

FINANCIAL STATEMENTS



WORLD WIDE WEB
FOUNDATION

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

WORLD WIDE WEB FOUNDATION

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CPAs & ADVISORS

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, 2019 and 2018, 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2019 and 2018, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

June 17, 2020

WORLD WIDE WEB FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

ASSETS		<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,159,362	\$ 1,119,682
Grants and other receivables		723,622	50,000
Prepaid expenses		<u>14,579</u>	<u>6,240</u>
Total current assets		<u>1,897,563</u>	<u>1,175,922</u>
OTHER ASSETS			
Deposits		<u>-</u>	<u>4,271</u>
TOTAL ASSETS	\$	<u>1,897,563</u>	\$ <u>1,180,193</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	<u>197,866</u>	\$ <u>64,267</u>
NET ASSETS			
Without donor restrictions		972,692	54,961
With donor restrictions		<u>727,005</u>	<u>1,060,965</u>
Total net assets		<u>1,699,697</u>	<u>1,115,926</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,897,563</u>	\$ <u>1,180,193</u>

WORLD WIDE WEB FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,488,580	\$ 735,900	\$ 2,224,480
Grants	1,084,930	1,688,804	2,773,734
In-kind contributions	124,574	-	124,574
Other	26,753	-	26,753
Net assets released from donor restrictions	<u>2,758,664</u>	<u>(2,758,664)</u>	<u>-</u>
Total support and revenue	<u>5,483,501</u>	<u>(333,960)</u>	<u>5,149,541</u>
EXPENSES			
Program Services	<u>2,780,275</u>	<u>-</u>	<u>2,780,275</u>
Supporting Services:			
General and Administrative	1,250,139	-	1,250,139
Fundraising	<u>535,356</u>	<u>-</u>	<u>535,356</u>
Total supporting services	<u>1,785,495</u>	<u>-</u>	<u>1,785,495</u>
Total expenses	<u>4,565,770</u>	<u>-</u>	<u>4,565,770</u>
Changes in net assets	917,731	(333,960)	583,771
Net assets at beginning of year	<u>54,961</u>	<u>1,060,965</u>	<u>1,115,926</u>
NET ASSETS AT END OF YEAR	<u>\$ 972,692</u>	<u>\$ 727,005</u>	<u>\$ 1,699,697</u>

WORLD WIDE WEB FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 1,286,228	\$ 1,031,750	\$ 2,317,978
Grants	86,786	996,869	1,083,655
In-kind contributions	93,670	-	93,670
Other	12,776	-	12,776
Net assets released from donor restrictions	<u>2,779,883</u>	<u>(2,779,883)</u>	<u>-</u>
Total support and revenue	<u>4,259,343</u>	<u>(751,264)</u>	<u>3,508,079</u>
EXPENSES			
Program Services	<u>3,290,575</u>	<u>-</u>	<u>3,290,575</u>
Supporting Services:			
General and Administrative	690,969	-	690,969
Fundraising	<u>351,524</u>	<u>-</u>	<u>351,524</u>
Total supporting services	<u>1,042,493</u>	<u>-</u>	<u>1,042,493</u>
Total expenses	<u>4,333,068</u>	<u>-</u>	<u>4,333,068</u>
Changes in net assets	(73,725)	(751,264)	(824,989)
Net assets at beginning of year	<u>128,686</u>	<u>1,812,229</u>	<u>1,940,915</u>
NET ASSETS AT END OF YEAR	<u>\$ 54,961</u>	<u>\$ 1,060,965</u>	<u>\$ 1,115,926</u>

WORLD WIDE WEB FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising		
Personnel and Related:					
Employees	\$ 693,760	\$ 355,601	\$ 394,198	\$ 749,799	\$ 1,443,559
WF staff contractors	705,460	175,218	13,931	189,149	894,609
Total Personnel and Related	<u>1,399,220</u>	<u>530,819</u>	<u>408,129</u>	<u>938,948</u>	<u>2,338,168</u>
Other Expenses:					
External professional fees	825,639	481,586	120,000	601,586	1,427,225
Subgrants	113,120	-	-	-	113,120
Facility and equipment	61,317	58,363	1,865	60,228	121,545
Travel and meetings	297,904	97,781	-	97,781	395,685
Other expenses	83,075	81,590	5,362	86,952	170,027
Total Other Expenses	<u>1,381,055</u>	<u>719,320</u>	<u>127,227</u>	<u>846,547</u>	<u>2,227,602</u>
TOTAL	<u>\$ 2,780,275</u>	<u>\$ 1,250,139</u>	<u>\$ 535,356</u>	<u>\$ 1,785,495</u>	<u>\$ 4,565,770</u>

WORLD WIDE WEB FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising		
Personnel and Related:					
Employees	\$ 1,043,075	\$ 174,923	\$ 214,458	\$ 389,381	\$ 1,432,456
WF staff contractors	881,022	62,866	5,112	67,978	949,000
Total Personnel and Related	1,924,097	237,789	219,570	457,359	2,381,456
Other Expenses:					
External professional fees	638,753	339,514	113,275	452,789	1,091,542
Subgrants	89,565	-	-	-	89,565
Facility and equipment	47,376	2,204	-	2,204	49,580
Travel and meetings	525,746	73,335	18,373	91,708	617,454
Other expenses	65,038	38,127	306	38,433	103,471
Total Other Expenses	1,366,478	453,180	131,954	585,134	1,951,612
TOTAL	\$ 3,290,575	\$ 690,969	\$ 351,524	\$ 1,042,493	\$ 4,333,068

WORLD WIDE WEB FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 583,771	\$ (824,989)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Grants and other receivables	(673,622)	(3,042)
Prepaid expenses	(8,339)	356
Deposits	4,271	(36)
Increase in:		
Accounts payable and accrued expenses	<u>133,599</u>	<u>35,051</u>
Net cash provided (used) by operating activities	<u>39,680</u>	<u>(792,660)</u>
Net increase (decrease) in cash and cash equivalents	39,680	(792,660)
Cash and cash equivalents at beginning of year	<u>1,119,682</u>	<u>1,912,342</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,159,362</u>	<u>\$ 1,119,682</u>

WORLD WIDE WEB FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 headquartered in Washington, D.C. The Foundation also maintains activities in the UK, and was registered on November 14, 2017 as a UK Establishment of an Overseas Company, in accordance with the UK Companies Act of 2006.

The Foundation's mission is to advance the open Web as a public good and a basic right. The Foundation's major initiatives are funded by 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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2019, the Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Foundation recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Foundation has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

WORLD WIDE WEB FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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

New accounting pronouncements adopted (continued) -

Also during 2019, the Foundation adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. The Foundation adopted the ASU using a modified prospective basis.

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.

Foreign currency translation -

The U.S. Dollar is the functional currency for the Foundation. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statements of Financial Position. Gains and losses on translation of foreign currencies, which are not material, are recorded in the Statements of Activities and Changes in Net Assets.

Grants and other receivables -

Grants and other receivables are recorded at net realizable value, which approximates 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. The Foundation is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2019 and 2018, 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.

Grants and contributions -

Grants and contributions are recognized in the appropriate category of net assets in the period notification of the pledge or grant is received. Conditional promises to give are not recognized until the condition on which they depend are substantially met.

WORLD WIDE WEB FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Grants and contributions (continued) -

Grants and contributions qualifying as contributions are recorded by the Foundation upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Grants and contributions are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Grants and contributions with donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions in the accompanying financial statements. Grants and contributions received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

In-kind contributions -

In-kind contributions consist of legal services, rent (for its UK office), and other contributions of services. In-kind contributions 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. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *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 non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Foundation plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

WORLD WIDE WEB FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Digital Inclusion - Alliance for Affordable Internet	\$ 355,688	\$ 203,282
Digital Inclusion - Women's Rights Online	322,503	155,939
Digital Citizenship	48,814	405,649
Core General Operations - Time Restricted	-	296,095
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 727,005	\$ 1,060,965

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

	2019	2018
Digital Inclusion - Alliance for Affordable Internet	\$ 583,244	\$ 866,324
Digital Inclusion - Women's Rights Online	1,390,690	700,855
Digital Citizenship	488,635	822,243
Core General Operations - Passage of Time	296,095	390,461
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 2,758,664	\$ 2,779,883

3. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position comprise the following:

	2019	2018
Cash and cash equivalents	\$ 1,159,362	\$ 1,119,682
Grants and other receivables	723,622	50,000
	1,882,984	1,169,682
Less: Donor restricted funds	(727,005)	(764,870)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 1,155,979	\$ 404,812

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019 and 2018, the Foundation has financial assets equal to approximately three months and one month of operating expenses, respectively.

4. LEASE COMMITMENTS

The Foundation leased office space in Washington, D.C. under an agreement which expired on March 31, 2019.

WORLD WIDE WEB FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

4. LEASE COMMITMENTS (Continued)

The monthly rate under this agreement was \$3,020, which included 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, 2021.

The Foundation also occupies space in the UK under an agreement that expires on July 1, 2021. During 2019, the office space rental payment requirement of approximately \$300 per month was substantially lower than its fair value, therefore, the Foundation recorded an in-kind contribution of \$53,793 (representing the excess fair value over total paid).

The following is a schedule of the future minimum lease payments under its Washington, DC lease:

Year Ending December 31,

2020	\$ 36,240
2021	<u>9,060</u>
	<u>\$ 45,300</u>

Rent expense for the years ended December 31, 2019 and 2018 totaled \$51,208 and \$45,297, respectively, and are included in facility and equipment expense in the accompanying Statements of Functional Expenses.

5. RETIREMENT PLAN

The Foundation provides retirement benefits to its Washington, DC-based 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, 2019 and 2018 totaled \$15,233 and \$30,459, respectively, and are included in personnel and related expenses in the accompanying Statements of Functional Expenses.

The Foundation also provides retirement benefits to its UK-based employees. According to UK employment law, all employees must be enrolled in a company-sponsored plan (however, each fund is owned by the employee), and contributions totaling 8% are required to be made on a monthly basis. During 2019, 13 employees opted into the plan, and Foundation contributed 5% of compensation (the employees contributed between 1% and 7%). Contributions to the Plan during the years ended December 31, 2019 and 2018 totaled \$49,580 and \$1,233, respectively, and are included in personnel and related expenses in the accompanying Statements of Functional Expenses.

6. CONCENTRATION OF REVENUE

Approximately 54% and 59% of the Foundation's revenue for the years ended December 31, 2019 and 2018, 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.

WORLD WIDE WEB FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

7. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 17, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of the COVID-19, economic uncertainties have arisen. The potential financial or operational impacts from COVID-19 on the Foundation are unknown at this time.