



# IETF Administration, LLC

Financial Statements  
Year Ended December 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **IETF Administration, LLC**

---

Financial Statements  
Year Ended December 31, 2023

# IETF Administration, LLC

## Contents

---

|                                     |      |
|-------------------------------------|------|
| <b>Independent Auditor's Report</b> | 3-4  |
| <b>Financial Statements</b>         |      |
| Statement of Financial Position     | 5    |
| Statement of Activities             | 6    |
| Statement of Functional Expenses    | 7    |
| Statement of Cash Flows             | 8    |
| Notes to Financial Statements       | 9-21 |



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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit 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 audit. 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 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, P.C.*

McLean, Virginia  
June 19, 2024

## Financial Statements

---

**IETF Administration, LLC**  
**Statement of Financial Position**

---

*As of December 31, 2023*

---

**Assets**

|                               |              |
|-------------------------------|--------------|
| Cash and cash equivalents     | \$ 4,797,904 |
| Investments                   | 22,653,809   |
| Accounts receivable           | 68,425       |
| Contributions receivable      | 822,384      |
| Prepaid expenses and deposits | 608,014      |
| Property and equipment, net   | 828,893      |

---

**Total assets** \$ 29,779,429

---

**Liabilities and Net assets**

**Liabilities**

|                                       |            |
|---------------------------------------|------------|
| Accounts payable and accrued expenses | \$ 532,461 |
| Refundable advances                   | 923,333    |
| Deferred revenue                      | 142,460    |

---

**Total liabilities** 1,598,254

---

**Net assets**

|                            |            |
|----------------------------|------------|
| Without donor restrictions | 22,218,929 |
| With donor restrictions    | 5,962,246  |

---

**Total net assets** 28,181,175

---

**Total liabilities and net assets** \$ 29,779,429

---

*See accompanying notes to the financial statements.*

# IETF Administration, LLC

## Statement of Activities

| <i>Year ended December 31, 2023</i>           | Without<br>Restrictions | With Donor<br>Restrictions | Total                |
|---|-------------------------|----------------------------|----------------------|
| <b>Revenue and support</b>                    |                         |                            |                      |
| Contributions and sponsorships                | \$ 8,170,269            | \$ 479,174                 | \$ 8,649,443         |
| Registrations and meetings                    | 2,915,842               | -                          | 2,915,842            |
| Investment return, net                        | 2,097,552               | 724,495                    | 2,822,047            |
| Contributions of nonfinancial assets          | 171,250                 | -                          | 171,250              |
| Other   | 2,184                   | -                          | 2,184                |
| <b>Total revenue, gains and other support</b> | <b>13,357,097</b>       | <b>1,203,669</b>           | <b>14,560,766</b>    |
| <b>Expenses</b>                               |                         |                            |                      |
| Program services                              |                         |                            |                      |
| Technology and standards development          | 8,772,352               | -                          | 8,772,352            |
| Supporting Services                           |                         |                            |                      |
| General and administrative                    | 2,007,646               | -                          | 2,007,646            |
| Fundraising                                   | 378,075                 | -                          | 378,075              |
| <b>Total expenses</b>                         | <b>11,158,073</b>       | <b>-</b>                   | <b>11,158,073</b>    |
| <b>Changes in net assets</b>                  | <b>2,199,024</b>        | <b>1,203,669</b>           | <b>3,402,693</b>     |
| <b>Net assets, beginning of year</b>          | <b>20,019,905</b>       | <b>4,758,577</b>           | <b>24,778,482</b>    |
| <b>Net assets, end of year</b>                | <b>\$ 22,218,929</b>    | <b>\$ 5,962,246</b>        | <b>\$ 28,181,175</b> |

*See accompanying notes to the financial statements.*



## IETF Administration, LLC

### Statement of Functional Expenses

| <i>Year ended December 31, 2023</i> | <u>Program Services</u>                               | <u>Supporting Services</u>              |                    |                             | <b>Total</b>         |
|-------------------------------------|---|---|--------------------|-----------------------------|----------------------|
|                                     | <b>Technology &amp;<br/>Standards<br/>Development</b> | <b>General &amp;<br/>Administrative</b> | <b>Fundraising</b> | <b>Total<br/>Supporting</b> |                      |
| Professional services               | \$ 2,944,172  | \$ 889,722                              | \$ 89,224          | \$ 978,946                  | \$ 3,923,118         |
| Conference and meetings             | 3,885,591   | -                                       | -                  | -                           | 3,885,591            |
| Salaries and benefits               | 346,031   | 908,231                                 | 246,715            | 1,154,946                   | 1,500,977            |
| Depreciation and amortization       | 278,573   | -                                       | 12,977             | 12,977                      | 291,550              |
| Banking and insurance               | 41,940  | 87,126                                  | -                  | 87,126                      | 129,066              |
| Contributions to affiliate          | 335,216   | -                                       | -                  | -                           | 335,216              |
| Office and other expenses           | 17,167  | 2,911                                   | -                  | 2,911                       | 20,078               |
| Software and storage                | 379,940   | 37,027                                  | 10,220             | 47,247                      | 427,187              |
| Marketing and sponsorship           | -   | 54,284                                  | -                  | 54,284                      | 54,284               |
| Travel and entertainment            | 543,722   | 26,571                                  | 18,939             | 45,510                      | 589,232              |
| Professional development            | -   | 1,774                                   | -                  | 1,774                       | 1,774                |
| <b>Total expenses</b>               | <b>\$ 8,772,352</b>                                   | <b>\$ 2,007,646</b>                     | <b>\$ 378,075</b>  | <b>\$ 2,385,721</b>         | <b>\$ 11,158,073</b> |

*See accompanying notes to the financial statements.*

# IETF Administration, LLC

## Statement of Cash Flows

*Year ended December 31, 2023*

|  |                     |
|--|---------------------|
| <b>Cash flows from operating activities</b>  |                     |
| Change in net assets   | \$ 3,402,693        |
| <b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b> |                     |
| Depreciation and amortization  | 291,550             |
| Net realized and unrealized gains on investments   | (2,322,936)         |
| <b>Change in assets and liabilities:</b>   |                     |
| <b>(Increase) decrease in:</b>   |                     |
| Accounts receivable  | 106,435             |
| Contributions receivable   | (434,003)           |
| Prepaid expenses   | 199,412             |
| <b>Increase (decrease) in:</b>   |                     |
| Accounts payable and accrued expenses  | (17,759)            |
| Due to related party   | (50,313)            |
| Refundable advances  | 236,665             |
| Deferred revenue   | (40,390)            |
| <b>Net cash provided by operating activities</b>   | <b>1,371,354</b>    |
| <b>Cash flows from investing activities</b>  |                     |
| Purchases of property and equipment  | (781,119)           |
| Proceeds from sales of investments   | 11,975,154          |
| Purchases of investments   | (13,490,975)        |
| <b>Net cash used in investing activities</b>   | <b>(2,296,940)</b>  |
| <b>Net decrease in cash</b>  | <b>(925,586)</b>    |
| <b>Cash - beginning of year</b>  | <b>5,723,490</b>    |
| <b>Cash - end of year</b>  | <b>\$ 4,797,904</b> |

*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 the IETF, the Internet Architecture Board (IAB), and the Internet Research Task Force (IRTF), the standards setting and research arms of the Internet community.

#### ***Supporting Services***

Represents general and administrative plus fundraising overhead costs including executive, administrative, governance, legal, finance, human resources, systems, rent and other supporting 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.

#### ***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

# IETF Administration, LLC

## Notes to the Financial Statements

---

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.

### ***Cash equivalents***

IETF considers all highly liquid investments with initial maturities of three months or less to be cash equivalents, except for funds held within the investment portfolios.

### ***Investments***

Investments are reported at fair value in the statement 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 credit losses based on a review of all outstanding amounts on an annual basis. Management determines the allowance for credit losses based on historical experience, current conditions, and reasonable and supportable forecasts. Management will write off any balance that remains after it has exhausted all reasonable collection efforts and concludes that additional collection efforts are not cost-justified. There was no allowance for credit losses recorded for the year ended December 31, 2023.

### ***Contributions Receivable***

Contributions receivable includes sponsorship receivables as well as 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 an annual 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 accounts by using the historical experience applied to an aging of accounts. Contributions are written off when deemed uncollectible. Based on management’s evaluation of the collection of the contributions receivable, there was no provision for doubtful accounts as of December 31, 2023.

### ***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

# IETF Administration, LLC

## Notes to the Financial Statements

---

related assets, generally three years. The cost of maintenance and repairs is recorded as expenses when incurred. IETF's policy is to capitalize all property and equipment over \$5,000.

IETF capitalizes certain costs related to the development of internal-use software. Costs incurred during the application development phase are capitalized only when IETF believes it is probable the development will result in new or additional functionality. The types of costs capitalized during the application development phase include employee compensation. Costs related to the preliminary project stage and post-implementation activities are expensed as incurred. IETF capitalized \$741,961 of software development costs during the year ended December 31, 2023. Such amounts are included in property and equipment and are being amortized using the straight-line method over a period of three years. When internal-use software that was previously capitalized is abandoned, the cost less the accumulated amortization, if any, is recorded as impairment expense. As of December 31, 2023, management determined there has been no impairment in the carrying value of capitalized costs related to the development of internal-use software.

### ***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, 2023.

#### *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.

# IETF Administration, LLC

## Notes to the Financial Statements

---

### *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.

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 2024 through 2029. As of December 31, 2023, IETF had conditional contributions of \$47,100,000 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 statement 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 statement 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. 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 and is a disregarded entity of ISOC. As such, the income, deductions, credits and other tax attributes of IETF flow directly to ISOC.

### *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. As of December 31, 2023, IETF had cash and cash equivalents of approximately \$4.5 million in excess of FDIC insured limits. IETF has never experienced any losses related to these balances.

# IETF Administration, LLC

## Notes to the Financial Statements

---

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 statement 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.

### ***Recent Adopted Authoritative Guidance***

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 the measurement of credit losses on financial assets measured at amortized cost. IETF adopted this new guidance on January 1, 2023 utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on IETF's financial statements but did change how the allowance for credit losses is determined.

### ***Upcoming Accounting Pronouncement***

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>             | 2023          |
|---------------------------------|---------------|
| Common stocks                   | \$ 11,520,671 |
| Mutual funds                    | 5,612,135     |
| Corporate bonds                 | 3,186,509     |
| U.S government and agency bonds | 2,266,400     |
| Private equity fund             | 64,646        |
| Cash deposits held at cost      | 3,448         |
|                                 | <hr/>         |
|                                 | \$ 22,653,809 |

Net investment return consists of the following as of December 31:

|                               | 2023         |
|-------------------------------|--------------|
| Realized and unrealized gains | \$ 2,322,936 |
| Interest and dividends        | 562,970      |
| Investment fees               | (63,859)     |
|                               | <hr/>        |
| Investment return, net        | \$ 2,822,047 |

## 3. Contributions Receivable

Contributions receivable 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 3%. Contributions receivable consists of the following:

| <i>December 31,</i>                | 2023       |
|------------------------------------|------------|
| Less than one year                 | \$ 590,571 |
| One to five years                  | 250,728    |
|                                    | <hr/>      |
|                                    | 841,299    |
| Less discount to net present value | (18,915)   |
|                                    | <hr/>      |
|                                    | \$ 822,384 |

## 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).



# IETF Administration, LLC

## Notes to the Financial Statements

---

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, 2023:

| Description                            | 2023 Total           | Fair Value Hierarchy Level |                     |          | Assets Measured at Net Asset Value* |
|--|----------------------|----------------------------|---------------------|----------|-------------------------------------|
|  |                      | Level 1                    | Level 2             | Level 3  |                                     |
| <b>Common stocks:</b>                  |                      |                            |                     |          |                                     |
| Technology                             | \$ 2,966,229         | \$ 2,966,229               | \$ -                | \$ -     | \$ -                                |
| Consumer cyclical                      | 2,208,631            | 2,208,631                  | -                   | -        | -                                   |
| Financial                              | 1,427,793            | 1,427,793                  | -                   | -        | -                                   |
| Healthcare                             | 1,487,800            | 1,487,800                  | -                   | -        | -                                   |
| Industrials                            | 1,305,681            | 1,305,681                  | -                   | -        | -                                   |
| Communication services                 | 759,192              | 759,192                    | -                   | -        | -                                   |
| Energy                                 | 320,076              | 320,076                    | -                   | -        | -                                   |
| Basic materials                        | 490,963              | 490,963                    | -                   | -        | -                                   |
| Real estate                            | 322,063              | 322,063                    | -                   | -        | -                                   |
| Utilities                              | 232,243              | 232,243                    | -                   | -        | -                                   |
| <b>Total common stocks</b>             | <b>11,520,671</b>    | <b>11,520,671</b>          | <b>-</b>            | <b>-</b> | <b>-</b>                            |
| <b>Mutual funds:</b>                   |                      |                            |                     |          |                                     |
| Foreign large blend                    | 3,012,677            | 3,012,677                  | -                   | -        | -                                   |
| High yield bond                        | 2,049,151            | 2,049,151                  | -                   | -        | -                                   |
| Small blend                            | 50,674               | 50,674                     | -                   | -        | -                                   |
| Diversified emerging markets           | 358,376              | 358,376                    | -                   | -        | -                                   |
| Large blend                            | 141,257              | 141,257                    | -                   | -        | -                                   |
| <b>Total mutual funds</b>              | <b>5,612,135</b>     | <b>5,612,135</b>           | <b>-</b>            | <b>-</b> | <b>-</b>                            |
| <b>Bonds:</b>                          |                      |                            |                     |          |                                     |
| Corporate bonds                        | 3,186,509            | -                          | 3,186,509           | -        | -                                   |
| U.S. government and agency bonds       | 2,266,400            | -                          | 2,266,400           | -        | -                                   |
| <b>Total bonds</b>                     | <b>5,452,909</b>     | <b>-</b>                   | <b>5,452,909</b>    | <b>-</b> | <b>-</b>                            |
| Private equity fund                    | 64,646               | -                          | -                   | -        | 64,646                              |
| <b>Total assets held at fair value</b> | <b>22,650,361</b>    | <b>\$ 17,132,806</b>       | <b>\$ 5,452,909</b> | <b>-</b> | <b>\$ 64,646</b>                    |
| Total cash deposits held at cost       | 3,448                |                            |                     |          |                                     |
| <b>Total investments</b>               | <b>\$ 22,653,809</b> |                            |                     |          |                                     |

\*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 following table sets forth a summary of the IETF'S investments with a reported NAV as of December 31, 2023:

| Investment Type    | NAV              | Unfunded<br>Commitments | Redemption<br>Frequency                    | Notice<br>Period<br>(Days) |
|--------------------|------------------|-------------------------|--|----------------------------|
|                    |                  |                         | Upon approval<br>of the General<br>Partner |                            |
| Private Equity (a) | \$ 64,646        | \$ 1,385,000            |  | 5                          |
| <b>Total</b>       | <b>\$ 64,646</b> | <b>\$ 1,385,000</b>     |  |                            |

(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 consists of the following as of December 31:

|                                      | 2023              |
|--------------------------------------|-------------------|
| Software                             | \$ 1,448,148      |
| Computer equipment                   | 212,092           |
| <b>Total depreciable assets</b>      | <b>1,660,240</b>  |
| <b>Less accumulated depreciation</b> | <b>(831,347)</b>  |
| <b>Property and equipment, net</b>   | <b>\$ 828,893</b> |

Depreciation and amortization expense for the year ended December 31, 2023 was \$291,550. Included within software costs are \$1,398,273 of capitalized software costs. Accumulated depreciation for capitalized software costs was \$610,798 as of December 31, 2023 and related amortization was \$276,921 for the year ended December 31, 2023.

**IETF Administration, LLC**  
**Notes to the Financial Statements**

---

**6. Net Assets with Donor Restrictions**

Changes in net assets with donor restrictions during the year ended December 31, 2023 are as follows:

|   | Balance as of<br>December<br>31, 2022 | Additions and<br>investment<br>return, net | Released    | Balance at<br>December<br>31, 2023 |
|---|---------------------------------------|--|-------------|------------------------------------|
| Time and purpose restricted:  |                                       |  |             |                                    |
| Portion of donor-restricted<br>endowment funds subject to<br>time restriction under UPMIFA<br>(Note 7), which, once<br>appropriated is expendable to<br>support IETF activities | \$ 4,658,577                          | \$ 1,203,669                               | \$ -        | \$ 5,862,246                       |
| Restricted in perpetuity:   |                                       |  |             |                                    |
| IETF Endowment  | 100,000                               | -  | -           | 100,000                            |
| <b>Total net assets with donor<br/>restrictions</b>   | <b>\$ 4,758,577</b>                   | <b>\$ 1,203,669</b>                        | <b>\$ -</b> | <b>\$ 5,962,246</b>                |

**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

# IETF Administration, LLC

## Notes to the Financial Statements

---

- 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.

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, 2023, there were no funds with deficiencies.

IETF's endowment net assets consist of the following as of December 31, 2023:

| <i>December 31, 2023</i>              | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| Donor restricted endowment funds:     |                               |                            |                     |
| Original donor-restricted gift amount | \$ -                          | \$ 4,332,554               | \$ 4,332,554        |
| Accumulated investment earnings       | -                             | 1,629,692                  | 1,629,692           |
| <b>Total endowment net assets</b>     | <b>\$ -</b>                   | <b>\$ 5,962,246</b>        | <b>\$ 5,962,246</b> |

# IETF Administration, LLC

## Notes to the Financial Statements

---

The changes in the donor-restricted endowment net assets for the year ended December 31, 2023 are as follows:

| <i>December 31, 2023</i>                | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|---|-------------------------------|----------------------------|--------------|
| Endowment net assets, beginning of year | \$ -                          | \$ 4,758,577               | \$ 4,758,577 |
| Contributions                           | -                             | 479,174                    | 479,174      |
| Investment return                       | -                             | 724,495                    | 724,495      |
| Appropriations                          | -                             | -                          | -            |
| Endowment net assets, end of year       | \$ -                          | \$ 5,962,246               | \$ 5,962,246 |

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

### 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 year ended December 31, 2023, IETF received \$6,750,000 from ISOC as payment on the funding agreement in effect from 2021 through 2026. During the year ended December 31, 2023, IETF also received \$265,626 from ISOC as matching contributions for the endowment funds IETF raised during the year ended December 31, 2022 as part of the funding agreement. IETF made payments of \$226,767 for 2023 to ISOC for IETF employee benefits paid by ISOC. As of December 31, 2023, there was \$45,652 due to ISOC which is included within accounts payable and accrued expenses.

The IETF Trust was created by the Internet Society and the Corporation for National Research Initiatives as settlors, the Internet Engineering Task Force and the Initial Trustees on December 15, 2005. The purposes of the IETF Trust include the advancement of educational and public interest by acquiring, holding, maintaining and licensing certain existing and future intellectual property and other property used in connection with the Internet standards process and its administration, for the advancement of the science and technology associated with the Internet and related technology.

During the year ended December 31, 2023, IETF made contributions to the IETF Trust of \$335,216 in support for managing the IETF intellectual property.

### 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, 2023, 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.

**IETF Administration, LLC**  
**Notes to the Financial Statements**

2023

|  |               |
|--|---------------|
| Financial assets at year-end:  |               |
| Cash   | \$ 4,797,904  |
| Investments  | 22,653,809    |
| Accounts receivable  | 68,425        |
| Contributions receivable   | 822,384       |
| <hr/>  |               |
| Total financial assets   | 28,342,522    |
| <hr/>  |               |
| Less amounts not available to be used within one year:                                       |               |
| Promises to give, net of discount, due in excess of one year                                 | (201,813)     |
| Net assets with donor restrictions   | (5,962,246)   |
| <hr/>  |               |
| Total financial assets available to meet cash needs for general expenditures within one year | \$ 22,178,463 |

**10. Contributions of Nonfinancial Assets**

Contributions of services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by IETF. IETF recognizes contribution revenue and a corresponding expense in an amount approximating the fair value of the services at the time of donation. IETF received contributed nonfinancial assets in the form of licenses to use a web conferencing platform to support program and administrative activities. In addition, IETF received various network circuits to be used at each meeting. These contributed services meet the criteria for revenue recognition under FASB ASC 958-605-25, *Contributed Services*. For the year ended December 31, 2023, contributions of nonfinancial assets recognized within the statement of activities included:

| Type of donation                 | Valuation techniques               | Donor Restrictions |       |         |
|----------------------------------|------------------------------------|--------------------|-------|---------|
| Various meeting network circuits | Current rates for similar products | None               | \$    | 113,200 |
| Cisco Webex user licenses        | Current rates for similar products | None               |       | 58,050  |
|                                  |                                    |                    | <hr/> | <hr/>   |
|                                  |                                    |                    | \$    | 171,250 |

**11. Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 19, 2024, 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.