

# **2011-5-16 Funds Report**

Net Dade / Miami Foundation fund assets, 2011-5-16: **\$168,997.18**

Total Knight Funds<sup>1</sup>, 2011-5-16: **\$268,997.18**

WF Checking Account, 2011-5-16: **\$20,826.81**

WF Savings Account, 2011-5-16: **\$994.87**

Total funds, 2011-5-16: **\$290,818.86**

## **Fund analysis**

### **Core expenses:**

Based on the latest approved Dade budget, our current *core* monthly expenses, in a timeframe with fixed costs, are \$14,925/mo. This accounts for monthly development costs, hosting, rent and utilities: our current minimum burn rate.

The fixed, non-monthly costs for minimal operation are \$49,100 (for approximately 1.5 years), which accounts for legal expenses, server purchases, accounting costs and ample funds to travel to 1-3 pilot communities.

These figures would not allow for paid fundraising, marketing or contracted design. This is essentially the cost of allowing development to continue at its current pace, with travel to 1-3 pilot communities.

Considering only these core expenses, we have approximately 16 months of funds on hand.

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<sup>1</sup> Based on estimated \$100,000 second disbursement. See attached Dade / Miami Foundation report, generated on 2011-5-16. An additional 2 invoices were billed since the report was generated

## **Current planned expenses:**

If we spend all funds as planned in the latest approved Dade budget, accounting for unspent but allocated budget items during the past six months<sup>2</sup>, we have fixed costs of \$74,600 and can operate for approximately 14.5 months with funds on hand.

It's possible we could save on certain expenses (such as legal) and that expenses such as marketing could be factored into outreach costs (see below). These figures allow for a reasonable amount of paid fundraising, marketing & promotion in a few pilot communities and contracted design services.

## **Planned expenses + outreach program:**

While we have budgeted funds for some travel, marketing and fundraising, the current planned expenses do not consider the costs of an aggressive outreach program. We haven't charted out expenses here, but let's consider the following possible outreach program:

- 1 paid, full-time outreach coordinator.
- 5 pilot communities.

\$52,000/year<sup>3</sup> is a rough ballpark for full-time outreach compensation and probably represents the only non-flexible aspect of an outreach program<sup>4</sup>.

I think we need at least 12 months from where we are now to have a shot at sustainability. With this in mind, we can trade 2.5 months of recurring costs in *Planned Expenses* for \$37,312.50, leaving us with \$14,687.50 to come up with.

## **Current potential outreach funding sources:**

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2 We haven't spent money on legal or accounting during the past six months (as we've gotten pro bono assistance), for instance.

3 Based on some quick market research, ~\$45,000 compensation, + 15% for either payroll or 1099 expenses seems reasonable here.

4 We can likely flex on travel and marketing & promotion costs.

- NEH / Boise State LocalWiki grant. We will know in August if this goes through. If so, we can plan on ~\$8,000 for our outreach program.
- I've been chatting with a VP at a large community foundation about a project there. We can expect ~\$10,000 for outreach from them if things pan out. We'll have more details on this in a couple of weeks.

**Other possibilities:**

There are many potential funding sources for an outreach program. In particular, we should look at forward-thinking community foundations in potential pilot communities. The *redacted* is the first such foundation I've spoken to. If we can get the *redacted* on board then it's likely many other such community foundations will follow.

We can also investigate a more radical budget restructuring – for instance, shifting back to part-time development compensation – if necessary or prudent later on.

**Recommendation:**

*Background:*

Our focus thus far has been almost exclusively on software development. We are now shifting gears, and we're ~1 week away from choosing our first pilot community. One of our selection criteria for the first pilot is the ability to work semi-autonomously, as we won't have a complete knowledge base or a compensated outreach coordinator, initially.

After the first pilot is selected (1-2 weeks from now) we'll start focusing on the community side of the project. It's entirely possible that a purely volunteer effort on the community side will work great. For instance, Wikipedia operated for many years with only volunteers in their community program. We have very different challenges than Wikipedia and coordinating with diverse groups in a

variety of real-world communities is very different from an entirely Internet-based effort like Wikipedia.

It's also possible that having a paid outreach coordinator right out of the gates could stifle the initial, natural creation of volunteer culture.

There are also other options for outreach funds: we could run a “micro-grant” program to jump-start projects in various communities (think ten \$2k grants); we could direct more funds toward materials the pilots need on the ground (flyers, t-shirts, meeting room costs, design / code customization work); we could use funds to take on more pilots (offsetting hosting costs, material costs); etc.

I don't think we'll know how outreach funds are needed until we start working with our first pilot community.

I recommend we continue working within the current approved budget (*Planned Expenses*) and do not seek to hire an outreach coordinator until 2-3 months from now. If the *redacted* gives us the green light on a \$25k grant for 2-3 pilots, I recommend we begin looking for an outreach coordinator immediately.