

FINANCIAL STATEMENTS



WORLD WIDE WEB
FOUNDATION

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

WORLD WIDE WEB FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
World Wide Web Foundation
Washington, D.C.

We have audited the accompanying financial statements of the World Wide Web Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows 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 entity'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 the Foundation as of December 31, 2016 and 2015, 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.



April 27, 2017

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WORLD WIDE WEB FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015

ASSETS		<u>2016</u>	<u>2015</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	2,150,316	\$ 1,232,788
Grants and accounts receivable		245,327	504,081
Prepaid expenses		<u>24,693</u>	<u>15,466</u>
Total current assets		<u>2,420,336</u>	<u>1,752,335</u>
OTHER ASSETS			
Deposits		<u>4,235</u>	<u>-</u>
TOTAL ASSETS	\$	<u>2,424,571</u>	\$ <u>1,752,335</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	<u>97,299</u>	\$ <u>56,219</u>
NET ASSETS			
Unrestricted		102,245	13,253
Temporarily restricted		<u>2,225,027</u>	<u>1,682,863</u>
Total net assets		<u>2,327,272</u>	<u>1,696,116</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>2,424,571</u>	\$ <u>1,752,335</u>

WORLD WIDE WEB FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 501,278	\$ 4,377,732	\$ 4,879,010
Interest income	817	-	817
Other revenue	36,921	-	36,921
Net assets released from donor restrictions	<u>3,835,568</u>	<u>(3,835,568)</u>	<u>-</u>
Total support and revenue	<u>4,374,584</u>	<u>542,164</u>	<u>4,916,748</u>
EXPENSES			
Program Services:			
Expanding Access	1,744,446	-	1,744,446
Enhancing Participation	1,851,813	-	1,851,813
Raising Voices	<u>441,803</u>	<u>-</u>	<u>441,803</u>
Total program services	<u>4,038,062</u>	<u>-</u>	<u>4,038,062</u>
Supporting Services:			
General and Administrative	86,478	-	86,478
Fundraising	<u>161,052</u>	<u>-</u>	<u>161,052</u>
Total supporting services	<u>247,530</u>	<u>-</u>	<u>247,530</u>
Total expenses	<u>4,285,592</u>	<u>-</u>	<u>4,285,592</u>
Changes in net assets	88,992	542,164	631,156
Net assets at beginning of year	<u>13,253</u>	<u>1,682,863</u>	<u>1,696,116</u>
NET ASSETS AT END OF YEAR	<u>\$ 102,245</u>	<u>\$ 2,225,027</u>	<u>\$ 2,327,272</u>

WORLD WIDE WEB FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 704,015	\$ 3,317,629	\$ 4,021,644
Interest income	294	-	294
Other revenue	8,122	-	8,122
Net assets released from donor restrictions	<u>3,755,320</u>	<u>(3,755,320)</u>	<u>-</u>
Total support and revenue	<u>4,467,751</u>	<u>(437,691)</u>	<u>4,030,060</u>
EXPENSES			
Program Services:			
Expanding Access	1,375,352	-	1,375,352
Enhancing Participation	1,841,893	-	1,841,893
Raising Voices	<u>1,091,965</u>	<u>-</u>	<u>1,091,965</u>
Total program services	<u>4,309,210</u>	<u>-</u>	<u>4,309,210</u>
Supporting Services:			
General and Administrative	185,037	-	185,037
Fundraising	<u>191,973</u>	<u>-</u>	<u>191,973</u>
Total supporting services	<u>377,010</u>	<u>-</u>	<u>377,010</u>
Total expenses	<u>4,686,220</u>	<u>-</u>	<u>4,686,220</u>
Changes in net assets	(218,469)	(437,691)	(656,160)
Net assets at beginning of year	<u>231,722</u>	<u>2,120,554</u>	<u>2,352,276</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,253</u>	<u>\$ 1,682,863</u>	<u>\$ 1,696,116</u>

WORLD WIDE WEB FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Personnel and related:				
U.S. employees	\$ 531,805	\$ 87,146	\$ 68,004	\$ 686,955
WF staff contractors	1,404,931	141,705	83,814	1,630,450
Total personnel and related	<u>1,936,736</u>	<u>228,851</u>	<u>151,818</u>	<u>2,317,405</u>
Other expenses:				
External professional fees	709,675	88,296	-	797,971
Subgrants	218,166	-	-	218,166
Facility and equipment	50,254	25,791	-	76,045
Travel and meetings	660,187	54,075	7,698	721,960
Other expenses	159,763	(7,254)	1,536	154,045
Total other expenses	<u>1,798,045</u>	<u>160,908</u>	<u>9,234</u>	<u>1,968,187</u>
Allocation of general and administrative	<u>303,281</u>	<u>(303,281)</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 4,038,062</u>	<u>\$ 86,478</u>	<u>\$ 161,052</u>	<u>\$ 4,285,592</u>

WORLD WIDE WEB FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Personnel and related:				
U.S. employees	\$ 414,413	\$ 127,221	\$ 81,131	\$ 622,765
WF staff contractors	1,409,671	161,065	70,496	1,641,232
Total personnel and related	1,824,084	288,286	151,627	2,263,997
Other expenses:				
External professional fees	1,194,528	97,670	2,027	1,294,225
Subgrants	289,156	-	-	289,156
Facility and equipment	42,663	20,311	1,116	64,090
Travel and meetings	601,385	14,653	36,613	652,651
Other expenses	54,685	66,826	590	122,101
Total other expenses	2,182,417	199,460	40,346	2,422,223
Allocation of general and administrative	302,709	(302,709)	-	-
TOTAL	\$ 4,309,210	\$ 185,037	\$ 191,973	\$ 4,686,220

WORLD WIDE WEB FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 631,156	\$ (656,160)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Decrease (increase) in:		
Grants and accounts receivable	258,754	1,304,087
Prepaid expenses	(9,227)	(10,848)
Deposits	(4,235)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	41,080	(62,352)
Grants payable	<u>-</u>	<u>(254,565)</u>
Net cash provided by operating activities	<u>917,528</u>	<u>320,162</u>
Net increase in cash and cash equivalents	917,528	320,162
Cash and cash equivalents at beginning of year	<u>1,232,788</u>	<u>912,626</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,150,316</u>	<u>\$ 1,232,788</u>

WORLD WIDE WEB FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The World Wide Web Foundation (the Foundation) is a non-profit organization, incorporated in the State of Delaware and located in Washington, D.C. The Foundation's 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, Open Government Data, The Alliance for Affordable Internet, Web We Want and Women's Rights Online.

The Foundation's vision is an open and universal Web that enables everyone to participate freely and fully in building a just and thriving society. The Foundation 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and accounts receivable -

Grants and accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2016 and 2015, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

WORLD WIDE WEB FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, 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.

Revenue recognition -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

The Foundation receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants receivable represent amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements.

Use of estimates -

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

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WORLD WIDE WEB FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Expanding Access	\$ 305,971	\$ 357,583
Enhancing Participation	907,282	1,167,121
Raising Voices	780,778	17,719
Core General Operations	<u>230,996</u>	<u>140,440</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 2,225,027</u>	<u>\$ 1,682,863</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2016</u>	<u>2015</u>
Expanding Access	\$ 1,680,477	\$ 1,053,409
Enhancing Participation	1,402,201	1,818,762
Raising Voices	283,057	823,589
Core General Operations	<u>469,833</u>	<u>59,560</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 3,835,568</u>	<u>\$ 3,755,320</u>

3. LEASE COMMITMENTS

The Foundation leases office space under several agreements, which expire at various times over the next two years.

The Foundation leases office space in Washington, D.C. under an agreement, which expired on March 31, 2016. The monthly rate under this lease totaled \$1,925 per month. On April 1, 2016, a new agreement was entered into for a one-year period, which included one additional workstation. The monthly rate under this renewed lease is \$2,500 per month. This lease expired on March 31, 2017, and was renewed for an additional one-year period. The monthly rate under this renewed lease is \$2,845 per month. Included in the monthly rate under all above-mentioned leases are the monthly license fee, community fee and shared office expenses.

The Foundation entered into a one-year agreement for office space in Cape Town, South Africa that commenced February 1, 2015, and which required monthly payments of approximately 14,900 ZAR (South African Rand) and included monthly rent and parking; this equated to roughly \$960 per month. Upon expiration of the agreement, it was extended for an additional one-year period, through January 31, 2017. Monthly payments under the extended lease are approximately 17,300 ZAR (South African Rand) and included monthly rent and parking; this equates to roughly \$1,300 per month. Furthermore, the lease was extended again for another one-year period, through January 31, 2018. Monthly payments under the extended lease will be approximately 18,900 ZAR (South African Rand) and will include monthly rent and parking; this equates to roughly \$1,500 per month.

WORLD WIDE WEB FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

3. LEASE COMMITMENTS (Continued)

On December 18, 2015 and December 19, 2015, the Foundation entered into two separate lease agreements for office space in Jakarta, Indonesia. The first agreement commenced on January 15, 2016 and has a term of two years (will expire January 14, 2018). Base rent is 225,000,000 IDR (Indonesian Rupiah), roughly \$16,400 per year. The second agreement commenced on January 1, 2016, and also has a term of two years (will expire December 31, 2017). Base rent is 40,000,000 IDR, roughly \$2,900 per year.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2017	\$	70,459
2018		<u>10,730</u>
	\$	<u>81,189</u>

Rent expense for the years ended December 31, 2016 and 2015 totaled \$65,397 and \$55,050, respectively, and are included in facility and equipment expense in the accompanying Statements of Functional Expenses.

4. RETIREMENT PLAN

The Foundation provides retirement benefits to its employees through a 401(k) defined contribution plan covering all employees over the age of 21. Under the plan, employees can defer a portion of their salary up to limits established under the Internal Revenue Code. In addition, the Foundation may contribute additional discretionary amounts as determined by the Board of Directors annually. Contributions to the plan during the years ended December 31, 2016 and 2015 totaled \$18,647 and \$16,252, respectively, and are included in U.S. employees expense (under personnel and related expenses) in the accompanying Statements of Functional Expenses.

5. CONCENTRATION OF REVENUE

Approximately 75% and 72% of the Foundation's revenue for the years ended December 31, 2016 and 2015, respectively, were derived from awards received from four donors. The Foundation has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Foundation's ability to finance ongoing operations.

6. RELATED PARTY

On June 7, 2013, the Board decided to dissolve a sister foundation, World Wide Web Foundation of Switzerland (Swiss Foundation). The Swiss Foundation was officially closed at the end of September 2015, following approval of liquidation by the Swiss authorities in March 2015. Transfer of liquid assets totaling approximately \$16,000 to the U.S. Foundation was pending final clearance by the Swiss authorities as of December 31, 2015, and was cleared and received during the year ended December 31, 2016.

WORLD WIDE WEB FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

7. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 27, 2017, the date the financial statements were issued.