



Annual Report of the Wikimedia Foundation, Inc.

Summary audited financial statements for Fiscal Years 2004, 2005, and 2006

Table of Contents

Table of Contents

Annual Report of the Wikimedia Foundation, Inc.	1
Table of Contents.....	2
Message from Jimmy Wales	3
Message from Florence Devouard, Chair, Wikimedia Foundation Board	4
Executive Director’s Report	5
My, how you’ve grown!	5
Where support comes from.....	8
How it is spent.....	8
Financial Statements.....	11
Income Statements.....	Error! Bookmark not defined.
Functional Expense Allocation	Error! Bookmark not defined.
Board of Trustees and Staff of the Wikimedia Foundation	12

This document is available at the Wikimedia Foundation website at the permanent link:

<http://www.wikimediafoundation.org/>

About the cover: http://commons.wikimedia.org/wiki/Image:Crops_Kansas_AST_20010624.jpg

This is an image of the effects of central pivot irrigation on farmland in Finney County, Kansas. Efficient distribution of water conserves aquifer levels while increasing crop yield. The aesthetic beauty of these patterns is not visible on the ground, but rather only from high altitude.

Message from Jimmy Wales



When Wikipedia was launched in January, 2001, a small group of people with a belief in community and a hope for the future of free culture began an experiment. Now, almost six years later, that project has grown into one of the most popular internet sites in the world. Wikipedia is now a cultural phenomenon.

With that growth has of course come change. In 2003, Wikipedia needed a legal structure, and the Wikimedia Foundation, Inc. was formed.

With the publication of this document, another chapter of Wikimedia Foundation's history has been completed. While still maturing, we are now a full-fledged charitable organization, with audited financial statements, a Board of Trustees, and a growing paid professional staff.

In time, more chapters will be written. As we expand and touch more lives around the world, the information and programs we develop will continue to cost money. You can help.

We invite you to join us in our collaboration.

Jimmy Wales

Message from Florence Devouard Chair, Wikimedia Foundation Board



Wikipedia is entering 2007 as the one of the 10 most visited websites in the world. That's a great testament to our success. However, with this success comes a new set of challenges and responsibilities. As we plan for the future of Wikipedia and all of the Wiki projects, our two most important goals now are the reliability of our content and the long-term sustainability of every project we are involved in.

To meet these goals we have lots of work to do, so I am asking for your help. In the coming year, the Wikimedia Foundation anticipates dramatically increasing spending to keep up with server and traffic capacity demands, improve our software and develop methods to better ensure high quality content, all while making progress toward our goal of giving free knowledge to everyone.

The community has always been generous with its time and its money. Your contributions have kept us going for years. As our recent audit shows, we've been very responsible with your money. So, please consider making a gift to the Wikimedia Foundation. You will be making an investment in Wikipedia and all of our associated projects, helping to ensure these resources remain accessible and meaningful as our universe of users grows.

Florence Nibart-Devouard

Report of Brad Patrick Interim Executive Director

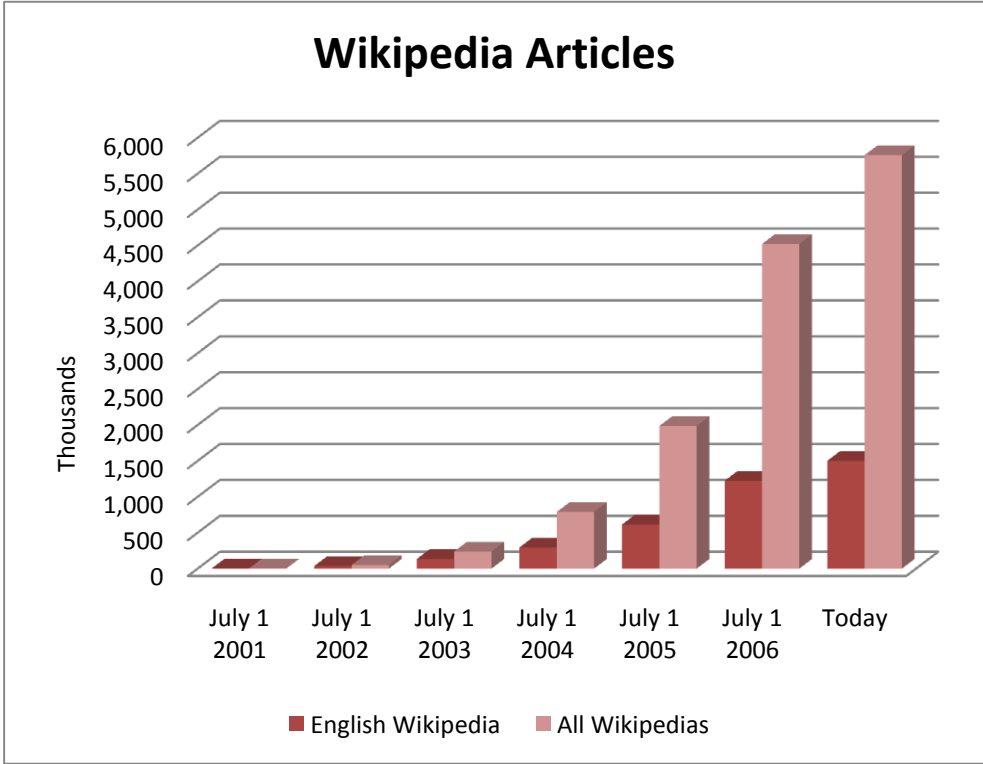


Wikimedia Foundation is a young organization experiencing great cultural success and phenomenal growth, but with challenges to overcome to increase operational performance and achieve institutional sustainability.

My, how you've grown!

From the founding of Wikipedia in January, 2001, and the incorporation of the Wikimedia Foundation in June, 2003, our growth has been staggering. We now host more than 225 projects in over 120 languages. The English-language Wikipedia, our first project, has expanded from 135 thousand articles at the time of incorporation to 1.5 million articles today. 12 other languages boast Wikipedias of over 100,000 articles of their own. Overall, our projects have more than 7.8 million pages, 2.2 million images, and 5 million registered accounts.

Growth in articles in all Wikipedias

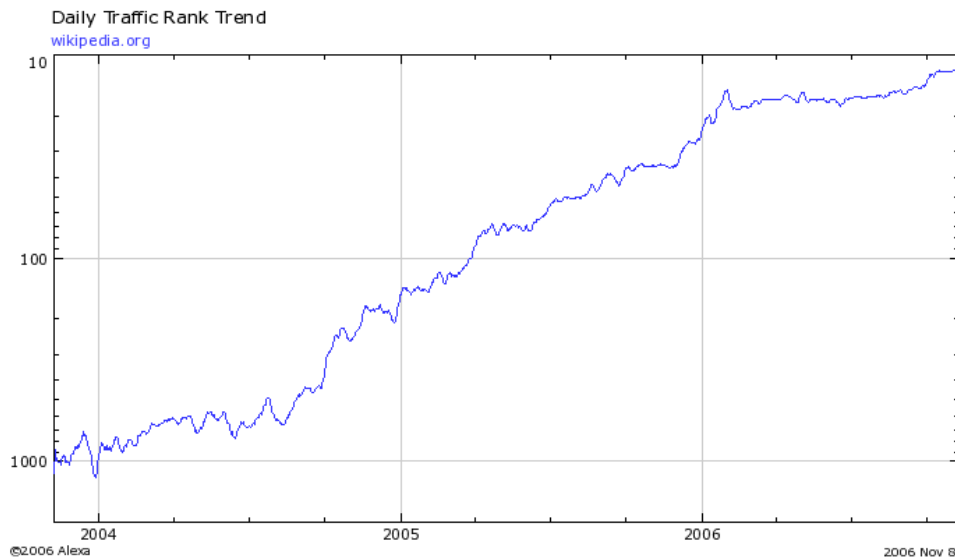


Wikimedia – it’s more than just Wikipedia!

WMF supports more than just Wikipedia. Wikimedia Commons, the repository of free images and other media, recently surpassed 1 million images. Wiktionary, the free dictionary, has 8 dictionaries with more than 50,000 entries, three of which have more than 200,000 definitions. Wikisource, an original source repository, is nearing 150,000 pages of content. Wikiquote (quotations), Wikibooks (collaboratively written books), Wikinews (citizen journalism), and Wikiversity (curriculum development) all continue to grow along the same trendline.

Growth in popularity

Wikipedia has enjoyed stratospheric growth over the last three years. By any presently available measure, Wikipedia and its sister projects are some of the most highly ranked and heavily viewed sites on the Internet.



Traffic Report

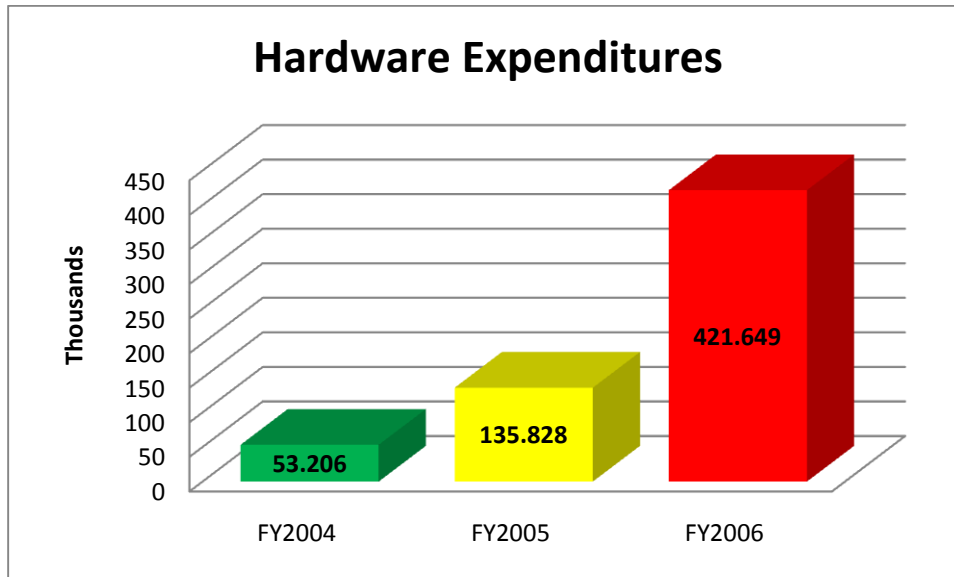
Top Global Web Properties*	
Web Properties	Total Unique Visitors (000) Sept-06
Worldwide Total	726,749
Microsoft Sites	505,479
Yahoo! Sites	480,641
Google Sites	467,498
eBay	237,327
Time Warner Network	217,843
Wikipedia Sites	154,848
Amazon Sites	133,518
Fox Interactive Media	117,789
Ask Network	112,768
Adobe Sites	95,196
Apple Computer, Inc.	94,909
Lycos, Inc.	91,126
CNET Networks	84,259
YouTube.com	81,019
Viacom Digital	65,799

Our growth in traffic has followed this trend. Comscore recently listed “Wikipedia Sites” as the number six site in the world, measured by unique visitors. Wikipedia, our flagship website, receives about 285 thousand page views per minute, and this number doubles about every four months. Based on present projections, over the coming year we will need to triple the number of servers and the bandwidth now used. The WMF is concerned about the capitalization and operational commitments necessary to keep these systems running reliably. These costs alone will exceed \$2.5 million dollars in the coming year.

*Excludes traffic from public computers such as Internet cafes, mobile phones or PDA access.

Source: comScore World Metrix

Hardware Expenditures



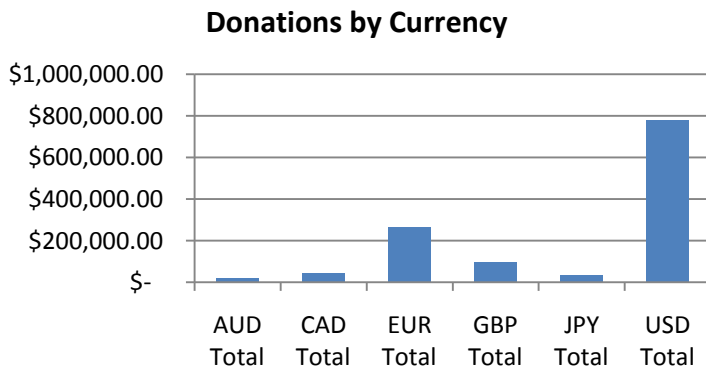
The single greatest expenditure for WMF is hardware, followed by hosting and bandwidth costs. The future costs for acquiring new hardware continue to mount.

The WMF has seen its inventory of computer hardware increase steadily to meet demand. As the chart shows, expenditures for servers have increased accordingly.

Donations by Country

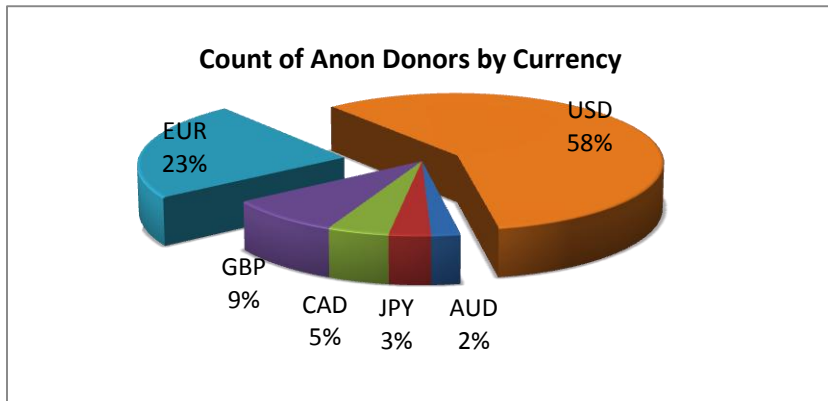
WMF receives donations from more than 50 countries around the world. Many people support WMF anonymously. Not surprisingly, most of the donations which support WMF come from English-speaking countries (US, UK, Canada, Australia).

Donations by Currency



Where support comes from

WMF has sought to maximize the benefit of its online presence to generate financial support. This has meant WMF receives donations from tens of thousands of people around the world, with a relatively small average donation. Additionally, WMF receives the majority of its donations from individuals who wish to remain anonymous.



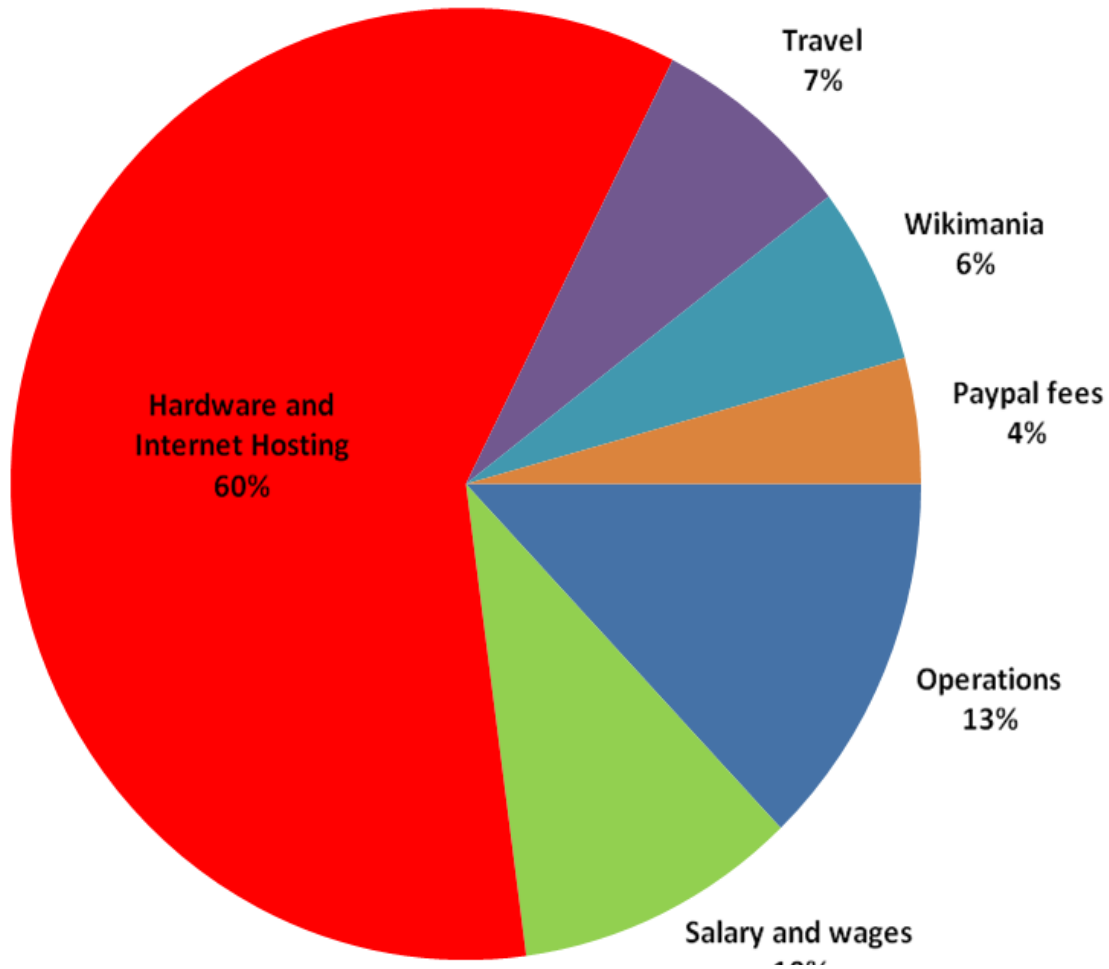
How it is spent

The lion's share of WMF expenditures support our programs. Foremost are our expenses for the hardware and bandwidth that keep our websites up and running. Due to the increase in office staff, administrative costs increased. Overall, however, the allocation of expenses for fundraising is low, due to WMF's reliance on online donations for the majority of its revenue. WMF does not engage in "direct mail" terrestrial advertising campaigns. Given WMF's position online, it makes sense to communicate and ask for donations in the same virtual space. To date, it has been effective.

In the three years of WMF's existence, the Foundation's functional expense allocation has been to support programs directly. The most significant fundraising expense is transaction fees.

Year	Programs	Administration	Fundraising
2004	75.97%	2.82%	21.21%
2005	82.49%	9.08%	7.35%
2006	78.90%	12.66%	8.44%

FY2006 Expenditures



Staffing

WMF is unique in the world in that so much is accomplished by unpaid volunteers and so few paid staff.

Year	Technical	Staff	Administration	Total FTEs
2004	-	-	-	-
2005	1	1	-	2
2006	2.5	2.5	1	6

For the Foundation to be strong and capable of managing growth from this point forward, more internal staff are necessary.

Summary

Wikimedia Foundation is experiencing tremendous popularity and extraordinary participation among millions of people around the world. To support this pattern of massive increases of participants and projects, WMF must invest heavily in technological and human infrastructure. For the Foundation to sustain itself and remain at the helm of the free culture movement in the coming years, WMF must continue to invest in hardware, software, and people.

WMF has tremendous potential. How we face our challenges will depend on our ability to support the people who make our work possible.

Financial Statements

Board of Trustees and Staff of the Wikimedia Foundation



Florence Devouard
Chair (France)



Brad Patrick
*Interim Executive Director &
General Counsel (USA)*



Tim Shell
Vice Chair (USA)



Brion Vibber
*Chief Technology Officer
(USA)*



Michael Davis
Treasurer (USA)



Danny Wool
Grants Coordinator (USA)



Eric Möeller
*Executive Secretary
(Germany)*



Tim Starling
*Mediawiki/Development
(Australia)*



Jimmy Wales
Chairman Emeritus (USA)



Mark Bergsma
*Network Coordinator
(Netherlands)*

Barbara Brown
*Administrative Assistant
(USA)*

Carolyn Doran
Accounting (USA)



WIKIMEDIA FOUNDATION, INC.
200 Second Avenue South #358
St. Petersburg, Florida 33701
UNITED STATES OF AMERICA
(727) 231-0101 Main
(727) 258-0207 Facsimile
www.wikimediafoundation.org

Projects of Wikimedia Foundation



[Wikipedia](#)
Free encyclopedia



[Wiktionary](#)
Dictionary and thesaurus



[Wikinews](#)
Free content news source



[Wikibooks](#)
Free textbooks and manuals



[Wikiquote](#)
Collection of quotations



[Wikisource](#)
Free source documents



[Wikiversity](#)
Free learning tools



[Wikispecies](#)
Directory of species



[Commons](#)
Shared media repository