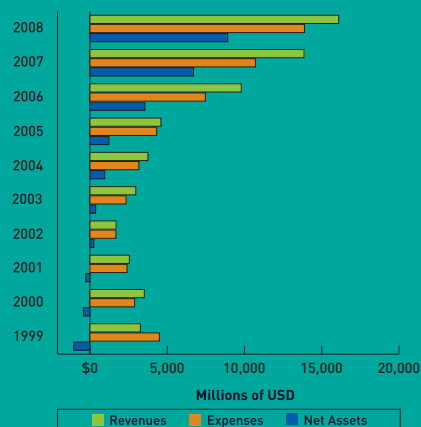


Financial Review 2008



**Revenue, Expenses, and
Net Assets 1999-2008**

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statement of financial position

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

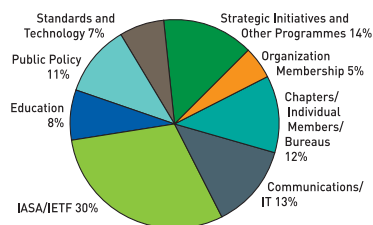
	31 DECEMBER 2008	31 DECEMBER 2007
ASSETS		
Cash and cash equivalents	\$3,717,400	\$2,236,504
Certificates of deposit	5,588,989	3,562,660
PIR Endowment account	–	877,591
Accounts receivable	199,578	81,870
Due from PIR	378	1,751,383
Prepaid expenses	166,729	46,190
TOTAL CURRENT ASSETS	9,673,074	8,556,198
NET FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS	1,006,481	312,899
OTHER ASSETS		
Deposits	11,213	11,213
TOTAL ASSETS	\$10,690,768	\$8,880,310
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$896,932	\$752,612
Accrued salaries and employee benefits	350,922	289,755
Security deposit	4,035	4,035
Deferred revenue	411,316	251,913
Deferred rent liability	107,538	–
Endowment due to PIR	–	877,591
TOTAL CURRENT LIABILITIES	1,770,743	2,175,906
TOTAL LIABILITIES	1,770,743	2,175,906
NET ASSETS		
Unrestricted	8,875,882	6,665,626
Temporarily restricted	44,143	38,778
TOTAL NET ASSETS	8,920,025	6,704,404
TOTAL LIABILITIES AND NET ASSETS	\$10,690,768	\$8,880,310

statement of activities and changes in net assets*

FOR THE YEAR ENDED 31 DECEMBER 2008 WITH SUMMARIZED TOTALS FOR THE YEAR ENDED 31 DECEMBER 2007

*All figures cited in U.S. dollars. Figures represent activities of ISOC only and not those of its affiliate, Public Interest Registry (PIR).

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS 2008	TOTALS 2007
REVENUE				
Programme support	\$11,500,000	–	\$11,500,000	\$9,700,000
Organization Members and Platinum Sponsors	1,186,875	–	1,186,875	853,754
Contributions	29,555		29,555	32,775
Individual Member dues	6,050	–	6,050	4,875
Interest/dividend income	256,148		256,148	245,770
IETF Meetings and other IETF miscellaneous revenue	2,933,882	–	2,933,882	2,940,377
Other meetings and programme revenue	183,813	–	183,813	78,954
Net assets released from restrictions	23,282	(23,828)	0	0
TOTAL REVENUE	16,120,151	(23,828)	16,096,323	13,855,605
EXPENSES				
Direct programme costs	10,326,314	–	10,326,314	9,168,671
General and administrative	3,544,389	–	3,544,389	1,516,311
SolarNetOne Project	10,000		10,000	
Postel Award	0	–	–	23,310
TOTAL EXPENSES	13,880,703	0	13,880,703	10,708,291
Change in net assets	2,239,447	(23,828)	2,215,620	3,147,314
Net assets, beginning of year	6,704,404		6,704,404	3,557,090
NET ASSETS, END OF YEAR	\$8,943,851	(\$23,828)	\$8,920,024	\$6,704,404



Programme Expenditures in 2008

Chapters/Individual Members/ Bureaus: USD 1,648,000

Chapter Development • Chapter
Event Support • Project Funding

Communications/IT: USD 1,754,000

Corporate Communications •
Event Planning • IT and Internal
Communications • Corporate
Communications

Education: USD 1,114,000

Education and Development •
ISOC Fellowship to the IETF
Programme • Technical
Capacity Building Programmes

IASA/IETF: USD 4,193,000

IAB/IESG/IETF Support • IASA
Support • IETF Secretariat and
Meetings • IETF Trust • RFC
Editor

Organization Membership: USD 725,000

IETF Meeting Sponsorship •
Programme Sponsorship •
Organizational Member Support

Public Policy: USD 1,484,000

Policy and Member Briefings •
Regional Policy Development

Standards and Technology:
USD 1,042,000

Common and Open Internet •
Global Addressing • Internet
Security and Stability

Strategic Initiatives and Other Programmes: USD 1,865,000

Enabling Access • InterNetWorks
• Trust and Identity • Other
Major Strategic Initiatives •
Network and Distributed System
Symposium • Postel Award

“The Internet Society maintained a solid financial position during 2008. Fiscal responsibility was melded with a drive to deliver on the organization’s mission and goals for the year.”

—Lynn St. Amour, president and chief executive officer, Internet Society

notes on financial information

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

The Internet Society (ISOC) is a nonprofit organization founded in 1992 to provide leadership in Internet related standards, education, and policy. With offices in Washington, D.C., and Geneva, Switzerland, it is dedicated to ensuring the open development, evolution, and use of the Internet for the benefit of people throughout the world. ISOC was incorporated as a nonprofit corporation in the District of Columbia on December 11, 1992. ISOC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. ISOC is not a private foundation.

Classification of net assets

The net assets of ISOC are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the organizations and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and 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 expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported

in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Revenue recognition

With the exception of Platinum Membership dues, which are recognized when received, Organizational 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. Individual membership dues are recorded as revenue upon receipt. IETF meeting sponsor contributions and attendee registration fees are recognized in the year in which the associated conference occurs.

Cash and cash equivalents

For purposes of cash flows, ISOC considers all cash on hand, cash in banks and cash invested with a short-term maturity of three months or less to be cash equivalents.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2008:

Postel Network Operator's Scholarship Fund	30,087
Jonathon B. Postel Service Awards	1,525
Hagino Fund	12,531
	<hr/>
	\$44,143

NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Postel Network Operator's Scholarship Fund	13,827
SolarNetOne Project	10,000
	<hr/>
	\$23,827

RELATED PARTY TRANSACTION

ISOC is the sole incorporator of Public Interest Registry (PIR). ISOC is a 501(c)(3) nonprofit corporation incorporated under the District of Columbia Non-Profit Corporation Act. 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 noncommercial community to most effectively utilize the Internet.

ISOC is the custodian of a \$5,000,000 grant given to them on behalf of PIR. The grant is to be distributed evenly in the amount of \$833,333 per year through 2008. If in any year the full amount is not disbursed, the unused amount shall carry forward into the next succeeding period. The funds are to be used to establish an endowment to fund future operating costs of PIR. If PIR should lose its status as the operator of the .ORG registry, the remaining amount will be transferred to the .ORG registry operator succeeding PIR.

In 2005, the Internet Engineering Task Force (IETF), a large, international community of network designers, operators, and researchers responsible for developing and defining the standards and protocols that makes up the Internet restructured their operations to be housed within ISOC. ISOC has been the operational home of the IETF since ISOC's inception; however the Secretariat function and other administrative duties were performed by other helper 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 helper 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.