

2008-2011 High Level Planning Overview

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Introduction

This financial presentation will serve two purposes:

1. Provide a 2008 mid-year financial review; and
2. Discuss key financial metrics for 2009-2011.

2008 Mid-Year Review

In 2008, ISOC redirected its focus toward its three Initiatives: InterNetWorks, Enabling Access, and Trust and Identity.

In addition, ISOC sought to activate new functional resources in the areas of:

Standards and Technology:
Global Strategic Engagement: and
Communications.

Concurrently, we have substantially upgraded resources in core areas such as Public Policy, Chapters and Membership, Trust and Identity, Education, and Access to those with Disabilities. We are currently managing an 80% growth in our non-IETF expenditure levels (from \$7 million in 2007 to \$12.7 million in 2008).

Personnel

On the personnel front, the 2008 budget called for the addition of ten new (10) positions early in the fiscal year, for a 35% increase in staffing. At mid-year, we have filled seven (7) of these positions, with one additional offer outstanding.

As we proceeded through 2008, we have also taken the opportunity to upgrade a number of positions opened through turnover. A search was recently initiated to recruit two new members of the senior team: a Chief Operating Officer and a Vice President of Strategic Communications and Planning.

<u>2008 Budgeted Positions</u>	
Sponsored Programs/Grants Manager	Hired
Sr Manager - Membership	On Hold pending COO hire
Senior Education Manager	Hired
Executive Assistant	Hired
South/Southeast Asia Bureau Manager	Hired
Sr Manager - Information Services	Hired
Sr Communications Manager	On Hold pending VP hire
Sr Manager - Public Policy	Offer Outstanding
Manager - Standards and Technology	Hired
Manager - Standards and Technology	Hired
<u>Unbudgeted Positions Added</u>	
Membership Coordinator (PT)	Consolidated dispersed functions
<u>Upgrades of Positions Open through Turnover</u>	
Chief Operating Officer	Upgrade - Membership Director
VP Strategic Communications & Planning	Upgrade - Communications Director

2008 Mid-Year Revenue Review

Revenues continue to track well against the budget. PIR contributions are expected to meet the budget, although the timing and conditions of such contributions are under discussion. As presented elsewhere, Organization Membership revenue is expected to be on target. Potential

Grants revenues and miscellaneous sponsorships, which are budgeted to increase substantially from 2007's level, were planned to be a focus in the second half of the year.

2008 Mid-Year Expense Review

For the full year 2008, we forecast that ISOC will be under the budget approximately \$140,000 (1.5%) in Departmental Expenses (departmental expenses are largely personnel, general and administrative, and staff travel/meeting costs).

Also included within the Departmental budgets are certain projects that are considered "core" to the activities of a department. Some examples are the Sphere Project and Project Funding for Members within the Membership Department, the Annual Report and other publications within the Communications Department, and a Public Affairs Roadmap project within the Public Policy Department. The total budget for all the Core projects is \$1.37 million. Although it is early in the year for many of these programs, there may be some slight savings in this category.


Budgeted Program Expenses total \$2.62 million:

Enabling Access	\$1.45 million
InterNetWorks	.61 million
Trust and Identity	.30 million
NDSS, Grants Research, Postel	.26 million

Program activity has been ramping up in the first half of the year, and we forecast most programs to be on target for 2008. However, we project that some program activities budgeted as external Program expenses will be undertaken by staff. Therefore, the mid-year forecast reflects a \$60,000 savings to the budget.

IETF/IASA

IETF/IASA activity is presented separately. In brief, IETF activity is well within its budget. Attendance at IETF 71 was on target, the transition to the new Secretariat is complete, and the modest contingency budget remains available should IETF 72 or 73 attendance fall short.

Internet Society Statement of Activities and Change in Net Assets			
	2008		
	Budget	Mid-Year Forecast	Positive (Negative) Variance
Revenues (excluding IETF)			
Organization Membership/Platinum Revenues	\$ 1,150,000	\$ 1,150,000	\$ -
Individual Member Dues & Donations	9,500	9,500	-
NDSS Registrations and Sponsorships	110,000	96,945	(13,055)
Sponsorships and Grants (excluding IETF)	150,000	150,000	-
PIR Contribution to ISOC	13,000,000	13,000,000	-
Total Revenues (excluding IETF)	14,419,500	14,406,445	(13,055)
ISOC Department & Program Expenses (excl IETF)			
Departmental Expenses (Including Core Projects)	(10,143,858)	(10,003,858)	140,000
Program Expenses	(2,624,500)	(2,564,500)	60,000
Total ISOC Expenses (excl IETF)	(12,768,358)	(12,568,358)	200,000
Surplus (Deficit) from ISOC Activities	1,651,142	1,838,087	186,945
ISOC's Contribution to IETF	(1,563,400)	(1,530,000)	33,400
Other Revenue (Expense)			
Interest/Other Misc. Revenue	274,500	274,500	-
Currency Fluctuations Income (Expense)	-	(10,000)	(10,000)
Subtotal Other	274,500	264,500	(10,000)
ISOC Surplus (Loss) or Change in Net Assets	\$ 362,242	\$ 572,587	\$ 210,345

2009-2011 Financial Keys

To be effective in its mission, ISOC must ensure a consistent level of financial commitment. As stated above, we are currently managing an 80% growth in our non-IETF expenditure levels. That growth has been facilitated by the increase in PIR funding.

Beginning in 2009, however, PIR forecasts a levelling off of contributions to ISOC. This has been forecast for several years, and comes at a time that ISOC is accelerating its programmatic activities, and entering new strategic growth areas of Standards & Technology, Trust and Identity, and Strategic Global Engagement. The combination of these two trends will have the following impact:

PIR Contributions

PIR's forecast of contribution to ISOC's charitable mission is based on certain financial guidelines adopted by PIR's Board of Directors to ensure PIR's continuing financial strength. Such guidelines are under review, based on PIR's substantial growth and tremendous overall strength in financial position.

Other Revenue Sources


In addition to the importance of non-PIR revenues to ISOC's Public Support Test, other revenue sources will be ever more important to ISOC's ability to accelerate its programmatic efforts. This is especially true if PIR contributions level off as forecast. ISOC's ability to take full advantage of the opportunities available may depend on our success in finding strategic partners to leverage our resources, and on the availability of public or private grants and foundation funds.

Prioritization of Programs Competing for Funds

ISOC's ability to fund major programs at current levels for the foreseeable future is secure. However, ISOC has recently broadened its reach in a number of areas. For the next several years, ISOC may be faced with difficult decisions as programs with growing budgetary demands compete for a limited amount of funds available for programmatic growth.

Summary

As a baseline, ISOC's extended forecast shows continued growth in programmatic expenditures, as well as growth in staff. However, continue growth in ISOC's efforts beyond this baseline will depend more heavily on our ability to secure growth in funding sources.

Internet Society Statement of Activities and Change in Net Assets					
	2008		Extended Forecast		
	Budget	Mid-Year Forecast	2009	2010	2011
Revenues (excluding IETF)					
Organization Membership/Platinum Revenues	\$ 1,150,000	\$ 1,150,000	\$ 1,250,000	\$ 1,450,000	\$ 1,600,000
Individual Member Dues & Donations	9,500	9,500	10,000	11,000	11,000
NDSS Registrations and Sponsorships	110,000	96,945	100,000	100,000	100,000
Sponsorships and Grants (excluding IETF)	150,000	150,000	350,000	600,000	1,000,000
PIR Contribution to ISOC	13,000,000	13,000,000	14,000,000	15,000,000	16,500,000
Total Revenues (excluding IETF)	14,419,500	14,406,445	15,710,000	17,161,000	19,211,000
ISOC Department & Program Expenses (excl IETF)					
Departmental Expenses (Including Core Projects)	(10,143,858)	(10,003,858)	(11,653,858)	(12,935,782)	(14,358,718)
Program Expenses	(2,624,500)	(2,564,500)	(2,689,500)	(2,900,000)	(3,250,000)
Total ISOC Expenses (excl IETF)	(12,768,358)	(12,568,358)	(14,343,358)	(15,835,782)	(17,608,718)
Surplus (Deficit) from ISOC Activities	1,651,142	1,838,087	1,366,642	1,325,218	1,602,282
ISOC's Contribution to IETF	(1,563,400)	(1,530,000)	(1,588,700)	(1,469,500)	(1,489,600)
Other Revenue (Expense)					
Interest/Other Misc. Revenue	274,500	274,500	240,000	240,000	240,000
Currency Fluctuations Income (Expense)	-	(10,000)	-	-	-
Subtotal Other	274,500	264,500	240,000	240,000	240,000
ISOC Surplus (Loss) or Change in Net Assets	\$ 362,242	\$ 572,587	\$ 17,942	\$ 95,718	\$ 352,682