

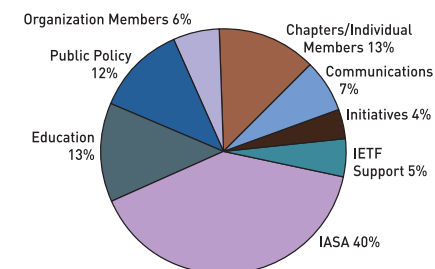
STATEMENT OF FINANCIAL POSITION*

	31 DECEMBER 2007	31 DECEMBER 2006
ASSETS		
Cash and cash equivalents	\$2,236,504	\$2,209,804
Certificates of deposit	3,562,660	1,577,879
PIR Endowment account	877,591	1,725,297
Accounts receivable	81,870	153,988
Due from PIR	1,751,383	622,439
Prepaid expenses	46,190	133,211
TOTAL CURRENT ASSETS	8,556,198	6,422,618
Furniture, equipment, leasehold (Net)	312,899	220,476
OTHER ASSETS		
Deposits	11,213	48,213
TOTAL ASSETS	\$8,880,310	\$6,691,307
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$752,612	\$859,079
Accrued salaries and employee benefits	289,755	275,419
Security deposit	4,035	4,035
Deferred revenue	251,913	270,387
Endowment due to PIR	877,591	891,964
TOTAL CURRENT LIABILITIES	2,175,906	2,300,884
OTHER LIABILITIES		
Endowment due to PIR	-	833,333
TOTAL LIABILITIES	2,175,906	3,134,217
NET ASSETS		
Unrestricted	6,665,626	3,526,925
Temporarily restricted	38,778	30,165
TOTAL NET ASSETS	6,704,404	3,557,090
TOTAL LIABILITIES AND NET ASSETS	\$8,880,310	\$6,691,307

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS*

FOR THE YEAR ENDED 31 DECEMBER 2007 WITH SUMMARIZED TOTALS FOR THE YEAR ENDED 31 DECEMBER 2006

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS 2007	TOTALS 2006
REVENUE				
Programme support	\$9,700,000	–	\$9,700,000	\$6,060,300
Organization Members and Platinum Contributors	853,754	–	853,754	1,087,152
Contributions	2,250	30,525	32,775	136,034
Individual Member dues	4,875	–	4,875	5,550
Interest/dividend income	244,372	1,398	245,770	101,027
IETF Meetings and other IETF miscellaneous revenue	2,940,377	–	2,940,377	2,323,849
Other meetings and programme revenue	78,054	–	78,054	77,574
Net assets released from restrictions	23,310	(23,310)	–	–
TOTAL REVENUE	13,846,992	8,613	13,855,605	9,791,486
EXPENSES				
Direct programme costs	9,168,671	–	9,168,671	6,338,287
General and administrative	1,516,311	–	1,516,311	1,108,416
Postel Award	23,310	–	23,310	20,000
TOTAL EXPENSES	10,708,291	0	10,708,291	7,466,703
Change in net assets	3,138,701	8,613	3,147,314	2,324,783
Net assets, beginning of year	3,526,925	30,165	3,557,090	1,232,307
NET ASSETS, END OF YEAR	\$6,665,626	\$38,778	\$6,704,404	\$3,557,090



Public Policy: USD 1,286,200

Internet Governance/IGF Meetings
IGF Preparatory Meetings
IGF Rio and Ambassador Program
Policy Internships
Policy and Member Briefings
Regional Bureaus • Regional INETs
Spam

Organization Members: USD 687,800

Organization Member Support
and Fund-Raising • Postel Award

Chapters and Individual Members: USD 1,358,600

Chapter Development • Project Funding
World Summit Youth Award

Communications: USD 752,600

Annual Report • IETF Journal
Hall of Fame/Internet Pioneers

Initiatives: USD 434,800

2020 Major Strategic Initiatives
Small Substantial Initiatives

IETF Support: USD 496,500

CEO Support of IAB, IETF, IASA, Nomcom
Staff Attendance at IETF Meetings

IASA: USD 4,291,800

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

Education: USD 1,385,700

AfNOG and AfriNIC
ccTLD Workshops • FRIDA Small Grants
ISOC Fellowship to the IETF
ISOC Workshop Portal
Latin American Workshop
NDSS • PacNOG • SANOG

PROGRAMME EXPENDITURES IN 2007

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

NOTES ON FINANCIAL INFORMATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

The Internet Society is the international organization for global cooperation and coordination for the Internet and its working technologies and application. 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 organization 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

organization 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, Organization 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, 2007:

Postel Network Operator's Scholarship Fund	\$28,253*
Jonathan B. Postel Service Award	525
SolarNetOne Project	10,000
	\$38,778

NET ASSETS RELEASED FROM RESTRICTIONS

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

Jonathan B. Postel Service Award	\$20,000
Postel Network Operator's Scholarship Fund	3,310
	\$23,310

RELATED-PARTY TRANSACTION

ISOC is the sole incorporator of Public Interest Registry (PIR). PIR is

a nonstock 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 missions of PIR are 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)—which is a large, international community of network designers, operators, and researchers responsible for developing and defining the standards and protocols that make up the Internet—restructured its 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.

**All figures cited in U.S. dollars.*