

**THE OWASP FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED DECEMBER 31, 2023**

## **Contents**

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

## Independent Auditors' Report

Board of Directors  
The OWASP Foundation, Inc.  
Wakefield, Massachusetts

### ***Opinion***

We have audited the accompanying financial statements of The OWASP Foundation, Inc. (a not-for-profit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Anders Minkler Huber & Helms LLP".

February 27, 2025

**The OWASP Foundation, Inc.**  
**Statement of Financial Position**  
**December 31, 2023**

<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 1,789,016
Accounts receivable	10,956
Prepaid expenses	7,985
Total Current Assets	<u>1,807,957</u>
Total Assets	<u>\$ 1,807,957</u>
<b>Liabilities and Net Assets</b>	
Current Liabilities	
Accounts payable	\$ 93,032
Deferred revenue	9,989
Total Current Liabilities	<u>103,021</u>
Net Assets	
Without donor restrictions	<u>1,704,936</u>
Total Net Assets	<u>1,704,936</u>
Total Liabilities and Net Assets	<u>\$ 1,807,957</u>

**The OWASP Foundation, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Conferences	\$ 2,383,811	\$ -	\$ 2,383,811
Membership fees	291,796	-	291,796
Contributions	509,308	-	509,308
Other	<u>20,915</u>	<u>-</u>	<u>20,915</u>
Total Revenues, Gains and Other Support	<u>3,205,830</u>	<u>-</u>	<u>3,205,830</u>
Expenses			
Program Services	<u>2,876,075</u>	<u>-</u>	<u>2,876,075</u>
Supporting Activities			
Management and general	414,673	-	414,673
Fundraising	<u>184,593</u>	<u>-</u>	<u>184,593</u>
Total Supporting Activities	<u>599,266</u>	<u>-</u>	<u>599,266</u>
Total Expenses	<u>3,475,341</u>	<u>-</u>	<u>3,475,341</u>
Change in Net Assets	(269,511)	-	(269,511)
Net Assets, Beginning of Year	<u>1,974,447</u>	<u>-</u>	<u>1,974,447</u>
Net Assets, End of Year	<u>\$ 1,704,936</u>	<u>\$ -</u>	<u>\$ 1,704,936</u>

**The OWASP Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	Supporting Activities				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
<b>Salaries and Related Expenses</b>					
Salaries	\$ 399,775	\$ 95,597	\$ 133,795	\$ 229,392	\$ 629,167
Payroll taxes and benefits	<u>135,365</u>	<u>36,103</u>	<u>38,940</u>	<u>75,043</u>	<u>210,408</u>
<b>Total Salaries and Related Expenses</b>	<b>535,140</b>	<b>131,700</b>	<b>172,735</b>	<b>304,435</b>	<b>839,575</b>
<b>Other Expenses</b>					
Conferences	1,996,537	3,650	-	3,650	2,000,187
Professional fees	-	203,465	-	203,465	203,465
Local chapter expenses	101,285	-	-	-	101,285
Software and website	27,494	16,023	9,972	25,995	53,489
Project expenses	118,416	-	-	-	118,416
Travel	-	28,987	-	28,987	28,987
Chapter outreach	28,189	-	-	-	28,189
Bank service charges	28,940	11,016	-	11,016	39,956
Training	-	465	-	465	465
Insurance	3,595	4,905	1,203	6,108	9,703
Supplies and materials	6,620	9,008	36	9,044	15,664
Credit losses	29,458	-	-	-	29,458
Telephone and postage	326	3,993	60	4,053	4,379
<b>Marketing and merchandise</b>	<b>75</b>	<b>1,461</b>	<b>587</b>	<b>2,048</b>	<b>2,123</b>
<b>Total Expenses</b>	<b><u>2,876,075</u></b>	<b><u>414,673</u></b>	<b><u>184,593</u></b>	<b><u>599,266</u></b>	<b><u>3,475,341</u></b>

**The OWASP Foundation, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

Cash Flows From Operating Activities	
Change in net assets	\$ (269,511)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
(Increase) decrease in assets:	
Accounts receivable	27,158
Prepaid expenses	87,638
Increase (decrease) in liabilities:	
Accounts payable	(637,806)
Deferred revenue	<u>(103,680)</u>
Net Cash Used in Operating Activities	<u>(896,201)</u>
Net Decrease in Cash and Cash Equivalents	(896,201)
Cash and Cash Equivalents, Beginning of Year	<u>2,685,217</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,789,016</u>

**The OWASP Foundation, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**1. Nature of Operations and Basis of Presentation**

**Organization**

The OWASP Foundation, Inc. ("OWASP", or the "Foundation") is a not-for-profit organization that is an open community dedicated to enabling organizations to develop, purchase, and maintain software applications that can be trusted. All of the Foundation's tools, documents forums and chapters are free and open to anyone interested in improving application security. The Foundation advocates approaching application security as a people, process and technology problem because the most effective approaches to application security include improvements in all these areas.

OWASP is a new kind of organization. Freedom from commercial pressures allows OWASP to provide unbiased, practical, cost effective information about application security. OWASP is not affiliated with any technology company, although OWASP supports the informed use of commercial security technology. Similar to many open-source software projects, OWASP produces many types of materials in a collaborative, open way.

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside for discretionary purposes.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Foundation. There are no assets with donor restrictions as of December 31, 2023.

**The OWASP Foundation, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**2. Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fair Value Measurements**

The Foundation follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

**Cash and Cash Equivalents**

The Organization considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

**Accounts Receivable**

Accounts receivable for which the unconditional right to payment exists, are recognized when the right to consideration is unconditional and subject only to the passage of time. Accounts receivable are due under normal trade terms generally requiring payment within 30 days of the invoice date. Changes in the estimate of uncollectible amounts are recorded as those circumstances become known and recognized as credit loss expense in the statement of activities.

The Foundation provides an allowance for credit losses equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. The allowance is based on multiple factors, including historical experience, the credit quality of the customer base, the aging of accounts receivable, current economic conditions, and management's expectations of conditions in the future, as applicable. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible.

The Foundation's accounts receivable are disaggregated and pooled by aging categories. Accounts past due 90 days or more are evaluated for loss individually on a customer by customer basis. For all other aging categories, the risk of loss is assessed over the contractual life of the accounts receivable and the historical loss amounts for each pool are adjusted for current and future conditions based on management's qualitative considerations.

**The OWASP Foundation, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**Deferred Revenue**

Deferred revenue consists of event registration fees paid in advance that have not been earned as of December 31, 2023. This deferred revenue is removed when revenue is recognized. Changes in the deferred revenue balances during the year ended December 31, 2023 were not materially impacted by other factors.

**Revenue Recognition**

The Foundation generally measures revenue for qualifying exchange transactions based on the amount of consideration the Foundation expects to be entitled for the transfer of goods or services to the customer, then recognized this revenue when or as the Foundation satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

The Foundation receives conference fees for registrations for various events and conferences. Conference revenue is recognized at a point in time when the conference occurs. Other revenue is recognized as earned.

In accordance with ASC Subtopic 958-605, Revenue Recognition, the Foundation must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulation that are related to the purpose of the agreement. Topic 958 prescribes that the Foundation should not consider the probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Membership fees do not have an intrinsic value benefit and are considered a donation. The Foundation recognizes the revenue under ASC Subtopic 958-605 at the time of donation.

Contributions are recorded as revenue when received. Restricted contributions are recorded as net assets with donor restrictions when received. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed.

**The OWASP Foundation, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

### **Support and Revenue**

Contributions are recorded when received. All contributions are available for use unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

### **Functional Expense Allocation**

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

### **Income Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Foundation files as a tax exempt organization.

The Foundation follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Foundation's returns for tax years 2020 and later remain subject to examination by taxing authorities.

### **Subsequent Events**

The Foundation has evaluated subsequent events through February 27, 2025, the date the financial statements were available to be issued.

**The OWASP Foundation, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**3. Change in Accounting Principle**

Effective January 1, 2023, the Foundation adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended. FASB ASC 326 replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of future credit losses for the remaining estimated lives of financial assets based on relevant information about historical experience, current conditions, and reasonable and supportable financial forecasts that affect the collectibility of the reported amounts. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost. Such assets are presented at the net amount expected to be collected over their remaining contractual lives using an allowance for credit losses.

The Foundation elected to adopt FASB ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning January 1, 2023, and after, are presented under FASB ASC 326, while prior period amounts continue to be reported in accordance with previously applicable accounting standards. There was no impact to accounts receivables balance at December 31, 2023 from the implementation of this policy.

**4. Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of December 31, 2023 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations:

Cash and cash equivalents	\$ 1,789,016
Accounts receivable	<u>10,956</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	
	<u>\$ 1,799,972</u>

**5. Risks and Uncertainties**

**Concentration of Credit Risk**

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents, and accounts receivable. The Foundation maintains its cash with two financial institutions. Deposits at the banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2023, there were cash balances of \$1,023,268 in excess of federally insured limits at the banks. The Foundation performs ongoing credit evaluations of its customers and maintains allowances, as needed, for potential credit losses. Although the Foundation is directly affected by the financial stability of its customer base, management does not believe significant credit risk exists at December 31, 2023.