

## ***FAQs for Financial Statements for the Period from July 2011 to December 2011:***

### **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 2011-12 fiscal year. They cover the period from July 1, 2011 through December 31, 2011.

### **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 shared with the Treasurer 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 has exceeded the mid-year plan. This is primarily due to another strong online fundraiser campaign, including the engagement of Global Collect as an additional payment processor that allowed us to receive donations in a greater number of local currencies. Spending is below plan due primarily to slower hiring, recruiting expenses, and the timing of the capital expenditures for servers purchase. A portion of the total planned capital expenditures will not be spent and reallocated since we received 40 donated servers from Cisco.

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

At the end of the second quarter, the plan called for us to have \$28.3 million in cash. The actual cash balance at the end of the second quarter is \$30.6 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 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 1,108,179 donors at an average donation of \$21.07 for a total of \$23,352,322. This accounts for the majority of our fundraising revenue for this statement and represents a 127% 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, the fundraising team was able to do systematic testing of utilizing appeals from WMF staff and community members, in addition to Jimmy Wales, for our fundraising banner throughout the campaign, which provided a new and different look in order to appeal to the largest possible number of potential donors. Every year our fundraising campaign is better than prior years from the lessons learned. Also the increase was largely impacted by having the resources to quickly and effectively translating our appeals into the various languages and the engagement of Global Collect as an additional payment processor that allowed us to receive donations from a greater number of local currencies.

### **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 lower than plan as anticipated new business development relationships have not been formed in order to form partnerships with mobile services providers in support of the Wikipedia zero project.

**What is in other types of income?**

Other types of income includes foreign exchange gains and losses, interest income and misc. income. As of this report, we are operating at a loss in this account due to foreign exchange losses. These foreign exchange losses are being reviewed so that they can be reduced or eliminated over time.

**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 travel expense higher in the current year when compared to 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 and Brazil, our strategic priority.

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

The Wikimedia Foundation started 2011-12 with 78 staff, and the 2011-12 plan called for adding 39 additional staff to reach a total of 117. We have been actively hiring and anticipating on meeting our plan by the end of the fiscal year. At December 2011, we hired a total of 24 additional staff but also had 8 staff that left the Foundation.

**What will the 2012-13 annual plan for next fiscal year look like?**

The 2012-13 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 2012-13 began in mid February, 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.