

## ***FAQs for Financial Statements for the Period from July 2010 to December 2010:***

### **What is the purpose of these statements?**

These financial statements provide an overview of basic information about the Wikimedia Foundation's financial status during the first six months of the 2010-11 fiscal year. They cover the period of July 1, 2010 until December 31, 2010.

### **What currency are these statements in?**

All numbers reported on these financial statements and any accompanying documents are in U.S. Dollars.

### **Who created these statements?**

They were created by the accounting and financial [staff](#) of the Wikimedia Foundation for the [Executive Director](#) and were shared with the [Board](#) in February 2011.

### **How often does the Wikimedia Foundation publish financial statements?**

The Wikimedia Foundation publishes its audited financial statements annually. Beginning in fiscal year 2007-08, the Wikimedia Foundation began the process of also publishing mid-year unaudited financial statements. Previous statements can be found on the Wikimedia Foundation's wiki under [Financial reports](#).

### **So what is the main message of the statements? What is the big picture?**

The Wikimedia Foundation's financial situation is strong. Revenue has exceeded the mid-year plan. This is primarily due to another strong online fundraiser campaign. Spending is below plan due primarily to delays in hiring and the timing of the capital expenditures for the data center build-out in Virginia. By the fiscal year-end, the total planned capital expenditures will be spent or maybe slightly over plan.

### **What is the current available cash?**

At the end of the second quarter, the plan called for us to have \$18.1 million in cash. The actual cash balance at the end of the second quarter is \$22.8 million.

### **Why do you need a reserve?**

It is normal for organizations to plan to have reserve or contingency funds. Reserve funds are critical for the organization in the event of unplanned expenses, emergencies and/or revenue shortfalls. There is a wide range of opinions about what size of reserve fund a healthy non-profit needs, but a best practice is typically believed to be

somewhere between three and twelve months of average monthly spending. The Wikimedia Foundation's reserve is largest in January, immediately after the online fundraising campaign. It gradually diminishes in the months following the campaign, and starts to rise again when the next annual campaign begins.

**How much fundraising revenue is from community donors (i.e. donations of less than \$10,000)?**

In the time period covered by these financial statements, we received donations from 488,328 donors at an average donation of \$28.07 for a total of \$13,708,902. This accounts for the majority of our fundraising revenue for this statement and represents a 116% increase in the number of donors from the previous year. We are very grateful to all our supporters.

**How did you increase so significantly the number of donors this year versus last year?**

This year for the first time, the fundraising team was able to do systematic testing of messaging variables (including text, images and design elements) throughout the campaign, which enabled the team to optimize messaging in order to appeal to the largest possible number of potential donors. Every year our fundraising campaign is better: this year, with the addition of Zack Exley as Chief Community Officer leading all our fundraising activities, we saw significant improvements.

**What is program income?**

Program income is income from business development activities and includes agreements to license the Wikipedia trademark for commercial use when consistent with our values and mission, as well as technical services such as real-time access to content feeds. As of this statement, we are on target with our plan.

**What do other operating expenses consist of?**

Operating expenses consist of anything that doesn't fall into the other financial statement categories. Operating expenses include expenses such as rent, utilities, supplies, legal fees, accounting fees, and etc.

**Why is travel expense higher in the current year when compared to the plan and the previous year?**

The increase is consistent with the growth in staff and our strategic initiative in global development, which demands more travel specifically to India, our strategic priority. Also, in the current year we supported an increase in travel for our Wikimedians and volunteers who visited our office located in San Francisco as well as our staff's and guests' travel to Wikimania Gdansk.

### **Why is the hiring slower than planned?**

The Wikimedia Foundation started 2010-11 with 47 staff, and the 2010-11 plan called for adding 44 additional staff to reach a total of 91. We said at the time that if those targets proved overly aggressive, we would bias towards hiring slowly and well rather than quickly, and indeed, that's what we're doing. It's also the case that, rather than aggressively growing permanent staff, the Community Department in particular has chosen to rely on a mix of permanent staff, temporary staff and Fellows, depending on the nature of the work the department is aiming to get done.

### **How many more people do you expect to hire in the remainder of the year?**

We ended the first six months of the year with 69 staff, up 22 from the beginning of 2010-11. However, many of those people were working with us temporarily for the fundraiser, and have since left us. By the end of 2011-12, we estimate we'll have a final headcount of about 76 people total.

### **What will the 2011-12 annual plan for next fiscal year look like?**

The 2011-12 plan will be guided by the 2010-15 strategy plan, which was unanimously approved by the Wikimedia Board of Trustees in October 2010. It grew out of a yearlong collaborative process on the strategy wiki, in which more than 1,000 Wikimedians participated, and it will set our strategic direction for coming years. So, the big picture is already fairly well understood. In short, we will aim to recruit new editors (especially women and editors in the Global South); to increase readership (particularly via mobile usage); and to support continued increases in the quality and quantity of information the projects offer. You can expect continued investments designed to achieve those goals.

### **How will the plan be developed?**

The development of the annual plan for 2011-12 began last week, when the Executive Director began gathering input from the Board of Trustees. The plan will be actively developed in an iterative fashion throughout March, April and May, and a final version will be presented to the Board for approval in June. Once approved, the plan will be published to the Wikimedia Foundation staff and community, on or near July 1.