
Wikimedia Foundation Annual Plan 2008-2009

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Prepared for: Wikimedia Foundation Board of Trustees
June 11, 2008



Agenda

1. Background and context
2. Key 08-09 goals
3. Planned spending: strategic priorities
4. High level comparison: 07-08 to 08-09
5. Organization charts and hiring timeline
6. Resolution
7. Appendix: FAQ (attached)

Background and Context: 07-08

The 07-08 budget was the first in the history of the Wikimedia Foundation.

It was a rough exercise. Very little historical information existed, and much of what did exist was inaccurate.

And, because there was no fundraising staff and insufficient business development capacity, we had no revenue targets.

Background and Context: 07-08

The 07-08 budget posited a total spend of USD 4.6m, up from actuals of 2.1m in 06-07. This represented significant planned increases in technology spending, as well as the filling of key vacancies (e.g., ED, Counsel, CFOO, etc.).

We now project we will spend 2.9m in 07-08.

Despite that, the 07-08 budget turned out to be surprisingly accurate. Overall, we underspent by 1.7m, and tech department underspending equalled 1.7m. Once technical underspending is factored out, the total actuals will be within 1% of budget.

Background and Context: 08-09

The 08-09 plan was constructed as follows:

For the first time in the Foundation's history, we set revenue targets;

In planning spending, we started with 07-08 historical information;

Adjustments were made in consultation with staff and stakeholders (e.g., anticipated growth, anticipated cost increases, adjustment for underspending in prior years);

New spending was approved in key areas, consistent with our strategic goals.

2008-09 Goals

- 1) Achieve organizational maturity
- 2) Achieve financial sustainability
- 3) Encourage and broaden participation
- 4) Increase quality and perception of quality
- 5) Increase distribution beyond the wikis

Strategic Spending Priorities

- 1) Invest in revenue generating staff; *(speaks to organizational maturity and financial sustainability)*
- 2) Invest in software developers to improve management of volunteer code contributions and to execute strategic priorities (e.g., database dump production, usability initiatives); *(speaks to participation, quality, and dissemination goals)*
- 3) Invest in key program (mission) staff: Public Outreach, Chief Program Officer and Head of Partnerships. *(speaks to participation, quality, and dissemination goals)*

07-08 Revenue Actuals vs 08-09 Revenue Targets

Revenue Source	07-08 Actuals ¹	08-09 Budget	Increase/ (Decrease)
Major Gifts and Grants ²	\$2,225 ³	\$3,000	\$745
Community Gifts ⁴	2,128	3,000	872
Earned Income ⁵	112	811	699
Other Revenue ⁶	28	24	(4)
In-Kind Revenue ⁷	50	500	450
TOTAL	\$4,573	\$7,335	\$2,762

¹ *Unaudited numbers: annualized estimates of 07-08 revenue to end of April 2008. Audited results will be reported differently (i.e., for operational purposes we will count 1m of the Sloan grant per year for three years, but for audit purposes the entire 3m will be counted in 07-08)*

² *Donations of 10K+*

³ *Includes first 1m from Sloan Foundation*

⁴ *Donations less than 10K*

⁵ *Income from live feed deals, trademark deals, etc.*

⁶ *Income from interest and foreign exchange gains*

⁷ *In-kind donations*

(All amounts USD in 000s)

07-08 Budget vs 07-08 Actuals

	07-08 Budget	07-08 Actuals ¹	Variance (Under)/Over
Board ²	\$159 ³	\$100	\$(59)
Office of the ED ⁴	509	506	(3)
Technology ⁵	2,573	900	(1,673)
Finance & Admin ⁶	740	804	64
Programs ⁷	298	194	(104)
Legal ⁸	182	326	144
Wikimania ⁹	150	113	(37)
TOTAL	\$4,611	\$2,943	\$(1,668)

¹ Unaudited numbers: annualized estimates from 07-08 spending to end of April 2008

² Includes board meeting expenses, D&O insurance

³ In the original 07-08 budget, this figure was 351. Later, Wikimania was broken into a separate category, and the allocation for the Frankfurt chapters meeting was removed, with chapters meetings costs absorbed into Program expenditures

⁴ Includes salaries for ED, DD and PA; consultant fees, relocation budget, travel expenses

⁵ Includes salaries for technical staff, servers, bandwidth and contractor expenses

⁶ Includes salaries for finance/admin staff, audit fees, fundraising expenses, office rent, office supplies, bank fees, etc.

⁷ Includes salaries for program staff, public outreach expenses, communications expenses

⁸ Includes salary for General Counsel, and external counsel and consultant fees, filing fees, etc.

⁹ Includes travel for board, advisory board and staff

Variance Explanation

The 07-08 budget was deliberately conservative to avoid surprises in a transitional year: it's better to be underspent than overspent.

The bulk of underspending was in the technical budget: if you factor out technical underspending, the expected actual spending is within 0.1% of budget.

Technology (-\$1,673): Spending deferred due to general caution, pending sponsorship deals, and delays in hiring

Legal (\$144): Overspending due to unanticipated organizational needs (e.g., charitable registration across all states, trademark status research, employment and immigration support)

Programs (-\$104): Underspending due to deferred hiring

Board (-\$59): Two face-to-face meetings in 07-08 rather than three

07-08 Actuals vs 08-09 Budget

	07-08 Actuals ¹	08-09 Budget	Increase/ (Decrease)
Board	\$100	\$130	\$30 ²
Office of the ED	506	472	(34) ³
Technology	900	2,705	1,805 ⁴
Finance & Admin	804	1,619	815 ⁵
Programs	194	595	401 ⁶
Legal	326	357	31 ⁷
Wikimania	113	96	(17) ⁸
TOTAL	\$2,943	\$5,974	\$3,031

1 Unaudited numbers; annualized estimates from 07-08 spending to end of April 2008

2 Costs associated with board expansion (travel for three additional trustees)

3 Less because relocation is complete; greater due to DD salary, increased fundraising expenses

4 Addition of five technical staff, increased allocation for technical contractors, increased bandwidth costs, increased hardware expenditures, also includes \$500K for expected donation in kind

5 Includes full-year staffing for CFOO, Accountant and Business Development, addition of three-person fundraising team and associated costs, and new allocation for staff development

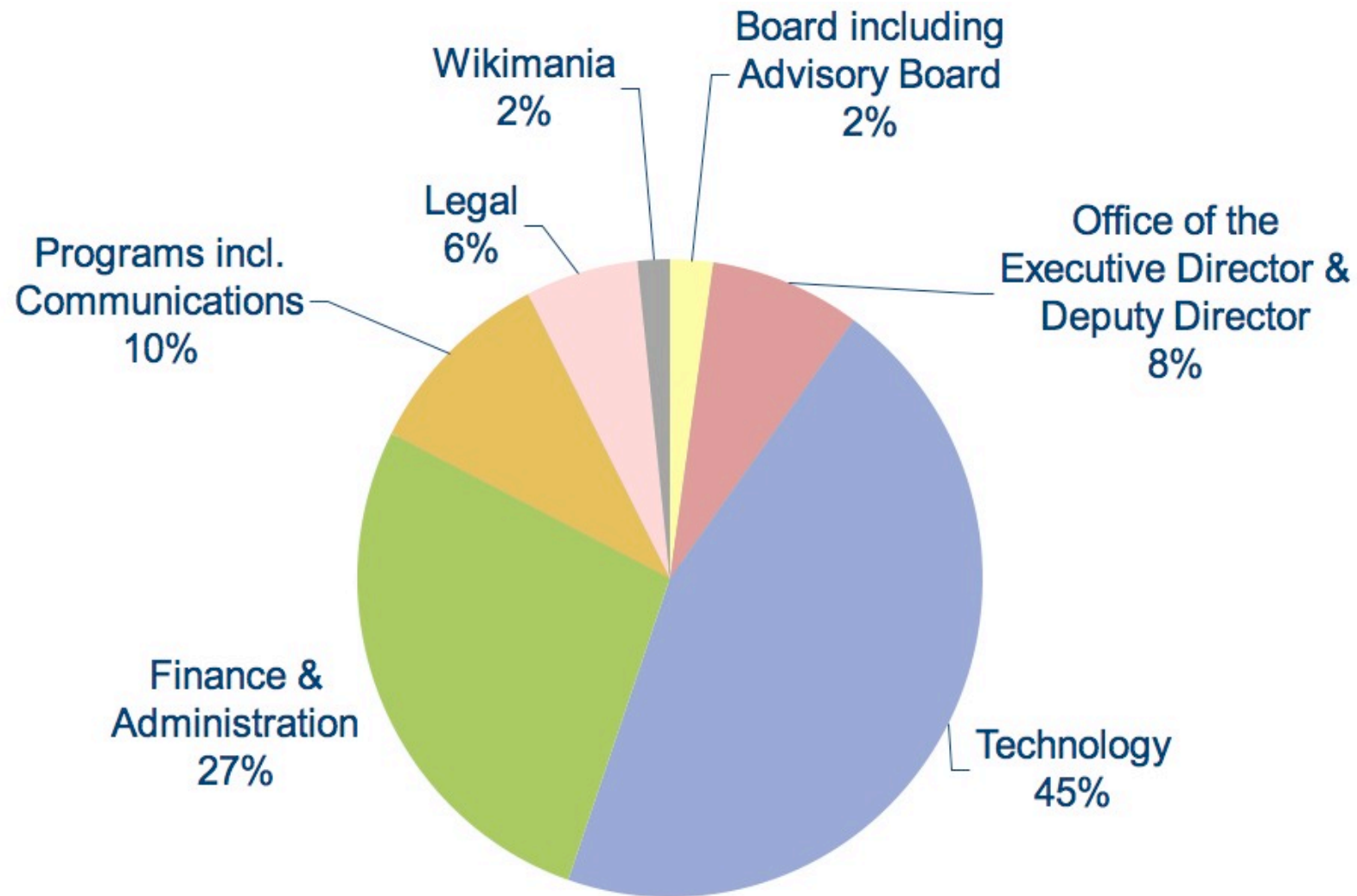
6 Addition of new positions: Public Outreach, Chief Program Officer, Partnerships. Additional funding for volunteer development, public outreach, communications, annual chapters meeting

7 Ongoing but previously unbudgeted costs associated with charitable registrations, trademark protection, employment and immigration support, domain names fees

8 Travel costs for board, advisory board and staff to Wikimania 2008. Board and advisory board meeting costs

(All amounts USD in 000s)

08-09 Budget By Department



Top Spending Increases From 07-08

This chart includes all increases and new spending above \$100K.

1. Increased spending on technical infrastructure: servers, etc.	+\$965
2. Establishment of new fundraising team (Head of Major Gifts, Head of Community Giving, and Development Officer) plus allocation for fundraising expenses	+\$510
3. Additional technical staff (four Developers plus one Sys Admin) plus allocation for contractors ¹	+\$375
4. Additional programs staff (Public Outreach, Partnerships, Chief Program Officer) plus funding for Wikipedia Academies and other outreach and communications activities	+\$221
5. Increased travel costs ²	+\$210
6. Increased hosting costs ³	+\$200
7. New allocation for staff and volunteer development: training costs, all-staff meetings, allocation for volunteer acquisition and recognition	+\$113

¹ e.g., funding for data capture and analysis

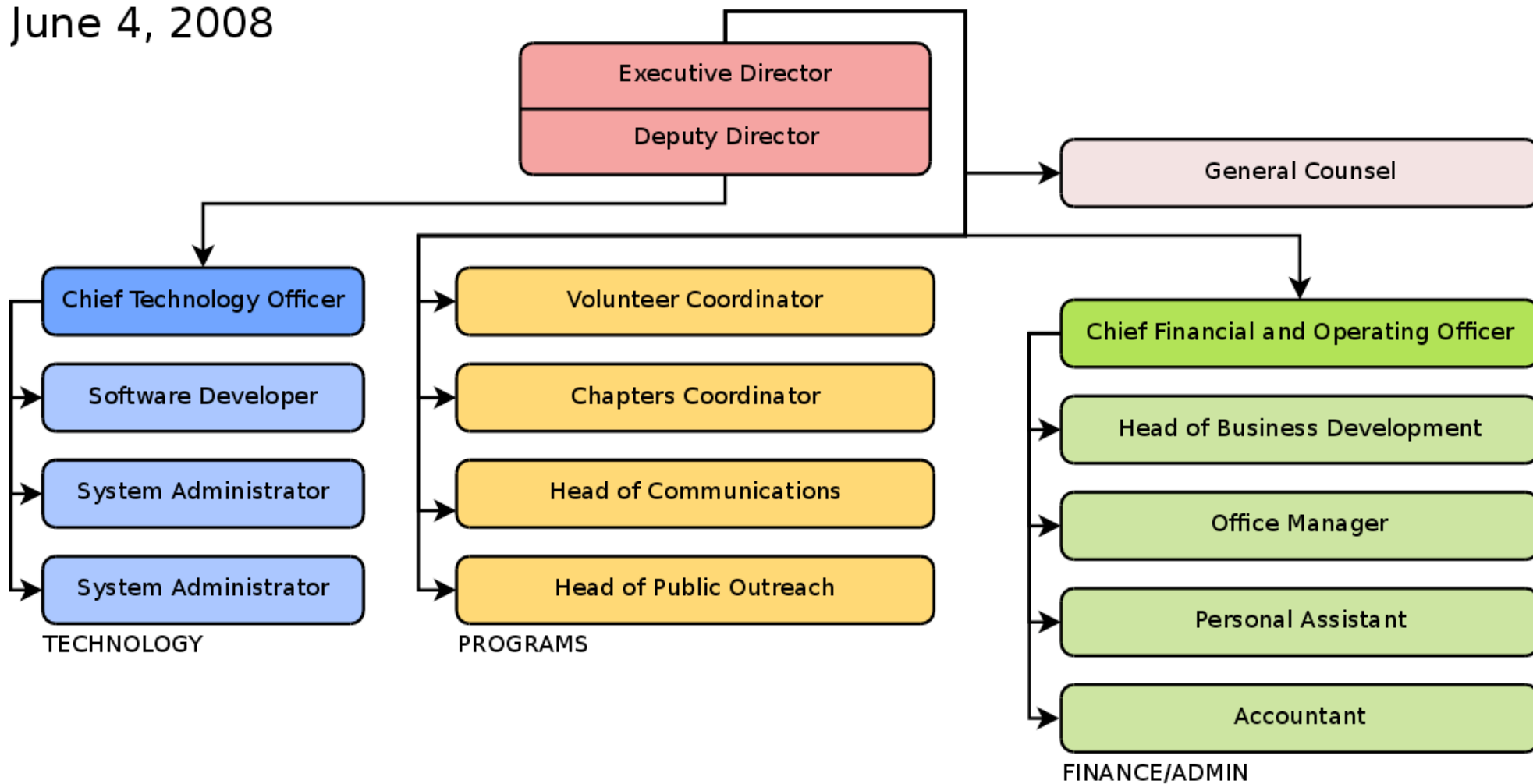
² Due to subsidy of the chapters meeting, new fundraising and business development travel allocations, allocation for staff conference attendance and travel for remote workers to two all-staff meetings per year, and costs associated with three additional board members.

³ Due to 1) anticipated traffic and content growth across all projects; 2) deferred necessary spending for reliability, backups & performance; 3) elimination of artificial restrictions on upload file size; 4) increase of costs for our Amsterdam-based servers due to reduced sponsorship by Kennisnet.



Wikimedia Foundation, Inc.

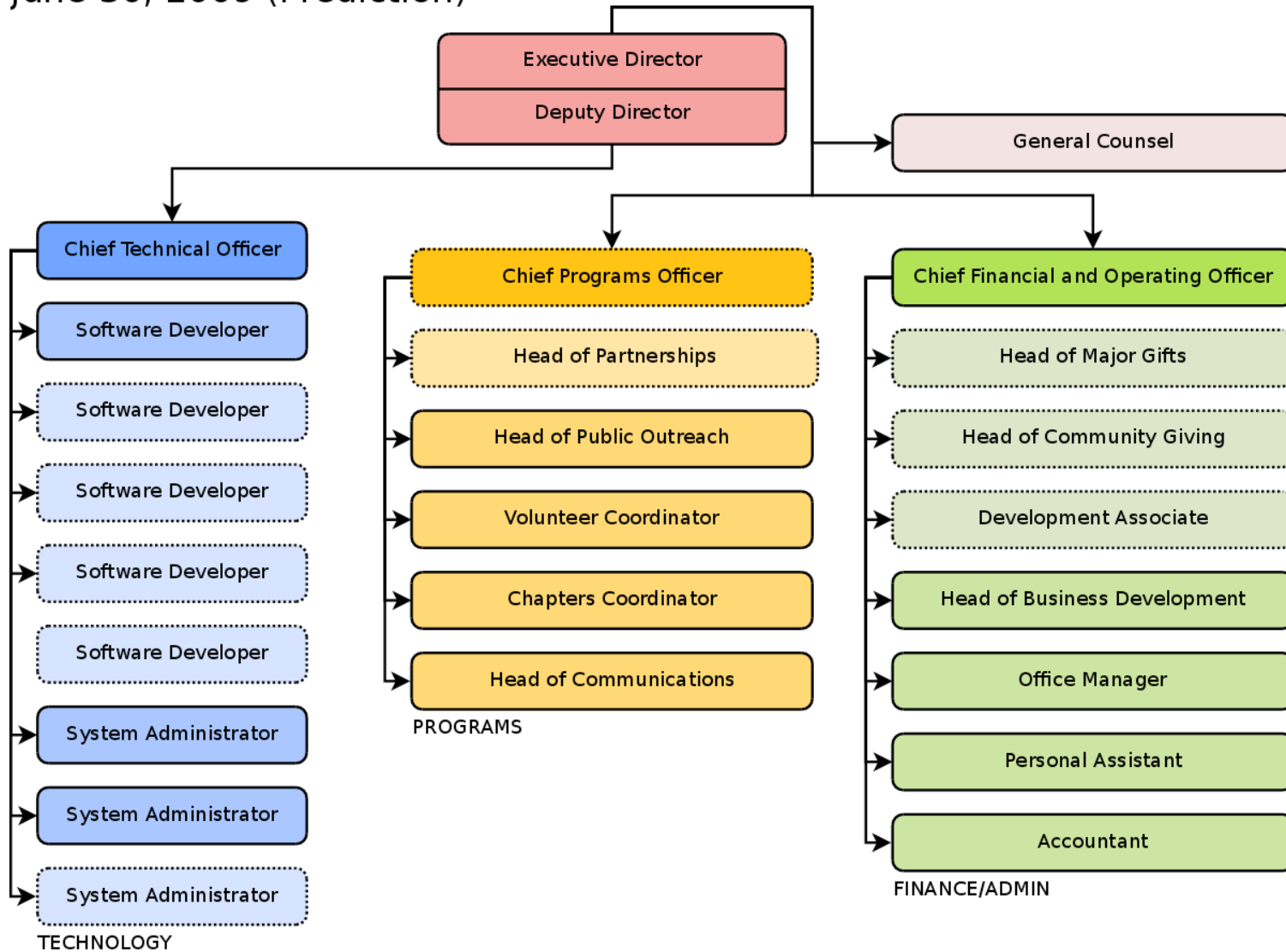
Organization Chart June 4, 2008



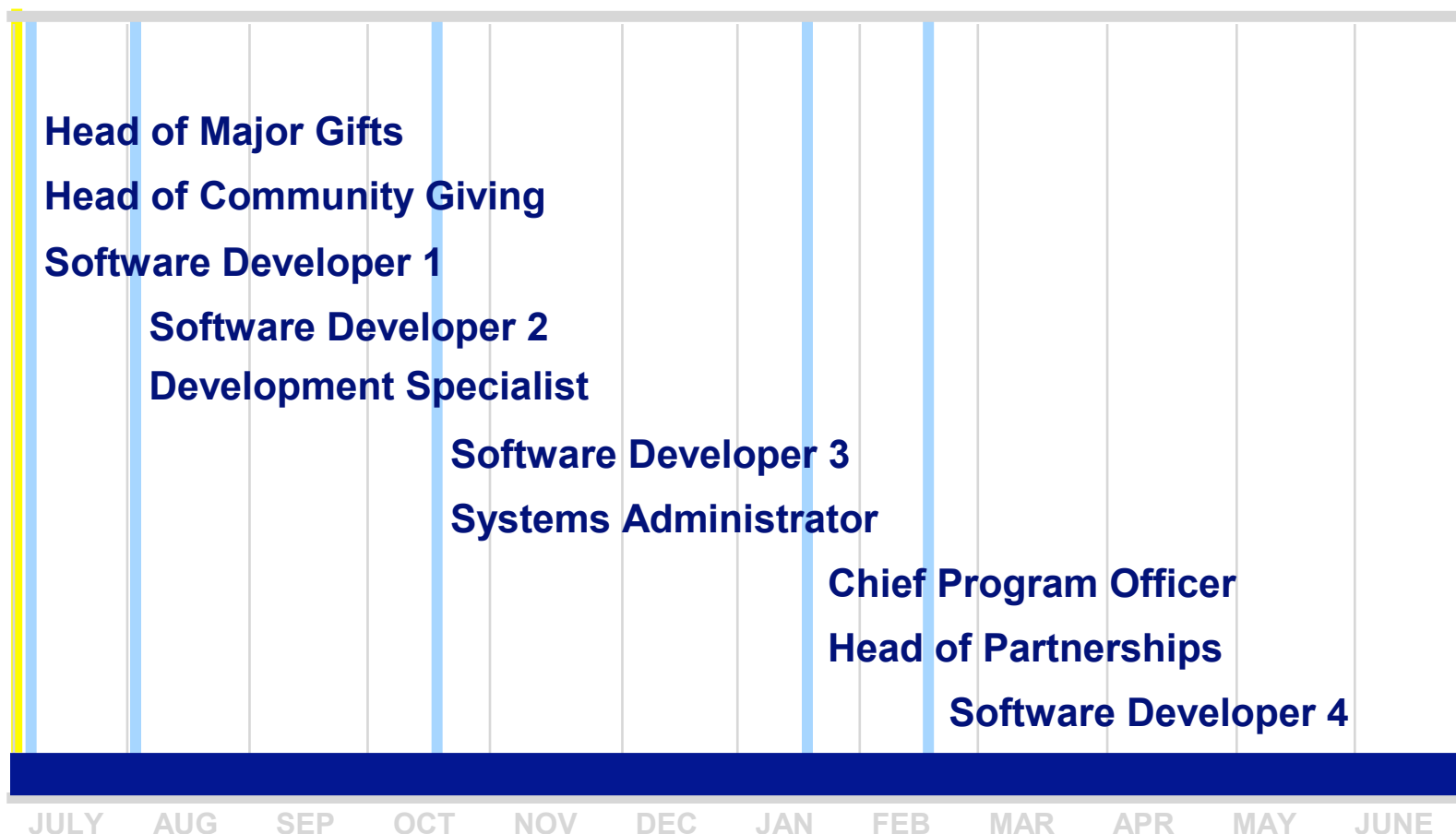


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Organization Chart June 30, 2009 (Prediction)



Planned new hires in 08-09



July 2008 - June 2009

Resolution

RESOLVED, that the Board of Trustees hereby approves management's proposed 2008-2009 annual plan of \$5.97 million of annual expenses, \$7.33 million of annual operating revenues, and an annual operating reserve of \$1.36 million. If during the year management anticipates the annual reserve will differ materially from the planned annual reserve, the Board directs management to consult the Board Treasurer promptly.

Reference: Management's currently anticipated quarterly breakdown of this approved annual plan.



Quarterly Breakdown of Annual Plan

	Q1 (July- Sept.)	Q2 (Oct.-Dec.)	Q3 (Jan.-March)	Q4 (April-June)	Total
Cash Operating Revenues	\$721	\$3,586	\$2,228	\$800	\$7,335
Cash Operating Expenses	1,473	1,392	1,532	1,577	5,974
NET CASH OPERATING RESERVE ¹	(\$752)	\$2,194	\$696	(\$777)	\$1,361

(All amounts USD in 000s)

¹ Anticipated cash in bank at beginning of FY 08-09 is >\$1M