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OWASP Financial Narrative

Attached please find the financial package for OWASP US which represents financial performance for the seven months of 2022 ended August 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 August 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 August 2022, is $1,036,949 vs 2022 Budget of $903,000 or $133,949 ahead of Budget as of 8.31.22 (excluding the “grant” that has not arrived actual revenue is $233,949 ahead of Budget thru 8.31.22)

The reasons for this include:

* Actual, recognized Corp Membership at $370,338 was $203,671 AHEAD of the YTD 2022 Budget of $166,667
* Actual recognized Individual Membership at $192,684 (an increase of $32,177 from YTD as of 7.31.22) is now only $7,316 UNDER the YTD 2022 Budget of $200,000 and cut the variance through 7.31.22 by half
* Actual recognized Donations, YTD of $92,951 was $66,382, UNDER the YTD budgeted amount of $159,333 (however $100,000 of the shortfall is due to the budgeted/estimated Grant that has not occurred as of 8.31.22, so actual donations are $33,618 ahead of budget through 8.31.22, due to a “true up” of the MoD Security project donation, through 8.31.22. Also, 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 $20,592, combined, YTD

**Expenses:** On an accrual basis ( INCURRED) , total expenses through August 2022, were $881,207 as compared to an approved YTD budget of $1,056,725. The results are OWASP is $175,518 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 $85,518 below budget thru 8.31.22, though the $4,000 the board approved for the Grant Writer was allocated here so actual expense are 89,518 under budget through 8.31.22).

The reasons for this Variance to YTD include:

* Projects were $127,651 under budget excluding the $90,000 (actual is $86,000 due to $4,000 for grant writer in 8.31.22) for the estimated “grant” expenses that have not occurred, actual underspending in Projects is only $41,651 due to underspending on Projects and marketing.
* Events are Over Budget by $4,840 due to slightly more spending on events, offset by being over budget in Event income by more than $24K as of 8.31.22.
* Chapters and Outreach were a combined $46,873 Under budget due primarily under spending in Chapter spending, Marketing and timing of YM platform fees
* G&A was under budget by $3,009 due to over pending on Legal fees offset by underspending on EU expenses compared to Budget as of 8.31.22
* All other depts were a combined under budget in spending by $2,825

**Net Income/Loss:** Net Profit (Loss) as of August 31st, 2022, is $155,742. The approved budgeted net profit (loss) was Negative -$153,725. The actual net profit is AHEAD of budget by $309,467 due to underspending in certain areas and exceeding the Revenue budget YTD 2022. Net income is up from 7.31.22 by $84,402

**Months of Operational Reserve**: With a cash balance of $ 1,941,732 it is $123,211 MORE than 7.31.22 and $853,536 more than the 8.31.21 balance or a 78.4% (10% more than 7.31.22) 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 $1,841,785 ($354,128 more than 7.31.22 due primarily to the “true up” of the Project balance from 12.31.21) or 15.2 months of reserve at the $121,000 of avg monthly Operating expenses (2 more months than 7.31.22) and 10.2 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 7.31.22). 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 Wed Sept 28th for the Board call.