and tools for the customer to manage and secure their resource records. The initial allocation of internet resources permits the customer to use the resource records, the IP/ASN registry services and the resource management services for a 12-month period. ARIN's performance obligation exists and is determined to be satisfied evenly throughout the term. Therefore, revenue is deferred when payment is received and is then recognized equally over the 12-month period. Registration fees are collected in advance for a 12-month period. Use of the number resources does not start until payment is received. Payments are not refundable once service is initiated.

There are limited economic factors that would affect the nature, amount and timing of cash flows or uncertainty or revenue recognition as IP addresses are limited and in demand. ARIN did not have any impairment or credit losses on any receivables arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components or variable considerations in pricing. Fixed fees are charged based on service category and IP block size.

**Network Transfers**

Network transfer fees are charged for services performed to evaluate the appropriateness and legality of requested internet number resource transfers between community members. The network transfer evaluation service begins when payment is received and ends when the transaction ticket is closed. Revenue is recognized when the transfer evaluation service is completed at a point in time at which ARIN's performance obligation is completed.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1    PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition (Continued)**

**Contributions**

Unconditional contributions received are recorded as an increase in net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions in the period acknowledged. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with a donor time and/or purpose restriction are reclassified to net assets without donor restriction reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions are reported as net assets without donor restrictions when the restrictions are met in the same period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional contributions as of December 31, 2024 and 2023.

**Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of ARIN are reported as expenses of those functional areas. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of ARIN which are allocated among the program and supporting service categories based on headcount. These costs include certain management and staff expenses, travel, general office, professional services, rent, depreciation, and taxes.

**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. 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. ARIN recognizes interest expense and penalties related to income taxes on uncertain tax positions in management and general expenses on the statements of activities and accounts payable and accrued expenses in the statements of financial position. No interest expense and penalties related to income taxes on uncertain tax positions were recognized for the years ended December 31, 2024 and 2023.

ARIN files income tax returns in the U.S. federal jurisdiction. In accordance with FASB ASC 740, *Income Taxes*, ARIN recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. With a few exceptions, ARIN is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before fiscal year 2021. Management has evaluated ARIN's tax positions and has concluded that ARIN has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1    PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Financial Instruments and Credit Risk**

ARIN's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. Noninterest-bearing bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) with a limit of \$250,000 per depositor as of December 31, 2024 and 2023. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. government. ARIN has never experienced any losses related to these balances and management believes the risk of loss, if any, to be minimal.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Historically, ARIN has not experienced significant losses related to accounts receivable balances and, therefore, believes that the credit risk related to them is minimal.

**Reclassifications**

Certain balances for the year ended December 31, 2023 have been reclassified to reflect comparative presentation with the year ended December 31, 2024.

**NOTE 2    INVESTMENTS AND FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurement*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – inputs consist of unadjusted quoted prices in active markets for identical assets and provide highest quality inputs.

*Level 2* – inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets or other significant observable inputs.

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**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

*Level 3* – inputs provide the lowest quality inputs because there are no significant observable inputs.

ARIN uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ARIN measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Money market funds reported as Level 1 inputs have been valued at the closing price reported by the fund sponsor from an actively traded exchange. Exchange-traded funds have been valued at the closing price reported on the active market in which the individual securities are traded. Mutual funds have been valued based on the net asset value of shares held by ARIN as determined by quoted market prices at the end of the year. Certificates of deposit are valued at amortized cost based upon observable inputs, such as interest rates, which approximates fair value and are therefore classified as Level 2 assets. There have been no changes in the valuation methodologies during 2024.

ARIN has holdings within an alternative investment hedge fund which includes investments in both nonmarketable and market-traded securities. Given the absence of market quotations, the alternative investment fund is recorded at NAV as the practical expedient which is estimated using information provided to ARIN by the investment manager. The value is based on estimates that require varying degrees of judgment.

The alternative investment may indirectly expose ARIN to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, ARIN's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in the investment. The financial statements of the investee are audited annually by nationally recognized independent auditors. Additionally, ARIN's investment advisor performs on-going due diligence of the fund which includes benchmarking and comparing the results of the fund to certain indexes. The investment advisor also has regular calls with management of the funds and meets periodically with the finance committee to discuss the performance of the funds.

ARIN does not directly invest in the underlying securities of the alternative investment fund and due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ significantly from reported values that are based on current conditions.

The alternative investment fund includes investments in funds of hedge funds which seek attractive risk-adjusted returns with diversification through the use of a multi-strategy philosophy. The fund has a notice period of 90 days, quarterly redemption frequency and no unfunded commitment as of December 31, 2024 and 2023.

Subsequent to year end, one of ARIN's alternate investments was partially redeemed for \$1,500,000 and transferred to a money market fund.



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**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

ARIN has determined the fair value of certain assets through application of FASB ASC 820, *Fair Value Measurement*. Investments that are measured at fair value using NAV have not been classified in the fair value hierarchy table below. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy table to the amounts presented in the statements of financial position.

Fair values of investments measured on a recurring basis as of December 31, 2024 and 2023 are as follows:

	2024				
	Total	Level 1	Level 2	Level 3	NAV
Money Market Funds	\$ 7,284,470	\$ 7,284,470	\$ -	\$ -	\$ -
Exchange Traded Funds:					
Equities	666,180	666,180	-	-	-
Mutual Funds:					
Equities	10,074,246	10,074,246	-	-	-
Fixed Income	14,284,977	14,284,977	-	-	-
Multi-Strategy Alternative Funds	3,293,369	-	-	-	3,293,369
Total Investments at Fair Value	<u>\$ 35,603,242</u>	<u>\$ 32,309,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,293,369</u>

  

	2023				
	Total	Level 1	Level 2	Level 3	NAV
Money Market Funds	\$ 9,590,318	\$ 9,590,318	\$ -	\$ -	\$ -
Exchange Traded Funds:					
Equities	956,504	956,504	-	-	-
Mutual Funds:					
Equities	9,504,189	9,504,189	-	-	-
Fixed Income	13,044,992	13,044,992	-	-	-
Multi-Strategy Alternative Funds	2,986,200	-	-	-	2,986,200
Total Investments at Fair Value	<u>\$ 36,082,203</u>	<u>\$ 33,096,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,986,200</u>

Cash accounts maintained in brokerage accounts are not included in the above tables because they are recorded at cost.

The table below reconciles total investments to the statements of financial position as of December 31:

	2024	2023
Investments Held at Fair Value	\$ 35,603,242	\$ 36,082,203
Investments Held at Cost	168,151	10,440
Total	<u>\$ 35,771,393</u>	<u>\$ 36,092,643</u>

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**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Realized and unrealized losses and gains on investments are reported net of related expenses, such as custodial, commission, and investment advisory fees. There were no internal management expenses for the years ended December 31, 2024 and 2023.

**NOTE 3 ACCOUNTS RECEIVABLE AND DEFERRED REVENUE FROM CONTRACTS WITH CUSTOMERS**

Accounts receivable and deferred revenue from contracts with customers and the change in therein is as follows for December 31:

	2024	2023
Accounts Receivable - Beginning of Year	\$ 937,389	\$ 840,138
Accounts Receivable - End of Year	955,136	937,389
Deferred Revenue - Beginning of Year	12,382,771	12,500,450
Deferred Revenue - End of Year	12,706,746	12,382,771

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment and accumulated depreciation as of December 31, 2024 and 2023 are as follows:

	2024	2023
ARIN Online Database	\$ 18,825,273	\$ 17,376,643
Computer Equipment	5,691,208	5,899,591
Computer Software	1,190,720	1,113,465
Furniture and Fixtures	512,825	512,825
Office Equipment	69,748	53,981
Leasehold Improvement	2,431,270	2,421,681
Total	28,721,044	27,378,186
Less: Accumulated Depreciation and Amortization	(24,837,824)	(23,795,213)
Total Accounts Receivable, Net	<u>\$ 3,883,220</u>	<u>\$ 3,582,973</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$1,373,688 and \$1,470,761, respectively. For the ARIN online database, accumulated depreciation was \$15,912,617 and \$15,095,303 as of December 31, 2024 and 2023, respectively. Amortization expense for the ARIN online database was \$817,313 and \$854,925 for the years ended December 31, 2024 and 2023, respectively.

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**NOTE 5 CONTRIBUTED NONFINANCIAL ASSETS**

ARIN receives in-kind contributions of certain technical services from organizations in the Internet community. These donated services help ARIN provide Reverse DNS internet services to the Internet community. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ARIN. ARIN recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the fair value of the services at the time of donation. Under FASB ASC 820 guidance, ARIN uses the cost approach to determine the fair value due to the specialized nature of the donated services. For the years ended December 31, 2024 and 2023, the estimated replacement cost for ARIN to build and operate the infrastructure to perform these donated services includes:

	Personnel Cost	Computer Hardware and Software Cost	Telecom and Colocation Cost	Total
Reverse DNS	\$ 145,000	\$ 105,000	\$ 150,000	\$ 400,000

All donated services and assets were utilized by ARIN program services. There were no donor imposed restrictions associated with the donated services.

**NOTE 6 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 deferrals between 3%-6%, for a maximum match of 9% of compensation. Total retirement plan contribution expense for 2024 and 2023 was \$1,697,610 and \$1,574,195, respectively.

**NOTE 7 RELATED PARTY TRANSACTIONS**

On October 24, 2003, the four Regional Internet Registries (RIR) entered into a memorandum of understanding to form the Number Resource Organization (NRO). The NRO memorandum was originally signed by ARIN, the Asia Pacific region registry (APNIC), the Latin American region registry (LACNIC) and the European region registry (RIPE NCC). The fifth RIR for the African region, AFRINIC, joined by signing the NRO memorandum of understanding in 2005.

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.

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**NOTE 7 RELATED PARTY TRANSACTIONS (CONTINUED)**

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 2024 and 2023 were \$179,018 and \$138,572, respectively. These expenses are reflected within industry memberships and other support expense in the statements of functional expenses.

The five Regional Internet Registries (RIRs) have an agreement with the Internet Corporation for Assigned Names and Numbers (ICANN) for the distribution of Internet numbers. Based on the NRO coordination function described above, the RIRs pay ICANN \$650,000 annually for this IANA registration services and an additional voluntary contribution of \$173,000 for a total of \$823,000 annually. This expense is allocated to each RIR on a pro-rated basis proportional to the RIRs total registration services fees. During 2024 and 2023, ARIN's share of these costs to ICANN were \$238,670 and \$253,742, respectively. These expenses are reflected within industry memberships and other support expense in the statements of functional expenses.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

**Lease Commitments**

ARIN has operating and finance lease arrangements which expire at various dates from fiscal year 2024 to fiscal year 2028. All lease agreements are accounted for under FASB ASC 842.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs based on an index or rate. If a lease does include indexed or variable costs at a specific rate, ARIN includes those costs as part of operating lease expense.

**Operating Leases**

ARIN's operating leases do not contain residual value guarantees. ARIN has recorded the right-of-use asset balance in the accompanying statement of financial position as of December 31, 2024 for the following operating leases:

- a) Office space for its operations in Northern Virginia. ARIN leased 25,684 square feet under this arrangement. The lease expires in January 2027. Rental payments under the lease increases 2.5% each year. The lease includes two five-year renewal options; however, ARIN has determined that it is not reasonably certain it will exercise the options to extend. ARIN's office lease provides for certain incentives in the form of a tenant improvement allowance provided for leasehold improvements. ARIN utilized \$1,930,153 of the tenant improvement allowances provided by the lease. The leasehold improvements are included with property and equipment, net of accumulated depreciation in the accompanying statements of financial position.

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**NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Lease Commitments (Continued)**

**Operating Leases (Continued))**

- b) Five operating leases for cabinets at various colocation data center caging facilities. These leases have various lease expirations through February 2028 and have options to renew each year for 12 additional months with an increase in cost of 3%. ARIN is reasonably certain to renew these leases through 2028.

**Finance Leases**

ARIN has recorded right-of-use assets and lease liabilities in the accompanying statement of financial position for seven, three-year finance leases related to various computer equipment for its colocation data centers. The leases have a mandatory buyout payment of \$1 at the end of the lease. ARIN finance leases do not include variable lease payments.

The maturity of the lease liability under the ARIN's operating and finance leases as of December 31, 2024 is as follows:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 1,029,262	\$ 514,205
2026	1,072,102	346,011
2027	295,415	167,549
2028	13,900	-
Less: Effects of Discounting	(68,151)	(71,788)
Total Lease Liabilities Recognized	<u>\$ 2,342,528</u>	<u>\$ 955,977</u>

Within the statement of functional expenses, operating and variable lease expense is included in "Rent and Occupancy" and "Engineering Operations," amortization expense and interest expense are included in "Engineering Operations".

These amounts for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Operating Lease Costs (Costs Resulting from Lease Payments)	\$ 649,971	\$ 643,165
Amortization of Right-of-Use Assets - Finance Leases	425,613	235,114
Interest on Lease Liabilities - Finance Leases	42,303	29,392
Variable Lease Costs (Excluded from Lease Payments)	-	348,934
Total Lease Costs	<u>\$ 1,117,887</u>	<u>\$ 1,256,605</u>

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**NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Supplemental quantitative information related to operating and finance leases for the year ended December 31, 2024:

	Operating Leases	Finance Leases
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	\$ 935,355	\$ 413,308
Weighted - Average Remaining Lease Terms	2.3 Years	2.1 Years
Weighted - Average Discount Rate	2.13%	6.32%

Supplemental quantitative information related to operating and finance leases for the year ended December 31, 2023:

	Operating Leases	Finance Leases
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	\$ 911,021	\$ 320,495
Weighted - Average Remaining Lease Terms	3.1 Years	2.2 Years
Weighted - Average Discount Rate	1.42%	5.84%

**Line of Credit**

In June 2023, ARIN entered into a \$1,000,000 line of credit agreement. The line of credit is collateralized by certain personal property of ARIN. The line of credit is available until July 1, 2025, and accrues interest at a floating rate based on the daily Consumer Spread-Adjusted Secured Overnight Financing Rate (SOFR) Index plus 2%. There is no balance owed on this line of credit as of December 31, 2024 and 2023 and was not subsequently renewed.

**Future Commitments**

In 2015, the NRO Executive Council, which includes ARIN, entered into a formal commitment towards safeguarding the stability of the RIR system by establishing a Joint RIR Stability Fund. The Joint RIR Stability Fund is to guarantee the continued operation of all five RIRs and to ensure ongoing coordination support for the policy development communities of the five RIRs. ARIN's pledge of \$250,000 is only to be paid when certain conditions are satisfied.

**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.

**Contracts**

ARIN has entered into agreements with various properties and service organizations for conference and meeting facilities in 2025 and beyond. Certain agreements contain various clauses whereby ARIN may be liable for damages in the event of cancellation or lower-than-anticipated attendance. Management of ARIN does not believe that any material losses will be incurred under any of these agreements.

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
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**NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are available to finance the general operations of ARIN. The only limits on the use of net assets without donor restrictions are the purposes specified in ARIN's articles of incorporation and those limitations resulting from the nature of ARIN and the environment in which it operates.

**NOTE 10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

ARIN regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	2024	2023
Cash and Cash Equivalents	\$ 830,200	\$ 791,618
Accounts Receivable, Net	955,136	937,389
Investments	<u>35,771,393</u>	<u>36,092,643</u>
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures within One Year	<u>\$ 37,556,729</u>	<u>\$ 37,821,650</u>

ARIN has various sources of liquidity at its disposal, including cash and cash equivalents and long-term equity funds.

As part of liquidity management, ARIN may invest cash in excess of daily requirements in short-term investments. ARIN assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

**NOTE 11 SUBSEQUENT EVENTS**

ARIN has evaluated subsequent events through August 13, 2025, the date the financial statements were available to be issued. ARIN is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

