

## ***FAQs for Financial Statements for the Period from July 2013 to December 2013:***

### **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 2013-14 fiscal year. They cover the period from July 1, 2013 through December 31, 2013.

### **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 reviewed by the Treasurer and shared with the Chair of the Audit Committee of the Wikimedia Foundation Board of Directors.

### **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 is slightly lower than plan to date that resulted in a switch to a year-round fundraising strategy with a major fund raising campaign effort that targeted only five countries in a short period of time at the beginning of December. We will make up this variance during the second half of the fiscal year when our fundraising is targeted to the rest of the world. Spending is below plan primarily due to lower personnel costs due to staff turnover which was not anticipated and late in hiring on some positions, legal fees, payment processing fees, staff development expenses, and travel expenses. Also contributing to lower-than-planned spending is under-spending in capital expenditures and internet hosting. Cap-ex spending is a timing issue and is expected to catch up before the end of year when the new data center is build-out, but internet hosting costs will probably not: they will be lower than was originally budgeted.

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

The cash balance at the end of the second quarter is \$55.3 million.

### **What is the Wikimedia Foundation's view on its increasing cash reserve?**

The Wikimedia Foundation wants to have an appropriate amount of cash in reserve. This is important for stability and the overall financial health of the organization. As a non-profit, it is prudent to ensure that we have a sufficient amount of cash available in the event that unforeseen costs arise, or an external or internal event limits our ability to fund-raise.

Different non-profits have different levels of reserves: it is common for young or very small nonprofits to have as little as a few months' spending available in their reserve fund, while others may have as much as three years' spending in theirs. There is no generally accepted consensus on what size of reserve is appropriate but the Wikimedia Foundation has been able to grow its reserve over time. The current reserve represents a little more than one year of funding, based on our current Annual Plan. The Wikimedia Foundation's reserve is largest around this time and gradually diminishes in the months following, and starts to rise again when the major campaign begins again around April. Our goal is to have one year of operating funding available throughout the year.

### **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 1,998,242 donors at an average donation of \$14.84 for a total of \$29,653,907. This accounts for the majority of our revenue for this statement and represents a 135% 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?**

Continued rigorous testing and strategy. Last year, the fundraising team was able to systematically test, tweak and optimize a single appeal with a simple, fact-based message throughout the fundraising campaign. We learned that donors respond best to clear, simple language rooted in basic information about how the money will be used. Additionally this year, we are experimenting with the year round fund raising strategy versus the one time fund raising effort from mid November to late December and it is providing good results.

### **What is program income?**

Program income in the current year reflects technical services for real-time access to content feeds. In prior year, program income also included income from our

agreements to license the Wikipedia trademark for commercial use that was consistent with our values and mission, which ended when the agreements expired. The income from the access to content feeds will end in March 2014. This is a deliberate decision we've made: our fundraising team has done so well with the "many small donors" model, that we have been able to redirect our business development resources towards instead negotiating partnerships with mobile firms to support our project Wikipedia Zero, which gives mobile phone subscribers in developing countries free access to Wikipedia.

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

Other operating expenses consist of anything that doesn't fall into the other financial statement categories. Other operating expenses include expenses such as office supplies, legal fees, accounting fees, telecommunications, postage and shipping, and etc.

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

The plan called for us to be at 182 staff by December 31, 2013 but we only reached 161 staff. We actually exceeded the hiring plan for the first six months of the fiscal year (29 hired vs. 15 per plan) but due to the back fillings of the fiscal year 2012-13 open positions and attrition which resulted in 21 positions under plan. We expect to come close to meeting our target of 193 by the end of the fiscal year.

### **What will the 2014-15 annual plan for next fiscal year look like?**

The 2014-15 plan will be in alignment with the Board-approved Narrowing Focus strategy, which calls for the Wikimedia Foundation to understand itself to be an organization that focuses on engineering and grant making. In 2014-15, therefore, we will continue to build our engineering and grant making capacity. You can expect increased investment in product and engineering.

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

The development of the annual plan for 2014-15 began in January when key senior staff made a presentation to the Board of Trustees at their San Francisco meeting, detailing the work that's been done thus far in 2013-14, and what lies ahead. The plan will be actively developed in an iterative fashion from late February through May, and a final version will be presented to the Board for approval in June. Additionally, the first draft of the annual plan for fiscal year 2014-2015 will be presented to the FDC on April 1<sup>st</sup> for comments. Once approved, the plan will be published to the Wikimedia Foundation staff and community, on or near July 1.