

OWASP Financial Narrative

Attached please find the financial package for OWASP US which represents financial performance for the eleven months of 2022 ended November 30th, 2022.

The financials ONLY consider the US activities through November 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 November 2022, is $2,696,715 vs 2022 Budget of $2,069,000 or $627,715 over the Budget as of 11.30.22.

The reasons for this include:

* Actual, recognized Corp Membership at $488,159 was $258,992 AHEAD of the YTD 2022 Budget of $229,167
* Actual recognized Individual Membership at $254,241 (an increase of $21,268 YTD as of 11.30.22) is now $20,759 UNDER the YTD 2022 Budget of $275,000
* Actual recognized Donations, YTD of $146,785 was $32,549, UNDER the YTD budgeted amount of $179,333 (however $100,000 of the shortfall is due to the budgeted/estimated Grant that has not occurred as of 11.30.22, so actual donations are $67,451 ahead of budget through 11.30.22, due to a “true up” of the MoD Security project donation, through 8.31.22.
* YTD Event income of $1,805,098 was $452,598 AHEAD the YTD budget of $1,352,500. The largest driver of this difference is the fact that the budget includes $665,000 in expected revenue for Global APPSEC in San Francisco. Actuals for APPSEC YTD are $415,595 for Registrations and $786,700 for Sponsorships. This is $537,295 over the budgeted amount.
* Merch and Trademark income is UNDER Budget by $28,997, combined, YTD

**Expenses:** On an accrual basis (INCURRED), total expenses through November 2022, were $1,304,664 as compared to an approved YTD budget of $2,027,908. The results are OWASP is $723,244 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 $633,244 below budget thru 11.30.22).

The reasons for this Variance to YTD include:

* Projects were $139,428 under budget excluding the $90,000 for the estimated “grant” expenses that have not occurred, actual underspending in Projects is only $49,428 due to underspending on Projects and marketing
* Events are Under Budget by $568,496 due to budgeted spend for APPSEC SF – Budget includes $520,000 of expected expenses. Prepaid expenses for the event were only at $6,636 for flights, and these expenses were recognized this month. The largest portion of the variance is due to prior year spending for the event. We are also waiting for the final bills for food and accommodation.
* Chapters and Outreach were a combined $44,444 Under budget due primarily under spending in Chapter spending, Marketing, and timing of YM platform fees
* G&A was over budget by $24,001 due to payment of pending Legal fees offset by underspending on EU expenses compared to Budget as of 11.30.22
* All other depts were a combined over budget in spending by $5,123

**Net Income/Loss:** Net Profit (Loss) as of November 30th, 2022, is $1,392,052. The approved budgeted net profit (loss) was $41,092. The actual net profit is AHEAD of budget by $1,350,959 due to underspending in certain areas and exceeding the Revenue budget YTD 2022, including higher Revenue than budgeted for APPSEC SF and the timing difference of matching of revenue and APPSEC SF event expenses from the prior year. Net income is up from 10.31.22 by $1,162,721.

**Months of Operational Reserve**: With a cash balance of $ 2,673,418 it is $393,686 MORE than 10.31.22 and $1,368,524 more than the 11.30.21 balance or a 95% (8% more than 10.31.22) 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 $2,595,378 ($421,982 more than 10.31.22) or 20 months of reserve at the $121,000 of avg monthly Operating expenses (2.1 more month than 10.31.22) and 14.9 months of reserve at the $180K of avg of all monthly expenses (this includes all the event expenses and is an additional 2 months compared to 10.31.22). Again, a very good metric as the Non-Profit industry avg months of Operational reserve is 6 months.

Though we are trending ahead of budget for the year, 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 next month for the Board call on Dec 20th.