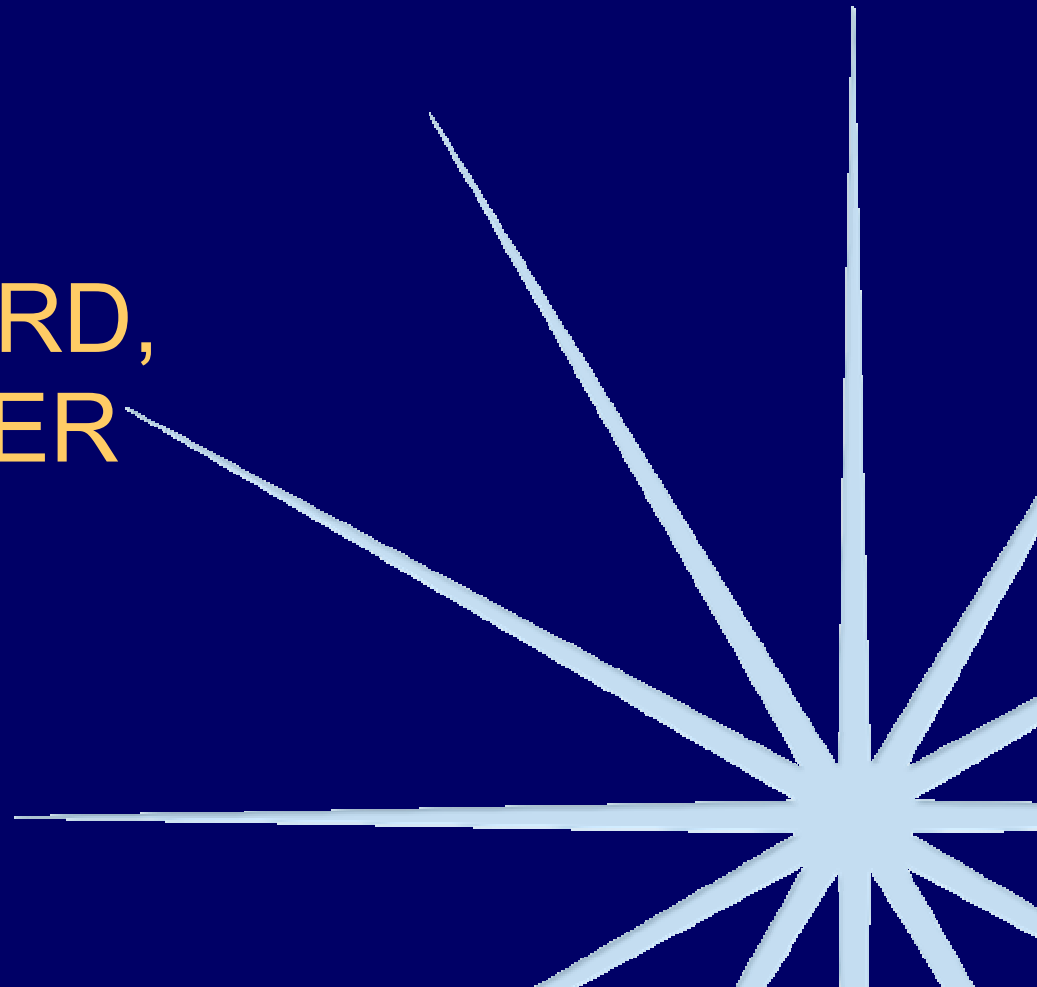


# TREASURER'S REPORT

LEE HOWARD,  
TREASURER



# OVERVIEW

- ★ Audit of Internal Controls
- ★ 2005 Budget Review
- ★ Finance Committee Activities
- ★ Audited 2003 Financial Statements

# ACTIVITIES

- ★ Internal Audit of Procedures – Nov 1<sup>st</sup>
  - ▶ Recommended by auditors
  - ▶ Sarbanes Oxley requirement for public for-profits
- ★ 2005 budget work
  - ▶ Finance Committee reviewed in early October
  - ▶ Approved by Board October 20th

# FINANCE COMMITTEE ACTIVITIES

- ★ Reviewed Investment Fund Performance
- ★ Directed Fund Change
- ★ Monitored ARIN's Financial Position

# FINANCE COMMITTEE ACTIVITIES

- ★ Reduced initial IPv4 fees
- ★ Simplified End-user Assignment fees
- ★ Implementing new v6 fee structure
- ★ Extension of v6 fee waiver under discussion

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**Statements of Financial Position**

<b>Assets</b>	<b>2003</b>	<b>2002</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,301,696	\$ 1,362,983
Accounts receivable	21,367	35,633
Prepaid expenses	7,303	68,587
Deposits - ICANN - Note B	551,727	345,490
Total current assets	<u>2,882,093</u>	<u>1,812,693</u>
Investments - Note C	11,603,952	9,390,090
<b>Fixed assets</b>		
Furniture and equipment	2,082,063	2,017,684
Leased equipment	186,795	186,795
Building improvements	612,785	612,785
	<u>2,881,643</u>	<u>2,817,264</u>
Less accumulated depreciation and amortization	<u>(1,709,610)</u>	<u>(1,276,669)</u>
	<u>1,172,033</u>	<u>1,540,595</u>
Total assets	<u>\$ 15,658,078</u>	<u>\$ 12,743,378</u>
 <b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expense	\$ 286,859	\$ 240,807
Deferred rent expense	75,712	51,039
Due to ICANN - Note B	546,842	343,292
Due to LACNIC	-	2,000
Deferred revenue	2,989,522	3,076,508
Total liabilities	<u>3,898,935</u>	<u>3,713,646</u>
Commitments and contingencies - Note E	-	-
Net assets - unrestricted	<u>11,759,143</u>	<u>9,029,732</u>
Total liabilities and net assets	<u>\$ 15,658,078</u>	<u>\$ 12,743,378</u>

*See notes to financial statements.*

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**  
**Statements of Activities**

	2003	2002
<b>Revenue</b>		
Registrations	\$ 7,019,515	\$ 6,977,747
IP end user	347,500	287,530
Maintenance	231,007	122,550
Other revenue	46,436	120,054
Membership dues	17,935	19,500
Total revenue	<u>7,662,393</u>	<u>7,527,381</u>
<b>Expense</b>		
Program		
Engineering	2,226,532	2,098,032
Registration services group	1,458,466	1,437,865
Member services	1,042,655	937,163
Total program expense	<u>4,727,653</u>	<u>4,473,060</u>
Administrative	1,629,645	1,647,149
Total expense	<u>6,357,298</u>	<u>6,120,209</u>
<b>Change in net assets before investment activity</b>	<b>1,305,095</b>	<b>1,407,172</b>
Investment gain (loss) - Note C	<u>1,424,316</u>	<u>(190,420)</u>
<b>Change in net assets</b>	<b>2,729,411</b>	<b>1,216,752</b>
Net assets, beginning of year	<u>9,029,732</u>	<u>7,812,980</u>
<b>Net assets, end of year</b>	<b><u>\$ 11,759,143</u></b>	<b><u>\$ 9,029,732</u></b>

*See notes to financial statements.*

**AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.**

**Statements of Cash Flows**

	2003	2002
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 2,729,411	\$ 1,216,752
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	635,501	557,416
(Gain) loss on investments, net	(1,424,316)	190,420
Changes in assets and liabilities:		
Accounts receivable	14,266	(4,457)
Prepaid expenses	61,284	310,177
Deposits - ICANN	(206,237)	(24,729)
Accounts payable and accrued expense	46,052	65,573
Deferred rent expense	24,673	51,039
Amount due to ICANN	203,550	(76,669)
Amount due to LACNIC	(2,000)	(53,622)
Deferred revenue	(86,986)	9,100
Total adjustments	<u>(734,213)</u>	<u>1,024,248</u>
Net cash provided by operating activities	<u>1,995,198</u>	<u>2,241,000</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments, net	(789,546)	(586,989)
Purchases of furniture and equipment	(266,939)	(1,371,806)
Net cash used in investing activities	<u>(1,056,485)</u>	<u>(1,958,795)</u>
<b>Net increase in cash and cash equivalents</b>	<b>938,713</b>	<b>282,205</b>
Cash and cash equivalents, beginning of year	<u>1,362,983</u>	<u>1,080,778</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 2,301,696</u></u>	<u><u>\$ 1,362,983</u></u>

*See notes to financial statements*



THANK YOU