

## Financial Statements 2019

Balance Sheet	31.12.2019	31.12.2018
<b>Assets</b>		
- Equipment	€ 3,787	€ 2,710
- Receivables	€ 19,160	€ 60,215
- Cash & cash equivalents	€ 1,303,581	€ 1,262,376
<b>Total Assets</b>	<b>€ 1,326,528</b>	<b>€ 1,325,301</b>
<b>Liabilities</b>		
- Reserves and funds	€ 42,535	€ 0
- Accounts payable	€ 3,710	€ 2,384
- Taxes and social security	€ 844	€ 0
- Other current liabilities	€ 1,253,852	€ 1,292,637
- Other accruals and deferred income	€ 25,587	€ 30,280
<b>Total Liabilities</b>	<b>€ 1,326,528</b>	<b>€ 1,325,301</b>

## Statement of Income and Expenditure

Income	Actual 2019	Budget 2019	Actual 2017/18 <sup>1</sup>
Income from other non-profit organisations	€ 1,139,927	€ 1,275,625	€ 460,000
<b>TOTAL Income</b>	<b>€ 1,139,927</b>	<b>€ 1,275,625</b>	<b>€ 460,000</b>
<b>Expenses</b>			
Direct external project costs	€ 708,332	€ 844,410	€ 175,322
Operating expenses	€ 388,144	€ 370,470	€ 318,352
<b>TOTAL expenses</b>	<b>€ 1,096,476</b>	<b>€ 1,214,880</b>	<b>€ 493,674</b>
<b>Balance before financial income/expenses</b>	<b>€ 43,451</b>	<b>€ 60,745</b>	<b>€ -33,674</b>
Contingency		€ -60,745	
Financial income/expense	€ -916	€ 0	€ 33,674
<b>Balance of income and expenses</b>	<b>€ 42,535</b>	<b>€ 0</b>	<b>€ 0</b>
<b>Allocation of Results</b>			
<i>Additions to:</i>			
Operating reserve	€ 42,535	€ 0	€ 0
<b>TOTAL</b>	<b>€ 42,535</b>	<b>€ 0</b>	<b>€ 0</b>

<sup>1</sup> DFF began operating in October 2017. For this reason, 2017/2018 was an extended financial year of 15 months.

## Notes to the Financial Statements 2019

### *Introduction*

The Digital Freedom Fund was established in September 2017 to respond to the need to strengthen the digital rights litigation field in order to increase the impact of both litigation and advocacy efforts in this area. It does so by building a stronger and more coordinated field of digital rights litigators that are better equipped to win strategic digital rights cases.

DFF's activities are focused in two pillars: litigation support and field building. The first pillar deals with litigation support and has a focus on providing practical assistance, which can take both a financial (grants) and substantive (assistance in finding pro-bono partners) form. Litigation support enables DFF's partners to strengthen their litigation work and increases the likelihood of their cases having a positive impact on digital rights. The second pillar consists of DFF's field building activities. These activities allow DFF's partners to strengthen their skills as well as increase information sharing to improve collaboration and align their strategies on digital rights in Europe.

### *Achievement of objectives*

DFF commenced operations in October 2017. After a solid start in 2018, DFF was well positioned to achieve its operational goals in 2019. DFF held its annual strategy meeting and two planned partner meetings. DFF then went beyond its originally planned activities and raised funds for and hosted three additional events in collaboration with partner organisations. Please visit [our blog](#) for the latest on DFF's field building activities. Grantmaking surged in 2019. DFF approved 18 new applications worth EUR 510,267 (2018: 3 applications, EUR 67,595). DFF has not only achieved its 2019, year two pilot phase, milestone of supporting eight new cases but also the year three pilot phase milestone of 20 cases supported. The 21 applications approved so far provide support to 17 different organisations and one individual, and include research or litigation taking place across 15 different jurisdictions.

Internally, DFF stabilised its operations through steady growth. The team expanded to support the coordination of more events and accommodate the increasing financial complexity of DFF's operations. Further, DFF's governance was strengthened by expanding the Board. Overall, 2019 was a year of strong growth as an organisation and in preparation for transition to a sustainable, fully operational organisation.

### *Financial result & financial policy*

DFF began as a three-year pilot project with commitments from three core funders: Open Society Foundations, Luminate (formerly Omidyar Network) and the Adessium Foundation. A three-year initial budget was drafted before beginning DFF activities in October 2017 envisioning an organisation with an annual budget of EUR 1 million. This budget has been adapted as new donors came on board. DFF diversified its funding sources substantially in 2019, raising both core and project support from a number of new funding partners. The additional support has further stabilised DFF and allowed total spending to more than double in 2019 to just under EUR 1.14 million (2018: EUR 493,674) while maintaining operating ratios within the desired ranges. Spending is expected to continue to increase in 2020, reaching over EUR 1.5 million as DFF leverages the organisational capacity built up during 2019.

Seeing an increasing need for financial expertise, DFF hired a full-time Finance Officer in 2019. DFF therefore had dedicated staff to further refine DFF's existing financial policies and adopt new policies to accommodate DFF's growth. These policies come together to provide an adequate framework for monitoring DFF's financial health and safeguarding operations in the future. DFF keeps a close eye on spending against budget and a number of other financial indicators (e.g. foreign currency holdings, liquidity position). In particular, DFF closely tracks its operational efficiency ratios. The operational ratios ensure that the proportion of spending on grantmaking and field building remain optimal and that operating costs remain in check and do not exceed 30% of the total cost structure. Financial oversight is exercised by the Finance Committee and the Board who monitor DFF's financial position on a quarterly basis.

Another important addition to DFF's financial policies in 2019 was the Operating Reserve Policy. Operating reserves serve as a buffer for unexpected events, allowing organisations to bridge liquidity gaps or finance unexpected needs. Operating reserves provide stability to an organisation's cash flow and are viewed as a necessary tool to smoothen DFF's transition from the pilot phase to a fully operational organisation. DFF made considerable progress in 2019 towards its target of a three-month operating reserve. DFF expects to reach its reserve target in 2020.

#### *Social aspects*

As a non-profit human rights organisation, DFF is an organisation strongly grounded in social responsibility. With no profit motive, DFF is focused on protecting all of our digital rights in the European region. DFF strives to put social concerns first in all its activities and to ensure that all its work is ethically grounded.

DFF also takes care of its employees by being an employer of choice by providing competitive salaries and additional social benefits, such as voluntary private pension contributions and other allowances.