



IETF Administration, LLC

Financial Statements
Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



IETF Administration, LLC

Financial Statements
Years Ended December 31, 2022 and 2021

IETF Administration, LLC

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Functional Expense	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-26



Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

Audit Committee
IETF Administration, LLC

Opinion

We have audited the accompanying financial statements of IETF Administration, LLC (IETF), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IETF as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IETF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IETF's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IETF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IETF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

McLean, Virginia
June 23, 2023

Financial Statements

IETF Administration, LLC
Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash	\$ 5,723,490	\$ 5,672,080
Investments	18,815,052	21,068,692
Accounts receivable	174,860	266,164
Promises to give, net	388,381	7,029,467
Prepaid expenses and deposits	807,426	756,554
Property and equipment, net	339,324	108,957
Total assets	\$ 26,248,533	\$ 34,901,914
Liabilities and Net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 550,220	\$ 233,932
Due to related party	50,313	37,865
Refundable advance	686,668	976,666
Deferred revenue	182,850	42,501
Total liabilities	1,470,051	1,290,964
Commitment and Contingencies		
Net assets		
Without donor restrictions	20,019,905	22,343,171
With donor restrictions	4,758,577	11,267,779
Total net assets	24,778,482	33,610,950
Total liabilities and net assets	\$ 26,248,533	\$ 34,901,914

See accompanying notes to the financial statements.

IETF Administration, LLC

Statement of Activities

<i>Year ended December 31, 2022</i>	Without Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and sponsorships	\$ 1,369,382	\$ 533,819	\$ 1,903,201
Registrations and meetings	1,449,964	-	1,449,964
Investment income, net	(1,956,871)	(543,021)	(2,499,892)
Contributed nonfinancial asset	58,500	-	58,500
Other	2,362	-	2,362
Net assets released from restrictions	6,500,000	(6,500,000)	-
Total revenue, gains and other support	7,423,337	(6,509,202)	914,135
Expenses			
Program services			
Technology and standards development	4,289,294	-	4,289,294
Education and outreach	2,272,020	-	2,272,020
Supporting Services			
General and administrative	3,185,289	-	3,185,289
Total expenses	9,746,603	-	9,746,603
Changes in net assets	(2,323,266)	(6,509,202)	(8,832,468)
Net assets, beginning of year	22,343,171	11,267,779	33,610,950
Net assets, end of year	\$ 20,019,905	\$ 4,758,577	\$ 24,778,482

See accompanying notes to the financial statements.

IETF Administration, LLC

Statement of Activities

<i>Year ended December 31, 2021</i>	Without Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and sponsorships	\$ 1,106,608	\$ 155,098	\$ 1,261,706
Registrations and meetings	659,886	-	659,886
Investment income, net	1,339,162	417,478	1,756,640
Contributed nonfinancial asset	58,050	-	58,050
Other	374,601	-	374,601
Net assets released from restrictions	6,242,209	(6,242,209)	-
Total revenue, gains and other support	9,780,516	(5,669,633)	4,110,883
Expenses			
Program services			
Technology and standards development	2,200,276	-	2,200,276
Education and outreach	2,139,682	-	2,139,682
Supporting Services			
General and administrative	2,733,221	-	2,733,221
Total expenses	7,073,179	-	7,073,179
Changes in net assets	2,707,337	(5,669,633)	(2,962,296)
Net assets, beginning of year	19,635,834	16,937,412	36,573,246
Net assets, end of year	\$ 22,343,171	\$ 11,267,779	\$ 33,610,950

See accompanying notes to the financial statements.

IETF Administration, LLC

Statement of Functional Expense

<i>Year ended December 31, 2022</i>	Program Services			Supporting Services	
	Technology & Standards Development	Education & Outreach	Total Program	General & Administrative	Total
Professional services	\$ 225,107	\$ 2,147,747	\$ 2,372,854	\$ 2,160,394	\$ 4,533,248
Conference and meetings	3,536,857	-	3,536,857	-	3,536,857
Salaries and benefits	-	-	-	687,123	687,123
Depreciation and amortization	125,681	29,380	155,061	8,162	163,223
Banking and insurance	31,683	-	31,683	133,041	164,724
Contributions to affiliate	-	94,893	94,893	-	94,893
Office and other expenses	-	-	-	60,477	60,477
Software and storage	-	-	-	42,196	42,196
Marketing and sponsorship	-	-	-	88,918	88,918
Travel and entertainment	369,966	-	369,966	2,228	372,194
Professional development	-	-	-	853	853
Occupancy	-	-	-	1,897	1,897
Total expenses	\$ 4,289,294	\$ 2,272,020	\$ 6,561,314	\$ 3,185,289	\$ 9,746,603

See accompanying notes to the financial statements.

IETF Administration, LLC

Statement of Functional Expense

<i>Year ended December 31, 2021</i>	Program Services			Supporting Services	
	Technology & Standards Development	Education & Outreach	Total Program	General & Administrative	Total
Professional services	\$ 448,299	\$ 2,021,563	\$ 2,469,862	\$ 2,065,936	\$ 4,535,798
Conference and meetings	1,575,826	-	1,575,826	-	1,575,826
Salaries and benefits	-	-	-	397,270	397,270
Depreciation and amortization	159,427	37,269	196,696	10,353	207,049
Banking and insurance	-	-	-	105,269	105,269
Contributions to affiliate	-	80,850	80,850	-	80,850
Office and other expenses	-	-	-	48,524	48,524
Software and storage	-	-	-	48,101	48,101
Marketing and sponsorship	-	-	-	47,311	47,311
Travel and entertainment	16,724	-	16,724	5,267	21,991
Professional development	-	-	-	3,720	3,720
Occupancy	-	-	-	1,470	1,470
Total expenses	\$ 2,200,276	\$ 2,139,682	\$ 4,339,958	\$ 2,733,221	\$ 7,073,179

See accompanying notes to the financial statements.

IETF Administration, LLC

Statements of Cash Flows

Years ended December 31,	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (8,832,468)	\$ (2,962,296)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	163,223	207,049
Net realized and unrealized loss (gain) on investments	3,088,771	(1,325,764)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	91,304	340,244
Promises to give, net	6,641,086	6,371,203
Prepaid expenses	(50,872)	275,884
Increase (decrease) in:		
Accounts payable and accrued expenses	316,288	(507,944)
Due to related party	12,448	14,887
Refundable advance	(289,998)	294,999
Deferred revenue	140,349	(10,231)
Net cash provided by operating activities	1,280,131	2,698,031
Cash flows from investing activities		
Purchase of fixed assets	(393,590)	-
Proceeds from sales of investments	12,561,626	3,881,159
Purchases of investments	(13,396,757)	(4,322,442)
Net cash used in investing activities	(1,228,721)	(441,283)
Net increase in cash	51,410	2,256,748
Cash - beginning of year	5,672,080	3,415,332
Cash - end of year	\$ 5,723,490	\$ 5,672,080

See accompanying notes to the financial statements.

IETF Administration, LLC

Notes to the Financial Statements

1. Nature of Activities and Significant Accounting Policies

IETF Administration, LLC (IETF) was formed under the laws of the Limited Liability Company act of the State of Delaware as a single-member limited liability company of the Internet Society (ISOC), a Washington, D.C. nonprofit corporation that has been recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended and is classified as a public charity. IETF's purpose under its organizing documents are limited to activities consistent with a 501(c)(3) organization. IETF's mission is to make the Internet work better by producing high quality, relevant technical documents that influence the way people design, use and manage the Internet.

These IETF financial statements are separate entity financial statements and do not intend to represent the complete economic entity that is reported in the ISOC consolidated financial statements.

A summary of the IETF's significant programs and supporting services is as follows:

Technology and standards development

Represents IETF's work towards making the internet work better, including IETF meetings to support IETF, the Internet Architecture Board (IAB), and the Internet Research Task Force (IRTF), the standards setting and research arms of the Internet community.

Education and outreach

Represents IETF's work to enlighten nonprofits and NGOs, especially those with limited in-house resources or from technologically deprived countries, about internet-based resources that can support the mission.

General and administrative

Represents overhead costs, including executive, administrative, governance, legal, finance, human resources, information technology, systems, depreciation, rent and other overhead related expenses.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, which recognizes revenue and support when earned and expenses when incurred and, accordingly, reflect all significant receivables, payables and other liabilities. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities*. As required by the Not-for-Profit Entities Topic of the Codification, IETF is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

IETF Administration, LLC

Notes to the Financial Statements

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments are reported at their fair values in the statements of financial position. Interest and dividend income are reflected as income when earned. Investment return, including interest, dividends, realized and unrealized gains (losses) on investments are presented net of investment expenses in the statement of activities. Cash held in money market funds within the investment portfolio is held at cost and classified as investments.

IETF reports certain investments using the net asset value (NAV) per share as determined by the external investment managers under the so called “practical expedient”. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. IETF uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV.

Accounts Receivable

Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Based on management’s evaluation of the collectability of accounts receivable, IETF considered accounts receivable to be fully collectible. There was no allowance for doubtful accounts recorded for the years ended December 31, 2022 and 2021.

Promises to Give

Unconditional promises to give are recognized as support in the period that IETF is notified of the contribution by the donor and acknowledged and identified by the donor. Unconditional promises to give are initially recorded at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Promises to give to be collected after one year are discounted at an appropriate discount rate commensurate with the risks involved. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. Based on management’s evaluation of the collection of the promises to give, there was no provision for doubtful accounts as of December 31, 2022 and 2021.

IETF Administration, LLC

Notes to the Financial Statements

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally three years. The cost of maintenance and repairs is recorded as expenses are incurred. IETF's policy is to capitalize all property and equipment over \$5,000.

Net Assets

IETF's resources are classified for accounting and reporting purposes into net asset groups established according to their nature and purpose and based on the existence or absence of donor-imposed restrictions. Accordingly, IETF classifies net asset groups as follows:

Net assets without donor restrictions

Net assets without donor restrictions represent funds that are available for the support of IETF's operations and are not subject to donor restrictions. There were no board-designated net assets as of December 31, 2022 and 2021.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of IETF pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit IETF to use the income earned on related investments for general or specific purposes.

Revenue Recognition

Registrations and meetings

IETF's revenue streams under contracts with customers are comprised of registrations and meetings fees for conference event services. Fees for registrations and meetings are recognized at the time of the conference, when the given performance obligations are satisfied. Discounts are offered for early payment depending on the time of purchase. Refunds are generally allowed for registrations if the event is cancelled or postponed. Refunds are not significant therefore no refund liability was recorded. Payment is primarily due at the time of registration. All of IETF's revenue under contracts with customers is earned in the United States. Deferred revenue represents the unearned portion of revenue related to the future conference registrations and meetings.

Contributions

Unconditional contributions received are recorded as an increase in net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions in the period acknowledged. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), the net assets are reclassified to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions are reported as net assets without donor restrictions when the restrictions are met in the same period the contribution is received.

IETF Administration, LLC

Notes to the Financial Statements

Conditional promises to give are recognized when the conditions on which they depend are substantially met. IETF has a conditional promise to give from ISOC, whereby ISOC will contribute cash for periods 2023 through 2026. As of December 31, 2022 and 2021, IETF had conditional contributions of \$28,650,000 and \$28,650,000 which will be recognized as revenue in future years as annual contributions are approved by the ISOC board. ISOC will also contribute in a matching program, whereby ISOC will match a certain amount of funds that IETF fundraises from third parties. Matching funds from ISOC will be recorded as revenue in future years as IETF fundraises qualifying contributions.

IETF receives sponsorship revenue related to various events that is classified as contribution revenue within the statements of activities. Sponsors receive benefits such as brand awareness, complimentary registrations, recognition within IETF's annual report and event media, and other benefits. Sponsorships are considered conditional contributions that are recognized at the time of the event. Refunds are allowed under limited circumstances before the event. Refunds are not significant and therefore no refund liability is recorded. Payment is due at the time of purchase. Any payments received in advance of the event are recorded as "refundable advances" in the statements of financial position.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly, according to their natural expenditure classification. IETF does not charge all expenses directly to functional classifications where it is benefited and thus there were expense allocations during the years ended December 31, 2022 and 2021. Depreciation expense is the only type of expense that is allocated, and the allocation is based on how much each functional category is benefiting from the asset.

Income Taxes

IETF is a single member LLC, a nonprofit organization exempt under the provision of Section 501(c)(3) of the Internal Revenue Code. IETF is generally not subject to income taxes due to its tax status as a disregarded entity. As such, the income, deductions, credits and other tax attributes of IETF flow directly to ISOC.

For those jurisdictions which may impose income taxes (e.g. unincorporated business or franchise taxes) on IETF, income taxes would be recorded using the liability method. Deferred tax liabilities would be recorded using the anticipated tax rates that would be in effect when the differences are expected to reverse. In accordance with guidance issued by the FASB, IETF recognizes liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. IETF recognizes interest and penalties related to uncertain tax positions, if any, as income tax expense. With a few exceptions, IETF is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before fiscal year 2019.

Financial Instruments and Credit Risk

IETF's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. Non-interest-bearing bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) with a limit of \$250,000 per depositor.

IETF Administration, LLC

Notes to the Financial Statements

As of December 31, 2022 and 2021, IETF had cash and cash equivalents of approximately \$5.5 million and \$5.4 million in excess of FDIC insured limits. IETF has never experienced any losses related to these balances.

IETF invests in professionally managed portfolios that contain various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported on the statements of financial position.

Historically, IETF has not experienced significant losses related to accounts receivable balances and, therefore, believes that the credit risk related to them is minimal.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent adopted authoritative guidance

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. ASU 2016-02 applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payment to be recorded. IETF adopted the guidance under ASU 2016-02 for fiscal year ending December 31, 2022. The Organization applied a modified retrospective transition approach.

IETF elected the practical expedient approach in transition periods which includes not reassessing the definition of a lease, lease classification, and initial direct costs or the use of hindsight. Management elected the short-term lease (leases 12 months or less in duration) recognition exemption for all leases that qualify. Management elected the practical expedient to not separate lease and non-lease components. Management elected the practical expedient to utilize the risk-free, Treasury yield curve when calculating lease liabilities. This discount rate is determined for individual leases. The adoption does not have a material impact on IETF's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. The ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods

IETF Administration, LLC

Notes to the Financial Statements

and inputs utilized to determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets. IETF adopted the new guidance for the year ending December 31, 2022, on a retrospective basis. Further disclosure of the impact of adopting ASU 2020-07 is described in Note 10 of the financial statements. IETF has assessed other accounting pronouncements issued or effective during the period ended December 31, 2022 and deemed they were not applicable to IETF or are not anticipated to have a material effect on the financial statements.

Upcoming Accounting Pronouncement

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses (ASC 326)*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to measurement of credit losses on financial assets measured at amortized cost. This guidance is effective for IETF for fiscal year ending December 31, 2023. Early application will be permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on the financial statements.

In June 2022, FASB issued ASU 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (Topic 820)*. This ASU was issued to clarify the guidance in Topic 820, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This amendment also requires the following disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the statement of financial position; (2) the nature and remaining duration of the restriction(s); and (3) the circumstances that could cause a lapse in the restriction(s). ASU 2022-03 is effective date is for fiscal year ends beginning after December 15, 2024. The ASU should be applied prospectively and any adjustments from adoption should be recognized in earnings and disclosed on the date of adoption. Management is currently evaluating the impact that adoption of this guidance will have on the financial statements.

IETF Administration, LLC
Notes to the Financial Statements

2. Investments

Investments consist of the following:

<i>December 31,</i>	2022	2021
Common stocks	\$ 8,219,731	\$ 5,840,103
Mutual funds	5,899,962	8,760,734
Corporate bonds	2,494,531	3,101,551
U.S government and agency bonds	1,883,838	3,043,075
Private equity fund	14,000	-
Cash deposits held at cost	302,990	323,229
	\$ 18,815,052	\$ 21,068,692

Investment income, net, for the years ended December 31, 2022 and 2021, consists of the following:

<i>December 31,</i>	2022	2021
Interest and dividends	\$ 648,348	\$ 486,796
Realized and unrealized (loss) gain	(3,088,771)	1,325,764
Investment fees	(59,469)	(55,920)
	\$ (2,499,892)	\$ 1,756,640

3. Promises to Give

Promises to give to be collected in more than one year from the date of the donor's commitment are measured using the present value of future cash flows based on a discount rate of 4.11% and 2.4% as of December 31, 2022 and 2021, respectively. Promises to give as of December 31, 2022 and 2021, consist of the following:

<i>December 31,</i>	2022	2021
Less than one year	\$ 107,260	\$ 6,605,753
One to five years	321,780	426,822
	429,040	7,032,575
Less discount to net present value	(40,659)	(3,108)
	\$ 388,381	\$ 7,029,467

IETF Administration, LLC

Notes to the Financial Statements

4. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- *Level 1* inputs consist of unadjusted quoted prices in active markets for identical assets and provide highest quality inputs.
- *Level 2* inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets or other significant observable inputs.
- *Level 3* inputs provide the lowest quality inputs because there are no significant observable inputs.

In accordance with the guidance for fair value measurements, IETF maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications is used. There have been no changes in the valuation methodologies during the current year.

Mutual funds and common stock are classified as Level 1 instruments, as they are actively traded on public exchanges and valued based on quoted market prices.

U.S. government agency and corporate bonds are included in Level 2 assets as identical assets are not actively traded. The fair market values are based on quoted prices for similar assets in active markets or quoted prices for identical assets in markets that are not active.

IETF reports certain investments using the net asset value per share as determined by the investment managers under the so called “practical expedient”. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

IETF Administration, LLC

Notes to the Financial Statements

Fair Value on a Recurring Basis

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2022:

Description	2022 Total	Fair Value Hierarchy Level			Assets Measured at Net Asset Value*
		Level 1	Level 2	Level 3	
Common stocks:					
Technology	\$ 1,852,303	\$ 1,852,303	\$ -	\$ -	\$ -
Consumer cyclical	1,546,047	1,546,047	-	-	-
Financial	1,116,438	1,116,438	-	-	-
Healthcare	1,277,698	1,277,698	-	-	-
Industrials	843,996	843,996	-	-	-
Communication services	474,002	474,002	-	-	-
Energy	336,324	336,324	-	-	-
Basic materials	296,727	296,727	-	-	-
Real estate	235,916	235,916	-	-	-
Utilities	240,280	240,280	-	-	-
Total common stocks	8,219,731	8,219,731	-	-	-
Mutual funds:					
Foreign large blend	3,798,714	3,798,714	-	-	-
High yield bond	1,665,988	1,665,988	-	-	-
Small blend	19,199	19,199	-	-	-
Diversified emerging markets	291,407	291,407	-	-	-
Large blend	124,654	124,654	-	-	-
Total mutual funds	5,899,962	5,899,962	-	-	-
Bonds:					
Corporate bonds	2,494,531	-	2,494,531	-	-
U.S. government and agency bonds	1,883,838	-	1,883,838	-	-
Total bonds	4,378,369	-	4,378,369	-	-
Private equity fund	14,000	-	-	-	14,000
Total assets held at fair value	18,512,062	14,119,693	4,378,369	-	14,000
Total cash equivalents	302,990	-	-	-	-
Total investments	\$ 18,815,052	\$ 14,119,693	\$ 4,378,369	\$ -	\$ 14,000

*Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statement of financial position.

IETF Administration, LLC

Notes to the Financial Statements

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2021:

<i>Description</i>	2021 Total	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Common stocks:				
Technology	\$ 1,862,202	\$ 1,862,202	\$ -	-
Consumer cyclical	1,081,664	1,081,664	-	-
Financial	622,973	622,973	-	-
Healthcare	765,079	765,079	-	-
Industrials	373,590	373,590	-	-
Communication services	513,338	513,338	-	-
Energy	160,157	160,157	-	-
Basic materials	174,345	174,345	-	-
Real estate	150,323	150,323	-	-
Utilities	136,432	136,432	-	-
Total common stocks	5,840,103	5,840,103	-	-
Mutual funds:				
Foreign large blend	5,667,134	5,667,134	-	-
High yield bond	1,657,758	1,657,758	-	-
Small blend	886,811	886,811	-	-
Diversified emerging markets	432,760	432,760	-	-
Large blend	116,271	116,271	-	-
Total mutual funds	8,760,734	8,760,734	-	-
Bonds:				
Corporate bonds	3,101,551	-	3,101,551	-
U.S. government and agency bonds	3,043,075	-	3,043,075	-
Total bonds	6,144,626	-	6,144,626	-
Total assets held at fair value	20,745,463	14,600,837	6,144,626	-
Total cash equivalents	323,229	-	-	-
Total investments	\$ 21,068,692	\$ 14,600,837	\$ 6,144,626	-

IETF Administration, LLC
Notes to the Financial Statements

The following table sets forth a summary of the IETF'S investments with a reported NAV as of December 31, 2022:

Investment Type	NAV	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
			Upon approval of the General Partner	
Private Equity (a)	\$ 14,000	\$ 686,000		5
Total	\$ 14,000	\$ 686,000		

(a) Investment objective of the fund is to realize long-term compounded returns in excess of those available through conventional investments in public equity markets by providing liquidity, capital or partnering solutions to investors and managers in the private markets and by pursuing other investment opportunities.

5. Property and Equipment

Property and equipment and accumulated depreciation consist of the following:

<i>December 31,</i>	2022	2021
Software	\$ 992,907	\$ 599,317
Computer equipment	821,562	821,562
	1,814,469	1,420,879
Less accumulated depreciation	(1,475,145)	(1,311,922)
	\$ 339,324	\$ 108,957

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$163,223 and \$207,049, respectively.

IETF Administration, LLC

Notes to the Financial Statements

6. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows:

	Balance at December 31, 2021	Additions and investment return, net	Released	Balance at December 31, 2022
Time restricted:				
ISOC - Annual Funds	\$ 6,500,000	\$ -	\$ (6,500,000)	\$ -
Time and purpose restricted:				
Portion of donor-restricted endowment funds subject to time restriction under UPMIFA (Note 7), which, once appropriated is expendable to support IETF activities	4,667,779	(9,202)	-	4,658,577
Restricted in perpetuity:				
IETF Endowment	100,000	-	-	100,000
Total net assets with donor restrictions	\$ 11,267,779	\$ (9,202)	\$ (6,500,000)	\$ 4,758,577
<hr/>				
	Balance at December 31, 2020	Additions and investment return, net	Released	Balance at December 31, 2021
Time restricted:				
ISOC - Annual Funds	\$ 12,742,209	\$ -	\$ (6,242,209)	\$ 6,500,000
Time and purpose restricted:				
Portion of donor-restricted endowment funds subject to time restriction under UPMIFA (Note 7), which, once appropriated is expendable to support IETF activities	4,095,203	572,576	-	4,667,779
Restricted in perpetuity:				
IETF Endowment	100,000	-	-	100,000
Total net assets with donor restrictions	\$ 16,937,412	\$ 572,576	\$ (6,242,209)	\$ 11,267,779

IETF Administration, LLC

Notes to the Financial Statements

7. Endowment

The IETF Endowment is a designated investment fund created in support of the Internet Engineering Task Force and its activities, intended to ensure the long-term sustainability of the IETF.

Interpretation of Relevant Law

IETF is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the state of Delaware. IETF has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless the donor stipulates the contrary. As a result of this interpretation, IETF classified as donor-restricted endowment funds: (a) the original value of gifts donated to the fund; (b) the original value of subsequent gifts to the fund; and (c) the discounted value of future endowment gifts, net of the allowance for uncollectible promises. Per IETF's policy, \$100,000 of total gifts donated to the endowment is maintained in perpetuity. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by IETF in a manner consistent with the standard prudence prescribed by UPMIFA and IETF's spending policy. In accordance with UPMIFA, IETF considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- General economic conditions
- Possible effect of inflation or deflation
- Expected tax consequences, if any, of investment decisions or strategies
- Role that each investment or course of action plays within the overall investment portfolio of the fund
- The expected total return from income and the appreciation of investments
- Needs of the Endowment to make distributions and preserve capital
- An asset's special relationship, if any, to the charitable purposes of the Endowment

Return Objectives and Risk Parameters

IETF invests all endowment funds, as well as other invested funds, in a fund managed by an investment manager according to the objectives and guidelines of IETF's investment policy. IETF's overall objective is to outperform inflation while minimizing potential losses. The risk of loss is minimized through diversification of endowment assets across multiple asset classes.

Strategies Employed for Achieving Return Objectives

To satisfy its long-term rate-of-return objectives, IETF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). At least annually, IETF's Board of Trustees will review investment objectives to determine their continued applicability. Ultimate authority and responsibility for the financial policies rests with the Board.

Spending Policy

All earnings from IETF's restricted endowment funds are recorded as net assets with donor restriction. IETF may appropriate for expenditure in its annual budget a percentage of the earnings. There may be times when IETF may opt not to take the spending rate but rather to reinvest some or all of the annual income.

IETF Administration, LLC

Notes to the Financial Statements

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration (underwater endowments). These deficiencies result from unfavorable market fluctuations that erode the accumulated gains of the endowments restricted in perpetuity, as well as continued appropriation for certain programs to maintain the spending power of the programs. It is the policy of IETF to not allow for spending on underwater endowments to maintain the spending power of programs in any given year. As of December 31, 2022 and 2021, there were no funds with deficiencies.

IETF's endowment net assets consist of the following:

<i>December 31, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$ 3,853,380	\$ 3,853,380
Accumulated investment earnings	-	905,197	905,197
Total endowment net assets	\$ -	\$ 4,758,577	\$ 4,758,577

<i>December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$ 3,319,562	\$ 3,319,562
Accumulated investment earnings	-	1,448,217	1,448,217
Total endowment net assets	\$ -	\$ 4,767,779	\$ 4,767,779

The changes in the donor-restricted endowment net assets are as follows:

<i>December 31,</i>	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ -	\$ 4,767,779	\$ -	\$ 4,195,203
Contributions	-	533,819	-	155,098
Investment return	-	(543,021)	-	417,478
Appropriations	-	-	-	-
Endowment net assets, end of year	\$ -	\$ 4,758,577	\$ -	\$ 4,767,779

All of IETF's endowment funds are included with the investments as shown in Notes 2 and 4.

IETF Administration, LLC

Notes to the Financial Statements

8. Related Party Transactions

ISOC is the sole member of IETF. IETF entered into an agreement with ISOC when IETF was formed as a separate legal entity during 2018. Under the agreement, ISOC transferred all of the assets attributable to IETF, including IETF's endowment of \$2,602,092, and funded a cash installment of \$5,000,000 for IETF's fiscal year ending December 31, 2020, which was used as a general operating fund for IETF.

During the years ended December 31, 2022 and 2021, IETF received \$6,500,000 and \$6,250,000, respectively, from ISOC as payment on the funding agreement in effect from 2021 through 2026. During the year ended December 31, 2022, IETF also received \$501,100 from ISOC as matching contributions for the endowment funds IETF raised during the year ended December 31, 2021 as part of the funding agreement. IETF made payments of \$172,216 and \$104,563 for 2022 and 2021, respectively, to ISOC for IETF employee benefits paid by ISOC.

9. Liquidity and Availability of Financial Assets

IETF regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The following table reflects IETF's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available include net assets with donor restrictions not expected to be met within a year.

<i>December 31,</i>	2022	2021
Financial assets at year-end:		
Cash	\$ 5,723,490	\$ 5,672,080
Investments	18,815,052	21,068,692
Accounts receivable	174,860	46,164
Promises to give, net	388,381	7,029,467
Total financial assets	25,101,783	33,816,403
Less amounts not available to be used within one year:		
Promises to give, net of discount, due in excess of one year	281,121	423,714
Net assets with donor restrictions	4,758,577	11,267,779
Total financial assets available to meet cash needs for general expenditures within one year	\$ 20,062,085	\$ 22,124,910

IETF Administration, LLC

Notes to the Financial Statements

10. Contributed Non-Financial Assets

IETF received contributed non-financial assets in the form of licenses to use a web conferencing platform to support program and administrative activities. These contributed services meet the criteria for revenue recognition under FASB ASC 958-605-25, *Contributed Services*, at the fair value of such services. For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

Type of donation	Valuation techniques	Donor Restrictions	2022	2021
Cisco Webex user licenses	Current rates for similar products	None	\$ 58,500	\$ 58,050
			\$ 58,500	\$ 58,050

11. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 23, 2023, the date the financial statements were available to be issued. IETF is not aware of any subsequent events which would require recognition or disclosure in the financial statements.