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OWASP Financial Narrative

Attached please find the financial package for OWASP US which represents financial performance for the month ended June 30th, 2023.

The financials ONLY consider the US activities through June 2023 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 June 2023, is $1,236,277 vs. 2023 **Approved Budget** of $1,462,900 or $226,623 under **the Approved Budget** as of 6.30.23.

The reasons for this include:

* Actual, recognized Corp Membership at $146,523 is $78,477 UNDER of the YTD 2023 **Approved Budget** of $225,000.
* Actual recognized Individual Membership at $155,025 is $5,025 AHEAD OF the YTD 2023 **Approved Budget** of $150,000.
* Actual, recognized Project & Technology income at $57,596 is AHEAD of the YTD 2023 **Approved Budget** of $47,500 projected through June 2023.
* Actual recognized Donations/Grants of $23,165 are $31,335 UNDER the YTD budgeted amount of $54,500.

**Donations received in June include:**

* + $45.49 – UKOGF Donation
  + $50.60 – Stripe donation unspecified for specific chapter/project
  + $1,200 – Orange County Local Chapter
  + $500 – Data Solutions allocation
* Actual recognized Event Income of $853,837 is $128,311 UNDER the YTD 2023 **Approved Budget** of $982,148.
  + Registrations for Dublin total $292,833 vs. planned total of $145,865.
  + Sponsorships & Training for Dublin total $292,328 vs. planned total of $291,783.
  + Additional event income from SnowFroc totals $71,889.15.
  + German Day event income totals $2,557 for sponsorships and $718 for registrations.
  + AppSec Israel event income totals $119,040 for sponsorships vs. budget of $227,000.
  + BASC event income totals $17,000 for sponsorships.
  + AppSec PNW event income totals $25,740.
  + Virtual Training Day event income totals $13,130.
* Merch and Trademark income is $2,500 UNDER the **Approved Budget**.

**Expenses:** On an accrual basis (INCURRED), total expenses through June 2023 were $1,429,147 as compared to the YTD 2023 **Approved Budget** of $1,499,919. The results are OWASP is $70,772 UNDER the **Approved** YTD 2023 budget for expenses.

***Note:*** The conference expense bill for San Francisco of ~$500K has been moved to match expense with 2022 earned conference income.

The reasons for this Variance to YTD include:

* Project spend was $5,576 under budget.
* Events are **over budget** by $30,310.
  + Event expenses recorded in May total:
    - $3,653.16 additional spend for AppSec Israel.
    - $28,439.38 for AppSec PNW vs. $10,000 budgeted spent.
    - $10,540.80 vs. $0 budgeted spend for Virtual Career Fair.
    - $4,402 vs. $0 budgeted spend for Virtual Training Day.
    - $276.78 additional spend for Dublin.
    - $78.1 additional spend for BASC.
    - $12,461.5 additional spend for German Day.
* Chapters and Outreach were a combined $16,458 under budget.
* G&A is under budget by $108,039.
* All other depts were a combined over budget in spending by $28,990 – this is due to having no budget for fundraising and actuals of $34,823 for fundraising due to salary allocation.

**Net Income/Loss:** Net Profit (Loss) as of June 30th, 2023, is $(192,870). The **Approved** budgeted net profit (loss) was $(37,019). The actual net loss is over the **Approved** budget by $155,851. This is due to conference income being ~$128K less than budget as well as membership income being ~$74K less than budget, however, total expenses are ~$70.7K less than budget, offsetting the difference in actual vs. projected net income. Net income is down from 6.30.22 (last year) by $349,952.

**Months of Operational Reserve**: The cash balance of $2,115,793 is $51,524 LESS than 5.31.23 and $426,172 more than the 6.30.22 balance, or a 25% increase in our cash balance YoY.

If we segregate the AP and assumed Project balance, we would have approximately $1,888,417 ($28,247.12 more than 5.31.23) or 10.1 months of reserve at the $187K of average monthly operating expenses and 7.6 months of reserve at the $248K of avg of all monthly expenses (this includes all the event expenses).

The Non-Profit industry average months of Operational reserve is 6 months.

***Note:*** Regarding the restricted asset balance (project balance): I performed a true-up of project balances to ensure restricted balance is accurate as of 6.30.23. To do this, I pulled all project activity (like 2021 worksheet) and made the reclass to get the balance to the correct total. Breakdown of project funds by project can be found on the schedule. I would suggest having the project balances reviewed and the restricted balance adjusted monthly to avoid missing this process at year-end.

We should be mindful of our expenses – the current Approved budget is projecting a loss for 2023, and though we have cash reserves to invest in operations, projects, or whatever deemed fit, we should try to keep additional travel costs at a minimum where possible. You will also notice I have added three tabs in the financial package to better explain several balances on the balance sheet:

* Suspense payments
* Undeposited funds
* Refunds Payable

Please review and let us know if any reclassifications are necessary. I will see you all next week for the Board call on July 26th.