



WIKIMEDIA FOUNDATION, INC.

Financial Statements

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

WIKIMEDIA FOUNDATION, INC.

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KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Independent Auditors' Report

The Board of Directors
Wikimedia Foundation, Inc.:

We have audited the accompanying financial statements of Wikimedia Foundation, Inc., which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wikimedia Foundation, Inc. as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

San Francisco, California
October 14, 2020

WIKIMEDIA FOUNDATION, INC.

Balance Sheets

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 71,223,962	101,932,698
Contributions receivable	300,000	300,000
Short-term investments	95,302,300	52,989,896
Prepaid expenses and other current assets	3,821,590	2,650,788
Total current assets	170,647,852	157,873,382
Restricted cash	870,575	860,287
Property and equipment, net	7,451,015	5,688,104
Long-term investments	12,293,520	11,597,936
Total assets	\$ 191,262,962	176,019,709
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,570,288	2,987,508
Accrued expenses	7,690,014	5,222,878
Other liabilities	1,686,935	2,167,898
Total current liabilities	10,947,237	10,378,284
Net assets:		
Net assets without donor restrictions	178,247,468	161,502,538
Net assets with donor restrictions	2,068,257	4,138,887
Total net assets	180,315,725	165,641,425
Total liabilities and net assets	\$ 191,262,962	176,019,709

See accompanying notes to financial statements.

WIKIMEDIA FOUNDATION, INC.

Statements of Activities

Years ended June 30, 2020 and 2019

	2020	2019
Net assets without donor restrictions:		
Support and revenue:		
Donations and contributions	\$ 120,446,591	110,972,163
In-kind service revenue	407,711	1,361,958
Foreign currency (losses) gains	(480,531)	30,311
Other income, net	804,779	233,232
Investment income, net	5,512,480	4,640,534
Release of net assets with donor restrictions	2,543,297	2,829,068
Total support and revenue	129,234,327	120,067,266
Expenses:		
Salaries and wages	55,634,912	46,146,897
Awards and grants	22,893,806	12,653,284
Internet hosting	2,400,286	2,335,918
In-kind service expenses	407,711	1,361,958
Donation processing expenses	4,857,199	4,977,583
Professional service expenses	11,670,125	8,998,261
Other operating expenses	10,047,127	9,005,744
Travel and conferences	2,309,068	2,867,774
Depreciation and amortization	1,951,405	2,856,901
Special event expense, net	317,758	209,690
Total expenses	112,489,397	91,414,010
Increase in net assets without donor restrictions	16,744,930	28,653,256
Net assets with donor restrictions:		
Contributions	472,667	4,867,667
Net assets released from restrictions	(2,543,297)	(2,829,068)
Increase (decrease) in net assets with donor restrictions	(2,070,630)	2,038,599
Increase in net assets	14,674,300	30,691,855
Net assets at beginning of year	165,641,425	134,949,570
Net assets at end of year	\$ 180,315,725	165,641,425

See accompanying notes to financial statements.

WIKIMEDIA FOUNDATION, INC.

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 14,674,300	30,691,855
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,951,405	2,856,901
Loss on disposal of equipment	2,413	3,846
Unrealized and realized gain on investments, net	(2,361,336)	(1,689,954)
Changes in operating assets and liabilities:		
Contributions receivable	—	(50,000)
Prepaid expenses and other current assets	(1,170,802)	617,323
Accounts payable	(1,417,220)	(412,680)
Accrued expenses	2,467,136	310,718
Other liabilities	(289,237)	(155,865)
Net cash provided by operating activities	13,856,659	32,172,144
Cash flows from investing activities:		
Purchase of computer equipment	(3,709,426)	(2,200,647)
Purchase of office furniture	(7,304)	(21,285)
Purchase of investments	(69,463,308)	(18,175,533)
Proceeds from sales and maturities of investments	28,816,657	16,530,794
Net cash used in investing activities	(44,363,381)	(3,866,671)
Cash flows from financing activity:		
Payment on capital lease obligations	(191,726)	(265,099)
Net cash used in financing activity	(191,726)	(265,099)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(30,698,448)	28,040,374
Cash, cash equivalents, and restricted cash at beginning of year	102,792,985	74,752,611
Cash, cash equivalents, and restricted cash at end of year	\$ 72,094,537	102,792,985
Supplemental cash flow disclosure:		
Noncash changes in exchange rate	\$ (480,067)	30,368

See accompanying notes to financial statements.

WIKIMEDIA FOUNDATION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(1) Organization and Summary of Significant Accounting Policies

(a) Organization and Purpose

The Wikimedia Foundation, Inc. (the Foundation) is the nonprofit organization that operates Wikipedia, a free online encyclopedia. Based in San Francisco, California, the Foundation is a 501(c)(3) charity that is funded primarily through donations and contributions.

(b) Risks and Uncertainties

The global COVID-19 pandemic continues to evolve, and the number of cases continues to rise across the world, which creates risks and uncertainties.

The Foundation has taken measures to monitor and mitigate the effects of COVID-19, such as the health and safety of its staff, volunteer communities, and the general public, by instituting a work from home directive, providing reduced or flexible work hours, and either canceling or postponing all in-person events or convening and travel. As of the date of this report, the Foundation has not experienced any adverse impact to its business operations or disruptions to the access of Wikipedia and other Wikimedia projects.

The Foundation's operations are funded primarily by public donations from individuals as well as grants from foundations and corporations. Additionally, the Foundation has a significant amount of investments primarily in fixed income and equity holdings.

The extent of the impact of COVID-19 on the Foundation's business operations, fundraising ability, and investment holdings beyond the date of this report will continue to develop and cannot be predicted. Given the uncertainties, the Foundation cannot reasonably estimate the full impact of COVID-19 on the Foundation's operations and financial statements.

(c) Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Chapter 220.13 of the Florida Statutes and Sections 23701d of Revenue and Taxation Code of the State of California. The Internal Revenue Service has determined that the Foundation is not a private foundation and contributions to it qualify as charitable contribution deductions.

The Foundation has evaluated the financial statement impact of positions taken or expected to be taken in its tax returns. Management has determined that no tax liabilities need to be recorded under applicable accounting guidance. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

(d) Financial Statement Presentation

Net assets, support and revenue, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions in accordance with Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

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Net assets without donor restrictions represent unrestricted resources available to support operations and also include previously temporarily restricted resources, which have become available for use by the Foundation in accordance with the intentions of donors.

Net assets with donor restrictions represent contributions that are limited in use by the Foundation in accordance with donor imposed stipulations. The stipulations may expire with time or may be satisfied and removed by the actions of the Foundation according to the terms of the contribution by the donor. Once such stipulations are satisfied, the associated net assets are released from net assets with donor restrictions and recognized as net assets without donor restrictions.

Contributions received are recorded as net assets without donor restriction or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

(e) Cash and Cash Equivalents

The Foundation manages its cash through major financial institutions. At June 30, 2020 and 2019, the carrying amount of the Foundation's general ledger cash held primarily in nationally recognized financial institutions was approximately \$57.7 million and \$85.2 million, respectively. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the applicable limits. Cash balances held in these financial institutions at June 30, 2020 and 2019 exceed the applicable FDIC insurance limits. The Foundation's current practice is to maintain at least six months of cash and cash equivalents to support a combination of operating cash and a current reserve fund. The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents of \$13.5 million and \$16.7 million as of June 30, 2020 and 2019, respectively, are considered Level 1 under ASC Topic 820, *Fair Value Measurement*.

(f) Restricted Cash

Restricted cash is required to maintain a standby letter of credit in relation to the Foundation's headquarters office lease. As of June 30, 2020, the letter of credit has not been used.

(g) Contributions Receivable

Contributions receivable represent gift amounts due from various entities, which are occasionally directed at specific activities. Contributions receivable due more than one year from the contribution date are discounted to present value using a fair value rate based on the U.S. Treasury bond rate and reflect the risks inherent in these cash flows. Contributions receivable are subject to review and adjustment by management should amounts be deemed uncollectible.

(h) Investments

The Foundation's policy regarding investments is to invest surplus cash in short-term, intermediate-term, and long-term fixed income, and equity instruments without assuming material undue risk to principal. Preservation of principal and maintenance of liquidity are priorities over yield. Investments are reported at fair value with realized and unrealized gains and losses, and accrued interest included as a component of the change in net assets. Additionally, the Foundation holds no shares of donated stock as of June 30, 2020 or 2019, consistent with its policy to sell stock received through donations as soon as possible.

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The Foundation presents its investment portfolios as short-term and long-term based on the investment guidelines stipulated in the investment policy.

ASC Topic 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Foundation has the ability to access at the measurement date. The Foundation's Level 1 assets are investments in marketable securities, including stocks and mutual funds.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the investment, either directly or indirectly. The Foundation's Level 2 assets are investments in certificate of deposits, corporate bonds, mortgage-backed securities, and U.S. Treasury securities.
- Level 3 inputs are unobservable inputs from investments. Level 3 inputs incorporate assumptions about the factors that market participants would use in pricing the instrument.

As a policy, the Foundation recognizes transfers between levels at the end of the reporting period.

(i) Property and Equipment, Net

Expenditures for property and equipment with useful lives of one year or more are capitalized and recorded at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful life of furniture and data center equipment is five years, computer equipment such as laptops and desktops is four years, while the estimated useful lives of software are three years. Leasehold improvements are amortized over the shorter of the life of the lease or the leasehold improvement. Donated computer equipment and software are recorded at the fair value of the items at the time of the donation and are deemed as contributions without donor restriction in the year in which they are received. Repairs and maintenance of equipment are charged to operations. Upon retirement, sale, or other disposition of property and equipment, costs, and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Leased capital equipment is recorded at the lower of the present value of the future minimum lease payments or fair market value of the equipment at the inception date of each installation. Depreciation is recorded on a straight-line basis from inception date through the end of each lease term. Upon the end of the lease term, the equipment is returned to the lessor or purchased by the Foundation.

(j) Other Operating Expenses

Other operating expenses primarily include facility expenses, funding of the Wikidata project, staff related expenses, insurance and personal property tax expenses, and other general administrative expenses.

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(k) Special Event Expense, Net

Special event expense, net includes costs for the annual Wikimania Conference, such as venue rental and catering services, net of sponsorship income and registration fees.

(l) Noncash Contributions

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets, (2) require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by the donation, and (3) are professional in nature, and have been explicitly agreed to in advance.

A substantial number of volunteers make significant contributions of their time in the furtherance of the Foundation's projects. The value of this contributed time is not reflected in the accompanying financial statements, as the criteria above are not met.

In-kind service revenue and expenses recorded in the statements of activities consist of contributed legal services, internet hosting services and subscription services. The amounts of specialized contributed legal services as revenue and expenses are \$375,561 and \$1,335,851 for the years ended June 30, 2020 and 2019, respectively. The value of contributed internet hosting and subscription services for the years ended June 30, 2020 and 2019 is \$32,150 and \$26,107, respectively.

Included in the 2020 and 2019 amounts are donated hosting services and bandwidth from six companies: (1) FiberRing, (2) Telia Carrier, (3) Tele2, (4) Datahop, (5) Liberty Global/Ziggo, and (6) Init7.

Noncash contributions also include donated investments, which are recorded as contributions in the statements of activities at fair value at the date of donation.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the investment valuations, useful lives of fixed assets, and the valuation of in-kind gifts. Accordingly, actual results could differ from those estimates.

(n) Reclassifications

Restricted cash been reclassified as non-current on the balance sheet to conform to current year presentation.

(o) Recently Issued Accounting Standards

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to reduce diversity in practice and enhance comparability among entities. The standard provides clarifications to help an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange

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transaction. The standard also clarifies and expands the criteria for determining whether a contribution is conditional and when a contribution should be recognized. The amendments apply to both resources received by a recipient and given by a resource provider. The Foundation adopted this standard on a modified prospective basis on July 1, 2019 as a resource recipient. The adoption of this standard did not have a significant impact on the Foundation's financial reporting. Management is in the process of determining the effect of the standard on its ongoing financial reporting for resources provided.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessees are required to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. As the result of ASU Nos. 2019-10 and 2020-05, which include Topic 842, the standard is effective for the Foundation on July 1, 2022. Management is in the process of determining the effect of the standard on its ongoing financial reporting.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to address stakeholders' concerns regarding the lack of transparency about how certain gifts-in-kind are valued and used in a not-for-profit's programs and other activities. The standard introduces enhanced presentation and disclosure requirements. The standard is effective for the Foundation on July 1, 2021. Early adoption is permitted. Management is in the process of determining the effect of the standard on its ongoing financial reporting.

(2) Contributions Receivable

As of June 30, 2020 and 2019, contributions receivable was \$300,000 and represent contributions receivable from one grant.

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Notes to Financial Statements

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(3) Fair Value of Investments

The following tables present the fair value of investments based on hierarchical level as of June 30, 2020 and 2019:

	Fair value measurements at reporting date using		June 30, 2020
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	
Short-term investments:			
Corporate bonds	\$ —	58,017,468	58,017,468
Mortgage-backed securities	—	12,068,366	12,068,366
U.S. Treasury securities	—	25,216,466	25,216,466
Total	<u>\$ —</u>	<u>95,302,300</u>	<u>95,302,300</u>

Long-term investments:			
Corporate bonds	\$ —	3,099,318	3,099,318
Stocks	6,731,929	—	6,731,929
Mortgage-backed securities	—	893,976	893,976
U.S. Treasury securities	—	1,568,297	1,568,297
Total	<u>\$ 6,731,929</u>	<u>5,561,591</u>	<u>12,293,520</u>

	Fair value measurements at reporting date using		June 30, 2019
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	
Short-term investments:			
Corporate bonds	\$ —	27,246,378	27,246,378
Mortgage-backed securities	—	4,854,847	4,854,847
U.S. Treasury securities	—	20,888,671	20,888,671
Total	<u>\$ —</u>	<u>52,989,896</u>	<u>52,989,896</u>

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	Fair value measurements at reporting date using		June 30, 2019
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	
Long-term investments:			
Corporate bonds	\$ —	1,986,129	1,986,129
Stocks	6,146,604	—	6,146,604
Mortgage-backed securities	—	1,301,434	1,301,434
U.S. Treasury securities	—	2,163,769	2,163,769
Total	<u>\$ 6,146,604</u>	<u>5,451,332</u>	<u>11,597,936</u>

Fair Value of Financial Instruments

The fair values of the financial instruments as of June 30, 2020 and 2019 represent management's best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, restricted cash, current contributions receivable, prepaid expenses, other current assets, accounts payable, accrued expenses, and other liabilities: The carrying amounts approximate fair value because of the short maturity of these instruments.

Investments: Marketable securities, such as stocks, are measured using quoted market prices at the reporting date multiplied by the quantity held. Mortgage-backed securities, U.S. Treasury securities, and U.S. corporate bonds are measured using significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date.

WIKIMEDIA FOUNDATION, INC.

Notes to Financial Statements

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(4) Property and Equipment, Net

Property and equipment at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 800,143	795,217
Leasehold improvements	2,074,581	2,074,581
Computer equipment	16,701,916	15,601,145
Capital lease computer equipment	—	946,217
Total	19,576,640	19,417,160
Less accumulated depreciation and amortization	<u>(12,125,625)</u>	<u>(13,729,056)</u>
Property and equipment, net	<u>\$ 7,451,015</u>	<u>5,688,104</u>

(5) Net Assets

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Restricted to future periods	\$ 75,000	125,000
Restricted by purpose:		
Craig Newmark Foundation – security governance and engineering	1,104,774	2,500,000
Google Inc. – content creation	572,014	387,403
Siegel Family Endowment – research outreach and advocacy	300,000	550,000
Sloan Foundation – Wikicite	16,469	—
Sloan Foundation – structured data	—	576,484
Net assets with donor restrictions	<u>\$ 2,068,257</u>	<u>4,138,887</u>

(6) Functional Allocation of Expenses

Costs of providing the Foundation's activities have been summarized below on a functional basis. Programs comprise various initiatives that focus on (1) building the technological and operating platform that enables the Foundation to function sustainably as a top global internet organization, (2) strengthening, growing, and increasing diversity of the Wikimedia communities, and (3) accelerating impact by investing in key geographic areas, mobile application development, and bottom-up innovation, all of which support Wikipedia and other wiki-based projects. The allocation between programs, general and administrative, and fundraising expenses is based on personnel and related costs and other operating expenses such as rent and office expenses using estimates of time spent or percentage of utilization by headcounts, as well as

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direct costs incurred for the relevant activities. Accordingly, certain costs have been allocated among the programs benefited and supporting services for the years ended June 30, 2020 and 2019, as follows:

2020				
	Programs	General and administrative	Fund-raising	Total
Salaries and wages	\$ 42,155,739	8,722,777	4,756,396	55,634,912
Awards and grants	22,893,806	—	—	22,893,806
Internet hosting	2,400,286	—	—	2,400,286
In-kind service expenses	407,711	—	—	407,711
Donation processing expenses	—	—	4,857,199	4,857,199
Professional service expenses	6,767,435	3,188,801	1,713,889	11,670,125
Other operating expenses	6,169,574	3,400,295	477,258	10,047,127
Travel and conferences	2,022,451	171,621	114,996	2,309,068
Depreciation and amortization	1,261,787	689,618	—	1,951,405
Special event expense, net	317,758	—	—	317,758
	<u>\$ 84,396,547</u>	<u>16,173,112</u>	<u>11,919,738</u>	<u>112,489,397</u>

2019				
	Programs	General and administrative	Fund-raising	Total
Salaries and wages	\$ 36,125,042	6,278,186	3,743,669	46,146,897
Awards and grants	12,653,284	—	—	12,653,284
Internet hosting	2,335,918	—	—	2,335,918
In-kind service expenses	1,361,958	—	—	1,361,958
Donation processing expenses	—	—	4,977,583	4,977,583
Professional service expenses	5,695,006	1,712,914	1,590,341	8,998,261
Other operating expenses	5,409,892	3,209,584	386,268	9,005,744
Travel and conferences	2,396,032	252,675	219,067	2,867,774
Depreciation and amortization	2,058,270	798,631	—	2,856,901
Special event expense, net	209,690	—	—	209,690
	<u>\$ 68,245,092</u>	<u>12,251,990</u>	<u>10,916,928</u>	<u>91,414,010</u>

The Foundation has a program of awarding grants to support chapters, affiliates, user groups, and individuals in projects that further the mission of the Foundation. Chapters are independent organizations that share the goals of the Foundation and support them within a specified geographical region. In addition to this work, which is reflected above in the awards and grants line, an overwhelming majority of the Foundation's project activities are carried out by an international network of volunteers, whose activity is not reflected in the tables above.

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For example (unaudited):

- Wikipedia and the other projects operated by the Foundation receive more than 16 billion pageviews per month, making them one of the most popular Web properties worldwide. Wikipedia is available in more than 303 languages and contains more than 54 million articles contributed by a global volunteer community.
- For the year ended June 30, 2020, the educational content of the Foundation's largest project, Wikipedia, grew by approximately 3.2 million articles to approximately 54.1 million articles.
- For the year ended June 30, 2020, volunteers added approximately 7.9 million images, movies, and sound files to the Foundation's multimedia repository, making the total 62.6 million files.
- Volunteers also contribute in several ways to the Foundation's wiki software: volunteer software developers add new functionality to the code base, and volunteer language specialists add to the code base by translating the wiki interface into different languages. During the year ended June 30, 2020, there were 52,836 commits merged, through the efforts of approximately 490 authors/contributors, of which 11,078 commits were through the efforts of approximately 277 volunteers.

During the year ended June 30, 2016, the Foundation entered into an agreement with the Tides Foundation to establish the Wikimedia Endowment as a Collective Action Fund to act as a permanent safekeeping fund to generate income to ensure a base level of support for the Wikimedia projects in perpetuity. The Endowment is independent from the Foundation. Over the past five fiscal years, the Foundation provided irrevocable grants in the total amount of \$25 million (\$5 million per fiscal year) to the Tides Foundation for the purpose of the Wikimedia Endowment. The amounts are recorded in awards and grants expense.

During the year ended June 30, 2020, the Foundation provided an unconditional grant to Tides Advocacy in the amount of \$8.723 million for the Wikimedia Knowledge Equity Fund. This fund will be used to invest in grant-making opportunities to increase the availability of free knowledge and counteract structural inequalities to foster a just and equitable representation of knowledge and people in the Wikimedia movement, and to fund the annual operating expenses of other Wikimedia chapter organizations in service of our mission of free knowledge. The Wikimedia Knowledge Equity Fund is managed and controlled by Tides Advocacy. For the year ended June 30, 2020, the amount funded is recorded in awards and grants expense.

(7) Operating Leases

In 2017, the Foundation entered into a seven-year non-cancelable operating lease for its headquarters in San Francisco with a commencement date of October 1, 2017. The lease provides the Foundation the option to extend the lease term for one additional period of five years.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease, including any periods of free rent. Rental expense for operating leases for the years ended June 30, 2020 and 2019 was \$1,489,991 and \$1,489,134, respectively.

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Future minimum lease payments under non-cancelable operating leases as of June 30, 2020 are as follows:

	<u>Lease payments</u>
Year ending June 30:	
2021	\$ 1,525,482
2022	1,571,247
2023	1,618,384
2024	1,666,935
2025	<u>419,791</u>
Total minimum lease payments	\$ <u>6,801,839</u>

(8) Capital Leases

For the years ended June 30, 2020 and 2019, the total amortization of assets held under capital leases, primarily related to assorted data center equipment, was \$178,549 and \$255,942, respectively, and is included in depreciation and amortization expense. The implicit interest rate on the lease was estimated at 5%. The capital leases comprised four tranches with different termination dates. The first tranche terminated during the year ended June 30, 2019, and the other three tranches terminated during the year ended June 30, 2020. As of June 30, 2020, the lease terminated, and the asset value and accumulated depreciation recorded on the balance sheet were written off.

(9) Retirement Plan

The Foundation offers a 401(k) plan (the Plan) to all of its employees residing in the United States. Employees are eligible to participate in the Plan upon employment. Effective January 1, 2011, the Foundation matches employee contributions on a dollar-for-dollar basis up to 4% of the employee's compensation. The Foundation contributed \$1,217,814 and \$1,078,938 to the Plan for the years ended June 30, 2020 and 2019, respectively.

WIKIMEDIA FOUNDATION, INC.

Notes to Financial Statements

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(10) Liquidity and Availability of Financial Assets

The Foundation's financial assets available for general expenditure within one year of the balance sheet date, June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 71,223,962	101,932,698
Contributions receivable	300,000	300,000
Short-term investments	<u>95,302,300</u>	<u>52,989,896</u>
Total financial assets	166,826,262	155,222,594
Less:		
Restricted by donors for programs	1,993,257	4,013,887
Unrestricted contributions for future use greater than one year	<u>25,000</u>	<u>75,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 164,808,005</u>	<u>151,133,707</u>

The Foundation's liquidity management includes a policy of structuring its financial assets to be available to meet its general expenditures, liabilities, grant-making, and other obligations as they come due. Cash and cash equivalents as reported on the balance sheet at June 30, 2020 and 2019, are the primary liquid resources used by the Foundation to meet these obligations. Financial assets invested in the short-term and long-term investments can be liquidated at any time as needed.

(11) Contingencies and Commitments

In the normal course of business, the Foundation receives various threats of litigation. In the opinion of management, the outcome of the pending lawsuits will not materially affect operations or the financial position of the Foundation.

As of June 30, 2020 and 2019, the Foundation has committed to give grants in the amounts totaling \$3,911,124 and \$2,695,610, respectively, which are scheduled to be paid over the next 12 months and included as accrued expenses on the balance sheets.

(12) Subsequent Events

The Foundation has evaluated its subsequent events through October 14, 2020, the date at which the financial statements were available to be issued, and determined there are no items to disclose.