

FAQs for Financial Statements for the Period from July 2012 to December 2012:

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 2012-13 fiscal year. They cover the period from July 1, 2012 through December 31, 2012.

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 has slightly exceeded the plan to date due to an extremely efficient and effective fundraising campaign, in which we made more money than in previous years despite the banners being up for a significantly shorter period of time, and in only five countries. Spending is below plan primarily due to hiring being slower than planned, which has resulted in lower-than-planned spending on salaries and wages, recruiting and other hiring costs, and travel. 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, 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 \$41.2 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 1,482,466 donors at an average donation of \$17.85 for a total of \$26,426,430. This accounts for the majority of our revenue for this statement and represents a 134% 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 in a shorter time?

Rigorous testing. This 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.

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. This income will continue to dwindle over time as agreements expire. That's 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 Wikimedia Foundation started 2012-13 with 112 staff, and the plan called for adding 55 additional staff to reach a total of 167 by December 31, 2012. Ten positions were removed from plan as part of the Board-approved Narrowing Focus strategy, which leaves us with 29 roles to fill before the end of the year. We do not believe we will meet this target by the end of the year. We attribute this to the fact that the market for engineers is extremely competitive in San Francisco right now. Also, we believe that when the plan was built, we were simply over-ambitious in terms of how many people we could reasonably expect to hire.

What will the 2013-14 annual plan for next fiscal year look like?

The 2013-14 plan will be guided by the Board-approved Narrowing Focus strategy, which calls for the Wikimedia Foundation to understand itself to be an organization that focuses on engineering and grantmaking. In 2013-14, therefore, we will continue to build our engineering and grantmaking capacity. You can expect increased investment in product and engineering, as well as some further investment in the FDC and a new commitment to program evaluation for the movement as a whole.

How will the plan be developed?

The development of the annual plan for 2013-14 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 2012-13, 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. Once approved, the plan will be published to the Wikimedia Foundation staff and community, on or near July 1.