



IETF Administration, LLC

Financial Statements
Year Ended December 31, 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
Year Ended December 31, 2021

IETF Administration, LLC

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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 balance sheet as of December 31, 2021, 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 2021 financial statements present fairly, in all material respects, the financial position of IETF as of December 31, 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, net assets as of December 31, 2020 have been restated to correct a misstatement. Our opinion on the 2021 financial statements is not modified with respect to this matter.

Other Matter

The 2020 financial statements of IETF were audited by other auditors, whose report dated June 10, 2021 expressed an unmodified opinion on those statements.

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 1 that were applied to restate net assets as of December 31, 2020. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of IETF other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

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

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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
July 28, 2022

Financial Statements

IETF Administration, LLC

Balance Sheet

<i>December 31,</i>	<i>2021</i>
Assets	
Cash	\$ 5,672,080
Investments	21,068,692
Accounts receivable	266,164
Promises to give, net	7,029,467
Prepaid expenses and deposits	756,554
Property and equipment, net	108,957
Total assets	\$ 34,901,914
Liabilities and Net assets	
Liabilities:	
Accounts payable and accrued expenses	\$ 233,932
Due to related party	37,865
Refundable advance	976,666
Deferred revenue	42,501
Total liabilities	1,290,964
Commitment and Contingencies	
Net assets	
Without donor restrictions	22,343,171
With donor restrictions	11,267,779
Total net assets	33,610,950
Total liabilities and net assets	\$ 34,901,914

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
Other	432,651	-	432,651
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, restated	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, 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

Statement of Cash Flows

<i>Year ended December 31,</i>	2021
Cash flows from operating activities	
Change in net assets	\$ (2,962,296)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	207,049
Net realized and unrealized gain on investments	(1,325,764)
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	340,244
Promises to give, net	6,371,203
Prepaid expenses	275,884
Increase (decrease) in:	
Accounts payable and accrued expenses	(507,944)
Due to related party	14,887
Refundable advance	294,999
Deferred revenue	(10,231)
Net cash provided by operating activities	2,698,031
Cash flows from investing activities	
Proceeds from sales of investments	3,881,159
Purchase of investments	(4,322,442)
Net cash used in investing activities	(441,283)
Net increase in cash	2,256,748
Cash - beginning of year	3,415,332
Cash - end of year	\$ 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 enlightens 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 balance sheets. 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.

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 year ended December 31, 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 promise to give, there was no provision for doubtful accounts as of December 31, 2021.

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.

IETF Administration, LLC

Notes to the Financial Statements

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, 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 restriction when the restrictions are met in the same period 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 2023 through 2026. As of December 31, 2021, IETF had conditional contributions of \$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 Administration, LLC

Notes to the Financial Statements

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.

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 charges all expenses directly to functional classifications where it is benefited and there were no expense allocations during the year ended December 31, 2021.

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 2018.

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, 2021, IETF had cash and cash equivalents of approximately \$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 balance sheet.

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

IETF Administration, LLC

Notes to the Financial Statements

Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires a lessee to record, 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 payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally using the straight-line method. The guidance is effective for IETF for the fiscal year ending December 31, 2022. Management is currently evaluating the impact of this ASU on the financial statements.

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 September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. This ASU must be applied on a retrospective basis and is effective for IETF's fiscal year ending December 31, 2022. Management is currently evaluating the impact of this ASU on the financial statements.

Restatement

The financial statements beginning balance as of January 1, 2021, have been adjusted to correct a material error of in the class of net assets. The errors identified related to the application of U.S. generally accepted accounting principles (GAAP) and resulted in the recognition of sponsorship revenue in the incorrect period and the improper classification of endowment related contribution revenue and investment income as without donor restrictions in prior periods.

The following is a summary of the effects of this restatement and the accounting error noted above:

	As previously reported	Restatement	As restated
Accounts receivable	\$ 356,408	\$ 250,000	\$ 606,408
Refundable advances	(796,667)	115,000	(681,667)
Net assets without donor restrictions	(20,935,528)	1,299,694	(19,635,834)
Net assets with donor restrictions	(15,272,718)	(1,664,694)	(16,937,412)

There is no impact to the statement of activities and statement of cash flows related to this correction of an error since it only impacts beginning balances.

IETF Administration, LLC
Notes to the Financial Statements

2. Investments

Investments as of December 31, 2021:

<i>December 31,</i>	2021
Common stocks	\$ 5,840,103
Mutual funds	8,760,734
Corporate bonds	3,101,551
U.S government and agency bonds	3,043,075
Cash deposits held at cost	323,229
	\$ 21,068,692

Investment income, net, for the year ended December 31, 2021, consists of the following:

<i>December 31,</i>	2021
Interest and dividends	\$ 486,796
Realized and unrealized gain	1,325,764
Investment fees	(55,920)
	\$ 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 2.4%. Promises to give as of December 31, 2021, consist of the following:

<i>December 31,</i>	2021
Less than one year	\$ 6,605,753
One to five years	426,822
	7,032,575
Less discount to net present value	3,108
	\$ 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 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, 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

5. Property and Equipment

Property and equipment and accumulated depreciation consist of the following:

<i>December 31,</i>	2021
Software	\$ 599,317
Computer equipment	821,562
	1,420,879
Less accumulated depreciation	1,311,922
	\$ 108,957

Depreciation and amortization expense for the year ended December 31, 2021 was \$207,049.

6. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2021 are as follows:

	December 31, 2020	Additions and Endowment Earnings	Released	December 31, 2021
	(Restated)			
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, ISOC 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 ISOC 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 ISOC to not allow for spending on underwater endowments to maintain the spending power of programs in any given year. As of December 31, 2021, there were no funds with deficiencies.

IETF's endowment net assets consist of the following as of December 31, 2021:

<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 for the year ended December 31, 2021 are as follows:

<i>December 31,</i>	2021 Without Donor Restrictions	2021 With Donor Restrictions
Endowment net assets, beginning of year, restated	\$ -	\$ 4,195,203
Contributions	-	155,098
Investment income	-	417,478
Appropriations	-	-
Endowment net assets, end of year	\$ -	\$ 4,767,779

All of IETF's endowment funds are included with the investments as shown 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 formed separate legal entity during 2018. Under the agreement, ISOC transferred all of the assets attributable to IETF, including IETF 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, 2021, IETF received \$6,250,000 from ISOC as payment on the first tranche per the funding agreement in effect through 2026. IETF made payments of \$104,563 to ISOC for IETF employee benefits paid by ISOC.

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Notes to the Financial Statements

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, 2021, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet 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>	<i>2021</i>
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Financial assets at year-end:	
Cash	\$ 5,672,080
Investments	21,068,692
Accounts receivable	46,164
Promises to give, net	7,029,467
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Total financial assets	33,816,403
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Less amounts not available to be used within one year:	
Promises to give, net of discount, due in excess of one year	423,714
Net assets with donor restrictions	11,267,779
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Total financial assets available to meet cash needs for general expenditures within one year	\$ 22,124,910
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10. Risks and Uncertainties

Subsequent to the coronavirus outbreak in 2020 in the United States, there has been substantial volatility in financial markets and the economy. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets. Management is continually monitoring the potential impact of the pandemic on IETF.

11. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 28, 2022, the date the financial statements were available to be issued.