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OWASP Financial Narrative

Attached please find the financial package for OWASP US which represents financial performance for the nine months of 2022 ended September 30th, 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 September 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 September 2022, is $1,204,828 vs 2022 Budget of $1,214,000 or $9,172 under of Budget as of 9.31.22 (excluding the “grant” that has not arrived actual revenue is $90,828 ahead of Budget thru 9.30.22)

The reasons for this include:

* Actual, recognized Corp Membership at $417,403 was $229,903 AHEAD of the YTD 2022 Budget of $187,500
* Actual recognized Individual Membership at $216,021 (an increase of $23,337 from YTD as of 8.31.22) is now only $8,979 UNDER the YTD 2022 Budget of $225,000
* Actual recognized Donations, YTD of $120,552 was $45,448, UNDER the YTD budgeted amount of $166,000 (however $100,000 of the shortfall is due to the budgeted/estimated Grant that has not occurred as of 9.30.22, so actual donations are $54,552 ahead of budget through 9.30.22, due to a “true up” of the MoD Security project donation, through 8.31.22. Also, GSOC was budgeted at $6K – last period we recorded $10K of income, however, Howard noted the invoice recorded was actually for Google’s ASVS project and has been reclassed accordingly.
* YTD Event income of $449,442 was $153,058 UNDER the YTD budget of $602,500. The largest drivers of this difference are the fact that the budget includes $200,000 in expected revenue for ASIA Pacific virtual event sponsorships and $25,000 in expected revenue for ASIA Pacific registration revenue. Actual revenue was $46,250 for sponsorships and $11,000 for registrations.
* Merch and Trademark income is UNDER Budget by $31,591, combined, YTD

**Expenses:** On an accrual basis (INCURRED), total expenses through September 2022, were $1,060,740 as compared to an approved YTD budget of $1,234,549. The results are OWASP is $173,809 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 $83,809 below budget thru 9.30.22, though the $4,000 the board approved for the Grant Writer was allocated here so actual expense are $87,809 under budget through 9.30.22).

The reasons for this Variance to YTD include:

* Projects were $126,505 under budget excluding the $90,000 (actual is $86,000 due to $4,000 for grant writer in 9.30.22) for the estimated “grant” expenses that have not occurred, actual underspending in Projects is only $40,505 due to underspending on Projects and marketing.
* Events are Under Budget by $16,300 due to budgeted spend for ASIA Pacific that OWASP did not incur
* Chapters and Outreach were a combined $43,197 Under budget due primarily under spending in Chapter spending, Marketing and timing of YM platform fees
* G&A was over budget by $20,798 due to payment of pending Legal fees offset by underspending on EU expenses compared to Budget as of 9.30.22
* All other depts were a combined under budget in spending by $3,302

**Net Income/Loss:** Net Profit (Loss) as of September 30th, 2022, is $144,088. The approved budgeted net profit (loss) was Negative -$20,549. The actual net profit is AHEAD of budget by $164,637 due to underspending in certain areas and exceeding the Revenue budget YTD 2022 aside from budgeted ASIA Pacific conference income. Net income is down from 8.31.22 by $11,654.

**Months of Operational Reserve**: With a cash balance of $ 2,133,871 it is $192,138 MORE than 8.31.22 and $946,587 more than the 9.30.21 balance or a 79.73% (9% more than 8.31.22) 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 $1,975,758 ($113,973 more than 8.31.22) or 16.3 months of reserve at the $121,000 of avg monthly Operating expenses (1 more month than 8.31.22) and 11.2 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 8.31.22). 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 APSEC US event is 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 Oct. 26th for the Board call.