

OWASP Financial Narrative

Attached please find the financial package for OWASP US which represents financial performance for the seven months of 2022 ended July 31st, 2022.

Regarding the Dissolution process for VZW, we have received and approved the proposal for the incorporation of a Foundation in the Netherlands and hope to have that begin in the next month or so. The financials ONLY consider the US activities through July 2022 YTD.

**Statement of Activities – Accrual Basis**

The following is a summary of the YTD Statement of Activities:

**Revenue:** On an accrual basis (EARNED Revenue), total revenue through July 2022, is $882,050 vs 2022 Budget of $850,500 or $31,550 ahead of Budget as of 7.31.22 (excluding the “grant” that has not arrived actual revenue is $131,550 ahead of Budget thru 7.31.22)

The reasons for this include:

* Actual, recognized Corp Membership at $317,275 was $171,442 AHEAD of the YTD 2022 Budget of $145,833
* Actual recognized Individual Membership at $160,507 was $14,493 UNDER the YTD 2022 Budget of $175,000
* Actual recognized Donations, YTD of $23,300 was $129,367, UNDER the YTD budgeted amount of $152,667 (however $100,000 of the shortfall is due to the budgeted/estimated Grant that has not occurred as of 7.3130.22, so actual donations are $29,367 underbudget through 7.31.22, GSOC was budgeted at $6K and came in at $10K)
* YTD Event income of $379,567 was $24,567 AHEAD of the YTD budget of $355,000
* Merch and Trademark income is UNDER Budget by $20,600, combined, YTD

**Expenses:** On an accrual basis, total expenses through July 2022, were $762,779 as compared to an approved YTD budget of $956,295. The results are OWASP is $193,516 UNDER the approved YTD 2022 budget for expenses (though excluding the budgeted expenses associated with the “grant” of $90,000, which has not occurred yet, in the 2022 Budget actual expenses are only $103,516 below budget thru 7.31.22).

The reasons for this Variance to YTD include:

* Projects were $119,486 under budget excluding the $90,000 for the estimated “grant” expenses that have not occurred, actual underspending in Projects is only $29,486, due to underspending on Projects and marketing.
* Events are over budget by $8,864 due to the expenses attributable to Ben-lux, which were unbudgeted however Ben-lux was a profitable event.
* Chapters and Outreach were a combined $49,259 under budget due primarily to underspending in Chapter Expenses, timing of the YM conversion and Marketing in Outreach
* G&A under budget by $26,615 due to underspending in Travel and EU expenses
* All other depts were a combined under budget in spending by $2,106

**Net Income/Loss:** Net Profit (Loss) as of July 31st, 2022, is $119,270. The approved budgeted net profit (loss) was Negative -$105,795. The actual net profit is AHEAD of budget by $225,065 due to underspending in certain areas and exceeding the Revenue budget YTD 2022, again in certain revenue categories as noted above. Net income is up from 6.30.22 by $13,283

**Months of Operational Reserve**: With a cash balance of $ 1,818,521 it is $129,531 MORE than 6.30.22 and $738,596 more than the 7.31.21 balance or a 68.4% increase in our cash balance in a continually challenging Pandemic year is a **fantastic** achievement and a testament to the OWASP Staff and the OWASP Community’s support of the Foundation. If we segregate the AP and assumed Project bal we would have approximately $1,487,655 ($130,206 more than 6.30.22, an additional month of Operating reserve) of operating Cash or 13.4 months of reserve at the $121,000 of avg monthly Operating expenses (one more month than 6.30.22) and 9 months of reserve at the $180K of avg of all monthly expenses (this includes all the event expenses and is an additional month compared to 6.30.22). Again, a very good metric as the Non-Profit industry avg months of Operational reserve is 6 months. As we approach the back half of 2022, we need to be mindful that the APAC and APSEC US events are a significant amount of our budgeted FY 22 Net income so we should focus on maximizing revenue while keeping expenses in line with the budget. We should also be mindful of our operating expenses and not exceed the budget for FY22 for the remaining months of 2022, unless they bring us a significant return on the investment. I will see you all on Tues the 23rd of August for the Board call.