Wikimedia Foundation
2010-11 Annual Plan

WIKIMEDIA
FOUNDATION

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   (i) Net Financial Position by Month

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CONTEXT AND BACKGROUND

Assumptions

Amounts for 2010-11, 2009-10 and 2008-09 reflect management reporting, not generally accepted accounting principles (GAAP). GAAP amounts are noted where they appear.

Management reporting reflects primarily cash-basis revenues and spending. As such it excludes non-cash items such as in-kind amounts and depreciation and includes total spending for capital items. Revenue projections and plan do not include ancillary revenue such as interest income, speaker fees, misc. income.

Restricted amounts do not appear in this plan. As per the Gift Policy, restricted gifts above 100K are approved on a case-by-case basis by the WMF Board.

2010-11 Plan: A New Era

This past year, Wikimedia successfully ran its first-ever strategic planning process. The strategy plan has been developed collaboratively on a public wiki over a period of nearly a year, with more than 900 participants working in 59 languages.

That now sets the stage for the Wikimedia Foundation to articulate and execute its agenda with new confidence. This annual plan represents Year One of the five-year strategic plan. It is sharply focused on advancing the Wikimedia mission, and the success of our fundraising means we can pursue that work unhampered by unhappy compromises.

This annual plan is markedly more ambitious than in previous years, and that ambition is justified by the quality of data and analysis and discussion that underpin the new strategy.

Strategy Plan: Goals

1) **Achieve strong, steady growth in readership.** *Measures: By 2015, increase reach to 680 million unique visitors globally; achieve 12% annual growth in Global South and 4% annual growth in Global North. Offline measures to come.*

2) **Build a healthier, more global community** *Measures: to come.*

3) **Increase the amount and quality of content by fostering the growth of smaller Wikipedias and making the quality of content more transparent.** *Measures: By 2015, 100 Wikipedia language versions will have more than 120K "significant articles." Other measures: to come.*

4) **Ensure the underlying project infrastructure is secure, stable, and sufficient to guarantee permanence of the projects and support future growth.** *Financial and site performance measures: to come.*

5) **Spark the creative capacity of the movement to innovate; engage in experimentation and create avenues for migrating high potential innovations into the roadmap.** *Measures: to come.*

Note: the strategy plan, including measures of success, will be finalized at the Fall 2010 board meeting.
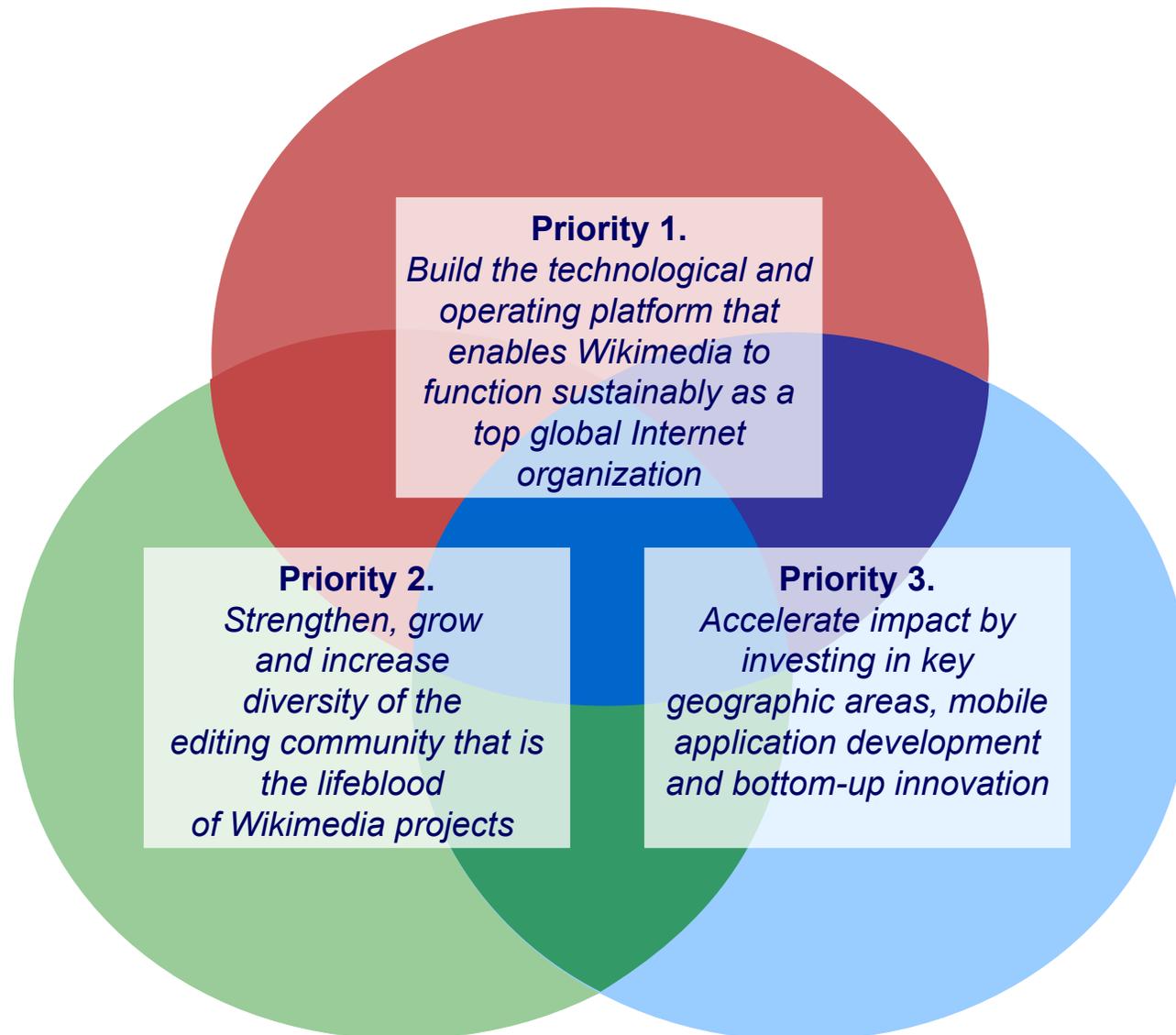
The strategic planning process identified three linked priorities as integral to the achievement of the goals.

In the 2010-11 plan, the majority of spending supports priority #1; remaining spending supports priorities #2 and #3.

Over the remaining years of the strategy plan, as priority #1 is achieved, more spending will be invested in priorities #2 and #3.

Strategy Plan: Priorities

Priority 1.
Build the technological and operating platform that enables Wikimedia to function sustainably as a top global Internet organization

Priority 2.
Strengthen, grow and increase diversity of the editing community that is the lifeblood of Wikimedia projects

Priority 3.
Accelerate impact by investing in key geographic areas, mobile application development and bottom-up innovation

This Time Last Year

This time last year, we had built a solid core infrastructure for the Wikimedia Foundation, and were turning our attention to expanding technology and programmatic capacity. Additionally, we were planning important initiatives including the launch of projects to create a five-year strategic plan and a core set of outreach materials, and the execution of a communications campaign.

Over the past year, we increased spending on bandwidth, equipment and tech staff, to support growing audiences, increase stability, and provide faster integration of MediaWiki extensions. We provided more than $300K in grants and scholarships to chapters and individuals.

We increased revenue by more than 100%, well over the 41% increase we had targeted in the plan. This resulted in Wikimedia being named Charity Navigator's #1 fastest-growing charity, as measured by revenue growth.

In 2010-11, the Wikimedia Foundation plans to increase revenue 28% to $20.4 million and to increase spending 134% to $20.4 million. The reserve is expected to stay at $13 million.

Our recent history shows that donations to the Wikimedia Foundation continue to rapidly increase, and we continue to exceed our targets. In 2008-09, the Wikimedia Foundation hired its first fundraising staff, and revenues exceeded target by 5%. In 2009-10, the investment in fundraising began to bear fruit, and revenues exceeded target by 50%. We believe there is lots of room to continue to grow.

Next Year

For the past several years, the Wikimedia Foundation has underspent its budget. We budget fairly conservatively, and there's inherent uncertainty in planning for a growing organization that doesn't have much history to draw upon. As we continue to evolve procedures and controls, we develop greater precision in our ability to plan and predict spending.

Due to the new C-level staff hired in 2009-10, we expect in 2010-11 to be able to achieve programmatic objectives more quickly and effectively than in past years. This will result in increased spending.

Having said that, the organization is still in rapid growth mode, and the C-level team is mostly new. It is possible that the Wikimedia Foundation will underspend relative to plan, in 2010-11.

Key 2010-11 Goals

1) *Ensure high site availability:* Our projects are vulnerable to primary data center failure. We will build out a second data center to enable safe failover in the case of disaster. We will also increase uptime by improving site monitoring, capacity planning and operations response.

2) *Invest in mobile/offline and user experience:* We will lay the foundations of a scalable, global strategy to deliver content on mobile devices and to people without connectivity, and we will continue improvements to the site user experience.

3) *Support strategic volunteer work:* We will increase and broaden our support of strategically aligned chapter and volunteer activities, such as quality improvement programs, editor recruitment programs, and other aligned activities. We will also launch new experimental support and affiliation programs.

4) *Bootstrap community programs in key geographies:* We will launch an on-the-ground team to recruit new editors and support editor self-organization in India, and lay the groundwork for similar experimentation in Brazil and the Middle East / North Africa.

Next Year

The Wikimedia Foundation will scale to support these goals by recruiting additional key staff; continuing to establish a healthy staff culture that is data-driven and supported by goal-setting and performance management processes; staging a fundraiser that raises USD 20.4 million; growing the financial and administrative department sufficient to support the work of the organization including an increased emphasis on working directly with volunteers, and supporting the ongoing evolution of the global Wikimedia movement, including the Board's Movement Roles II process.
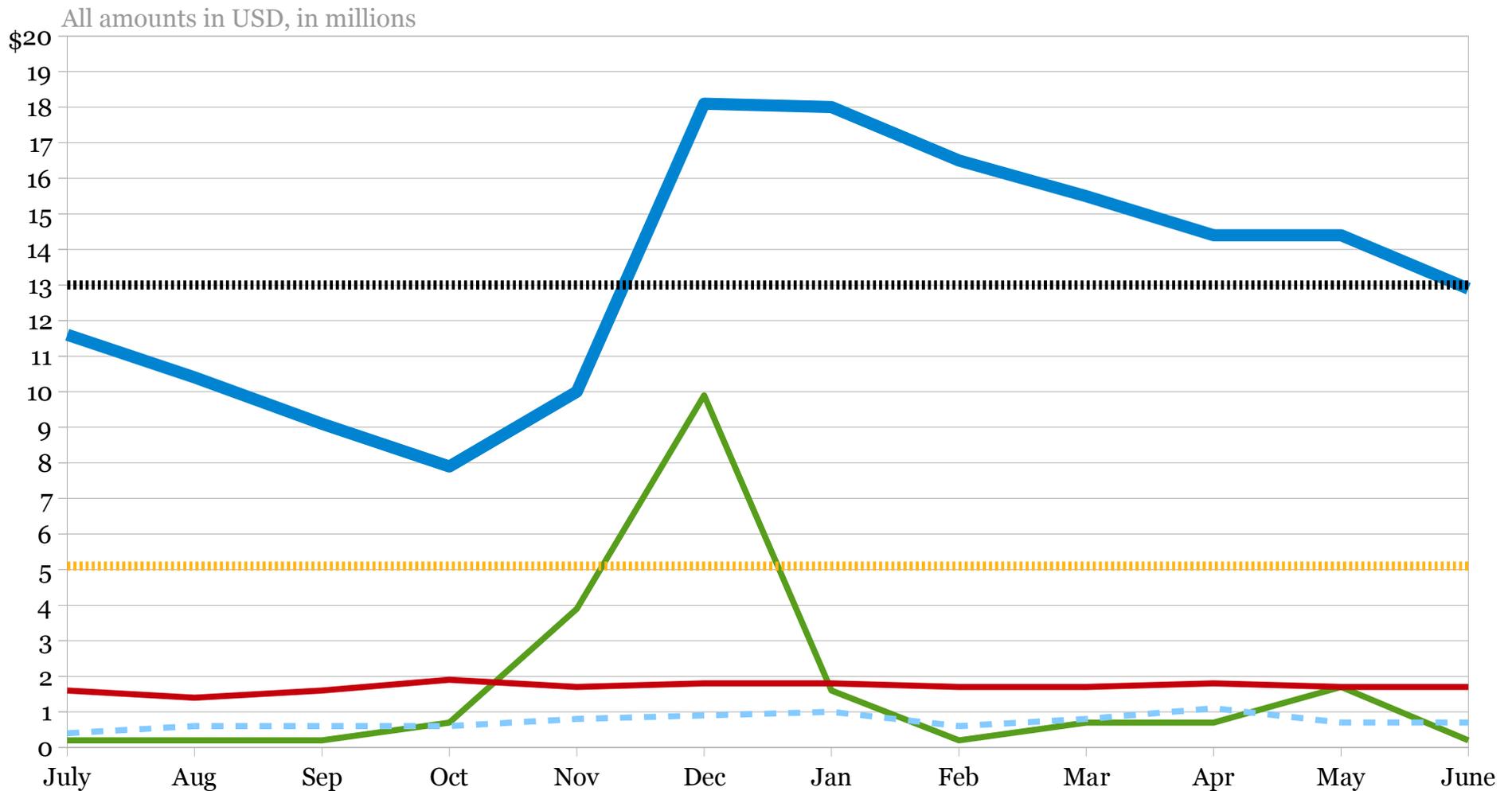
2010-11 PLAN OVERVIEW

2010-11 Revenue, Spending and Cash Position

Legend:
- 10-11 Mo. Revenue
- 10-11 Mo. Spending
- 09-10 Mo. Spending
- Cash At Month End
- Cash at July 1, 2010
- Three Months Expenses
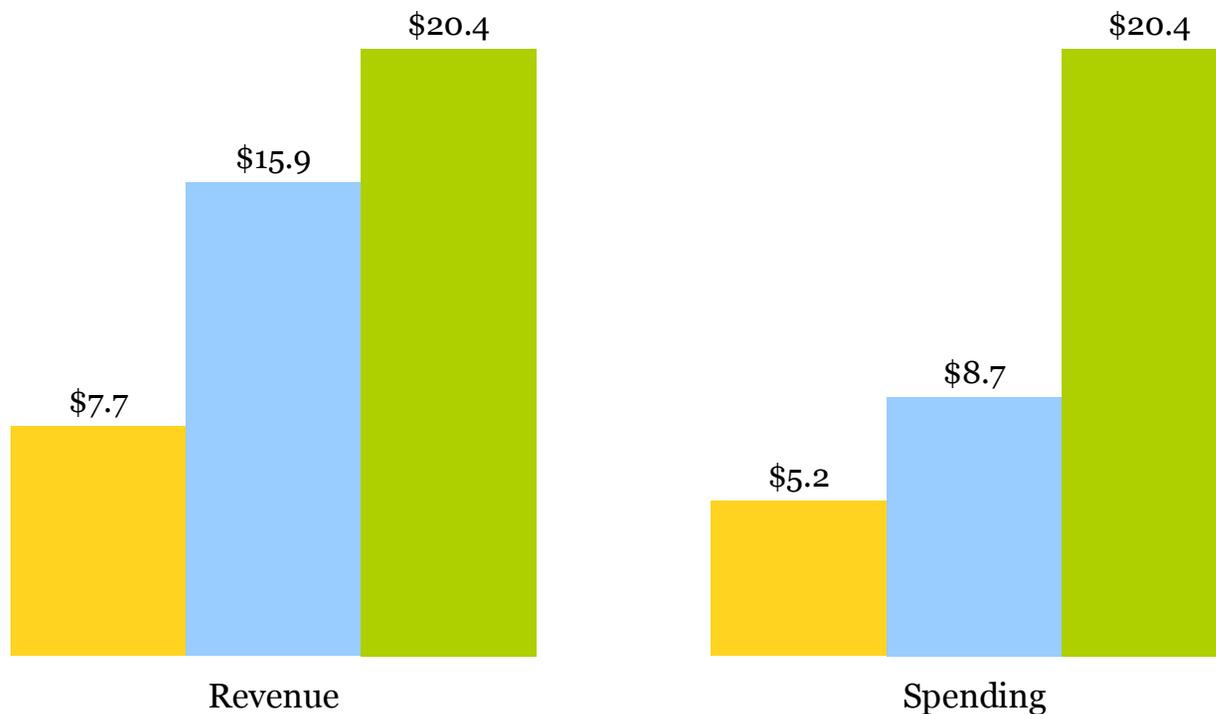
All amounts in USD, in millions

2010-11 Revenue and Spending Compared with 2009-10 Projections and 2008-09 Actuals

All amounts in USD, in millions

■ 2008-09 Actuals   ■ 2009-10 Projections   ■ 2010-11 Plan

Revenue and spending reflect unrestricted funds only and exclude restricted grants such as the usability initiative and public policy grants.

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Actual and Projected Revenue Compared with Planned Revenue 2009-10 and 2008-09

All amounts in USD, in millions

■ Planned Revenue   ■ Actual/Projected Revenue

$15.9

$10.6

$7.3 $7.7

2008-09

2009-10

All amounts in USD, in millions

$20.4

$20.4
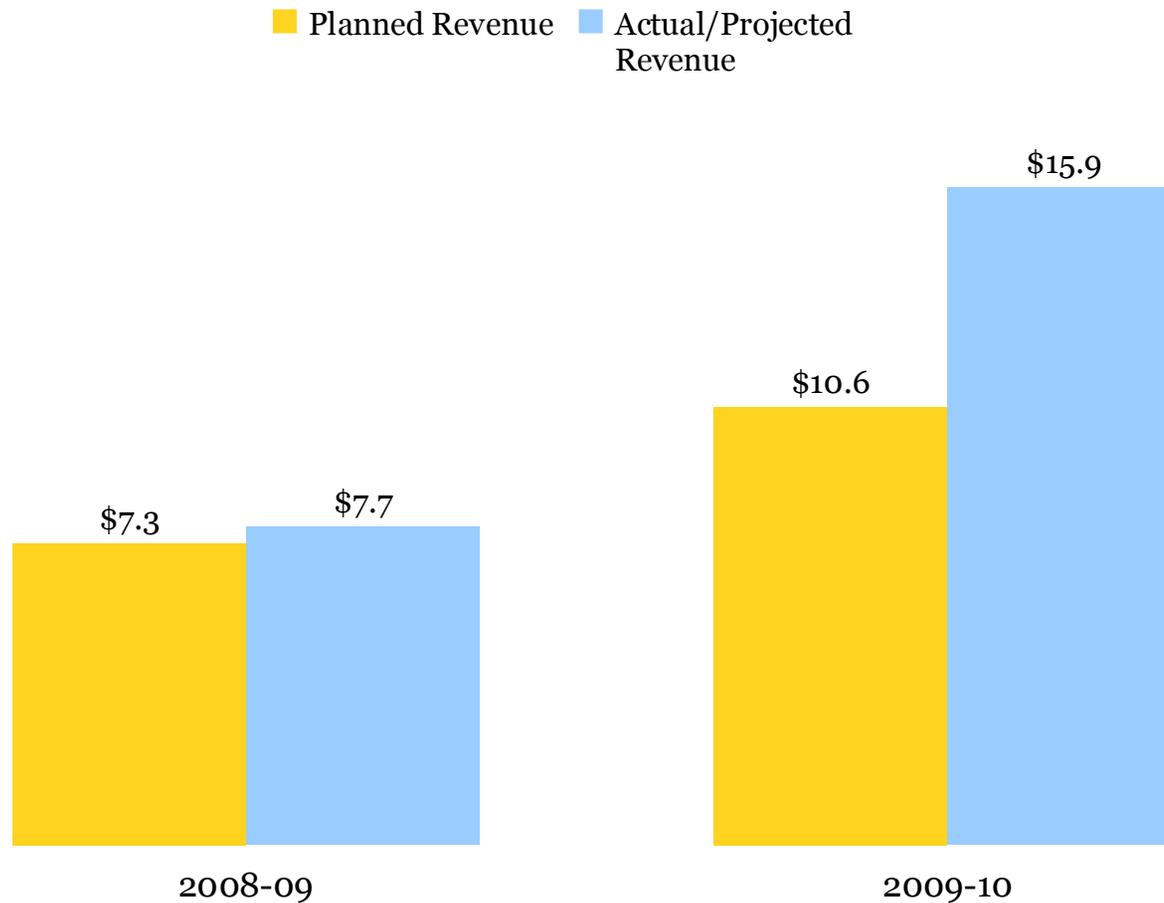
- 2010-11 Planned Revenue
- 2010-11 Planned Spending
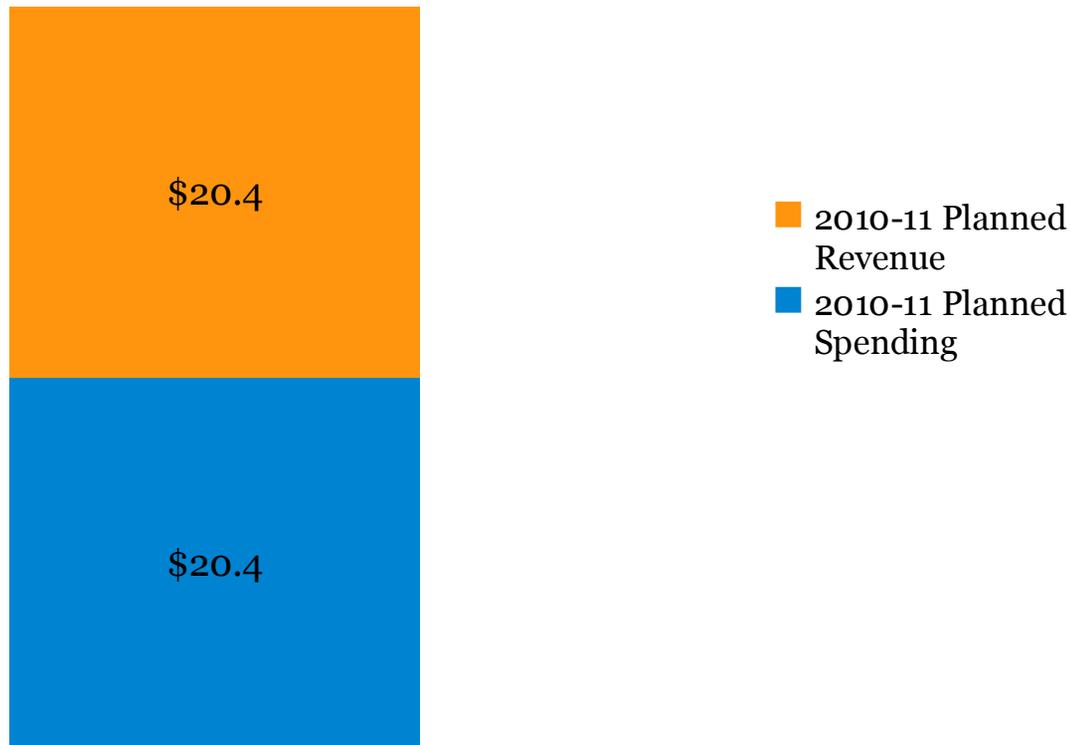
The Wikimedia Foundation's fiscal year 2010-11 is July 1, 2010 to June 30, 2011.
Amounts do not reflect restricted gifts.

All amounts in USD, in thousands

	2009-10				2010-11			
	Plan	Projections	Variance $	Variance %	(1)	Plan	Variance $ (a)	Variance %	(2)
Salaries, wages and recruiting	$3,453	$3,145	($308)	-9%		$8,972	$5,827	185%	(aa)
Internet hosting	1,095	1,032	(63)	-6%		1,837	805	78%	(bb)
Capital expenditures	1,024	960	(64)	-6%		3,270	2,310	241%	(cc)
Fundraising exps	233	335	102	44%	(a)	483	148	44%	(dd)
External contractors	1,877	1,843	(34)	-2%		2,274	431	23%	(ee)
Travel	424	380	(44)	-10%	(b)	864	484	127%	(ff)
Wikimania Travel	43	26	(17)	-40%	(c)	134	108	415%	(gg)
Legal	130	155	25	19%	(d)	155	-	0%	
Facilities and operations	690	547	(143)	-21%	(e)	1,273	726	133%	(hh)
Staff & volunteer development	180	163	(17)	-9%		813	650	399%	(ii)
Awards and grants	95	114	19	20%	(f)	325	211	185%	(jj)
TOTAL	$9,244 (3)	$8,700	($544)	-6%		$20,400	$11,700	134%	

(1) Variance of 2009-10 projections against 2009-10 plan; (2) Variance of 2010-11 plan against 2009-10 projections. See next page for variance comments. (3) Original plan shows $9.4MM for $200K Wikimania grant. For projections this amount is netted against revenue so it is removed from planned spending to be comparable.

Variance Comments

2009-10 Spending (Projected) Compared with 2009-10 Plan and with 2010-11 Plan

2009-10 Projections vs. 2009-10 Plan – Summary: Spending in 2009-10 was $544K (6%) below plan.
(a) Donations exceeded plan, and fundraising fees (primarily Paypal and credit card fees) fluctuate with donations.
(b) Travel costs were lower than anticipated in several areas, particularly Board, ED/DD and Fundraising.
(c) Travel costs to Buenos Aires for Wikimania were lower than anticipated; $1K average airfare and hotel less than $100/night.
(d) Legal fees were slightly higher than anticipated; due to the nature of this expense, $25K variance is reasonable.
(e) Spending on facilities and operations was lower than anticipated due to less spending than anticipated on software, books and supplies, as well as lower than budgeted property insurance.
(f) Because full-year spending was below plan, we were able to spend more on awards and grants than originally budgeted.
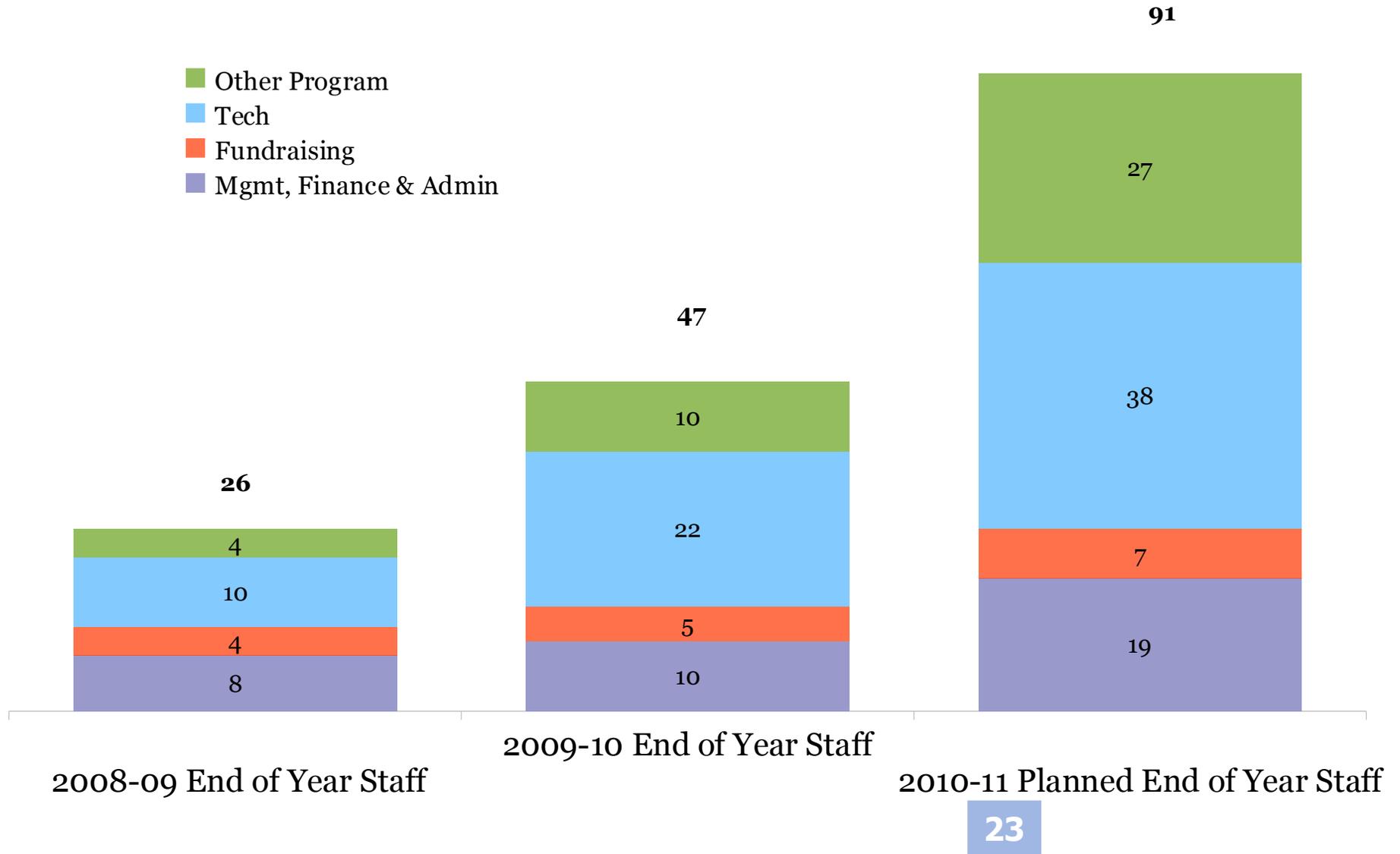
2010-11 Plan vs. 2009-10 Projections – Summary: Spending in 2010-11 follows the priorities of the strategic plan; building the technological and operating platform to sustain Wikimedia as a top global Internet organization, strengthening and growing the editing community, and investing in key geographic areas and mobile application/development.
(aa) Annualizing the end-of-year staffing costs, including a 5% projected average salary increase, would result in an increase of $2.7MM over 2009-10 staffing costs, bringing total salaries, wages and benefits to $5.8MM. An additional increase of $3.1MM for 44 new positions brings total salaries, wages and recruiting to $8.9MM; for details see Planned New Hires chart in the Appendix
(bb) Increased capacity to support anticipated audience growth and to support second data center.
(cc) Represents $2.5MM related to build out of second data center; otherwise, capex is fairly flat.
(dd) Fees fluctuate with donations.
(ee) Increase reflects contractors for research and planning supporting C-level staff with initiatives such as mobile/offline solutions, boots-on-the-ground, 10th anniversary activities, etc. Also, funding for consultants for the Board's Movement Roles II project.
(ff) The strategic plan calls for focus on the Global South and increased support for volunteer convenings; this increase anticipates increased travel to Global South countries and increased travel support for volunteer convenings. Travel costs will also increase proportionate with growth of the Board and staff.
(gg) All new staff attend Wikimania at least once. This increase represents significantly higher attendance at Wikimania due to new staff and board members, as well as higher per-person costs for Gdansk relative to Buenos Aires.
(hh) Increase represents $350K related to annualized office rent and additional rent and property insurance to support increased staff, $160K related to computer equipment for new staff and replacement equipment for some existing staff, and $200K for increase in office supplies, books, printing and telephone costs.
(ii) Reflects staff growth as well as significantly increased allocation for volunteer development.
(jj) The strategy plan calls for an increased allocation for awards and grants supporting volunteer quality improvement and new editor outreach activities.

Staffing by Functional Area

Please note the 100,000+ active Wikimedia volunteers are not reflected here. This chart includes only paid staff.

Legend:
- Other Program
- Tech
- Fundraising
- Mgmt, Finance & Admin

2008-09 End of Year Staff — 26
- Other Program: 4
- Tech: 10
- Fundraising: 4
- Mgmt, Finance & Admin: 8

2009-10 End of Year Staff — 47
- Other Program: 10
- Tech: 22
- Fundraising: 5
- Mgmt, Finance & Admin: 10

2010-11 Planned End of Year Staff — 91
- Other Program: 27
- Tech: 38
- Fundraising: 7
- Mgmt, Finance & Admin: 19

Spending by Functional Area

2009-10
Spending by Functional Area

Total $8.7

- $0.1 / 1%
- $2.3 / 26%
- $3.3 / 38%
- $0.8 / 9%
- $2.2 / 25%
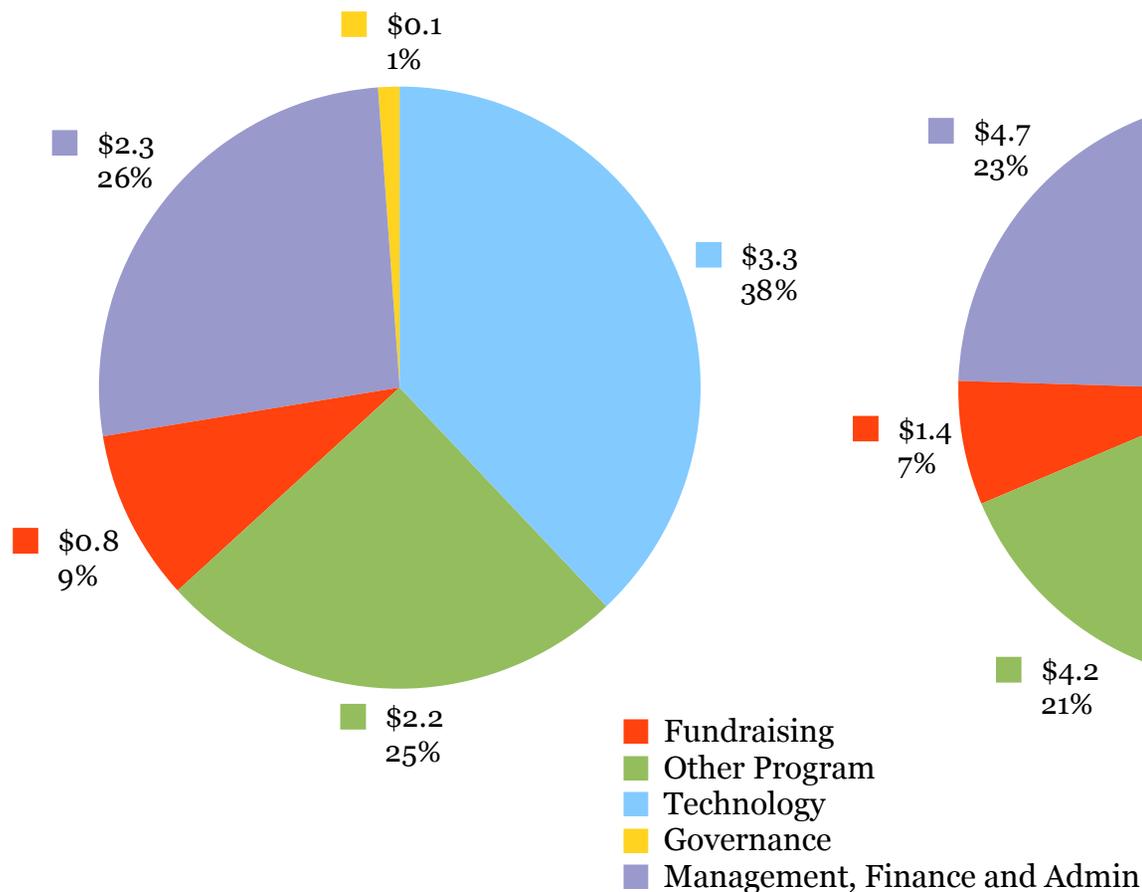
2010-11
Spending by Functional Area

Total $20.4

- $0.3 / 1%
- $4.7 / 23%
- $9.8 / 48%
- $1.4 / 7%
- $4.2 / 21%

Legend:
- Fundraising
- Other Program
- Technology
- Governance
- Management, Finance and Admin
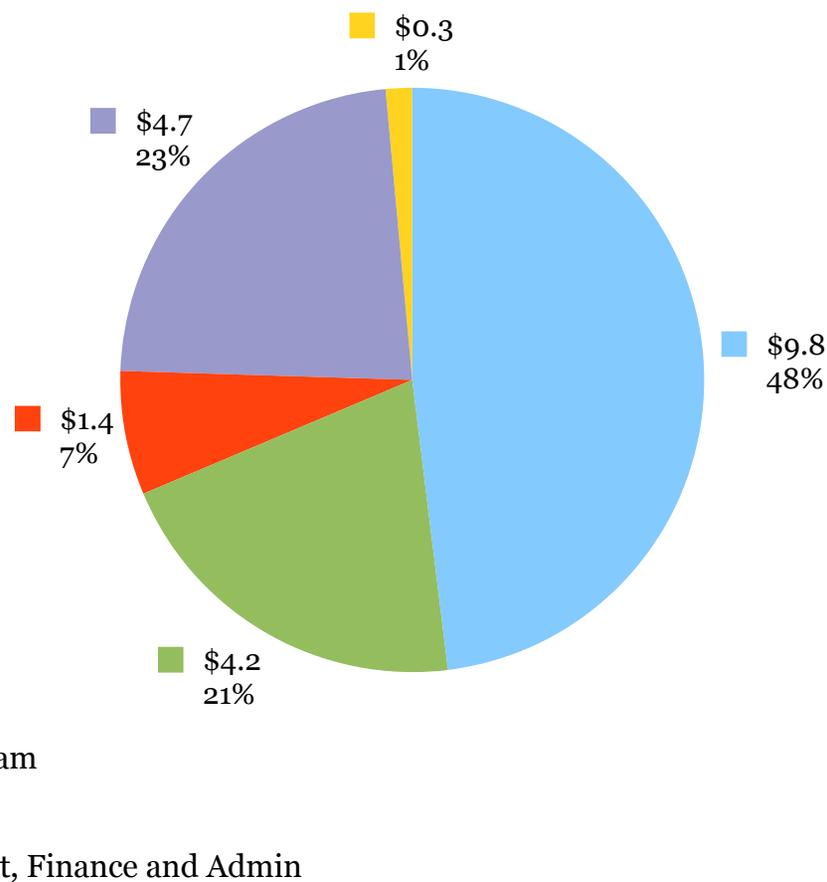
All amounts in USD in millions, and as a percentage of the whole

BOARD RESOLUTION

RESOLUTION

RESOLVED, that the Board of Trustees hereby approves management's proposed 2010-11 annual plan of $20.4 million of spending and $20.4 million of revenues with the annual reserve remaining at $13.0 million at the end of 2010-11. These amounts do not include restricted gifts to fund additional project work such as the Public Policy grant.

If, during the year, management anticipates the annual reserve at each quarter-end will differ materially from the plan, 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

All amounts in USD, in millions

2010-11	Q1 (July-Sept)	Q2 (Oct.-Dec.)	Q3 (Jan.-March)	Q4 (April-June)	Total
Cash Revenues	$0.6	$14.5	$2.7	$2.6	$20.4
Cash Spending	4.5	5.5	5.2	5.2	20.4
NET	**$(3.9)**	**$9.0**	**$(2.5)**	**$(2.6)**	**($0.0)**
CASH RESERVE BALANCE	**$9.1**	**$18.1**	**$15.6**	**$13.0**	**$13.0**

APPENDIX

APPENDIX: TOP SPENDING INCREASES

This chart includes all increases and new spending above $150K.

1. **Tech operations**: will fund an additional data center, increased bandwidth for all data centers and five new operations positions. +$3.8

2. **Other tech staffing and stakeholder database**: will fund an additional 10 new tech positions including a QA engineer and community liason, annualization of existing tech salaries as well as development of a database to track relationships with all stakeholders including readers, editors, donors, other volunteers, etc. +$2.6

3. **Additional office space and support staff:** will fund the lease and furniture for additional office space, as well as nine new support positions. +$1.3

4. **Community outreach and volunteer convenings:** will fund travel and other expenses for volunteer convenings as well as seven new positions including a translations coordinator. +$1.1

5. **Chapters development:** will fund a consultant related to Movement Roles II, an increase in spending for grants to chapters and individuals, and three new staff positions related to chapters' support. +$0.4

All amounts in USD in millions

This chart includes all increases and new spending above $150K.

6. **Mobile planning:** will fund research and development of plans related to mobile technologies and mobile usage. +$0.3

7. **Communications: swag and 10th anniversary**: will fund swag development, production and dissemination, as well as support for 10th anniversary activities. +$0.3

8. **Geographic investments:** includes boots-on-the-ground staff for India, and preparations for future experimentation in Brazil and the Middle East/North Africa +$0.3

9. **Other global development and analysis:** will include annual reader survey and three staff positions related to global development and research and analysis. +$0.3

10. **Fundraising investments:** includes contract services and additional staff to support achieving increased fundraising targets +$0.2

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APPENDIX: RISKS

1) **Revenue targets are not met, posing financial risk**. *Response: The target calls for a 28% increase, representing significantly slower growth than the 106% increase we achieved last year. We believe the targeted growth in donations is attainable: as noted earlier in this plan, Charity Navigator has identified the Wikimedia Foundation as America's fastest-growing charity, as measured by growth in donations. We track spending and revenues on a monthly basis, and the board will be immediately notified if reserves vary materially from the plan at the close of any quarter. If necessary, we will curtail spending at the conclusion of the annual campaign.*

2) **Ambitious plan impossible to execute due to the newness of many senior staff and the aggressive hiring targets.** *Response: The majority of new spending takes place in technology, and the technology team has spent the past five months planning for 2010-11. Spending in other programmatic areas has been planned via the strategy project, and is staged to begin somewhat later in the year relative to the technology spending, to accommodate orientation of new C-level staff in those areas. Nonetheless, it is possible that we will be unable to effectively execute our ambitious 2010-11 plans. If we are falling behind plan, we will bias towards spending less, effectively and well, rather than spending in haste to meet the plan. In particular, we will focus on hiring well rather than quickly.*

3) The strategy plan is unacceptable to Wikimedia volunteers.

Response: Great care was taken to ensure the Wikimedia community was central to the development of the strategic plan. More than 900 Wikimedia community members participated in the project on-wiki, and dozens of others participated in face-to-face meetings. We believe the strategic plan successfully reflects the views of the many people who participated in its development.

4) The Wikimedia Foundation can't focus on strategy execution, due to distraction from external events. *Response: The strategy project successfully brought together 900+ Wikimedia community members, staff members and experts, advisers and onlookers, to develop a coherent strategy for the Wikimedia movement. Now that the strategy has been developed, it would be a shame to lose focus. All Wikimedia staff have been oriented to the new strategy (and many participated in its development): as much as possible in the coming year, we will maintain focus, and outsource essential non-strategy-related work. If significant deviation from the plan is required, the Executive Director will consult with the Board beforehand.*
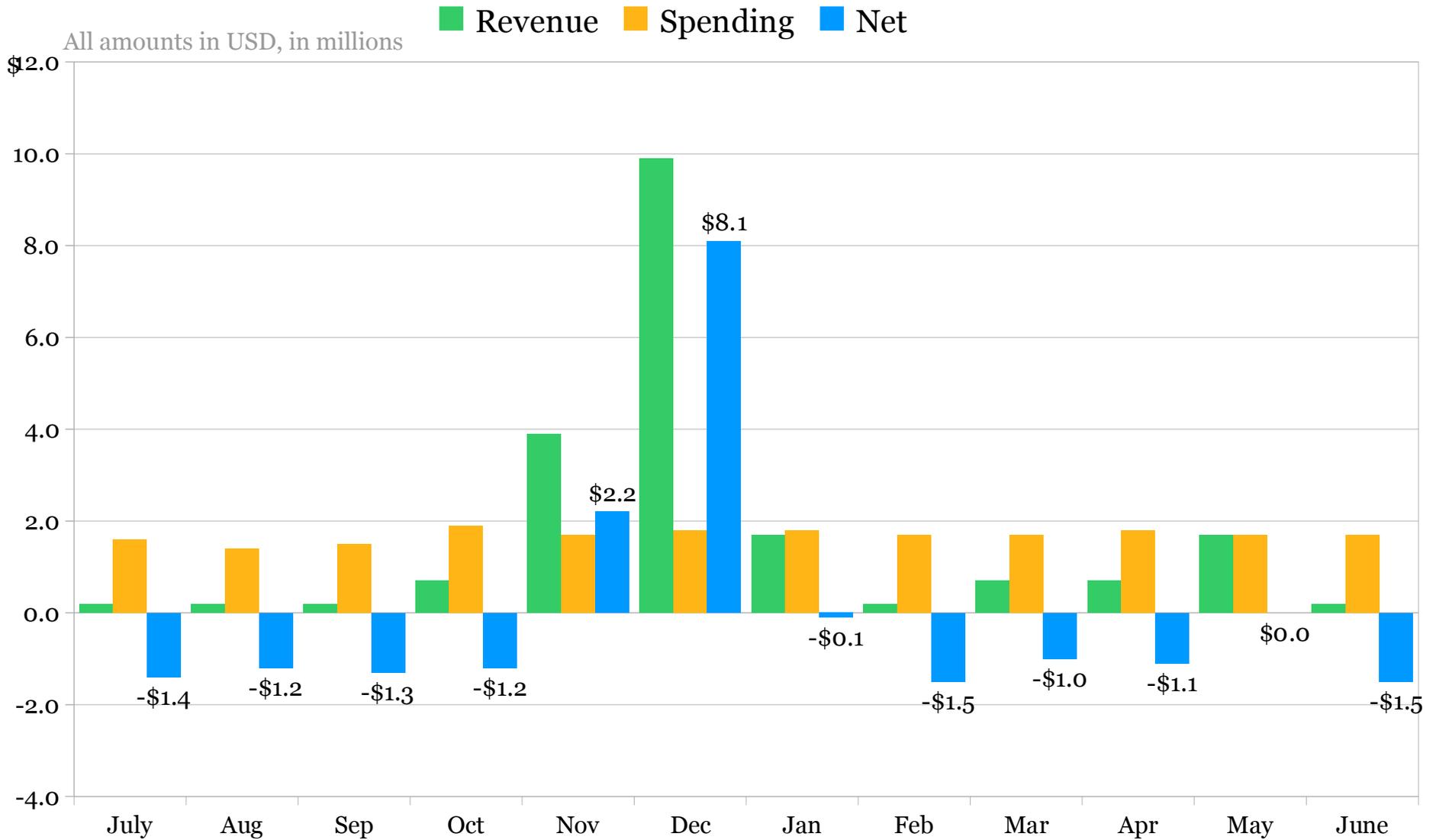
5) Participation in the projects begins to rapidly decline. *Response: This is unlikely: participation rates in the most mature Wikipedia language versions have been flat for several years, and are not declining. Nonetheless, the Wikimedia Foundation takes seriously its responsibility to support the health of the Wikimedia community. Significant increases to usability were made in 2009-10, and outreach materials were developed. In 2010-11, usability and outreach initiatives will continue, and many new activities will launch, as per the strategic plan.*

6) The Wikimedia movement fails to evolve structurally. *Response: In order for the Wikimedia movement to be effective, it needs to make progress towards developing appropriate organizational structures. In 2010-11, the Wikimedia Foundation Board of Trustees has named "movement roles" as a Board priority: the staff will support this work as required.*

7) Scandal damages the Wikimedia movement. *Response: In part, this risk cannot be mitigated: as an open project founded in the idea of participation-by-anyone, Wikipedia is inherently vulnerable. That being said, the Wikimedia Foundation has taken steps to provide buffer against scandal: it's advised by an excellent PR company, and its fundraising strategy is designed to be robust.*

APPENDIX: NET FINANCIAL POSITION

Net Financial Position By Month

All amounts in USD, in millions

Legend: ■ Revenue ■ Spending ■ Net

Month	Net
July	-$1.4
Aug	-$1.2
Sep	-$1.3
Oct	-$1.2
Nov	$2.2
Dec	$8.1
Jan	-$0.1
Feb	-$1.5
Mar	-$1.0
Apr	-$1.1
May	$0.0
June	-$1.5

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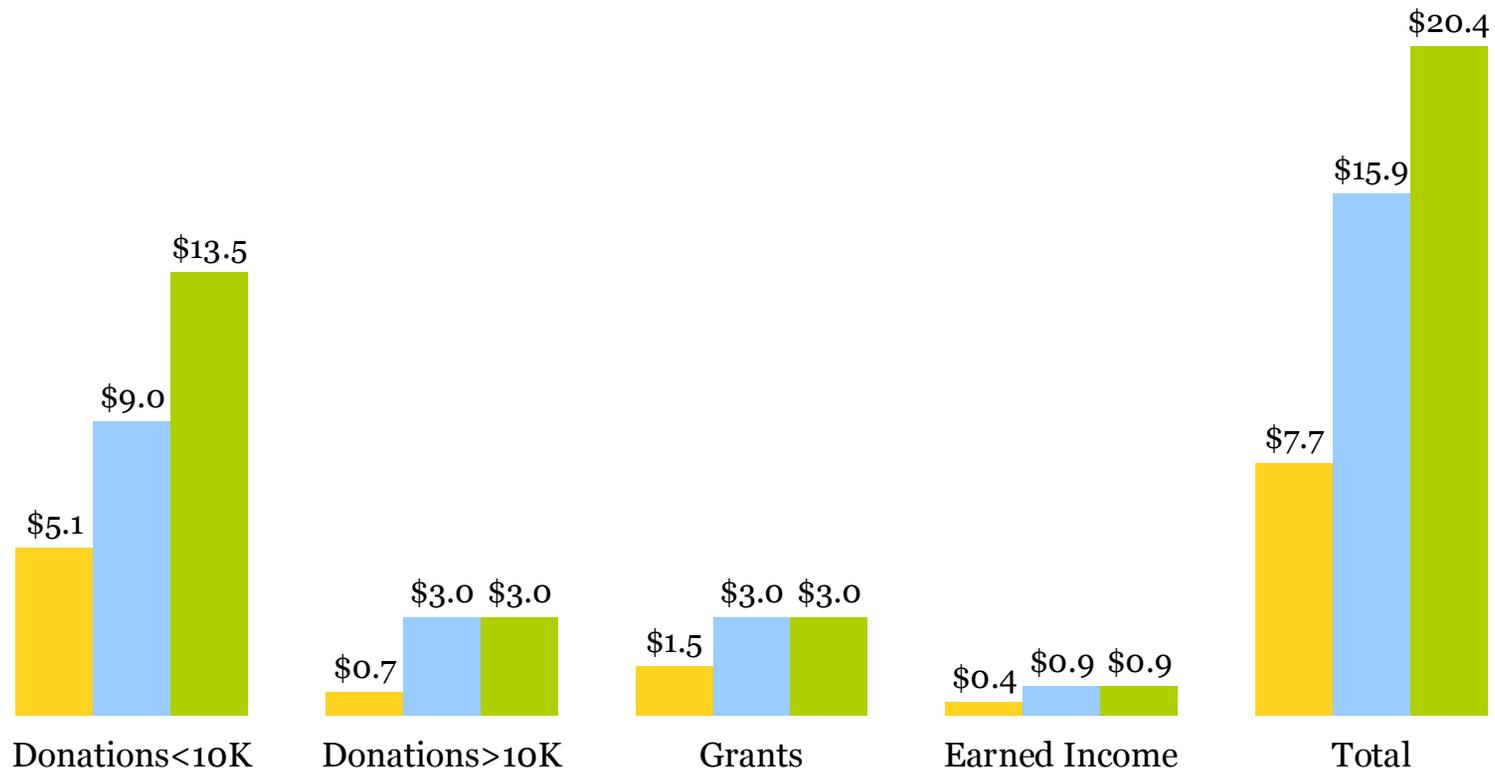# APPENDIX: ADDITIONAL REVENUE SCHEDULES

2010-11 Revenues Compared with 2009-10 Projections and 2008-09 Actuals

(Totals, Overlay View, Includes Source)

All amounts in USD, in millions

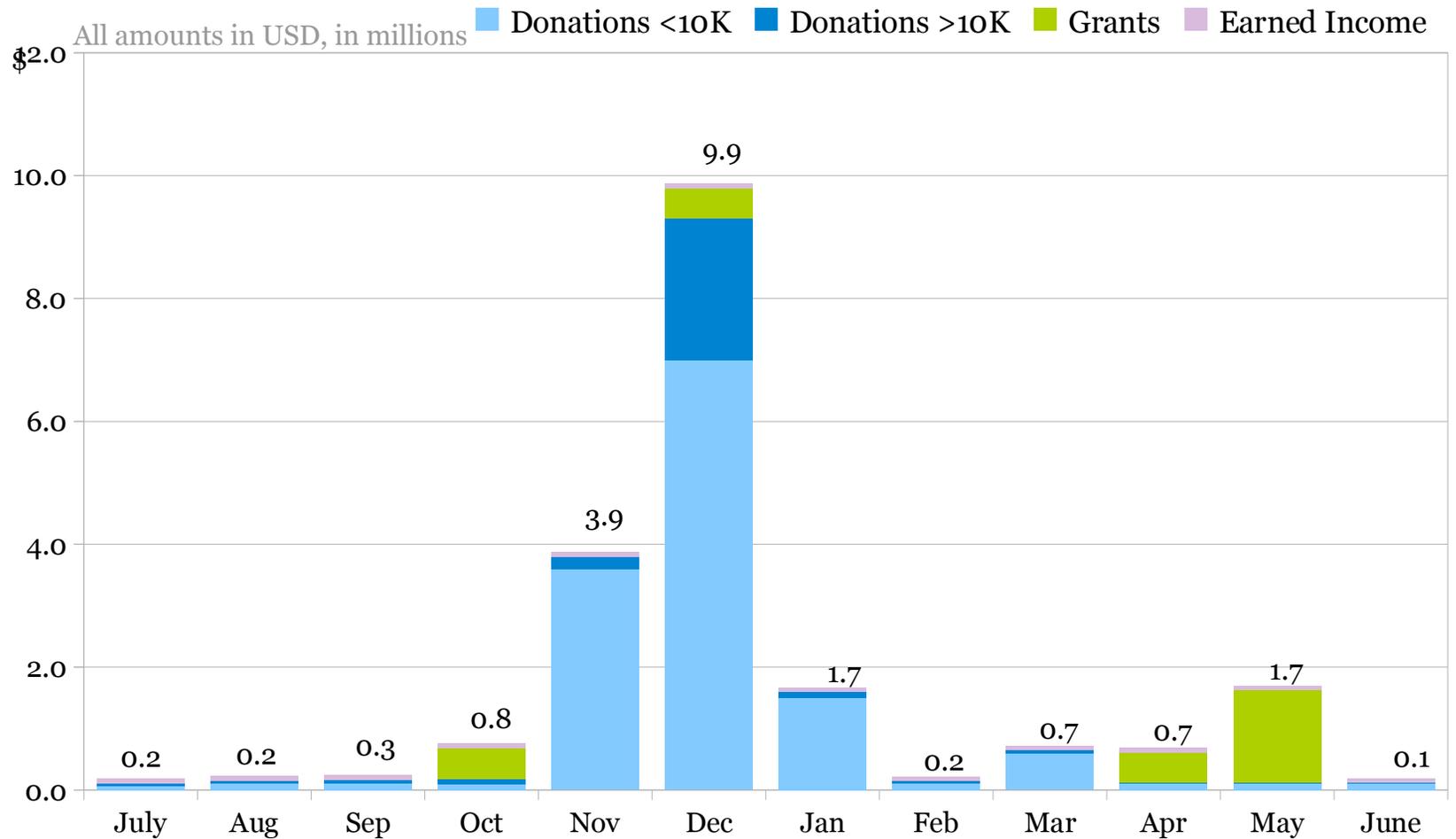■ 2008-09 Actuals   ■ 2009-10 Projections   ■ 2010-11 Plan

Donations<10K: $5.1, $9.0, $13.5
Donations>10K: $0.7, $3.0, $3.0
Grants: $1.5, $3.0, $3.0
Earned Income: $0.4, $0.9, $0.9
Total: $7.7, $15.9, $20.4

Targets are for unrestricted revenue only. The Wikimedia Foundation does not set revenue targets for restricted gifts.

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2010-11 Revenue Plan
(By Month, Includes Source)

All amounts in USD, in millions

Legend: Donations <10K | Donations >10K | Grants | Earned Income

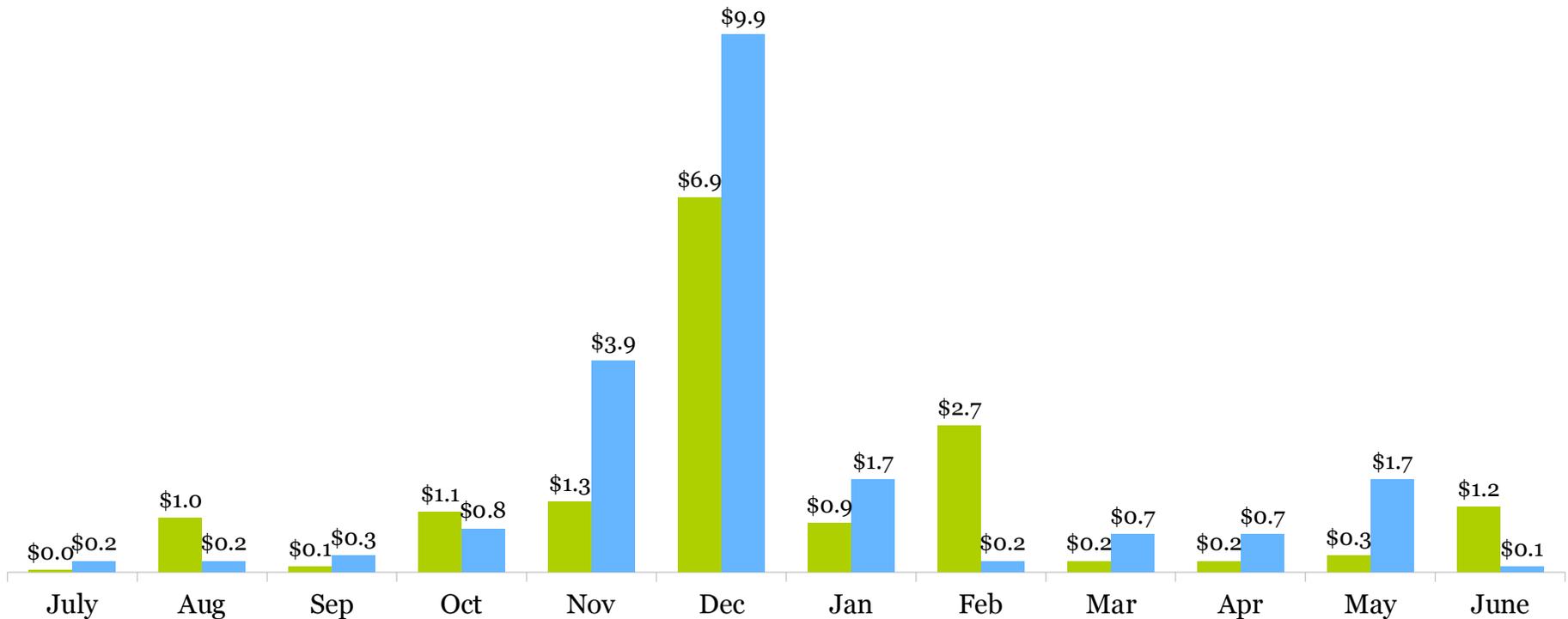| Month	Value
July	0.2
Aug	0.2
Sep	0.3
Oct	0.8
Nov	3.9
Dec	9.9
Jan	1.7
Feb	0.2
Mar	0.7
Apr	0.7
May	1.7
June	0.1

Targets are for unrestricted revenue only. The Wikimedia Foundation does not set revenue targets for restricted gifts.

2010-11 Revenues Compared with 2009-10 Projections

(By Month, Overlay View, Totals Only)

■ 2009-10 Projections   ■ 2010-11 Targets

Month	2009-10 Projections	2010-11 Targets
July	$0.0	$0.2
Aug	$1.0	$0.2
Sep	$0.1	$0.3
Oct	$1.1	$0.8
Nov	$1.3	$3.9
Dec	$6.9	$9.9
Jan	$0.9	$1.7
Feb	$2.7	$0.2
Mar	$0.2	$0.7
Apr	$0.2	$0.7
May	$0.3	$1.7
June	$1.2	$0.1

Targets are for unrestricted revenue only. The Wikimedia Foundation does not set revenue targets for restricted gifts.

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2010-11 Revenues Compared with 2009-10 Projections

(By Month, Side-by-Side View, Includes Source)

■ Donations < 10K   ■ Donations >10K   ■ Grants   ■ Earned Income
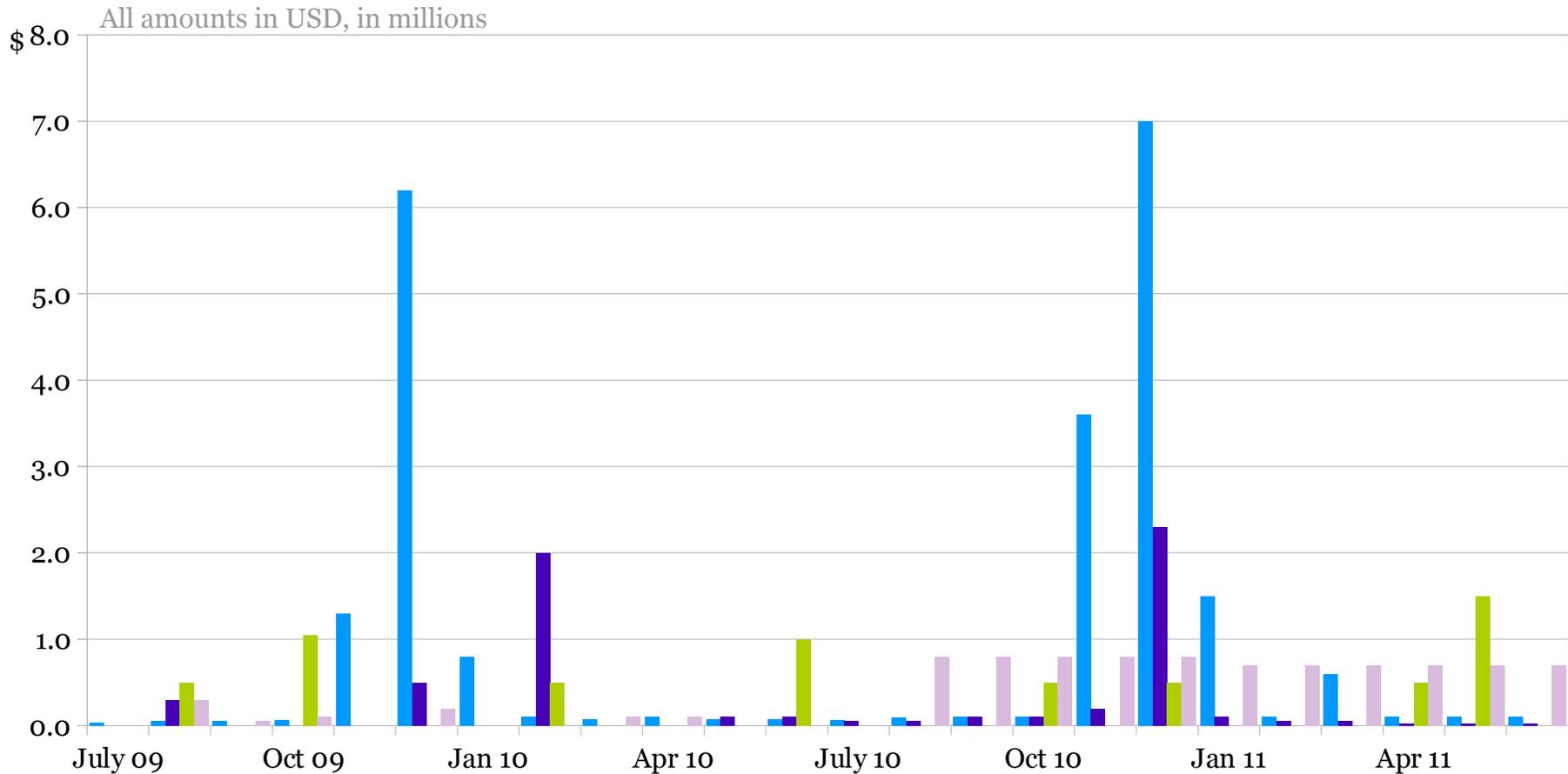
All amounts in USD, in millions

Targets are for unrestricted revenue only. The Wikimedia Foundation does not set revenue targets for restricted gifts.

APPENDIX: ADDITIONAL SPENDING SCHEDULES

2010-11 Spending by Type

All amounts in USD, in thousands

Salaries and wages	$8,972	*Salaries, wages, benefits and recruiting*
Internet hosting	1,837	*Existing data centers in Tampa and the Netherlands plus additional data center ,including bandwid*
Capital expenditures	3,270	*Buildout of additional data center and equipment to support audience growth and new functionality*
Fundraising fees & Spending	483	*Donation processing fees, charitable registrations*
External contractors	2,274	*Technical contractors, writing and design support, recruiters, fundraising support*
Travel	864	*Travel for staff, Board, Advisory Board and volunteers*
Travel-Wikimania	134	*Travel for staff, Board, Advisory Board and volunteers for Wikimania*
Legal	155	*Legal fees including trademark registrations and legal defense fees*
Facilities and operations	1,273	*Office rent, furniture and equipment, supplies and maintenance*
Staff and volunteer development	813	*Staff and volunteer meetings, conferences, training, workshops*
Awards and grants	325	*New allocation for awards and grants supporting volunteer initiatives*
TOTAL	**$20,400**	

Planned New Hires 2010-11

5 = Tech (2), Community (1), Fundraising (1), Admin (1))

5 = Tech (1), Admin (4)

9 = Tech (3), Product (1), Community (1), Global (1), Fundraising (1), Admin (2)

6 = Tech (5), Community (1),

3 = Global (2), Admin (1)

1 = Admin (1)

4 = Tech (1), Global (3),

6 = Tech (2), Community (2), Global (2)

2 = Community (2)

2 = Tech (1), Global (1)

1 = Global (1)

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June

#48. Accountant
#49. Data center engineer
#50. Network engineer/Sys admin
#51. Chapters relations & techinical assistance
#52. Translation coordinator

#53. C-level assistant 1
#54. C-level assistant 2
#55. C-level assistant 3
#56. Office assistant
#57. Database administrator

#58. Asst. To Office of ED/DD
#59. Travel manager
#60. Senior research analyst
#61. Product manager/EPM features #1
#62. Product manager/EPM features #2
#63. Bugmeister
#64. Development associate
#65. Email communications writer
#66. Global development associate

#67. Analytics impl. engineer
#68. API engineer
#69. QA engineer
#70. Developer-port-mobile
#71. Director of Operations
#72. TBD-Community #1

Jul	Aug	Sep	Oct

Planned New Hires 2010-11 (Nov-June)

#73. Budget analyst
#74. Head of chapter development
#75. Head of global community research

#76. Business affairs manager

#77. Software engineer RTE
#78. Global grantmaker
#79. India BOTG lead
#80. Global research analyst

#81. Tech community liason
#82. EMP TBD
#83. TBD-Community #2
#84. TBD-Community #3
#85. Studio manager
#86. PM Marketing (online store)

#87. TBD-Community #4
#88. TBD-Community #5

#89. Performance engineer
#90. Chapter development officer

#91. India BOTG team member

Nov	Dec	Jan	Feb	Mar	Apr	May	Jun

Restricted Spending and Unrestricted Spending 2009-10 and 2010-11

All amounts in USD, in millions

■ Restricted Spending   ■ Unrestricted Spend-ing

|	2009-10	2010-11
Restricted Spending	$0.8	$1.2
Unrestricted Spending	$8.7	$20.4
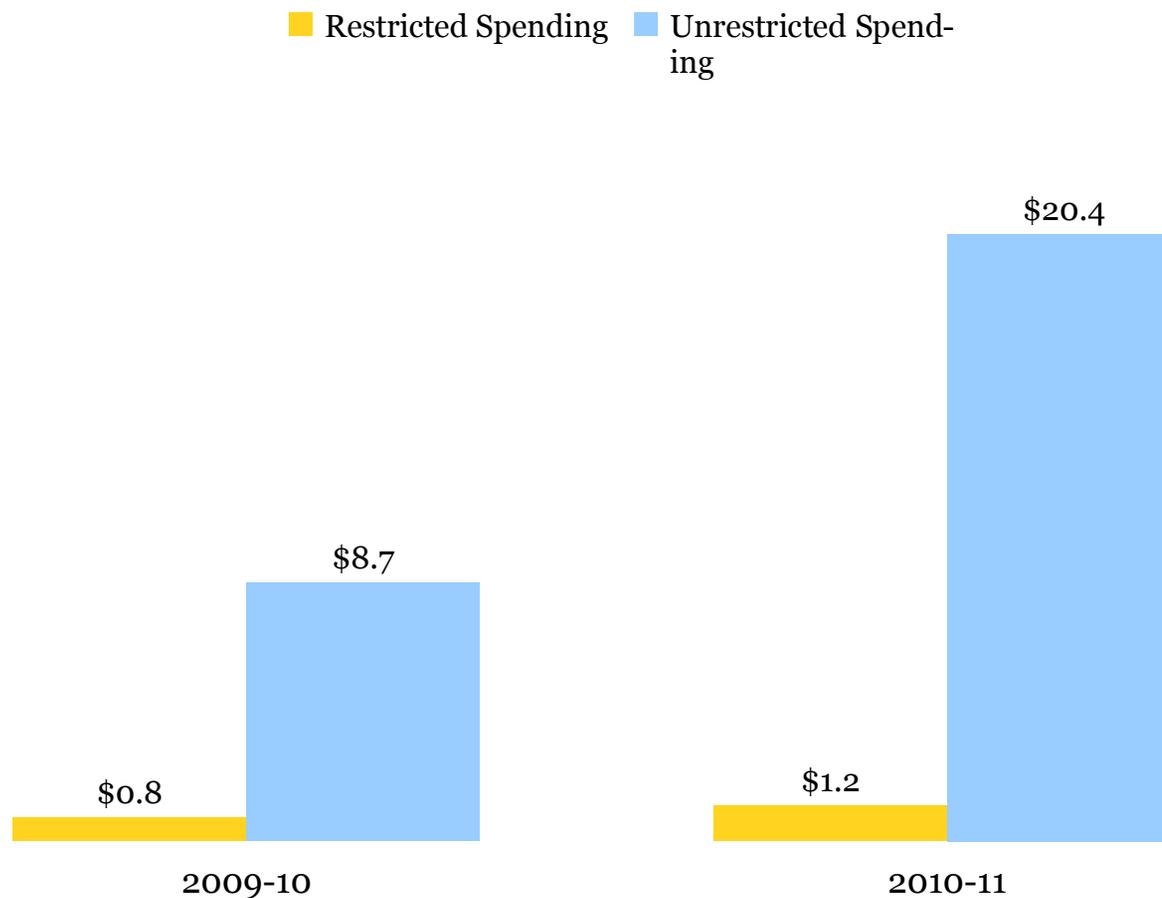
Restricted spending in 2009-10 includes a portion of the following special projects: usability initiative, multimedia project, Theora development work. It also includes the public policy initiative and scholarships. In 2010-11 , restricted spending is the public policy grant.

Spending and Increase in Cash Reserve Over Time

All amounts in USD, in millions

■ Cash Spending   ■ Increase in Cash
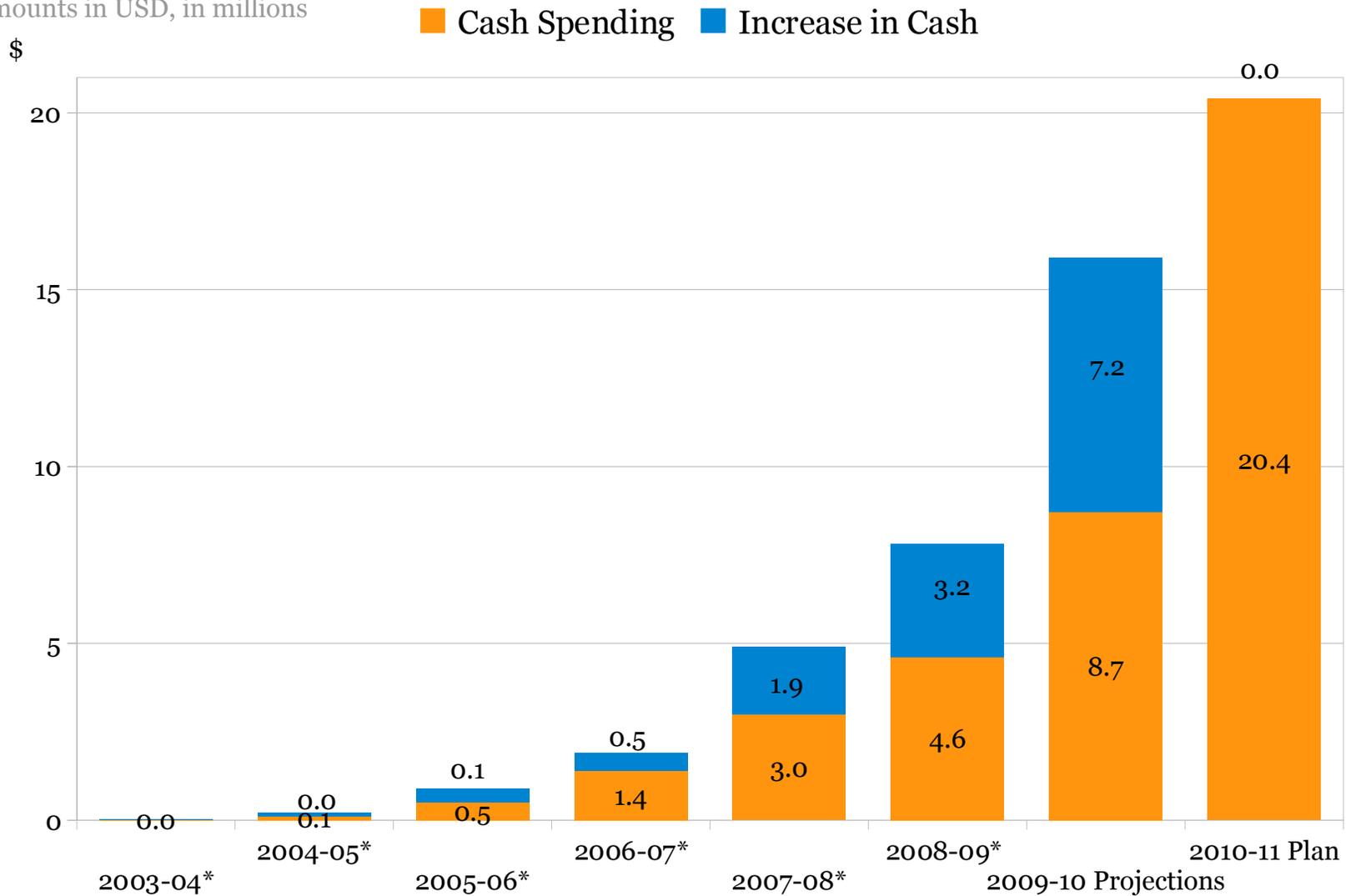
Increase in Cash = total dollar amount by which cash revenues exceeded cash spending in a given year.
* Expenses represent expenses per audited GAAP financials less in-kind expenses and depreciation. Increase in cash is per audited GAAP financials.