

FINANCIAL STATEMENTS



WORLD WIDE WEB
FOUNDATION

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, 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, 2017 and 2016, 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.

June 26, 2018

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WORLD WIDE WEB FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

ASSETS		<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,912,342	\$ 2,150,316
Grants and accounts receivable		46,958	245,327
Prepaid expenses		<u>6,596</u>	<u>24,693</u>
Total current assets		<u>1,965,896</u>	<u>2,420,336</u>
OTHER ASSETS			
Deposits		<u>4,235</u>	<u>4,235</u>
TOTAL ASSETS	\$	<u>1,970,131</u>	\$ <u>2,424,571</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	<u>29,216</u>	\$ <u>97,299</u>
NET ASSETS			
Unrestricted		128,686	102,245
Temporarily restricted		<u>1,812,229</u>	<u>2,225,027</u>
Total net assets		<u>1,940,915</u>	<u>2,327,272</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,970,131</u>	\$ <u>2,424,571</u>

WORLD WIDE WEB FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 229,721	\$ 3,316,021	\$ 3,545,742
Interest income	166	-	166
Contributed services	46,873	-	46,873
Other revenue	33,912	-	33,912
Net assets released from donor restrictions	<u>3,728,819</u>	<u>(3,728,819)</u>	<u>-</u>
Total support and revenue	<u>4,039,491</u>	<u>(412,798)</u>	<u>3,626,693</u>
EXPENSES			
Program Services:			
Digital Inclusion - Alliance for Affordable Internet	1,475,110	-	1,475,110
Digital Inclusion - Women's Rights Online	389,087	-	389,087
Digital Citizenship	<u>1,684,984</u>	<u>-</u>	<u>1,684,984</u>
Total program services	<u>3,549,181</u>	<u>-</u>	<u>3,549,181</u>
Supporting Services:			
General and Administrative	350,341	-	350,341
Fundraising	<u>113,528</u>	<u>-</u>	<u>113,528</u>
Total supporting services	<u>463,869</u>	<u>-</u>	<u>463,869</u>
Total expenses	<u>4,013,050</u>	<u>-</u>	<u>4,013,050</u>
Changes in net assets	26,441	(412,798)	(386,357)
Net assets at beginning of year	<u>102,245</u>	<u>2,225,027</u>	<u>2,327,272</u>
NET ASSETS AT END OF YEAR	<u>\$ 128,686</u>	<u>\$ 1,812,229</u>	<u>\$ 1,940,915</u>

WORLD WIDE WEB FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<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
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Personnel and Related:				
U.S. employees	\$ 527,240	\$ 120,300	\$ 50,457	\$ 697,997
WF staff contractors	1,325,574	210,025	15,737	1,551,336
Total personnel and related	<u>1,852,814</u>	<u>330,325</u>	<u>66,194</u>	<u>2,249,333</u>
Other Expenses:				
External professional fees	754,375	162,771	37,000	954,146
Subgrants	113,436	-	-	113,436
Facility and equipment	72,228	20,930	-	93,158
Travel and meetings	453,220	23,554	9,785	486,559
Other expenses	65,438	50,431	549	116,418
Total other expenses	<u>1,458,697</u>	<u>257,686</u>	<u>47,334</u>	<u>1,763,717</u>
Allocation of general and administrative	237,670	(237,670)	-	-
TOTAL	<u>\$ 3,549,181</u>	<u>\$ 350,341</u>	<u>\$ 113,528</u>	<u>\$ 4,013,050</u>

WORLD WIDE WEB FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
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	303,281	(303,281)	-	-
TOTAL	<u><u>\$ 4,038,062</u></u>	<u><u>\$ 86,478</u></u>	<u><u>\$ 161,052</u></u>	<u><u>\$ 4,285,592</u></u>

WORLD WIDE WEB FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (386,357)	\$ 631,156
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Decrease (increase) in:		
Grants and accounts receivable	198,369	258,754
Prepaid expenses	18,097	(9,227)
Deposits	-	(4,235)
(Decrease) increase in:		
Accounts payable and accrued expenses	<u>(68,083)</u>	<u>41,080</u>
Net cash (used) provided by operating activities	<u>(237,974)</u>	<u>917,528</u>
Net (decrease) increase in cash and cash equivalents	(237,974)	917,528
Cash and cash equivalents at beginning of year	<u>2,150,316</u>	<u>1,232,788</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,912,342</u></u>	<u><u>\$ 2,150,316</u></u>

WORLD WIDE WEB FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 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.

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, 2017 and 2016, 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, 2017 AND 2016

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 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.

Contributed services -

Contributed services consist of legal services. Contributed services are recorded at their fair market value as of the date of the gift.

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, 2017 AND 2016

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

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities and Changes in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Foundation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Foundation plans to adopt the new ASUs at the respective required implementation dates.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Digital Inclusion - Alliance for Affordable Internet	\$ 239,910	\$ 305,971
Digital Inclusion - Women's Rights Online	465,496	780,778
Digital Citizenship	878,049	907,282
Core General Operations	<u>228,774</u>	<u>230,996</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 1,812,229</u>	<u>\$ 2,225,027</u>

WORLD WIDE WEB FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

2. TEMPORARILY RESTRICTED NET ASSETS (Continued)

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:

	2017	2016
Digital Inclusion - Alliance for Affordable Internet	\$ 1,434,860	\$ 1,680,477
Digital Inclusion - Women's Rights Online	365,366	283,057
Digital Citizenship	1,552,624	1,402,201
Core General Operations	375,969	469,833
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 3,728,819	\$ 3,835,568

Digital Inclusion - Alliance for Affordable Internet: previously "Expanding Access"

Digital Inclusion - Womens Research Online: previously part of "Raising Voices"

Digital Citizenship: previously "Enhancing Participation"

3. LEASE COMMITMENTS

The Foundation licenses and leases office space under several agreements.

The Foundation had a license to use office space in Washington, D.C. under an agreement which expired on March 31, 2017. The Foundation entered into a new license agreement, commencing on April 1, 2017 which expired on March 31, 2018. The monthly rate under this agreement is \$2,845, which includes a community fund fee and a fee for shared usage of printers and copiers. Subsequent to year end, the Foundation extended this lease through March 31, 2019.

The Foundation entered into a one-year agreement for office space in Cape Town, South Africa, that commenced February 1, 2016, and which required monthly payments of approximately 17,300 ZAR (South African Rand), including monthly rent and parking; this equated to approximately \$1,300 per month. Upon expiration of the agreement on January 31, 2017, it was extended for an additional one-year period, through January 31, 2018. Monthly payments under the extended lease are approximately 18,900 ZAR (South African Rand), including monthly rent and parking; this equates to approximately \$1,500 per month.

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

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

<u>Year Ending December 31,</u>	
2018	\$ 44,396
2019	8,790
	\$ 53,186

WORLD WIDE WEB FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

3. LEASE COMMITMENTS (Continued)

Rent expense for the years ended December 31, 2017 and 2016 totaled \$79,010 and \$65,397, 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, 2017 and 2016 totaled \$15,068 and \$18,647, 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 77% and 75% of the Foundation's revenue for the years ended December 31, 2017 and 2016, 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.

7. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 26, 2018, the date the financial statements were issued.

Subsequent to year end, the Foundation entered into two new leases for office space (Note 3).