

Financial Statements
Years Ended
December 31, 2005 and 2004

American Registry for Internet
Numbers, Ltd.

Goodman
& COMPANY

Certified Public Accountants
Specialized Services
Business Solutions

American Registry for Internet Numbers, Ltd.

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Report of Independent Auditors

Board of Directors
American Registry for Internet Numbers, Ltd.

We have audited the accompanying statements of financial position of *American Registry for Internet Numbers, Ltd.* as of December 31, 2005 and 2004, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the management of *American Registry for Internet Numbers, Ltd.* Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 *American Registry for Internet Numbers, Ltd.* as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Goodman & Company, LLP

McLean, Virginia
March 10, 2006, except for Note 10, as to which date is June 7, 2006

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American Registry for Internet Numbers, Ltd.

Statements of Financial Position

December 31,	2005	2004
Assets		
Current assets		
Cash and cash equivalents	\$ 606,872	\$ 813,427
Investments	19,194,476	15,371,039
Nontrade receivables	17,668	147,387
Prepaid expenses	217,029	202,969
Total current assets	20,036,045	16,534,822
Property and equipment - net	911,626	1,131,902
Escrow - deposit	571,948	351,338
	\$ 21,519,619	\$ 18,018,062
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 527,409	\$ 602,672
Due to ICANN	617,064	455,447
Deferred rent	93,780	82,043
Deferred revenue	3,252,995	2,790,330
Total current liabilities	4,491,248	3,930,492
Unrestricted net assets	17,028,371	14,087,570
	\$ 21,519,619	\$ 18,018,062

The accompanying notes are an integral part of these financial statements.

American Registry for Internet Numbers, Ltd.

Statements of Activities

Years Ended December 31,	2005	2004
Revenue and support		
Registrations	\$ 8,561,979	\$ 7,258,541
IP end-user registrations	288,500	442,750
Maintenance fees	756,584	475,508
Contributions	7,500	33,747
Other revenue	7,846	14,146
Membership dues	36,542	10,000
Total revenue and support	9,658,951	8,234,692
Operating expenses (see schedules)		
Program services:		
Engineering	2,777,298	2,434,796
Registration services group	1,707,905	1,630,978
Member services	1,649,719	1,289,080
Total program services	6,134,922	5,354,854
Support services -		
General and administrative	1,455,958	1,528,404
Total operating expenses	7,590,880	6,883,258
Change in net assets before investment activities	2,068,071	1,351,434
Interest and dividends	366,597	229,301
Realized and unrealized gains on investments	506,133	747,692
Change in net assets	2,940,801	2,328,427
Unrestricted net assets - beginning of year	14,087,570	11,759,143
Unrestricted net assets - end of year	\$ 17,028,371	\$ 14,087,570

The accompanying notes are an integral part of these financial statements.

American Registry for Internet Numbers, Ltd.

Schedules of Operating Expenses

Years Ended December 31,	2005	2004
Salaries and employee benefits	\$ 3,790,456	\$ 3,489,890
Hiring costs	7,436	9,269
Personnel	3,797,892	3,499,159
Depreciation and amortization	422,492	588,290
Communications	344,997	314,724
Equipment support and licenses	145,715	149,761
Operations	913,204	1,052,775
Travel	898,104	489,376
Rent and occupancy	373,373	368,033
General office	227,203	210,321
Legal expense	255,396	256,836
Members meeting	321,122	194,544
Contingency expense	76,183	108,926
Consulting expense	153,382	106,985
Legal defense fund	53,178	35,162
General office and administrative	2,357,941	1,770,183
ICANN support	161,617	196,580
Emerging registry support	14,231	176,604
Internet research and support	195,942	156,000
NRO	23,004	16,620
ASO	127,049	15,337
Internet Support	521,843	561,141
	\$ 7,590,880	\$ 6,883,258

The accompanying notes are an integral part of these financial statements.