

Digital Freedom Fund  
Nieuwezijds Voorburgwal 104  
1012 SG Amsterdam

2020 ANNUAL REPORT

REPORT

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On the 2020 financial statements

Stichting Digital Freedom Fund  
Amsterdam

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## 2020 ANNUAL REPORT

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1. MANAGEMENT REPORT/DIRECTORS' REPORT

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## **1.1** **General**

### **1.1.1 Introduction**

Digital rights are under threat worldwide, including in Europe. From data exploitation to surveillance and online censorship, the ability of citizens to exercise their human rights in an increasingly digitising society is in danger. Corporations and states invade the privacy of millions and impose restrictions on the right to share information online, access government services, and engage in political debate and protest.

### **1.1.2 Description of the objective, mission and vision of the Digital Freedom Fund**

Alongside public campaigning, advocacy, and engagement with policy makers, strategic litigation -- litigation that has an impact extending beyond the parties directly involved in the case and that can bring about legislative or policy change -- has proven to be a crucial lever to protect human rights in the digital realm. European national courts offer great possibilities for parallel strategic litigation efforts, and, with a top court at both the Council of Europe and European Union, successful cases can have a region-wide effect. To ensure these opportunities are fully utilised, DFF was founded in September 2017 to boost the investment of resources in and enhance the coordination of digital rights litigation in Europe.

The Digital Freedom Fund's vision is a society in which everyone can enjoy their human rights in online and networked spaces. DFF's mission is to support civil society in Europe to achieve positive judgments for the protection and promotion of digital rights through grantmaking and by facilitating coordination amongst NGOs and lawyers involved in advancing digital rights.

In practice, DFF supports Europe's digital rights litigators -- NGOs and lawyers -- by:

1. providing financial support for strategic cases that can have a positive impact on the protection of human rights in the digital context; and
2. catalysing collaboration between and engaging incapacity building of digital rights litigators and activists.

## **1.2** **Achievement of objectives**

DFF concluded its three-year pilot phase in 2020. The end of the pilot phase was marked with an extremely positive external evaluation of DFF's work. The external evaluator validated DFF's theory of change and found that DFF met or exceeded all pilot objectives in both grantmaking and field building activities. The evaluation gave helpful recommendations for adapting field building and grantmaking activities. With funding secured for a full programme, DFF will officially transition to full-fledged operations in 2021.

### **1.2.1 Coordination and field building**

Although 2020 was a difficult year marred with uncertainty, DFF was able to quickly adapt its planned activities and respond to new challenges for digital rights brought on by the COVID-19 pandemic. The

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core programme went on largely as planned, beginning with DFF's third strategy meeting. The strategy meeting brought together 60 people from across Europe. Participants discussed recurring themes like facial recognition technology, the advertising technology industry, and algorithmic decision-making, along with emerging issues like the digital rights field's crossover with the fields of climate change and labour rights. Sessions on wider structural and organisational issues within the field also took place, providing a space for discussions on staff mental health, ethical funding practices and decolonising the digital rights field.

DFF was luckily able to complete the strategy meeting just before the pandemic forced cancellation of in-person meetings. In March, DFF reassessed the situation and decided that all remaining 2020 events would take place online. DFF's thematic focus areas for 2020 were the Digital Welfare State and Competition Law. Not only did all field building activities take place, but the low cost of online event hosting freed up some funding for additional activities such as a competition law speakers series. Besides activities related to the thematic areas, DFF also hosted one virtual litigation retreat. Partners from 11 organisations took part in a four-day virtual retreat to build partners' strategic litigation skills and allow them to workshop and improve potential cases.

DFF raised project funding to support an additional meeting in 2020. The meeting "Safeguarding digital rights amidst Covid-19 through strategic litigation on AI" built on the litigating algorithms series from 2019 while responding to the current pandemic context. The three-day workshop with 26 participants centred on discussion and input on tangible COVID-related cases brought by participants. In turn, these litigation plans benefited immediately from the ideas, tactics, strategies and international knowledge shared across the three days.

Continuing on the work begun at the end of 2019, DFF and European Digital Rights (EDRi) also carried out the initial phase of the decolonising process for the digital rights field. The project began with an information collection exercise to gather input on what a decolonising process should look like and who should be involved. DFF and EDRi conducted interviews with a number of organisations and held a three-day gathering in December. The project will be formally concluded in 2021 where the findings from the interviews and gathering will be compiled into a plan for a robust, multi-year decolonising programme.

### **1.2.2 Litigation Support - Grantmaking and pro bono legal support**

In the first half of 2020 the digital rights context was dominated by the COVID-19 pandemic. Since March 2020, not only have DFF's partners been forced to change their way of working because of the pandemic, general awareness of what digital rights are and mean has changed. Organisations across the digital rights field and beyond have been actively advocating for governments to tackle the pandemic in a way that ensures that use of digital technologies is in line with human rights.

There were early examples of strategic litigation being used to halt digital rights violations taking place during the pandemic. These examples include a successful challenge of cell phone tracking in Israel and a ban on the use of surveillance drones in France. The UK National Health Service admitted they began a coronavirus test-and-trace programme without carrying out a privacy assessment, and an EU wide legal campaign aimed to ensure COVID-19 related apps were developed in-line with data protection laws.

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Recognising the role of strategic litigation for challenging digital rights violations committed in the context of the COVID-19 pandemic, DFF sought out emergency funding to launch the COVID-19 Litigation Fund. Support was raised from three core funders to allow DFF to hold two calls for applications: one in June and another in October. Therefore, DFF not only continued with its normal grantmaking in 2020, but also committed to financially supporting several COVID-19 litigation strategies through this dedicated fund.

Running the normal grantmaking process and the COVID-19 Litigation Fund in parallel created synergies two-fold for DFF and the field. First, as demand for normal grantmaking dropped off in the third quarter, internal resources could be shifted directly into the COVID-19 Litigation Fund which was already up and running. Secondly, DFF recognised during the pilot period that its ability to support organisations to bring truly strategic cases was hampered by its inability to finance multiple instances of litigation under the same grant. Therefore, a priority for ending the pilot period was to develop a grantmaking process to allow DFF to provide financing for multiple instances or “litigation track support”. DFF saw the COVID-19 Litigation Fund as an excellent opportunity to pilot the litigation track support approach. COVID-19 Litigation Fund applicants were invited to request support for not only a single instance of litigation, but to submit an application that foresees support for the entire litigation track, from first to last instance.

All available funds for both regular grantmaking and the COVID-19 Litigation Fund were fully committed. In regular grantmaking, DFF approved 14 new applications worth EUR 485,654 (2019: 18 applications, EUR 510,267). DFF had already surpassed the pilot phase objective of financing 20 applications in 2019. The applications approved in 2020 brought the total number of approved applications to 35, meaning DFF exceeded its pilot phase objective by 75%.

Under the COVID-19 Litigation Fund, seven applications worth EUR 594,303 to support up to 22 instances of litigation were approved. Eight instances worth EUR 378,947 were contracted in 2020. Future instances will be contracted as they occur. Besides the accomplishment of fully allocating the available funds, DFF was dually successful in piloting the litigation track support approach. Due to the Fund’s high level of success and demand for track support funding, DFF will transition to offering only research grants and litigation track support in 2021.

### **1.3 Financial policy and financial results**

DFF began as a three-year pilot with commitments from three core funders: Open Society Foundations, Luminate (formerly Omidyar Network) and the Adessium Foundation. A three-year initial budget for EUR 1 million per year was drafted before beginning DFF activities in October 2017. This budget was built upon as additional funding was raised. In 2019, organisational fundraising and spending already surpassed the target EUR 1 million and totalled EUR 1.15 million. Ambitious targets were set to increase organisational spending to EUR 1.67 million in 2020. Fundraising exceeded expectations and over EUR 1.7 million was raised. This large increase in funding was only possible thanks to diversification of funding sources. Ford Foundation and Sigrid Rausing Trust both contributed as core funders in 2020. In addition, project and emergency COVID-19 funding was received from 4 sources. Newly sourced funding (not from the original seed donors) accounted for 34%

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of spending in 2020 (7.6% in 2019), signalling that DFF has built a solid funding base beyond the original core donors.

As signalled above, spending experienced strong growth again in 2020, increasing by 54% from EUR 1,139,927 in 2019 to EUR 1,754,520 with inclusion of financial results and allocation to reserves. Thus total spending was as expected, reaching 100% of the original approved 2020 budget (90% in 2019). The increase in spending was driven by the COVID-19 Litigation Fund. With an original goal of EUR 700,000 in 2020 grantmaking agreements, final grantmaking agreements totalled an impressive EUR 864,601 (EUR 510,267 in 2019) with an additional provision of EUR 200,585 to finance future COVID-19 Fund litigation instances. The portion of total expenses going towards grantmaking activities increased from an already accomplished 47% in 2019 to 53%.

Field building activities were the most heavily impacted by the pandemic, therefore spending deviated substantially from the original budget. The budget was revised at the request of the Board Finance Committee in September 2020 to reflect planned changes to spending due to the pandemic situation. DFF worked with the relevant donors to find the best way to meet project objectives and allocate the funds efficiently. Total field building spending came to EUR 133,890 (EUR 173,695 in 2019), with some unfinished activities and budgets, such as the litigation toolkit, being rolled over into 2021. Other activity spending (COVID-AI meeting, decolonising the digital rights field, external evaluation, and ongoing M&E case study project) came to EUR 119,543. Together, field building and other activities accounted for 15% of total spending before financial gains and reserve allocations (2019: 18%). This is within the operating ratio target for field building to account for 15% to 30% of total spending, subject to the field's needs.

Operating expenses increased but were held in check as the overall budget increased. Operating expenses were in line with the revised budget since most expected changes to adapt to COVID were known at the time of the budget revision exercise where operating costs were shuffled to increase IT and communication budgets to adapt to the pandemic online environment. Operating expenses totalled EUR 518,397 (2019: EUR 388,144). This represents a year-on-year increase of 34%. However, this amounted to only 31% of total expenses and is still well below the 40% target threshold. Further, an increase of this magnitude was planned to incorporate operational necessities such as monitoring and evaluation and pro bono legal advisory. Staff cost were lower than anticipated since DFF was understaffed for more than half of 2020. Although the number of transactions increased again substantially, costs for financial administration increased only modestly. This cost control was achieved by bringing more accounting processes in-house. Looking forward, the portion of operating expenses will need to be monitored closely as spending growth is expected to be much more moderate than in 2019 and 2020.

More than half of DFF's funding is still received in foreign currency, primarily USD. Further, all of the emergency funding for the COVID-19 Litigation Fund was received in foreign currency. The USD and other major exchange rates were highly volatile in 2020 and volatility is expected to continue into 2021. Since DFF does not keep open currency positions, all dollars are sold as they are received. With interest rates dropping steadily in 2020, leading to negligible interest income on savings. These factors resulted in a higher financial expense than expected of EUR 6,685 (917 in 2019). In light of the lowering of negative interest thresholds on large deposits at major Dutch banks, financial costs are

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expected to rise in 2021. DFF is currently developing a diversification and investment strategy to control the impact of negative interest on results.

At the close of 2020, all of DFF's balance sheet positions were satisfactory. As of 31.12.2020, DFF's total balance sheet stood at EUR 1,522,816 in assets (31.12.2019: EUR 1,326,528). The balance sheet is currently composed primarily of cash and cash equivalents which stand at EUR 1,510,506 (31.12.2019: EUR 1,303,581). Liquid assets are largely offset on the balance sheet by grants to be paid at EUR 743,643 (31.12.2019: EUR 328,470). Grants to be paid more than doubled in 2020, due to the much larger grantmaking budget. Deferred grants from donors reduced significantly from EUR 925,382 as of 31.12.2019 to EUR 561,103. This was anticipated since several pilot phase funding contracts expired in December and secured funding is not scheduled to be received till January 2021. Grants to be paid is expected to have more moderate growth in the future, as organisational spending stabilises and the proportion of grantmaking remains between 40-50% of organisational spending. Fixed assets remain minimal, with all office space and furniture included in the office rental fees. Other liabilities were minimal at the close of 2019.

Besides liquid liabilities, reserves make up a portion of liquid assets. In accordance with the Operating Reserve Policy, DFF began building reserves in 2019 with the goal of reaching the minimum reserve target of three months operating expenses by the end of 2020. This target was achieved thanks to commitments from core donors, providing stability for DFF as it exits the pilot phase. As of 31.12.2020, operating reserves stood at EUR 136,098 (31.12.2019: 42,535). This position is satisfactory to ensure DFF can bridge any short-term liquidity shortages or cover any unexpected expenses.

The Litigation Track Support Reserve and Grant Financial Management Policy and Procedure was developed in 2020. With the increased complexity of litigation track support, it was necessary to develop a policy and procedure to govern the treatment and financial management of grantmaking agreements and litigation track support frameworks. No other major financial policies or procedures were introduced in 2020. An update to the Finance Policy and Procedure was drafted and will be considered for approval by the Board in Q1 2021. The update will seek to combine some of the previous existing policies and procedures in to one document and to streamline Board involvement in financial processes.

#### **1.4 Governance**

DFF's managing Director is Nani Jansen Reventlow. She is supported in DFF's activities by a team of three permanent staff, a part-time legal adviser and a student project assistant. DFF's Board membership remained the same during 2020, with eight directors. Costs related to carrying out Board duties, such as travel and accommodation, are covered by DFF. The Board receives no compensation for its duties.

Board of directors :

Chair : Raegan MacDonald, Head of Public Policy at Mozilla

Vice Chair : Atanas Politov, Europe Director of Pro Bono at Dentons



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Treasurer : Nicole Rose Nieman, Development Consultant

Secretary : Simone Peek, Lawyer and Partner at bureau Brandeis

Member : Fieke Jansen, PhD candidate at Cardiff University and independent consultant

Member : Rupert Skilbeck, Director at Redress

Member : Karmen Turk, Litigation Attorney and Partner at Pan-Baltic TRINITI

Member : Jiefan Hsu, Independent Finance Consultant

The Board operates with a tiered term system to avoid a complete Board turnover at any time. The general term for Board membership is four years, which can be extended once with another four-year term. A Board member will automatically resign after serving two terms. For the initial Board, two members were appointed for a shortened period of two years, after which they can opt to have their term extended by a regular four-year term or a selection process can be conducted to replace them. This guarantees sufficient stability in the initial phase, while allowing flexibility for some Board members to initially make a more limited time commitment. Upon fulfilling their duties, the Board will recruit and appoint its own successors in accordance with DFF's statutes.

The Chair is responsible for ensuring that the Board meets its obligations in a timely fashion, i.e. responding to grant recommendations, signing off on budgets and accounts, approving minutes, and any other tasks that may be required, and is the main point of contact for the Director. The Chair position is taken on by a Board member for the duration of two years on a rotating basis. Besides the previously established Grantmaking Committee, three additional committees were established in 2020 to create a more efficient Board structure: Executive Committee, Finance Committee and Human Resource Committee.

### **1.5 Communication with stakeholders**

As an organisation with a clear objective to facilitate coordination amongst actors in the digital rights field, all of DFF's activities revolve around continually engaging digital rights stakeholders. All field building activities explicitly involve bringing actors in the field of digital rights together for dialogue and strategic cooperation. DFF's ongoing strategy process is a systematic exercise in communication with the European digital rights field. DFF invests considerable resources in strategic activities to ensure maximum effectiveness of its activities. Besides the annual strategy meeting, other activities have offered a forum for dialogue with DFF and to connect actors in the field, such as thematic litigation events and workshops. These activities have been closely linked to the strategy and grantmaking activities to improve communication and transparency between DFF and its network.

In 2020, DFF had planned some virtual field building activities for the network and to boost online presence with the support of a communications consultant. Due to the pandemic, plans were quickly adapted, bring all activities online from March onward. As activities moved online, considerable

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additional resources were made available to boost IT infrastructure and DFF's online presence. The communication consultant supported the implementation of the communication strategy which sets out DFF's main objectives of communicating about the organisation and its work. The increased online presence and communication activities sought to ensure that DFF's existence, mission and effectiveness are made known beyond its close partner stakeholders and to the digital rights field as a whole.

Grantmaking communications were focused on the COVID-19 Litigation Fund calls and transition from single instance litigation support to litigation track support. In order to ensure open communication with potential grantees, DFF adapted its online application guidance and hosted a number of "ask us anything" calls to answer any questions or doubts potential applicants may have about the new process. Communication with applicants has been further facilitated by the switch to a call system. The call system allows DFF to adhere to stricter timelines for reviewing applications and give applicants concrete deadlines for feedback. Overall, there are benefits for both the grantee and DFF as expectation management improves and all parties can plan more effectively.

During the pilot phase, DFF has cooperated closely with its donors, maintaining open communication and a high level of transparency. Besides supplying regular reports on DFF's activities, DFF voluntarily provides additional information and notified donors of changes beforehand. At the close of the pilot phase, donors agreed that the frequency of reporting and updates should be reduced from 2021 onward for efficiency sake. Donor confidence is further illustrated by the granting of primarily unrestricted funding for DFF to allocate as it sees fit.

### **1.6 Expected course of events in 2021**

In 2020 DFF successfully expanding field building and grantmaking while leveraging operational resources. 2021 should be another year of organic growth as demand for support from the digital rights field remains high. Already having secured funding for the core programme, DFF will focus remaining fundraising efforts on increasing the grantmaking budget.

Besides the core programme, project funding has already been secured for an 18-month racial and social justice fieldbuilding programme. A joint initiative with EDRI, the project aims to mobilise racial and social justice groups and to promote racial and social justice led initiatives to challenge discriminatory design, development and uses of technologies. One new project position will be created to coordinate the programme. No further full-time role creation is expected in 2021, however, DFF will receive increased support from its external communications and M&E experts to cope with operational growth. The planned activities result in a total annual organisational budget of EUR 1,904,091 (2020 budget: 1,672,818), or a 13.8% increase.

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Budget Summary

	<u>2021</u> <u>Budget</u>	<u>2020</u> <u>actual</u> <u>spending</u>	<u>2020</u> <u>Budget</u> <u>revised</u> <sup>1</sup>	<u>2020</u> <u>Budget</u> <u>original</u>
Grantmaking	€ 730,088	€ 882,442	€ 932,237 <sup>2</sup>	€ 718,000
Fieldbuilding activities	€ 176,930	€ 133,890	€ 195,076	€ 239,421
Other activities	€ 245,139	€ 119,543	€ 131,851	€ 153,560
Operational costs	€ 706,204	€ 518,397	€ 503,246	€ 542,325
<b>Sub-total</b>	<b>€1,858,361</b>	<b>€1,654,272</b>	<b>€1,763,162</b>	<b>€1,653,306</b>
Contingency	€ 15,738	€ -	€ -	€ 17,410
Financial gains/losses	€ 29,992	€ 6,685	€ 12,436	€ 2,102
<b>Total</b>	<b>€1,904,091</b>	<b>€1,647,587</b>	<b>€1,775,598</b>	<b>€1,672,818</b>
Allocation to continuity reserve	€ 25,444	€ 93,563	€ 93,572	€ 86,930

1.7 Social aspects

As a non-for-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 and providing additional social benefits, such as voluntary private pension contributions and other allowances.

On behalf of the Board of Digital Freedom Fund,

Y.O Jansen  
Director

DocuSigned by:  
*Nani Jansen Reventlow*  
730A30029EC3444...  
Amsterdam, 19 April 2021

R. MacDonald  
Chair

DocuSigned by:  
*Regan MacDonald*  
78AFEE60F8D9423...

<sup>1</sup> Budget revision was approved by the Board on 30 September 2020.

<sup>2</sup> This figure includes both the budget for grantmaking agreements and provisions for future instances of litigation track support expected to take place beyond 2020. In actual spending figures, only instances contracted in 2020 are captured. The future instances will be booked in future periods.

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2. 2020 FINANCIAL STATEMENTS

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**2.1 Balance sheet as at 31 December (after appropriation of result)**

<b>ASSETS</b>		31-12-2020	31-12-2019
		€	€
<b><u>Non-current assets</u></b>			
<b>Equipment</b>	2.5.1		
Equipment		3,549	3,787
		<u>3,549</u>	<u>3,787</u>
		-----	-----
<b><u>Current assets</u></b>			
<b>Receivables</b>	2.5.2		
Accrued assets		4,791	15,190
Other current assets		3,970	3,970
		<u>8,761</u>	<u>19,160</u>
		-----	-----
<b>Cash and cash equivalents</b>	2.5.3	1,510,506	1,303,581
		-----	-----
<b>Total assets</b>		<u>1,522,816</u>	<u>1,326,528</u>
		=====	=====

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**2.1 Balance sheet as at 31 December (after appropriation of result)**

<b>LIABILITIES</b>		31-12-2020	31-12-2019
		€	€
<b><u>Reserves and funds</u></b>	2.5.4		
<b>Reserves</b>			
Continuity reserve		136,098	42,535
		<u>136,098</u>	<u>42,535</u>
		-----	-----
<b><u>Current liabilities</u></b>	2.5.5		
Accounts payable		54,996	3,710
Taxes and social securities		-	844
Other current liabilities		1,304,746	1,253,852
Other accruals and deferred income		26,976	25,587
		<u>1,386,718</u>	<u>1,283,993</u>
		-----	-----
<b>Total liabilities</b>		<u>1,522,816</u>	<u>1,326,528</u>
		=====	=====

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## 2.2 Statement of income and expenditure

	Actual 2020	<i>Budget</i> 2020	Actual 2019
	€	€	€
<b><u>INCOME GRANT GIVERS</u></b>			
	<b>2.6</b>		
Income from companies	20,300	-	-
Income from other non-profit organisations	1,734,220	1,759,746	1,139,927
<b>Total income</b>	<b>1,754,520</b>	<b>1,759,746</b>	<b>1,139,927</b>
	-----	-----	-----
<b><u>EXPENSES</u></b>			
<b>Direct external project costs</b>	<b>2.7.1</b>		
Field building	133,890	239,421	173,695
Grantmaking	882,442	718,000	510,267
Programme evaluation and M&E projects	72,481	86,640	24,370
Decolonising digital rights	33,991	66,920	-
COVID-AI meeting	13,071	-	-
	1,135,875	1,110,981	708,332
	-----	-----	-----
<b>Operating expenses</b>	<b>2.7.2-2.7.9</b>		
Office costs	49,172	45,234	21,453
Finance, legal and administration	37,481	34,910	33,640
Staff costs	385,774	394,355	301,868
Travel and accommodation	2,752	27,500	15,538
Governance	420	7,900	4,385
Other operational costs	26,334	5,300	4,624
Monitoring & evaluation	11,372	18,000	-
General costs	5,092	9,125	6,636
	518,397	542,324	388,144
	-----	-----	-----
<b>Total expenses</b>	<b>1,654,272</b>	<b>1,653,305</b>	<b>1,096,476</b>
	=====	=====	=====
<b>Balance before financial income and expense</b>	<b>100,248</b>	<b>106,441</b>	<b>43,451</b>
	=====	=====	=====

## 2.2 Statement of income and expenditure

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		Actual 2020	<i>Budget</i> 2020	Actual 2019
		€	€	€
Contingency		-	-17,410	-
Financial income and expense	2.7.10	-6,685	-2,102	-916
<b>Balance of income and expenses</b>		<u>93,563</u>	<u>86,929</u>	<u>42,535</u>

### 2.2.2 Result appropriation

**Additions to:**

Continuity reserve		93,563	86,929	42,535
<b>Total</b>		<u>93,563</u>	<u>86,929</u>	<u>42,535</u>



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### 2.3 Cash Flow Statement

	2020	2019
	€	€
<b>Cash flow from operational activities</b>		
Total income	1,754,520	1,139,927
Total expenses	1,654,272	1,096,476
Income less expenses	100,248	43,451
Depreciation	1,197	684
<b>Cash flow</b>	101,445	44,135
	-----	-----
<b>Movements in:</b>		
Receivables	10,399	41,055
Accounts payable	51,286	1,326
Other current liabilities	51,439	-42,634
	113,124	-253
	-----	-----
Total cash flow from operational activities	214,569	43,882
	=====	=====
<b>Cash flow from investing activities</b>		
Investments in equipment	-959	-2,860
Divestments in equipment	-	1,099
	-----	-----
Total cash flow from investing activities	-959	-1,761
	=====	=====
<b>Cash flow from financing activities</b>		
Exchange differences	-6,685	-916
	-----	-----
Total cash flow from investment activities	-6,685	-916
	=====	=====
<b>Total cash flow</b>	206,925	41,205
	=====	=====

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	2020	2019
	€	€
Balance of Cash and cash equivalents as at beginning of	1,303,581	1,262,376
Total cash flow	206,925	41,205
Balance of Cash and cash equivalents as at year-end	<u>1,510,506</u>	<u>1,303,581</u>

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## **2.4 Principles of valuation and determination of the result**

### **2.4.1 General principles**

The financial statements have been drawn up on the basis of Guideline C1 for 'Small Non-profit Organisations' of the Council for Annual Reporting. The purpose of this Guideline is to provide insight into the costs of organising and spending the funds in relation to the purpose for which they were raised. The financial statements are presented in euros. The cash flow statement has been prepared using the indirect method. The financial year relates to the dates from 1 January 2020 to 31 December 2020.

#### **Principles of valuation**

### **2.4.2 General principles of valuation**

Assets and liabilities are included at amortised cost, unless stated otherwise.

Foreign currency transactions during the reporting period are incorporated in the financial statements at the exchange rate on transaction date. Monetary assets and liabilities in foreign currency at balance sheet date are converted into the functional currency (euros) at the exchange rate. The resulting exchange differences from the conversion are charged to the profit and loss account, unless hedge accounting is applied.

### **2.4.3 Equipment**

Equipment required to achieve the objectives and to carry out business operations are carried at historical cost less depreciation based on the estimated useful lives of the assets, taking into account any residual value. Depreciation is determined as a percentage of historical cost.

### **2.4.4 Cash and cash equivalents**

Cash and cash equivalents consist of bank balances with a term of less than twelve months. Cash and cash equivalents are carried at nominal value.

### **2.4.5 Reserves and funds**

Reserves are funds that can be spent at the foundation's discretion. The board may hold target reserves that may be used for a specific purpose.

Funds concern money to be spent within the framework of the objective for which they have been made available. This relates to the unused portion of donations granted and other funds, as well as and funds that are fixed in fixed assets.

### **2.4.6 General principles of recognition and measurement of income and expenses**

The result is determined as the balance of income and all related expenses and other charges attributable to the reporting year, in accordance with the valuation principles referred to above.

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Amsterdam

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#### **2.4.7 Income**

Income consists of all income attributable to the year under review.  
Advances are recognised in the financial year in which they are received.

#### **2.4.8 Costs**

The grantmaking costs are attributed to the financial year of the approved board decision, in the moment DFF becomes committed to the third party. Other costs are allocated to the related period.

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## 2.5 Notes to the balance sheet as at 31 December 2020

### ASSETS

#### NON-CURRENT ASSETS

##### 2.5.1 Equipment

The movements in equipment assets are summarised in the following table:

	Equipment 2020	Equipment 2019
	€	€
Balance at 1 January		
Historical cost	5,058	3,297
Cumulative depreciation	-1,271	-587
	<u>3,787</u>	<u>2,710</u>
Movements in financial year		
Investments	959	2,860
Disinvestments	-	-1,099
Depreciation	-1,197	-684
	<u>-238</u>	<u>1,077</u>
Balance at 31 December		
Historical cost	6,017	5,058
Cumulative depreciation	-2,468	-1,271
	<u>3,549</u>	<u>3,787</u>

Depreciation is calculated on the basis of the following annual depreciation rates:

Equipment	20 %
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**2.5 Notes to the balance sheet (continued)**

	31-12-2020	31-12-2019
	€	€
<b>CURRENT ASSETS</b>		
<b><u>2.5.2 Receivables</u></b>		
<b>Accrued assets</b>		
Prepaid accommodation costs	2,791	1,995
Prepaid office expenses	-	1,497
Prepaid general expenses	381	4,570
Prepaid direct costs	1,607	7,128
Amounts to be received	12	-
Balance as at 31 December	<u>4,791</u>	<u>15,190</u>
<b>Other current assets</b>		
Deposit	3,970	3,970
Deferred grants	-	-
Balance as at 31 December	<u>3,970</u>	<u>3,970</u>
<b><u>2.5.3 Cash and cash equivalents</u></b>		
Current account ABN AMRO .053	15,374	17,996
Savings account ABN AMRO bank .088	700,200	610,139
Current account ABN AMRO bank .096	794,356	670,039
Dollar account ABN AMRO .867	552	5,426
Balance as at 31 December	<u>1,510,482</u>	<u>1,303,600</u>
Cash	70	72
Creditcard	-46	-91
Balance as at 31 December	<u>1,510,506</u>	<u>1,303,581</u>

Cash balances are directly available.

The balance of the dollar account in dollar as at 31 December 2020 is \$677 (rounded).

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**2.5 Notes to the balance sheet (continued)**

**2.5.4 Reserves and funds**

	2020	2019
	€	€
<b><u>Reserves</u></b>		
<b>Continuity reserves</b>		
Balance as at 1 January	42,535	-
Increase due to appropriation of result	93,563	42,535
Balance as at 31 December	<u>136,098</u>	<u>42,535</u>

The continuity reserve is formed to cover short-term risks and to ensure that obligations can continue to be met in the future.

**2.5.5 Current liabilities**

	2020	2019
	€	€
<b>Accounts payables</b>	54,996	3,710
Balance as at 31 December	<u>54,996</u>	<u>3,710</u>
<b>Taxes and social securities</b>	-	844
Balance as at 31 December	<u>-</u>	<u>844</u>

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**2.5 Notes to the balance sheet (continued)**

	31-12-2020	31-12-2019
	€	€
<b>Other current liabilities</b>		
Deferred grants	561,103	925,382
Grants to be paid	743,643	328,470
Balance as at 31 December	<u>1,304,746</u>	<u>1,253,852</u>
<b>Other accruals and deferred income</b>		
Vacation days' reserve	1,007	1,804
Accrued personnel expenses	-	1,151
Accrued housing expenses	397	-
Accrued office expenses	-	10
Accrued banking expenses	22	-
Accrued general expenses	22,013	20,122
Accrued direct costs	3,537	2,500
Balance as at 31 December	<u>26,976</u>	<u>25,587</u>



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## 2.5 Notes to the balance sheet (continued)

### 2.5.6 Assets, liabilities and commitments not included in the balance sheet

#### Conditional obligations (grantmaking)

In 2020 DFF introduced “Litigation Track Support”, grants to support long-term litigation projects. These projects can consist of multiple instances over several years. A new instance begins when the previous instance has been completed and meets a certain set of criteria laid out in the framework agreement. Each instance is granted through a separate contract called a “Instance Grant Order”. Therefore instances that are yet to be contracted are conditional obligations. On 31 December 2020, DFF has seven active litigation track support framework agreements. Six of the projects are still on the first instance while one of the projects has already started the second instance.

The conditional obligation of these grantmaking contracts has a value of € 215.276.

#### Grants

Funds still to be received in 2021:

- € 80.000 (total fund of € 240.000, organisational support)
- € 125.000 (total fund of € 250.000, organisational support)
- \$ 50.000 (total fund of \$ 100.000, core)
- \$ 500.000 (total fund of \$ 1.000.000, core)
- £ 150.000 (total fund of £ 450.000, core)
- \$ 824.000 (total fund of \$ 824.000, core and project)
- € 3.507 (total fund of €17.534, project)

#### Rental obligation

Digital Freedom Fund has a contract for the rental of the property located at Oranienstraße 183 in Berlin. The rental obligation of the office space 2020 amounts to approximately € 22,531 per year, excluding service costs.

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## 2.6 Notes to income

Actual 2020	<i>Budget</i> 2020	Actual 2019
€	€	€

### INCOME GRANT GIVERS

#### 2.6.1 Income from companies

Dentons Europe	20,300	-	-
	<u>20,300</u>	<u>-</u>	<u>-</u>
	<u><u>20,300</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

In 2020, pro bono legal advisory services were received from the law firm Dentons Europe. The value of these services was €20,300 which has been accounted for as income and costs.

#### 2.6.2 Income from other non-profit organisations

Core funder organisations	1,430,281	-	1,079,663
Project funder organisations	303,939	-	60,264
Funder organisations	-	1,759,746	-
	<u>1,734,220</u>	<u>1,759,746</u>	<u>1,139,927</u>
	<u><u>1,734,220</u></u>	<u><u>1,759,746</u></u>	<u><u>1,139,927</u></u>

In 2020, eight grants were received for the purpose of core and organisational support and are largely structural. Four of the contracts have a period of three years up to three years and four months, the others have a contract period between six months and 1 year and 6 months. Four of the contracts (with core and organisational support) are largely unconditional with basic requirements for timely and transparent reporting on the usage of funds and financial procedure. Five contracts have expired, of which four will start a new contract in 2021.

Eight grants have been granted for specific projects. Two of these grants come from a core funder organisation. This includes grants for COVID-projects.

Three of these contracts have already ended. Three of these contracts will end in 2021, one will end in 2023 and one contract has no time frame.

All income has been matched with the costs, except for a part of extra income that has been used for building a continuity reserve.

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**2.7 Notes to expenses**

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
<b><u>2.7.1 Direct external project costs</u></b>			
<b>Field building</b>			
Strategy process	62,043	76,670	71,686
Partners' meetings	71,847	162,751	102,009
	<u>133,890</u>	<u>239,421</u>	<u>173,695</u>
<b>Grantmaking</b>			
Grantmaking	485,654	710,000	510,267
Honorarium grants	9,000	3,000	-
Grant management software	8,841	5,000	-
COVID-19 Litigation grants	378,947	-	-
	<u>882,442</u>	<u>718,000</u>	<u>510,267</u>
<b>Programme evaluation and M&amp;E projects</b>			
M&E impact measurement framework	-	-	10,388
M&E Case studies	26,621	41,640	13,982
External pilot evaluation	45,860	45,000	-
	<u>72,481</u>	<u>86,640</u>	<u>24,370</u>

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**2.7 Notes to expenses (continued)**

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
<b>Decolonising Digital Rights</b>			
Decolonising Digital Rights	33,991	66,920	-
	<u>33,991</u>	<u>66,920</u>	<u>-</u>

**COVID AI Meeting**

COVID AI Meeting	13,071	-	-
	<u>13,071</u>	<u>-</u>	<u>-</u>

**Operating expenses**

**2.7.2 Office costs**

Office	23,243	25,419	16,015
IT	8,582	10,375	3,245
Communications	17,347	9,440	2,193
	<u>49,172</u>	<u>45,234</u>	<u>21,453</u>

**2.7.3 Finance, legal and administration**

Administration	24,796	19,200	21,470
Payroll	1,143	1,400	878
Banking	685	1,000	482
Accountant	10,857	13,310	10,810
	<u>37,481</u>	<u>34,910</u>	<u>33,640</u>

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Amsterdam

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**2.7 Notes to expenses (continued)**

	Actual 2020	Budget 2020	Actual 2019
	€	€	€

**2.7.4 Staff costs**

The average number of employees, expressed in full-time employees, was as follows during the financial year 2020: 4.8, last year this was 3.4.

Wages and salaries	248,293	304,631	201,020
Social security charges	27,636	53,676	21,930
Employers contribution to pension costs (voluntary)	19,848	23,199	18,270
Employers contribution to pension costs (mandatory)	22,006	-	17,339
Reservation holidays	-663	-	3,187
Employers contribution to reservation holidays	-133	-	722
Other personnel costs	68,787	12,849	39,400
	<u>385,774</u>	<u>394,355</u>	<u>301,868</u>

**2.7.5 Travel**

Staff travel & travel insurance	2,752	27,500	15,538
	<u>2,752</u>	<u>27,500</u>	<u>15,538</u>

**2.7.6 Governance**

Annual board meeting	420	7,900	4,385
	<u>420</u>	<u>7,900</u>	<u>4,385</u>

**2.7.7 Other operational**

Insurance	6,034	5,300	4,624
Legal advisory	20,300	-	-
	<u>26,334</u>	<u>5,300</u>	<u>4,624</u>

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Amsterdam

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**2.7 Notes to expenses (continued)**


	Actual 2020	Budget 2020	Actual 2019
	€	€	€
<b><u>2.7.8 Monitoring &amp; evaluation</u></b>			
Monitoring & evaluation	11,372	18,000	-
	<u>11,372</u>	<u>18,000</u>	<u>-</u>
	<u><u>11,372</u></u>	<u><u>18,000</u></u>	<u><u>-</u></u>
<b><u>2.7.9 General costs</u></b>			
Business relations	1,792	5,625	2,501
Professional literature	68	1,500	498
Depreciation inventory	1,197	-	955
Book loss inventory	-	-	828
Other office costs	2,035	2,000	1,854
	<u>5,092</u>	<u>9,125</u>	<u>6,636</u>
	<u><u>5,092</u></u>	<u><u>9,125</u></u>	<u><u>6,636</u></u>
<b><u>2.7.10 Financial income &amp; expense</u></b>			
Currency differences	6,906	2,102	916
Interest	-221	-	-
	<u>6,685</u>	<u>2,102</u>	<u>916</u>
	<u><u>6,685</u></u>	<u><u>2,102</u></u>	<u><u>916</u></u>

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Amsterdam


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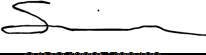
## 2.8. Signing By the Board


Adopted and approved at Amsterdam on 19 April 2021.


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Reagan Lorraine MacDonald  
Chair


DocuSigned by:  
  
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Atanas Dimitrov Politov  
Vice Chair


DocuSigned by:  
  
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Nicole Rose Nieman  
Treasurer

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Simone Maria Peek  
Secretary

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Josephina Cornelia Maria Jansen  
Member

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Rubert Hugh Skilbeck  
Member

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Karmen Turk  
Member

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Jiefan Hsu - Mercera  
Member

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Amsterdam

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3. OTHER INFORMATION

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Stichting Digital Freedom Fund  
Nieuwezijds Voorburgwal 104  
1012 SG AMSTERDAM

## INDEPENDENT AUDITOR'S REPORT

To: The Board of Stichting Digital Freedom Fund

### A. Report on the audit of the financial statements 2020 included in the annual report

#### Our opinion

We have audited the financial statements 2020 of Stichting Digital Freedom Fund, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Digital Freedom Fund as at 31 December 2020, and of its result for 2020 in accordance with Directive Rjk C1 Small organisations-without-profit.

The financial statements comprise:

- the balance sheet as at 31 December 2020, with a balance total of € 1,522,816;
- the profit and loss account for 2020, with € 1,754,520 income and a result of positive € 93,563; and
- the notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Digital Freedom Fund in accordance with the Wet toezicht accountants-organisaties (Wta, Audit firms supervision act), the Verordening inzake de Onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening Gedrags- en Beroepsregels Accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report/directors' report;
- appendix 2021 budget

- 2 -

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements, is in accordance with Directive RJK C1 Small organisations-without-profit and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report and other information in accordance with Directive RJK C1 Small organisations-without-profit.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of the board and management for the financial statements**

The board and management is responsible for the preparation and fair presentation of the financial statements in accordance with Directive RJK C1 Small organisations-without-profit. Furthermore, the board and management is responsible for such internal control as the board and management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board and management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board and management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is written down in the annex of this opinion.

Was signed, Amersfoort, 19 April 2021.

WITH accountants B.V.  
Drs. J. Snoei RA

Annex



## **Annex by our report on the audit of the financial statements 2020 of Stichting Digital Freedom Fund**

In addition to our opinion we herewith describe our responsibilities for the audit on the financial statements.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

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Amsterdam

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4. APPENDIX

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Stichting Digital Freedom Fund  
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**4.1 2021 Budget**

	Budget 2021	Actual 2020	Budget 2020
	€	€	€
<b><u>INCOME</u></b>			
Income grant givers	1,920,676	1,754,520	1,759,746
<b>Total income</b>	<b>1,920,676</b>	<b>1,754,520</b>	<b>1,759,746</b>
<b><u>EXPENSES</u></b>			
<b>Direct external project costs</b>			
Field building	176,930	133,890	239,421
Grantmaking	730,088	882,442	718,000
Programme evaluation and M&E projects	-	72,481	86,640
Decolonising Digital Rights	12,209	33,991	66,920
COVID-AI meeting	-	13,071	-
Racial justice in the digital context	108,252	-	-
Other projects	115,818	-	-
<b>Spent on objectives</b>	<b>1,143,297</b>	<b>1,135,875</b>	<b>1,110,981</b>
<b>Operating expenses</b>			
Office costs	81,201	49,172	45,234
Finance, legal and administration	31,100	37,481	34,910
Staff costs	538,353	385,774	394,356
Travel and accommodation	10,000	2,752	27,500
Governance	-	420	7,900
Other operational costs	13,300	26,334	5,300
Monitoring & evaluation	17,850	11,372	18,000
General costs	14,400	5,092	9,125
	<b>706,204</b>	<b>518,397</b>	<b>542,325</b>
<b>Total expenses</b>	<b>1,849,501</b>	<b>1,654,272</b>	<b>1,653,306</b>

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Amsterdam

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**4.1 2021 Budget (continued)**

	Budget 2021	Actual 2020	Budget 2020
	€	€	€
<b>Balance before financial income and expense</b>	71,175	100,248	106,441
Contingency	-15,738	-	-17,410
Balance of financial income and expense	-29,992	-6,685	-2,102
<b>Balance of income and expenses</b>	<u>25,445</u>	<u>93,563</u>	<u>86,929</u>