



**FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**WORLD WIDE WEB FOUNDATION**

**CONTENTS  
DECEMBER 31, 2013 AND 2012**

	<b><u>PAGES</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position .....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Cash Flows .....	4
Statements of Functional Expenses .....	5 - 6
Notes to Financial Statements .....	7 - 10



CERTIFIED PUBLIC ACCOUNTANTS  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
World Wide Web Foundation:

**Report on the Financial Statements**

We have audited the accompanying financial statements of World Wide Web Foundation (a Massachusetts corporation, not for profit) (the Foundation) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Wide Web Foundation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boston, Massachusetts  
November 11, 2014

**WORLD WIDE WEB FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

<u>ASSETS</u>	<u>2013</u>			<u>2012</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>CURRENT ASSETS:</b>						
Cash	\$ 155,143	\$ 689,136	\$ 844,279	\$ 375,632	\$ 353,857	\$ 729,489
Grants and accounts receivable	1,037,451	630,000	1,667,451	130,177	472,225	602,402
Prepaid expenses	4,024	-	4,024	6,470	-	6,470
Total assets	<u>\$ 1,196,618</u>	<u>\$ 1,319,136</u>	<u>\$ 2,515,754</u>	<u>\$ 512,279</u>	<u>\$ 826,082</u>	<u>\$ 1,338,361</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES:</b>						
Grants payable	\$ 390,362	\$ -	\$ 390,362	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	287,167	-	287,167	22,717	-	22,717
Total liabilities	<u>677,529</u>	<u>-</u>	<u>677,529</u>	<u>22,717</u>	<u>-</u>	<u>22,717</u>
<b>NET ASSETS:</b>						
Unrestricted	519,089	-	519,089	489,562	-	489,562
Temporarily restricted	-	1,319,136	1,319,136	-	826,082	826,082
Total net assets	<u>519,089</u>	<u>1,319,136</u>	<u>1,838,225</u>	<u>489,562</u>	<u>826,082</u>	<u>1,315,644</u>
Total liabilities and net assets	<u>\$ 1,196,618</u>	<u>\$ 1,319,136</u>	<u>\$ 2,515,754</u>	<u>\$ 512,279</u>	<u>\$ 826,082</u>	<u>\$ 1,338,361</u>

*The accompanying notes are an integral part of these statements.*

**WORLD WIDE WEB FOUNDATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>			<u>2012</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>SUPPORT AND REVENUE:</b>						
Grants and contributions	\$ 785,736	\$ 4,225,011	\$ 5,010,747	\$ 211,055	\$ 2,041,305	\$ 2,252,360
Interest and other income	250	-	250	1,176	-	1,176
Donated goods and services	-	-	-	29,449	-	29,449
Net assets released from purpose restriction	3,421,738	(3,421,738)	-	1,677,072	(1,677,072)	-
Total support and revenue	<u>4,207,724</u>	<u>803,273</u>	<u>5,010,997</u>	<u>1,918,752</u>	<u>364,233</u>	<u>2,282,985</u>
<b>EXPENSES:</b>						
Program	3,741,295	-	3,741,295	1,688,245	-	1,688,245
General and administrative	343,623	-	343,623	221,988	-	221,988
Fundraising	93,279	-	93,279	222,110	-	222,110
Total expenses	<u>4,178,197</u>	<u>-</u>	<u>4,178,197</u>	<u>2,132,343</u>	<u>-</u>	<u>2,132,343</u>
Changes in net assets from operations	29,527	803,273	832,800	(213,591)	364,233	150,642
<b>WRITE-OFF OF GRANTS RECEIVABLE</b>	<u>-</u>	<u>(310,219)</u>	<u>(310,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	29,527	493,054	522,581	(213,591)	364,233	150,642
<b>NET ASSETS, beginning of year</b>	<u>489,562</u>	<u>826,082</u>	<u>1,315,644</u>	<u>703,153</u>	<u>461,849</u>	<u>1,165,002</u>
<b>NET ASSETS, end of year</b>	<u>\$ 519,089</u>	<u>\$ 1,319,136</u>	<u>\$ 1,838,225</u>	<u>\$ 489,562</u>	<u>\$ 826,082</u>	<u>\$ 1,315,644</u>

*The accompanying notes are an integral part of these statements.*

**WORLD WIDE WEB FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 522,581	\$ 150,642
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Write-off of grants receivable	310,219	-
Bad debt	68,073	-
Changes in operating assets and liabilities:		
Grants and accounts receivable	(1,443,341)	(589,752)
Prepaid expenses	2,446	2,053
Grants payable	390,362	-
Accounts payable and accrued expenses	264,450	13,849
Grants payable	-	(200,000)
	114,790	(623,208)
<b>CASH, beginning of year</b>	<u>729,489</u>	<u>1,352,697</u>
<b>CASH, end of year</b>	<u>\$ 844,279</u>	<u>\$ 729,489</u>

*The accompanying notes are an integral part of these statements.*

**WORLD WIDE WEB FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>PROGRAM</u>	<u>FUNDRAISING</u>	<u>GENERAL AND ADMINIS- TRATIVE</u>	<u>TOTAL</u>
<b>PERSONNEL AND RELATED:</b>				
Contracted services	\$ 910,268	\$ -	\$ -	\$ 910,268
Salaries	64,999	59,454	180,391	304,844
Payroll taxes	6,420	5,872	17,818	30,110
Employee benefits	3,480	3,184	9,660	16,324
	<hr/>	<hr/>	<hr/>	<hr/>
Total personnel and related	985,167	68,510	207,869	1,261,546
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER EXPENSES:</b>				
Project costs	766,333	-	-	766,333
Production costs	764,010	-	-	764,010
Grants awarded	668,188	-	-	668,188
Communication and capacity	172,341	-	-	172,341
Travel	132,337	-	30,672	163,009
Meetings and conferences	109,972	6,932	16,258	133,162
Consulting and professional fees	32,070	-	41,426	73,496
Bad debt	55,631	-	12,442	68,073
Occupancy	33,456	13,639	1,620	48,715
Office expenses	21,790	-	19,261	41,051
Insurance	-	-	7,930	7,930
Miscellaneous	-	-	6,145	6,145
Marketing	-	4,198	-	4,198
	<hr/>	<hr/>	<hr/>	<hr/>
Total other expenses	2,756,128	24,769	135,754	2,916,651
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	\$ 3,741,295	\$ 93,279	\$ 343,623	\$ 4,178,197
	<hr/>	<hr/>	<hr/>	<hr/>

*The accompanying notes are an integral part of these statements.*

**WORLD WIDE WEB FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>PROGRAM</u>	<u>FUNDRAISING</u>	<u>GENERAL AND ADMINIS- TRATIVE</u>	<u>TOTAL</u>
<b>PERSONNEL AND RELATED:</b>				
Salaries	\$ 115,692	\$ 149,657	\$ 89,605	\$ 354,954
Employee benefits	8,564	11,079	6,633	26,276
Payroll taxes	10,693	13,833	8,282	32,808
	<u>134,949</u>	<u>174,569</u>	<u>104,520</u>	<u>414,038</u>
<b>OTHER EXPENSES:</b>				
Grants awarded	1,418,000	-	-	1,418,000
Travel	11,383	4,909	8,423	24,715
Meetings and conferences	-	-	17,410	17,410
Consulting and professional fees	106,561	20,186	29,989	156,736
Occupancy	9,576	12,387	7,416	29,379
Office expenses	7,776	10,059	7,827	25,662
Insurance	-	-	5,615	5,615
Miscellaneous	-	-	3,614	3,614
Marketing	-	-	6,425	6,425
Legal	-	-	30,749	30,749
	<u>1,553,296</u>	<u>47,541</u>	<u>117,468</u>	<u>1,718,305</u>
Total other expenses	<u>1,553,296</u>	<u>47,541</u>	<u>117,468</u>	<u>1,718,305</u>
Total expenses	<u>\$ 1,688,245</u>	<u>\$ 222,110</u>	<u>\$ 221,988</u>	<u>\$ 2,132,343</u>

*The accompanying notes are an integral part of these statements.*



**WORLD WIDE WEB FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**

**OPERATIONS AND NONPROFIT STATUS**

The World Wide Web Foundation's (the Foundation) mission is to advance the open Web as a public good and a basic right. The Foundation's work was seeded by a foundation, with funding for major initiatives from other foundations, corporations, governments, and individuals. The Foundation has started several initiatives including the Web index, voice browsing, mobile entrepreneurship, open government data, the alliance for affordable internet and Web for agriculture.

The Foundation's vision is that all people should be able to communicate, collaborate, and create across a free, open and increasingly-powerful Web, in order to improve their lives, communities and the world. The Foundation was launched in November, 2009, by Web inventor Sir Tim Berners-Lee with the belief that substantial challenges stand between this vision and today's reality.

The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also exempt from state income taxes. Donors may deduct contributions made to the Foundation within the IRC requirements.

**SIGNIFICANT ACCOUNTING POLICIES**

The Foundation prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

Net Assets

**Unrestricted Net Assets:**

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Foundation.

**Temporarily Restricted Net Assets:**

Temporarily restricted net assets represent amounts received by the Foundation which are designated by donors for specific purposes. Temporarily restricted net assets at December 31, 2013 and 2012, are restricted for specific purposes.

Revenue Recognition

The Foundation reports grants and contributions as temporarily restricted support if they are received or unconditionally committed with donor stipulations that limit the use of the donated asset. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Unrestricted grants and contributions are recognized when received or unconditionally committed. Interest income is recognized as earned.

**WORLD WIDE WEB FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Allowance for Uncollectible Accounts

An allowance for uncollectible grants and accounts receivable are recorded based on management's analysis of specific accounts and collection history. As of December 31, 2013 and 2012, there was no allowance for uncollectible accounts. During 2013, management determined that grants receivable totaling \$378,292 were uncollectible and accordingly these amounts were written off. This amount included \$310,219 of grants receivable that were included in temporarily restricted net assets as of December 31, 2012, which have been presented as write-off of grants receivable in the accompanying 2013 statement of activities and changes in net assets.

Grants Awarded

The Foundation expenses grant awards when they are unconditionally approved by the Board of Directors. Grant awards are in the form of direct cash payments or reimbursement of expenses. During 2013 and 2012, the Foundation provided \$668,188 and \$1,418,000, respectively, of grant awards. During 2013, the Foundation awarded grants totaling approximately \$630,000 to the Swiss Foundation. As of December 31, 2013, there is \$390,362 of grants due to the Swiss Foundation. All of the grants provided in 2012 were to the Swiss Foundation (see Note 2).

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 11, 2014, which is the date the financial statements were available to be issued.

Fair Value Measurements

ASC Topic, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance only applies when the fair value measurement of assets and liabilities is required or permitted. The Foundation has determined that none of its financial or nonfinancial assets or liabilities is measured at fair value, therefore the disclosure requirements do not currently apply.

**WORLD WIDE WEB FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Donated Goods and Services

The Foundation receives donated goods and services in support of various aspects of its programs. The value assigned to these services, based on the donor's estimate of the fair value of their services provided, has been reflected in the accompanying financial statements as donated goods and services. The Foundation received donated legal services of \$29,449 for the year ended December 31, 2012. There were no donated services received during the year ended December 31, 2013.

Income Taxes

The Foundation accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statement regarding a tax position taken or expected to be taken in a tax return. The Foundation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2013 and 2012. The Foundation's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

(2) **RELATED PARTY TRANSACTIONS**

The Chief Executive Officer (CEO) of the Foundation is also the CEO of the World Wide Web Foundation of Switzerland (the Swiss Foundation). The Foundation and the Swiss Foundation have separate compensation agreements with the CEO and each organization compensates the CEO separately.

During 2013 and 2012, the Foundation also awarded grants to the Swiss Foundation either through direct cash grants or by paying operating costs on behalf of the Swiss Foundation (see Note 1).

The Foundation and the Swiss Foundation do not meet the accounting criteria that would require the two foundations' financial statements to be combined.

Subsequent to December 31, 2013, the Board of Directors of the Swiss Foundation voted to cease operations and transfer their assets to the Foundation. As of December 31, 2013, the Swiss Foundation's liquid assets were approximately \$60,000.

(3) **OPERATING LEASE**

The Foundation sublet office space under an agreement that expired on March 31, 2012, and was subsequently renewed through March 31, 2013. Base monthly rent under the agreement was approximately \$2,300, plus the Foundation's share of utilities. Rent expense under this agreement for the years ended December 31, 2013 and 2012, was \$7,416 and \$29,379, respectively, and is included as occupancy in the accompanying statements of functional expenses.

**WORLD WIDE WEB FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(Continued)

(3) **OPERATING LEASE**

The Foundation relocated and entered into a two new lease agreements during 2013 that expire in January, 2015, and March, 2015. Rent expense under these agreements for the year ended December 31, 2013, was approximately \$28,000. The Foundation is responsible for their proportionate share of operating costs under these agreements. The monthly base rent under the agreements is \$3,700. Remaining future minimum lease payments are as follows:

2014	\$44,292
2015	\$14,557

(4) **PENSION PLAN**

The Foundation has a defined contribution pension plan (under the IRC Section 401(k)) covering all eligible employees. Employees become eligible to participate upon employment and attaining the age of 21. Under the plan, employees can defer a portion of their salary up to limits established under the IRC. In addition, the Foundation may contribute additional discretionary amounts as determined by the Board of Directors annually. The Foundation contributed \$8,426 and \$10,943 to this plan during the years ended December 31, 2013 and 2012, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

(5) **CONCENTRATIONS**

The Foundation maintains its cash balances in a bank which is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses in the accounts. The Foundation's management believes that the Foundation is not exposed to any significant credit risk related to these accounts.

For the years ended December 31, 2013, grants from five donors represented approximately 85% of total support and revenue. For the year ended December 31, 2012, grants from three donors represented approximately 69% of the total support and revenue.

As of December 31, 2013, grants from four donors represented approximately 93% of outstanding grants and accounts receivable. As of December 31, 2012, grants from two donors represent 95% of the outstanding grants and accounts receivable balance.

(6) **CONDITIONAL GRANTS**

As of December 31, 2013, the Foundation has received three conditional grants totaling \$4,055,100, of which \$2,158,471 has been earned and \$1,779,103 has been recognized as grants and contributions revenue. There have been no amounts recorded related to the future installments of these grants based on the conditions outlined in the awards. The remaining installments of the grants are conditional upon the Foundation meeting certain criteria, benchmarks and milestones in accordance with the grant agreements. The Foundation expects to receive the remaining installments of these grants during 2015.

(7) **RECLASSIFICATION**

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.