

## Q1 2013 President and CEO Report

Our 2013 Business Plan set forth another exciting and ambitious year for the organization. Spanning all areas of operations, it includes extending the impact of our mission through additional programmes, greater regional presence, extending and leveraging key policy and development programmes, as well as increasing support to chapters and increasing our revenue base, to call out just a few.

Subsequent to the approval of this Business Plan and the 2013 Budget, the CEO announced in January 2013 her plan to step down as President & CEO in February 2014 at the conclusion of her contract. While recognizing that some impact is to be expected over the course of the transition, there are no proposed changes to the plan or the budget. This is a measure of the entire staff's dedication to our Mission. And, at the end of Q1, we believe we are on track to meet these ambitious goals.

The attached dashboard gives a snapshot of our Q1 achievements and forecasted progress on Key Resource and Effectiveness, and Programmatic goals for 2013. A summary Q1 high-level financial overview is provided below, with summary quarterly financials at the end of this document.

Note: the financial summaries do not yet account for the CEO search or expected transitional costs. These will be included in later reports when better known.

### Summary Q1 high-level Financial Overview

- **First quarter Net Unrestricted Surplus of \$1 million significantly exceeded the Budget for Q1 (+ 676K).**
- This positive variance resulted from ISOC expenditures of 11% under Budget, plus lower IETF spending. Dampening some of this positive spending variance, ISOC Generated Revenues were slightly lower than budgeted. Explanations for these variances are discussed below and we are working aggressively to meet all revenue targets.

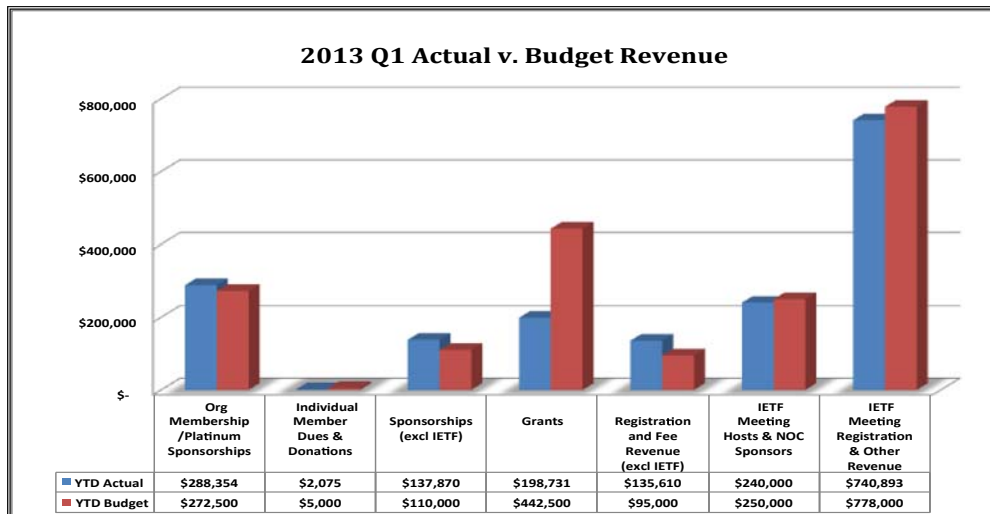
Internet Society ISOC Statement of Activities Summary For The Quarter Ended March 31, 2013				
	YTD Actual	YTD Budget	YTD Variance	Annual Budget
<b>Unrestricted Revenues</b>				
ISOC Generated (incl IETF)	\$ 1,743,533	\$ 1,953,000	\$ (209,467)	\$ 8,949,400
PIR Contribution to ISOC	7,000,000	7,000,000	-	28,000,000
Project 94 form PIR sale of 1-2 character domains	-	-	-	1,000,000
PIR Restricted Funds(2010) Applied for Direct Use	247,338	250,000	(2,662)	1,000,000
	<b>8,990,871</b>	<b>9,203,000</b>	<b>(212,129)</b>	<b>38,949,400</b>
<b>Expenses</b>				
Subtotal Operations Group	3,284,403	3,746,180	461,777	17,117,642
Subtotal Strategic Group	2,965,393	3,334,344	368,951	14,198,459
Other Program Expenses*	449,141	460,000	10,859	1,380,000
IETF	1,245,272	1,379,164	133,892	5,274,858
	<b>7,944,209</b>	<b>8,919,688</b>	<b>975,479</b>	<b>37,970,959</b>
Other Revenue (Expense)	37,767	125,001	\$ (87,234)	500,000
<b>Net Unrestricted Surplus/(Deficit)</b>	<b>\$1,084,429</b>	<b>\$408,313</b>	<b>\$ 676,116</b>	<b>\$1,478,441</b>

\*Includes NDSS, Global INET, Hall of Fame, Internet Advertising Award, Strategic Planning and Board Governance Expenses

## Revenues

- Total ISOC-Driven revenue for Q1 was slightly under budget (attained \$1.74M vs a Q1 target of \$1.95) but we are working aggressively to meet 2013 ISOC-revenue goals.

Internet Society Sources of Revenue - Unrestricted For The Quarter Ended March 31, 2013				
	YTD Actual	YTD Budget	YTD Variance	Annual Budget
<b>Revenues</b>				
Org Membership/Platinum Sponsorships	\$ 288,354	\$ 272,500	\$ 15,854	\$ 2,050,000
Individual Member Dues & Donations	2,075	5,000	(2,925)	\$ 25,000
Sponsorships (excl IETF)	137,870	110,000	27,870	1,485,000
Grants	198,731	442,500	(243,769)	1,913,900
Registration and Fee Revenue (excl IETF)	135,610	95,000	40,610	129,750
IETF Meeting Hosts & NOC Sponsors	240,000	250,000	(10,000)	1,041,250
IETF Meeting Registration & Other Revenue	740,893	778,000	(37,107)	2,304,500
PIR Contribution to ISOC	7,000,000	7,000,000	-	28,000,000
Project 94 from PIR sale of 1-2 character domains	-	-	-	1,000,000
PIR Restricted Funds Applied for Unrestricted Use	247,338	250,000	(2,662)	1,000,000
<b>Total Unrestricted Revenues</b>	<b>\$8,990,871</b>	<b>\$9,203,000</b>	<b>\$ (212,129)</b>	<b>\$38,949,400</b>



### Q1 Positive Revenue Variances:

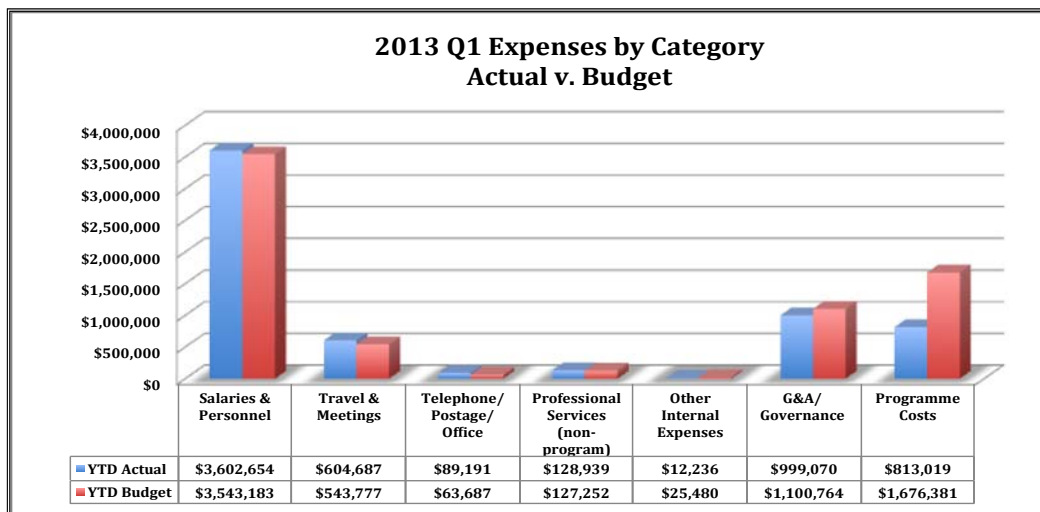
- Organization Membership & Platinum Sponsor revenues were on target for the quarter, exceeding Q1 targets by \$15,854
- Sponsorship revenue was slightly higher than budget as ISOC recognized the final year of SIDN support to the Leadership programmes (\$90K) and received higher than expected NDSS sponsorships (\$31K)
- ISOC registration revenue was higher than budgeted due to another successful NDSS symposium in February.

Q1 Negative Revenue Variances:

- Q1 Grant revenue was lower by \$244K. ISOC’s award of the 2-year \$1.3 million IXP grant will be recognized in future quarters, and smaller expected grants have not been awarded. This unfavorable variance in grant revenue will lessen in later quarters as the IXP grant is earned.
- IETF Sponsorship Revenue was lower than budget by \$10K due to lack of sponsor for Welcome Reception for the IETF Orlando meeting.

**Expenses**

- **Total ISOC expenses for Q1 were 89% of budget due to timing variances for several areas of programme spending both in Operational and Strategic departments.**



Q1 Positive Expense Variances:

- Programme costs represent external costs of delivering on projects and grants. Year-to-date these costs are about half of that expected in the Q1 Budget (\$863K savings). The majority of this variance is from Regional Bureaus, Leadership, Public Policy and Communications, and is somewhat tied to the timing of grant revenue.
- General and Administrative expenses are 91% of the Budget for Q1 (\$102K savings). G&A includes such items as depreciation, office rent, legal, accounting, and Board governance costs. It also includes general personnel (CEO’s office, Finance, HR, and Administrative).

Q1 Negative Expense Variances:

- Salaries and Personnel costs for the first quarter are slightly higher (\$60K) than budgeted, partially due to variances for foreign exchange rates. We continue to expect these costs to be within budget and headcount to be within the 91 FTE target for 2013.

- Travel & Meeting costs year-to-date were \$61K higher than Q1 budget due to increased travel and meetings in the first 3 months. We continue to expect these costs to be within budget at year end 2013.

## IETF

- **Q1 overall IETF Income vs Expenses delivered a positive net variance to plan of +\$87k**

Statement of Activities - IETF For the Quarter Ended March 31, 2013					
	Q1 Actual	Q1 Budget	YTD \$ Variance	YTD% Var	Annual Budget
<b>IETF</b>					
<i>IETF Sponsorship</i>	\$ 240,000	\$ 250,000	\$ (10,000)	-4%	\$ 1,041,250
<i>IETF Registration</i>	740,893	778,000	(37,107)	-5%	2,304,500
<b>IETF Revenue</b>	980,893	1,028,000	(47,107)	-5%	3,345,750
<i>IETF Expenses (excluding Capital)</i>	1,245,272	1,379,164	133,892	10%	5,274,858
<b>IETF Income (Loss)</b>	<b>\$ (264,379)</b>	<b>\$ (351,164)</b>	<b>\$ 86,785</b>	<b>-25%</b>	<b>\$ (1,929,108)</b>

### Q1 Variances








- Registration revenue from the Orlando IETF meeting fell short of expectations (\$37k) and Sponsorship fell slightly short (\$10k) as no Welcome Reception sponsor was secured.
- This underperformance was offset by lower than expected IETF Expenses (excluding Capital) of \$1.245M Q1 actual vs \$1.379M budget.




### Summary

As noted in the dashboard below, ISOC continues to make significant strides against our goals, including significant programmatic achievements. We are forecasting our most significant year ever in terms of programmatic impact, membership and partnership outreach, and ISOC-driven revenue. All this is enabling ISOC to more fully exercise and extend its mission to impact critical developments for the global Internet.




Lynn St. Amour  
President & CEO

## Tracking our Performance: Key Resource and Effectiveness Goals (and Year- end Projections)

<i>Financial</i>	Year-end Projection
<p><b>Increase ISOC-Driven revenue to US \$8.95 million</b></p> <ul style="list-style-type: none"> <li>For Q1, ISOC-Generated revenues were on target for Memberships, Sponsorships and Registrations, while total ISOC-Driven revenue for Q1 was slightly under budget (attained \$1.74M vs a Q1 target of \$1.95).</li> <li>Quarterly revenue targets will be increasingly aggressive (or “stretch”) as the year progresses.</li> <li>Further detail is provided in the Q1 financial report above for overall Q1 revenue performance.</li> </ul>	
<p><b>Increase grant contributions to \$1.9M</b></p> <ul style="list-style-type: none"> <li>Q1 Grant revenue was lower than budget by \$244K but is on track for year-end. Two grants for which we applied were not awarded due to a change in focus of the funder and smaller expected grants have not been awarded (most notably a follow-up grant in Latin America). The 2-year \$1.33 million IXP grant will be recognized in future quarters, lowering this variance in grant revenue. Additional grants are being sought.</li> </ul>	
<p><b>Increase sponsorship contributions to \$1.5M (excluding IETF meeting sponsorships)</b></p> <ul style="list-style-type: none"> <li>Sponsorship revenue exceeded target for the quarter (achieved \$138k vs \$110k budget), with income booked from the final year of SIDN support for the Leadership programmes and strong performance from NDSS sponsorships contributing to achievement.</li> <li>While associated revenue will be booked in Q3, AfPIF sponsorships have already attained over 90% of the target.</li> <li>Quarterly sponsorship targets will be increasingly aggressive (or “stretch”) as the year progresses.</li> </ul>	
<p><b>Secure US \$1.04M in IETF meeting host and other sponsorships</b></p> <ul style="list-style-type: none"> <li>IETF Sponsorship Revenue was lower than budget by \$10K due to lack of sponsor for Welcome Reception for the IETF Orlando meeting.</li> <li>Achieved \$240K vs. \$250K.</li> </ul>	
<p><b>Manage ISOC expenses within budget, resulting in a Net Operating Surplus of \$978,000</b></p> <ul style="list-style-type: none"> <li>Total ISOC expenses for Q1 were 89% of budget due to quarterly timing variances for several areas of programme spending both in Operational and Strategic departments. Some of this spending variance is related to the lower Q1 grant revenue and related costs of grant fulfillment.</li> <li>Q1 projections for end of year surplus are in range, although higher grant revenue will cause higher related expenses and may challenge our surplus target.</li> </ul>	
<p><b>Attain \$15.5M in Continuity Reserve funds</b></p> <ul style="list-style-type: none"> <li>ISOC continues to maintain healthy cash and investment positions, with a total base of \$18 million of which \$2.5 million is temporarily restricted and \$26K is permanently restricted (endowment).</li> </ul>	
<p><b>Advance the Internet Endowment/Campaign for an Open Internet by securing endowment Co-Chairs, establishing an endowment committee of the Board of Trustees, and pursuing a minimum investment of \$2M.</b></p> <ul style="list-style-type: none"> <li>Honorary Chair role has been offered and accepted by Vint Cerf. Asks have been made to several potential Co-Chairs. Once Campaign Co-Chairs are in place, will establish the Board Committee for the Endowment.</li> </ul>	

<i>Membership</i>		Year-end Projection
<p><b>Demonstrate ISOC's value to its membership community by achieving combined membership revenue of US \$2.08M from organizational and individual members</b></p> <ul style="list-style-type: none"> <li>• <i>Combined Individual and Organizational membership revenue exceeded Q1 targets by \$13K, with Organizational Membership exceeding target by some \$16K (\$288K actual in Q1 vs \$272K plan). Membership revenue will increase as platinum and high-level metal members make their annual contributions in quarters 2-4.</i></li> <li>• <i>Individual membership performed slightly under target (\$2K actual vs \$5K plan) and is under review. Recommended by-laws updates makes all membership free, emphasizing donation rather than paid membership. Delays in by-laws adoption is handicapping donations and memberships.</i></li> </ul>		
<p><b>Broaden ISOC's base of individual members by attaining 10,000 new individual members</b></p> <ul style="list-style-type: none"> <li>• <i>Over 3000 new members joined through April 15, 2013 and we remain on track for 2013 goal attainment.</i></li> </ul>		
<i>Chapters</i>		Year-end Projection
<p><b>Strengthen the ability of Chapters to contribute to ISOC's mission (globally and locally), including by extending Chapter support services and tools, demonstrating increased global and regional input from Chapters, and increasing mutual engagement on project/issues of interest.</b></p> <ul style="list-style-type: none"> <li>• <i>The bi-annual chapter survey was completed with 100% response rate from chapters. It was sent to over 29,000 chapter members of whom 7% responded. Results are being analysed and will be published in late Q2.</i></li> <li>• <i>A draft chapter assessment that provides information on all chapters regarding membership, projects, key interests, conformance to their own by-laws and other parameters was submitted and is under review and update.</i></li> <li>• <i>The current chapter portal is undergoing re-specification according to Chapter requests. A program for assisting chapters with administrative support is under development with significant Chapter input.</i></li> </ul>		
<p><b>Chapter Development and Support</b></p> <ul style="list-style-type: none"> <li>• <i>The goal of Chapter Development and Support is to assure that chapters are highly engaged quality contributors to all aspects of the Internet Society's mission and goals. Q1 saw the rejuvenation of the Egyptian Chapter and the formation of Chapters in Estonia, Russia and Canada.</i></li> </ul>		

## Tracking our Performance: Q1 Achievements on Programmatic Goals – Objective A (and Year- end Projections)

Objective A: Fostering an open, innovative, and trusted Internet world wide	Year-end Projection
<p><b>A1: Accelerate the deployment of key Internet technologies and IETF standards</b></p> <ul style="list-style-type: none"> <li>The first InternetOn (ION) meeting of the year was held in Singapore on March 28, which covered important deployment topics related to IPv6 and DNSSEC. The event was co-located with the Singapore ICT Business Summit. The overall event drew over 400 attendees, with approximately 100 of them attending the ION Conference as a track.</li> </ul>	
<p><b>A2: Advance solutions that enhance privacy and identity while safeguarding user choice and global Internet interoperability</b></p> <ul style="list-style-type: none"> <li>Provided support for the development and deployment of a globally accessible identity solution based on open source tools in partnership with UnitedID. <a href="http://unitedid.org/">http://unitedid.org/</a></li> <li>Continuing support for shared tools to enable inter-federation among Identity providers in partnership with TERENA, Geant3, the Kantara Initiative, and NorduNET.</li> <li>Building on the Trust and Identity Team's work, three identity tutorials (located here <a href="http://www.internetsociety.org/manage-your-identity">http://www.internetsociety.org/manage-your-identity</a>) were successfully launched in Q1 in conjunction with Data Privacy Day. The landing page has received over 7K hits and based on positive community feedback, including in-depth analysis from our Kolkata chapter, the tutorials will be translated into Spanish and French in Q2.</li> <li>Continuing engagement on topics including privacy, personal data management, the effects of data correlation, and technical solutions for trusted exchange in policy forums such as the OECD, APEC, and the Council of Europe as well as with the W3C, the IETF, and NIST and the IDESG.</li> </ul>	
<p><b>A3: Advance implementation of solutions that enhance Internet infrastructure and data security while working to preserve the open, global Internet</b></p> <ul style="list-style-type: none"> <li>Q1 focused on gathering input from operator groups around the world (including NANOG and PLNOG) to promote the possibility of supporting a global repository of “best current operational practices”, as an enhancement to work already underway in some regions.</li> <li>Participated in the OECD expert group on security guidelines, which concluded a review of its 2002 guidelines.</li> <li>As part of our work on “digital rights management”, ISOC held a briefing panel coincident with IETF 85 to review some possible advances of Internet standards to better accommodate content creators’ intended granting of rights.</li> <li>Excellent progress is being made on an open source implementation of a SAML enhanced client supporting SASL and GSS-API mechanisms. This work, supported by ISOC, helps to advance efforts related to authentication and authorization below the Web.</li> </ul>	

## Tracking our Performance: Q1 Achievements on Programmatic Goals – Objective B (and Year-end Projections)

### Objective B: Advancing policies and strategies that strengthen the Internet's growth and evolution

Year-end  
Projection

#### B1: Achieve a ubiquitous, reliable, and sustainable Internet in developing countries that is on par with the rest of the world

- \$1.3M, 2 year Google.org Grant for IXP Activities: Internet Society was awarded a grant by Google.org to extend its Internet exchange point (IXP) activities in emerging markets. The grant will build on the Internet Society's previous efforts and will establish a methodology to assess IXPs, provide training for people to operate the IXPs, and build a more robust local Internet infrastructure in emerging markets. <http://www.internetsociety.org/news/googleorg-awards-grant-internet-society-advance-internet-exchange-points-emerging-markets>.
- AXIS Project: The African Regional Bureau continues to successfully implement the AXIS project, supporting IXP development in Africa. Materials and templates have been prepared for the AXIS Technical Workshops, and the AXIS Technical Aspects Mobile lab has been configured and delivered to the African Union. Best Practice Workshops also continue throughout Africa, in particular in the following countries: Swaziland, Mauritania; Gambia, Guinea, Burkina Faso; Namibia and Burundi. Workshops are also being prepared for Togo and Liberia.
- LAC IXP Work: The LAC Bureau continues to promote the creation of IXPs in the region, supporting the creation of an IXP in Trinidad and Tobago and Honduras. The LAC RB is also helping convey a LAC-IX meeting in Colombia in conjunction with the upcoming LACNIC Meeting (May 2013).
- APAC APRICOT and SANOG Support: The APAC Bureau supported the APRICOT Fellowship Program, which helped 25 engineers from developing countries in the region receive a week of training on network technologies during APRICOT and aimed at specifically supporting Pacific Islands participation. Similarly, APAC Bureau supported SANOG (South Asia NOG) to support 16 participants from the region to attend.



#### B2: Spearhead advocacy for the fundamental principles of the Internet Model and Internet Ecosystem

- In the roles of MAG Chair and as a MAG member, ISOC helped ensure the continued development and evolution of the IGF. A strategy was put in place to enhance the event, emphasizing its global relevance through the national and regional IGF type meetings that have sprung up all over the world.
- ISOC was a key influencer in the preparations of the WSIS+10 Review conducted by UNESCO in partnership with the ITU, UNCTAD and UNDP (25-27 Feb., Paris.) ISOC provided advice on the organization of several sessions related to Human Rights and Freedom of Expression and encouraged UNESCO leadership to conduct an open and inclusive engagement strategy with the WSIS community. Results included the inclusion of open Internet, open standards, and multi-stakeholder principles in the final output documents.
- Leveraged the OpenStand Paradigm as a critical element of forward-looking Internet economic policies in several arenas including the Council of Europe and the OECD. The Paradigm is positioned as an official contribution to the new work plan of the OECD ICCP (2014-2018), including further work on the economic benefits of an Open Internet platform. The OpenStand principles will be included in the review of the OECD's Internet Policymaking Principles (IPPs) and the Open Standards model has been formally recognized as contributing to human rights in the draft Ministerial Declaration of the Council of Europe.
- ISOC was one of the leading I\* organizations engaged in preparations for the WTPF 2013. A campaign focusing on the value of the multistakeholder model was put in place, complemented by engagement with ISOC Chapters, membership and external partners. An internal cross-organizational engagement strategy was put in place to most effectively leverage each department's expertise and to showcase all of our work (including Regional Bureaus and members) and results as it applies to the Resolutions that will frame the debate at WTPF. ISOC in obtaining a speaking slot for our CEO at both the opening Strategic Dialogue and for an opening statement at WTPF to further the multistakeholder messaging.
- Cross-organizational work was completed to review post-WCIT outcomes and to use that analysis to prepare for the World Telecommunications Development Conference (WTDC). In particular, as developing country issues and concerns remain one of the significant outcomes of WCIT.





**B3: Advance the understanding of the value and benefits of open Internet standards to key Internet influencers and increase engagement in open standards processes**

- *In March 2013 in Orlando, ISOC successfully hosted its largest group of policymakers to ever attend an IETF, including representatives from Barbados, Paraguay, Costa Rica, Dominican Republic, Argentina, El Salvador, Mexico and Indonesia.*
- *The IL team published a brochure outlining ISOC activities in, and the importance of open Internet Standards.*





**B4: Foster a digital content environment that respects the Internet's fundamental attributes and empowers user creativity, while providing reasonable mechanisms for managing creative rights**

- *ISOC developed a new Digital Content strategy, including a broad international and regional engagement plan. ISOC is now recognized as a leading organization on Internet IPR-related issues in critical arenas such as WIPO. A very proactive and successful engagement plan has been conducted with Members who have shown great interest for a new Multistakeholder and thematic Working Group on Digital Content. Key deliverables will be promoted in a range of arenas in a view to continuing to raise ISOC's profile in this field (OECD, Interpol, etc.).*
- *In Q1, we raised our profile in the field of Security. ISOC actively engaged in the OECD's review of the 2002 Security Guidelines, advocating for policies that preserve the fundamental Internet principles, foster a culture of shared and collective responsibility, and focus on ensuring the Internet is stable, secure and resilient. At the WSIS+10 Review meeting, ISOC also led a highly successful multi-stakeholder dialogue that thoughtfully tackled some complex issues including: the ambit of "cyber-security" as a policy issue; dynamics of cyber-threats; and ways in which the global community could more effectively address "cyber-security". This session also served as a signal that ISOC is a natural facilitator for robust constructive dialogue on these issues.*
- *A specific project, focusing on Combatting Spam/Unwanted forms of Communications has been developed: engagement within the Internet Society community and externally with technical experts on a set of workshops and sustainable partnerships to help developing country policy makers and the technical communities within those regions address their growing concern with spam as restricting their Internet access and impacting consumer costs.*
- *ISOC has confirmed its leading role in the Privacy field with a series of activities led at both the international and regional levels. ISOC launched a mini consultation with its members and others on the topic of online privacy in preparation for a session entitled "The New PII: Privacy-Impacting Information" organized by ISOC at the WSIS+10 Review meeting. We received more than 65 responses from Europe, North America, Africa, Latin America and Asia.*



## Tracking our Performance: Q1 Achievements on Programmatic Goals – Objective C (and Year- end Projections)

Objective C: Enabling a vibrant organisation and vital global community to advance the Internet’s future	Year-end Projection
<p><b>C1: Build a global cadre of future Internet leaders who can skillfully advance complex issues at the intersection of policy, technology, and business</b></p> <ul style="list-style-type: none"> <li>Completed selection and began design and deployment of hosted Learning Management Solution (LMS). This core investment accelerates ISOC's capacity-building work.</li> <li>On track to launch 5 moderated elearning classes in 3 languages in Q2, including one funded country-specific class. Self-paced learning classes to be available in late Q2 to pilot group comprised of chapter representatives, Advisory Council representatives, and others in community to validate and inform any updates before fuller launch in 2014.</li> <li>Building on the Trust and Identity Team's work, three identity tutorials (located here &lt;<a href="http://www.internetsociety.org/manage-your-identity">http://www.internetsociety.org/manage-your-identity</a>&gt;) were successfully launched in Q1 in conjunction with Data Privacy Day. The landing page has received over 7K hits and based on positive community feedback, including in-depth analysis from our Kolkata chapter, the tutorials will be translated into Spanish and French in Q2.</li> </ul>	
<p><b>C2: Provide the world a trusted independent source for Internet information and thought leadership</b></p> <ul style="list-style-type: none"> <li>Year to date, our media outreach activities have resulted in more than 170 unique articles placed in media outlets around the world and more than 1468 total media hits achieved.</li> <li>Our online engagement and reach grew globally with 351,000 unique website visitors - a 65% increase from Q1 2012, including a 40% increase in visitors from India, the UK as 3rd most popular audience accounting for 28,079 visits—and a 40% increase of total social media followers during 2013 Q1.</li> <li>Communications support of ISOC-organized events resulted in: Increasing NDSS participation by nearly 10%; early attainment of sponsorship commitments for AfPIF in August; securing Afiliat as a Presenting Sponsor for the Internet Hall of Fame; and driving greater attendance and reach for regional INET events by implementing an updated and coordinated design and programmatic approach</li> <li>See accomplishments above in the Policy and Technology domains for additional examples.</li> </ul>	
<p><b>C3: Bolster the effectiveness and resources of ISOC as an organisation.</b></p> <p><i>See detail under “Key Resource and Effectiveness Goal” slides.</i></p>	

## Tracking our Performance: Q1 Achievements on Programmatic Goals – Objective D (and Year-end Projections)

### Objective D: Empowering people through unencumbered Internet use

Year-end  
Projection

#### D1: Advance the right people across the world to access and use the Internet on an open, non-discriminatory basis, respecting the rule of law

- *ISOC has been engaged in the Council of Europe Committee on Media and Information Society to ensure technically informed discussions and raise recognition of the essential role played by open Internet standards as a backbone of Human Rights. Achievements include introduction of this recognition in a draft Ministerial Declaration to be released in October 2013.*
- *ISOC also organized a public forum with the U.S. Mission to the UN about “The Importance of an Open and Multi-Stakeholder Internet - What’s at Stake for Freedom of Expression and Economic Growth in Africa?” The session, which was attended by many Geneva-based diplomats, addressed some of the key challenges and opportunities for an enabling Internet environment in Africa, and how these relate both to the ability of people to innovate, as well as to their ability to share information and ideas.*
- *Partnering with UNESCO to defend a free and open Internet: UNESCO’s stepping up as the champion of a free and open Internet is key to secure ground in ITU-led WSIS+10 discussions in 2013-2014. Building on the support we have been providing to structure their WSIS+10 event and articulate a positive message on the need for an open and free Internet (cf. 2013 WSIS+10 High-Level statement), ISOC has helped them develop a new concept, “Internet universality”, leveraging their Internet-related activities (CI, Education, Sciences, etc.) and supporting many of our own positions on the “Open Internet”: the concept highlights the Internet of the people (free and rights-based: to be based on civilizations’ high point of human rights and freedoms), for the people (open and accessible: to serve the utility of the facility for global humanity), by the people (multi-stakeholder driven: to be governed based on the engagement of multiple constituencies).*



#### D2: Empower individuals and communities to maximize the transformative opportunities the Internet enables

- *The Wireless for Communities project in India continues to provide wireless Internet access to rural areas throughout India and Bangladesh. As of Q1 2013, 10 rural wireless hubs have been implemented and training workshops have been conducted at each location.*
- *Community Grants Programs are underway in Africa, Latin America, and Eastern Europe to support regional or local partnership projects to accelerate access to and the societal benefits of the Internet in vulnerable and underserved communities, including bringing the Internet to underserved communities in South Africa; establishing Internet facilities for remote and unprivileged communities in Rwanda; building a web interface to engage citizens and members of Parliament in the National Assembly of the Republic of Serbia in a dialogue on Internet public policy issues; measuring the impact of mobile technology on education in Romania; creating a sustainable software development community within Puerto Rico; encouraging and enabling young women to enroll in technology careers in Nigeria; and developing study materials to promote Internet use for school activities in Ecuador.*



**Statement of Activities - Unrestricted  
For the Quarter Ended March 31, 2013**

	Q1 Actual	Q1 Budget	YTD \$ Variance	YTD % Var	Annual Budget
<b>Unrestricted ISOC Revenues</b>					
<b>Memberships and Platinum Sponsorships</b>					
Org Membership/Platinum Sponsorships	\$ 288,354	\$ 272,500	\$ 15,854	6%	\$ 2,050,000
Individual Member Dues & Donations	2,075	5,000	(2,925)	-59%	25,000
<b>Memberships and Platinum Sponsorships</b>	<b>290,429</b>	<b>277,500</b>	<b>12,929</b>	<b>5%</b>	<b>2,075,000</b>
<b>Sponsorships</b>					
Regional INET & Business Roundtable Sponsorships	-	30,000	(30,000)	-100%	240,000
AFPIF	-		-		100,000
ION Sponsorships	-	10,000	(10,000)	-100%	40,000
NDSS Sponsorships	31,000	40,000	(9,000)	-23%	40,000
Global INET and Hall of Fame	-		-		200,000
Other Sponsorable Programs	106,870	30,000	76,870	256%	865,000
IETF Sponsorships	240,000	250,000	(10,000)		1,041,250
<b>Sponsorships (excluding IETF)</b>	<b>377,870</b>	<b>360,000</b>	<b>17,870</b>	<b>5%</b>	<b>2,526,250</b>
<b>Grants</b>					
Major Grants					
ITE Programmes (including AU AXIS)	68,005	120,000	(51,995)	-43%	561,000
Latin America Program	13,380	95,000	(81,620)		502,900
Marketing Grants and Awards	117,346	120,000	(2,654)	-2%	480,000
Other Grants & Awards	-	107,500	(107,500)		370,000
<b>Grants</b>	<b>198,731</b>	<b>442,500</b>	<b>(243,769)</b>	<b>-55%</b>	<b>1,913,900</b>
<b>Registration and Fee Revenue</b>					
Hall of Fame & Global INET Registrations	-		-		24,750
NDSS Registrations	135,610	95,000	40,610	43%	95,000
Other Registrations			-		10,000
IETF Meeting Registration & Other Revenues	740,893	778,000	(37,107)		2,304,500
<b>Registration and Fee Revenue</b>	<b>876,503</b>	<b>873,000</b>	<b>3,503</b>	<b>0%</b>	<b>2,434,250</b>
<b>PIR Contribution to ISOC</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>-</b>	<b>0%</b>	<b>28,000,000</b>
<b>Project 94 from PIR sale of 1-2 character domains</b>					
PIR Restr Funds Applied for Unrestricted Use	247,338	250,000	(2,662)	-1%	1,000,000
<b>Total Unrestricted ISOC Revenues</b>	<b>8,990,871</b>	<b>9,203,000</b>	<b>(212,129)</b>	<b>-2%</b>	<b>38,949,400</b>
<b>Department &amp; Program Exp (excl IETF)</b>					
<b>Departmental Expenses</b>					
<b>Operations Group</b>					
COO & Support Functions	243,831	208,176	(35,655)	-17%	837,626
Regional Bureaus	970,360	1,215,136	244,776	20%	6,168,266
Resource Development	270,320	257,648	(12,672)	-5%	1,180,207
Grants & Foundation Development	211,255	214,438	3,183	1%	1,108,223
Endowments	30,796	63,214	32,418	51%	264,320
Members & Services	543,628	586,975	43,347	7%	2,458,659
Leadership	460,662	662,459	201,797	30%	2,998,353
Information Technology	553,551	538,134	(15,417)	-3%	2,101,988
<b>Total Operations Group</b>	<b>3,284,403</b>	<b>3,746,180</b>	<b>461,777</b>	<b>12%</b>	<b>17,117,642</b>
<b>Strategic Group</b>					
Standards & Technology	355,881	435,187	79,306	18%	1,767,075
Deployment Operationalization	311,596	361,499	49,903	14%	1,473,304
Trust & Identity	239,495	281,941	42,446	15%	1,565,550
Public Policy	708,553	763,870	55,317	7%	3,204,681
Strategic Development	219,326	285,333	66,007	23%	1,242,323
Communications	1,130,542	1,206,514	75,972	6%	4,945,526
<b>Total Strategic Group</b>	<b>2,965,393</b>	<b>3,334,344</b>	<b>368,951</b>	<b>11%</b>	<b>14,198,459</b>
<b>Total Departmental Expenses</b>	<b>6,249,796</b>	<b>7,080,524</b>	<b>830,728</b>	<b>12%</b>	<b>31,316,101</b>
<b>Other Program Expenses</b>					
NDSS	45,101	90,000	44,899	50%	90,000
Global INET/Hall of Fame Event	-	-	-		210,000
Internet Advertising Award Expenditures	117,346	120,000	2,654		480,000
Strategic Planning and Board Governance	286,694	250,000	(36,694)	-15%	600,000
<b>Total Other Program Expenses</b>	<b>449,141</b>	<b>460,000</b>	<b>10,859</b>	<b>2%</b>	<b>1,380,000</b>
<b>Total ISOC Department &amp; Program Exp</b>	<b>6,698,937</b>	<b>7,540,524</b>	<b>841,587</b>	<b>11%</b>	<b>32,696,101</b>
<b>IETF Expenses(excluding Capital)</b>	<b>1,245,272</b>	<b>1,379,164</b>	<b>133,892</b>		<b>5,274,858</b>
<b>Other Revenue (Expense)</b>	<b>37,767</b>	<b>125,001</b>	<b>(87,234)</b>		<b>500,000</b>
<b>NET UNRESTRICTED SURPLUS/(DEFICIT)</b>	<b>\$ 1,084,429</b>	<b>\$ 408,313</b>	<b>\$ 676,116</b>	<b>166%</b>	<b>\$ 1,478,441</b>

**INTERNET SOCIETY**  
**Statement of Financial Position**  
**March 31, 2013**

<b>ASSETS</b>	<b><u>March 31, 2013</u></b>	<b><u>March 31, 2012</u></b>
<b>Current</b>		
Cash & Cash Equivalents (incl Restricted Funds)	\$ 18,002,020	\$ 16,650,231
Accounts Receivable	851,846	714,211
Prepaid Expenses	870,272	1,276,331
<b>Total Current</b>	<u>19,724,138</u>	<u>18,640,773</u>
<b>Long Term</b>		
Furniture, Equipment, Leasholds (Net)	2,101,414	2,410,427
<b>Total Long Term</b>	<u>2,101,414</u>	<u>2,410,427</u>
<b>Other Assets</b>		
Deposits	154,460	154,460
<b>Total Other Assets</b>	<u>154,460</u>	<u>154,460</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 21,980,012</u></b>	<b><u>\$ 21,205,660</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,377,170	\$ 823,611
Accrued Employee Benefits	927,928	728,739
Deferred Rent	226,295	205,276
Deferred Construction Allowance	603,456	724,147
Security Deposit Payable	4,035	4,035
Deferred Revenue	862,124	705,208
<b>Total Current Liabilities</b>	<u>4,001,008</u>	<u>3,191,016</u>
<b>NET ASSETS</b>		
Unrestricted Fund Balance	15,417,964	15,869,439
Restricted Fund Balance	2,534,582	2,145,205
Permenantly Restricted Fund Balance	26,458	-
<b>Total Net Assets</b>	<u>17,979,004</u>	<u>18,014,644</u>
<b>Total LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 21,980,012</u></b>	<b><u>\$ 21,205,660</u></b>
<b>BEGINNING NET ASSET BALANCE - 1 January</b>	\$17,231,782	\$15,918,553
<b>NET CHANGE IN NET ASSETS (Unrestricted/Restricted)</b>	747,222	2,096,091
<b>ENDING NET ASSET BALANCE</b>	<u>\$17,979,004</u>	<u>\$18,014,644</u>