



2014
FINANCIAL
SUMMARY

STATEMENT OF FINANCIAL POSITION*

The accompanying figures reflect Internet Society activities only and do not include activities of its affiliate, Public Interest Registry

* All figures cited in US dollars.

31 December 2014

Assets

Cash and Cash Equivalents	\$ 3,532,384
Investments	24,197,134
Accounts Receivable	1,090,201
Prepaid Expenses	974,686
Total Current Expenses	29,794,405
Net Furniture, Equipment, and Leasehold Improvements	2,550,559
Other Assets	885,985
TOTAL ASSETS	\$ 33,230,949

Liabilities and Net Assets

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 2,303,038
Accrued Salaries and Benefits	1,842,615
Security Deposit	4,035
Deferred Revenue	874,399
Deferred Rent	1,125,090
Total Current Liabilities	6,149,177
TOTAL LIABILITIES	\$ 6,149,177

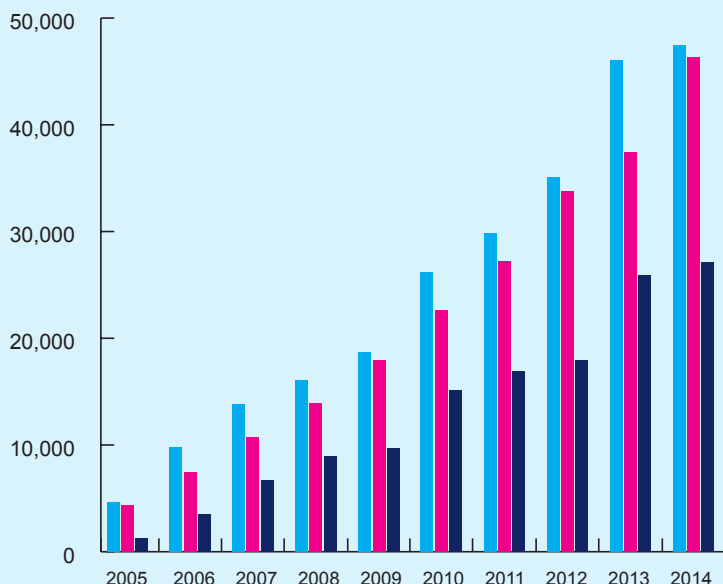
Net Assets

Unrestricted	\$ 25,402,802
Temporarily Restricted	1,592,747
Permanently Restricted	86,223
TOTAL NET ASSETS	\$ 27,081,772

TOTAL LIABILITIES AND NET ASSETS	\$ 33,230,949
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ISOC REVENUE, EXPENSES & NET ASSETS 2005—2014 (\$000'S)

- Revenues
- Expenses
- Net Assets



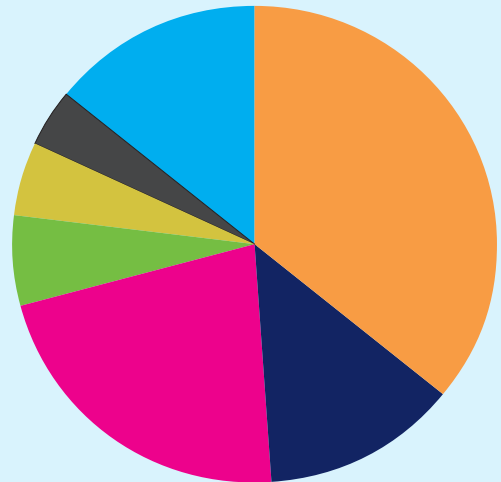
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS***For the Year Ended 31 December 2014***The accompanying figures reflect Internet Society activities only and do not include activities of its affiliate, Public Interest Registry*

* All figures cited in US dollars.

Revenue	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014
Programme Support	\$ 29,576,580			\$ 29,576,580
Organizational and Individual Membership Dues	1,282,180			1,282,180
IETF Meetings and Misc. IETF Revenue	4,248,526			4,248,526
Sponsorship, Registration, and Other Revenue	872,302			872,302
Realized and Unrealized Loss/Gain	(220,747)			(220,747)
Interest/Dividend Income	840,712			840,712
Contributions	9,346,344	1,496,294	11,490	10,854,128
Net Assets Released from Restriction	1,492,895	(1,492,895)		—
Total Support, Revenue, and Gains	\$ 47,438,792	\$ 3,399	\$ 11,490	\$ 47,453,681
Expenses				
Global Engagement	\$ 16,484,964			\$ 16,484,964
Strategic Communications & Stakeholder Relations	6,091,401			6,091,401
Technology & Standards Development	10,019,133			10,019,133
Global Policy	2,945,183			2,945,183
Fundraising	2,160,485			2,160,485
Information Technology	1,875,267			1,875,267
Management & General	6,718,465			6,718,465
TOTAL EXPENSES	46,294,898	—	—	46,294,898
Change In Assets	\$ 1,143,894	\$ 3,399	\$ 11,490	\$ 1,158,783
Net Assets, Beginning of Year	24,258,908	1,589,348	74,733	25,922,989
NET ASSETS, END OF YEAR	\$25,402,802	\$1,592,747	\$86,223	\$27,081,772

PROGRAMME EXPENDITURES 2014

■ Global Engagement	\$16,484,964
■ Strategic Communications & Stakeholder Relations	\$6,091,401
■ Technology & Standards Development	\$10,019,133
■ Global Policy	\$2,945,183
■ Fundraising	\$2,160,485
■ Information Technology	\$1,875,267
■ Management & General	\$6,718,465



Global Engagement

- Regional Bureau Activities
- INET Regional Meetings
- Education and Leadership Programmes
- Technical Capacity Building Programmes
- Internet Society Fellowships to the IETF
- Chapter Development and Support
- Community Grant programme
- Public Policy Makers to the IETF

Strategic Communications & Stakeholder Relations

- Corporate Communications
- Publications and Campaigns
- Event Planning
- Postel Service Award
- Organization Member Support
- Individual Members & Donors

Technology & Standards Development

- Standards and Technology
- Development and Operationalization
- Trust and Identity
- IETF Meetings and Activities
- IETF Trust
- Network & Distributed System Security Symposium

Global Policy

- Public and Member Briefings
- Global and Regional Policy Development
- Internet Policy Outreach
- Engagement with International Organizations
- Internet Governance Coordination

Partnership Development

- Grant Research & Application
- Grant Administration
- Open Internet Endowment
- IETF Meeting and Host Sponsorships
- Organization Member Recruitment
- Individual Donor Cultivation

Information Technology

- IT and Internal Communication
- Network Communications
- Global Conferencing

Management & General

- Executive Office
- Finance & Accounting
- Human Resources
- Administration & Office
- Legal & Governance
- Depreciation & Amortization

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Internet Society (ISOC) is a nonprofit organization incorporated on December 11, 1992, to provide leadership in Internet related standards, education, and policy. With offices around the globe, it is dedicated to ensuring the open development, evolution and use of the Internet for the benefit of people throughout the world. ISOC provides leadership in addressing issues that confront the future of the Internet, and is the organizational home for the groups responsible for Internet infrastructure standards, including the Internet Engineering Task Force (IETF) and the Internet Architecture Board (IAB).

On October 3, 2011, ISOC formed Internet Society Asia Limited (ISAL), a corporation limited by guarantee, located in the Republic of Singapore. This incorporation provides support and visibility to the work ISOC does in the Asia-Pacific region and enhances ISOC's ability to deliver programmes in that region.

Net Assets

Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets, and the changes therein, are classified and reported as such:

Unrestricted Net Assets are unrestricted support and revenue received without donor-imposed restrictions. These net assets are available for the operation of ISOC and include both internally designated and undesignated resources.

Temporarily Restricted Net Assets are contributions subject to donor-imposed stipulations that will be met by the actions of the organizations and/or the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets are contributions subject to donor-imposed restrictions that the net assets remain permanently restricted. The current permanently restricted net asset balances support the future of IETF through the Open Internet Endowment.

Revenue and Support

Membership dues for ISOC are recorded as deferred revenue upon receipt and are recognized as revenue ratably over the period to which the dues relate. Deferred revenue consists of membership dues and conference revenue collected in advance.

The IETF meeting sponsor contributions and attendee registration fees are recognized in the year in which the applicable conference occurs.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the consolidated statements of activities as net assets released from restrictions. Restrictions that are met by ISOC in the year in which they were received are recognized as unrestricted support.

Cash and Cash Equivalents

ISOC considers all cash and other highly-liquid investments with initial maturities of three months or less to be cash equivalents.

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, consist of the following:

	2014
ISOC Equipment Donation	\$ 779,926
IXP Toolkit Project	344,613
Internet Protocol Journal	333,325
Strengthening the Internet	70,000
Dr. Jun-Ichiro Hagino Fund	34,223
DANE Project	20,000
Abhu Ahuja Award	10,660
	<u>\$ 1,592,747</u>

Net Assets Released from Restrictions

Temporarily restricted net assets were released from restriction during the year due to the purpose restriction being accomplished as follows:

	2014
IXP Toolkit Project	\$ 633,816
Public Interest Registry IETF Support Fund	416,695
Multi-Year Platinum Contribution	200,000
Internet Protocol Journal	172,166
ISOC Equipment Donation	45,878
SPAM Toolkit project	20,000
Abhu Ahuja Award	4,340
	<u>\$ 1,492,895</u>

Lease Commitments

ISOC has a lease agreement for its Reston, Virginia office. The lease originally commenced on June 23, 2001, and has been amended and extended to include 29,328 square feet of space shared by ISOC and Public Interest Registry. The lease now expires in two parts with 18,956 square feet expiring in March 2018 and 10,372 square feet expiring in September 2020.

In February 2009, ISOC entered into a five-year office lease agreement for its Geneva, Switzerland office which ended December 31, 2013, and was renewed for five years ending December 31, 2018.

Related Party Transaction

ISOC is the sole incorporator of Public Interest Registry (PIR). PIR is a non-stock corporation organized under the laws of the Commonwealth of Pennsylvania Nonprofit Corporation Law of 1988 as a 501(c)(3) on October 7, 2002.

PIR is the registry for the .ORG top-level domain pursuant to an agreement with the Internet Corporation for Assigned Names and Numbers (ICANN). As a registry, PIR maintains a master directory for all domain names in the .ORG top-level domain. The mission of PIR is to manage the .ORG domain in a way that supports the continuing evolution of the Internet as a research, education and communications infrastructure, and to educate and empower the non-commercial community to most effectively utilize the Internet. PIR charges Registrars a fee per registration-year for registration services provided.

The Internet Engineering Task Force (IETF) is a large, international community of network designers, operators, and researchers responsible for developing and defining the standards and protocols that makes up the Internet. ISOC has been the operational home of the IETF since ISOC's inception; however, the Secretariat function and some of the administrative duties were performed by other organizations. In early 2005, as part of a long-term restructuring plan, the IETF decided to create an IETF Administrative Support Activity (IASA), to replace the other organizations and formally structure their administrative support functions within ISOC. To complete the restructuring process, on December 15, 2005, the IETF Trust was formed to hold the intellectual property rights associated with the IETF's standards process. ISOC hosts meetings on behalf of the IETF. The revenue and expenses related to these meetings and the IASA functions are reflected on the consolidated statements of activities.