American Registry for Internet Numbers, Ltd.

Report to the Audit Committee
May 11, 2018

RSM US LLP

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Audit Committee
American Registry for Internet Numbers, Ltd.
Chantilly, Virginia

We are pleased to present this report related to our audit of the financial statements of American Registry for Internet Numbers, Ltd. (ARIN) as of and for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for ARIN's financial reporting process.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to ARIN.

RSM US LLP

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated December 21, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We held a conference call with the Audit Committee on February 6, 2018, regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by ARIN. ARIN did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Recent accounting pronouncements:** In August 2016, the Financial Accounting Standards Board (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.

Area	Comments
Accounting Policies and Practices (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 is currently evaluating the impact of the pending adoption of the new standard on the financial statements. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments	One audit adjustment was posted to the original trial balance presented to us to begin our audit. The adjustment decreased accrued expenses and salary expenses by $50,000.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached Summary of Uncorrected Misstatements.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Area	Comments
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of significant written communication between our firm and the management of ARIN, specifically the representation letter provided to us by management, is attached as Exhibit A.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in ARIN's December 31, 2017, financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Depreciation	Depreciation and amortization are recognized on a straight-line basis over the assets' estimated useful lives.	When new assets are acquired, management determines the useful life based upon asset categories. Useful lives are three to five years for furniture and equipment, five years for software and the term of the lease for leasehold improvements.	We obtained the useful lives assigned to each fixed asset in each asset category and determined they were reasonable in relation to the actual lives of similar assets (based upon disposal trends) and consistent with industry practices.
Allowance for Doubtful Accounts	ARIN records an allowance for doubtful accounts for any receivable whose collectability is uncertain.	Management assigns an increasing percentage of allowance dependent on the aging of receivables. All receivables over 180 days old are fully allowed.	We compared the allowance for doubtful accounts from the prior year to the amounts written off in the current year. We also reviewed the aging of the receivables at December 31, 2017, and compared to the cash receipts collected in 2018 related to the outstanding receivables.

Summary of Uncorrected Misstatements

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the financial position, results of operations, cash flows and related financial statement disclosures. Following is a summary of those differences.

	Effect—Debit (Credit)				
Description	Assets	Liabilities	Net Assets	Revenue	Expense
Current year misstatements:					
Known errors:					
To quantify the impact of the 2015 and 2016 catch-up 401(k) contributions recorded during 2017, including lost earnings	$ -	$ -	$ 46,258	$ -	$ (46,258)
To account for the opening balance impact of 2016 underaccrual	-	-	(50,000)	-	50,000
Total effect				$ -	$ 3,742
Balance sheet effect	$ -	$ -	$ (3,742)		

Exhibit A—Significant Written Communication Between Management and Our Firm

May 11, 2018

RSM US LLP
1861 International Drive, Suite 400
McLean, Virginia 22102

This representation letter is provided in connection with your audits of the 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, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of May 11, 2018:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 21, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. There are no events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure.

7. There are no known actual or possible litigation and claims to be accounted for and/or disclosed in accordance with U.S. GAAP.

8. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2017, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Effect—Debit (Credit)				
Description	Assets	Liabilities	Net Assets	Revenue	Expense
Current year misstatements:					
Known errors:					
To quantify the impact of the 2015 and 2016 catch-up 401(k) contributions recorded during 2017, including lost earnings	$ -	$ -	$ 46,258	$ -	$ (46,258)
To account for the opening balance impact of 2016 underaccrual	-	-	(50,000)	-	50,000
Total effect				$ -	$ 3,742
Balance sheet effect	$ -	$ -	$ (3,742)		

Information Provided

9. We have provided you with:

   a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

   b. Additional information that you have requested from us for the purpose of the audit;

   c. Unrestricted access to persons within ARIN from whom you determined it necessary to obtain audit evidence; and

   d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

10. All transactions have been recorded in the accounting records and are reflected in the financial statements.

11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

12. We have no knowledge of allegations of fraud or suspected fraud affecting ARIN's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting ARIN's financial statements received in communications from employees, former employees, regulators or others.

14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

15. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements.

16. We have disclosed to you the identity of ARIN's related parties and all the related-party relationships and transactions of which we are aware.

17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect ARIN's ability to record, process, summarize and report financial data.

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19. The following have been properly recorded and or/disclosed in the financial statements:

    a. Investments in debt and equity securities, including their classification.

    b. All leases and material amounts of rental obligations under long-term leases.

    c. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risk and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are at the statement of financial position date that could change materiality within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the year.

    d. Assets measured at fair market value in accordance with the Fair Value Measurement Topic of the FASB Accounting Standards Codification.

    e. Our tax status. Additionally we have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes topic of the FASB Accounting Standards Codification.

    f. All recordable contributions, by appropriate net asset class.

    g. Allocations of functional expenses based in reasonable basis.

    h. Deferred revenue form exchange transactions.

    i. Concentrations of credit risk.

20. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:

a. ARIN has no significant amounts of idle property and equipment.

b. ARIN has no plans or intentions to discontinue the operations of any significant services or activities.

c. There are no assets that have permanently declined in value.

d. We have reviewed long-lived assets to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable, noting none.

Supplementary Information

21. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

22. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

American Registry for Internet Numbers, Ltd.

John Curran,
President & Chief Executive Officer

Nate Davis,
Chief Operating Officer

Valorie Winkelman
Director, Financial Services