FINANCIAL STATEMENTS



FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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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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, 2020 and 2019, 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.

June 30, 2021

Gelman Rosenberg & Freedman

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

ASSETS

		2020		2019
CURRENT ASSETS				_
Cash and cash equivalents Grants and contributions receivable Prepaid expenses	\$	702,710 608,561 77,950	\$	1,159,362 723,622 14,579
Total current assets	_	1,389,221	_	1,897,563
NONCURRENT ASSETS				
Deposits	_	46,123	_	
TOTAL ASSETS	\$ <u>_</u>	1,435,344	\$_	1,897,563
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses Deferred contract revenue	\$_	144,425 18,500	\$	197,866 <u>-</u>
Total liabilities	_	162,925	_	197,866
NET ASSETS				
Without donor restrictions With donor restrictions	_	327,244 945,175		972,692 727,005
Total net assets	_	1,272,419	_	1,699,697
TOTAL LIABILITIES AND NET ASSETS	\$ <u>_</u>	1,435,344	\$_	1,897,563

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	
SUPPORT AND REVENUE	Without Donor With Donor Restrictions Restrictions Total	_
Grants and contributions Contracts In-kind contributions Other Net assets released from donor restrictions	\$ 1,741,553 \$ 2,471,868 \$ 4,213,42 271,500 - 271,50 138,962 - 138,96 3,093 - 3,09 2,253,698 (2,253,698) -	00 52 93
Total support and revenue EXPENSES	<u>4,408,806</u> <u>218,170</u> <u>4,626,97</u>	<u>' 0</u>
Program Services	3,453,139 - 3,453,13	<u>39</u>
Supporting Services: General and Administrative Fundraising	1,403,804 - 1,403,80 197,311 - 197,3	
Total supporting services	<u> 1,601,115</u> <u>- 1,601,1</u>	<u>15</u>
Total expenses	5,054,254 - 5,054,25	<u>54</u>
Changes in net assets	(645,448) 218,170 (427,27	78)
Net assets at beginning of year	972,692 727,005 1,699,69	<u> 97</u>
NET ASSETS AT END OF YEAR	\$ <u>327,244</u> \$ <u>945,175</u> \$ <u>1,272,4</u>	<u>19</u>

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

		2019	
SUPPORT AND REVENUE	Without Donor <u>Restrictions</u>	With Donor Restrictions	Total
Grants and contributions Contracts In-kind contributions Other Net assets released from donor restrictions Total support and revenue	\$ 2,573,510 - 124,574 26,753 2,758,664 5,483,501	\$ 2,424,704 \$ - - (2,758,664) (333,960)	4,998,214 - 124,574 26,753 - 5,149,541
EXPENSES			
Program Services	2,780,275		2,780,275
Supporting Services: General and Administrative Fundraising	1,250,139 535,356	<u>-</u>	1,250,139 535,356
Total supporting services	1,785,495		1,785,495
Total expenses	4,565,770		4,565,770
Changes in net assets	917,731	(333,960)	583,771
Net assets at beginning of year	54,961	1,060,965	1,115,926
NET ASSETS AT END OF YEAR	\$ <u>972,692</u>	\$ <u>727,005</u> \$	1,699,697

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

Supporting Services Total **Program** General and **Supporting Total Services Administrative Fundraising Services Expenses** Personnel and Related: 376,671 92,081 **Employees** \$ 1,236,620 \$ 468,752 \$ 1,705,372 WF staff contractors 915,329 212,874 212,874 1,128,203 Total Personnel and Related 92,081 2,151,949 589,545 681,626 2,833,575 Other Expenses: External professional fees 652,123 727,699 1,379,822 633,522 94,177 347,815 Subgrants 347,815 Facility and equipment 97,621 14,471 9,356 23,827 121,448 Travel and meetings 73,832 6,616 80,448 6,616 Other expenses 129,799 159,650 1,697 161,347 291,146 **Total Other Expenses** 1,301,190 814,259 105,230 919,489 2,220,679 **TOTAL** \$ 3,453,139 1,403,804 197,311 \$ 1,601,115 \$ 5,054,254

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

		Supporting Services					
	Program Services		eneral and ministrative	Fui	ndraising	Total upporting Services	Total Expenses
Personnel and Related: Employees WF staff contractors	\$ 693,760 705,460	\$	355,601 175,218	\$	394,198 13,931	\$ 749,799 189,149	\$ 1,443,559 894,609
Total Personnel and Related	1,399,220		530,819		408,129	 938,948	2,338,168
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	 1,381,055		719,320		127,227	 846,547	2,227,602
TOTAL	\$ 2,780,275	\$	1,250,139	\$	535,356	\$ 1,785,495	\$ 4,565,770

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in net assets	\$	(427,278)	\$	583,771
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:				
Write-off of grants receivable		147,638		-
(Increase) decrease in: Grants and contributions receivable Prepaid expenses Deposits		(32,577) (63,371) (46,123)		(673,622) (8,339) 4,271
(Decrease) increase in: Accounts payable and accrued expenses Deferred contract revenue	_	(53,441) 18,500		133,599 -
Net cash (used) provided by operating activities	_	(456,652)	_	39,680
Net (decrease) increase in cash and cash equivalents		(456,652)		39,680
Cash and cash equivalents at beginning of year	_	1,159,362		1,119,682
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	702,710	\$	1,159,362

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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.

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.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

Foreign currency translation -

The U.S. Dollar is the functional currency for the Foundation. Gains and losses on transactions denominated in foreign currencies are recorded in the Statements of Activities and Changes in Net Assets.

Grants and contributions receivable -

Grants and contributions receivable are recorded at net realizable value, which approximates fair value.

During the year ended December 31, 2020, the Foundation recorded \$147,638 of bad debt under an assistance award in which the donor that had disallowed certain claimed costs (based on an audit of costs claimed from several prior years). The balance (of the donor grant receivable) was written off, and recorded in "Other expenses" (under the General and Administrative column) in the accompanying Statement of Functional Expenses.

Management considers all amounts currently recorded as grants and contributions receivable (as of December 31, 2020) to be fully collectible within one year. 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, 2020 and 2019, 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.

Revenue recognition -

Grants and contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual award to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Awards qualifying as contributions are recorded by the Foundation upon notification of the award and satisfaction of all conditions, if applicable.

Unconditional awards are classified as net assets with donor restrictions when use of the awards is limited to specific programmatic areas or is designated for use in future periods. Awards 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. Awards received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

Revenue recognition (continued) -

Conditional awards are not recognized until the condition on which they depend are substantially met. Typically, conditional awards contain a measurable barrier, as well as a right of return or right of release from obligation provision, and the Foundation has limited discretion over how funds transferred should be spent. As such, the Foundation recognizes revenue for these conditional contributions when the related barrier has been overcome.

Revenue classified as an exchange transaction follow ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded when the performance obligations are met; the revenue is recognized as "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements. Income is recognized upon the achievement of performance milestones, and billed to the customer. The Foundation has received revenue which met the aforementioned criteria during the year ended December 31, 2020, and recognized \$271,500 of contract revenue in accordance with ASU 2014-09. As of December 31, 2020, the Foundation recorded \$18,500 of deferred revenue for advance payments received under the contract.

In-kind contributions -

In-kind contributions consist of donated skilled services (legal and other professional fees) and substantially discounted office rent (for its office space in the United Kingdom). 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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may impact the Foundation's operations. The overall potential impact is unknown at this time.

New accounting pronouncement (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

New accounting pronouncement (not yet adopted) (continued)-

arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation ate by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still 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.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2020 and 2019:

		2020		2019
Digital Inclusion - Alliance for Affordable Internet	\$	250.120	\$	355.688
Digital Inclusion - Women's Rights Online	*	167,471	•	322,503
Digital Citizenship		327,584		48,814
Core General Operations - Time Restricted	_	200,000	_	
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$	945,175	\$_	727,005

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:

		<u> 2020 </u>	<u>2019</u>
Digital Inclusion - Alliance for Affordable Internet Digital Inclusion - Women's Rights Online Digital Citizenship Core General Operations - Passage of Time	\$	657,736 1,304,232 191,730 100,000	\$ 583,244 1,390,690 488,635 296,095
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$_	2,253,698	\$ <u>2,758,664</u>

3. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2020 and 2019, the Foundation was the beneficiary of donated goods and services which allowed the Foundation to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended December 31, 2020 and 2019.

	_	2020		2019
Donated legal services Donated rent Other	\$ _	84,421 54,541 -	\$	69,281 53,793 1,500
	\$_	138,962	\$_	124,574

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

3. IN-KIND CONTRIBUTIONS (Continued)

The following donated services have been functionally allocated as follows:

	 2020	 2019
Program services General and administrative Fundraising	\$ 41,997 95,329 1,636	\$ 79,727 11,212 33,635
	\$ 138,962	\$ 124,574

4. LIQUIDITY AND AVAILABILITY

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

	_	2020	_	2019
Cash and cash equivalents Grants and contributions receivable	\$_	702,710 608,561	\$	1,159,362 723,622
Less: Donor restricted funds	_	1,311,271 <u>(745,175</u>)	_	1,882,984 (727,005)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS				

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020 and 2019, the Foundation has financial assets equal to approximately one and three months of operating expenses, respectively. It should be noted that as of April 30, 2021, the Foundation has financial assets available to meet cash needs for general expenditures within one year of \$1,643,564 (net of donor restricted funds), equal to approximately 4 months of operating expenses.

5. LEASE COMMITMENTS

The Foundation leases office space in Washington, D.C. under an agreement expiring on March31, 2022. The Foundation also occupies space in the UK under an agreement that expires on July 1, 2021. The lease requires a \$300 monthly rent, which is substantially lower than its fair value, accordingly, the Foundation recognizes an in-kind contribution for the difference between the fair value over the total amount required (Note 3).

Following is a schedule of the future minimum lease payments under the leases:

FOR GENERAL EXPENDITURES WITHIN ONE YEAR

Year Ending December 31,

2021	\$	36,429
2022		8,523
	\$_	44,952

Rent expense for the years ended December 31, 2020 and 2019, including donated rent (as discussed in Note 3), totaled \$105,886 and \$105,001, respectively, and are included in facility and equipment expense in the accompanying Statements of Functional Expenses.

566,096 \$ 1,155,979

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

6. CONCENTRATION OF REVENUE

Approximately 65% and 54% of the Foundation's revenue for the years ended December 31, 2020 and 2019, 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.

7. RETIREMENT PLANS

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, 2020 and 2019 totaled \$15,670 and \$15,233, 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 5% are required to be made on a monthly basis (based on the employment agreements in place). During 2019, 13 employees opted into the plan, and the Foundation contributed 5% of compensation (the employees contributed between 1% and 7%). Contributions to the Plan during the years ended December 31, 2020 and 2019 totaled \$41,031 and \$49,580, respectively, and are included in personnel and related expenses in the accompanying Statements of Functional Expenses.

8. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 30, 2021, the date the financial statements were issued.

On May 25, 2021, the Foundation entered into a five-year promissory note agreement in the amount of \$97,970 (with a 1% fixed interest rate) under the Paycheck Protection Program (PPP). The promissory note requires monthly principal and interest payments amortized over the five-year term of the promissory note. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.