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OWASP Financial Narrative

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

The financials ONLY consider the US activities through October 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 October 2022, is $1,425,930 vs 2022 Budget of $1,931,500 or $505,570 under of Budget as of 10.31.22 (excluding the “grant” that has not arrived actual revenue is $405,570 under of Budget thru 10.31.22)

The reasons for this include:

* Actual, recognized Corp Membership at $458,635 was $250,302 AHEAD of the YTD 2022 Budget of $208,333
* Actual recognized Individual Membership at $232,973 (an increase of $16,952 from YTD as of 9.30.22) is now $17,027 UNDER the YTD 2022 Budget of $250,000
* Actual recognized Donations, YTD of $144,836 was $27,830, UNDER the YTD budgeted amount of $172,667 (however $100,000 of the shortfall is due to the budgeted/estimated Grant that has not occurred as of 10.31.22, so actual donations are $72,169 ahead of budget through 10.31.22, due to a “true up” of the MoD Security project donation, through 8.31.22. Also, GSOC was budgeted at $6K – this month we received $7,500 for GSOC.
* YTD Event income of $587,998 was $679,502 UNDER the YTD budget of $1,267,500. The largest driver of this difference is the fact that the budget includes $665,000 in expected revenue for Global ASPEC in San Francisco. This said, it seems the budget expected revenue to be recognized in October, when revenue will be recognized in November when the event occurred. Current actuals for APPSEC SF revenue are $777,350, which is $112,350 over the budgeted amount.
* Merch and Trademark income is UNDER Budget by $31,513, combined, YTD

**Expenses:** On an accrual basis (INCURRED), total expenses through October 2022, were $1,196,599 as compared to an approved YTD budget of $1,872,478. The results are OWASP is $675,880 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 $585,880 below budget thru 10.31.22, though the $4,000 the board approved for the Grant Writer was allocated here so actual expense are $581,880 under budget through 10.31.22).

The reasons for this Variance to YTD include:

* Projects were $132,807 under budget excluding the $90,000 for the estimated “grant” expenses that have not occurred, actual underspending in Projects is only $42,807 due to underspending on Projects and marketing
* Events are Under Budget by $522,980 due to budgeted spend for APPSEC SF that OWASP will not recognize until November financial report as the event was held in November. Prepaid expenses for the event are currently at $6,636 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 $27,556 Under budget due primarily under spending in Chapter spending, Marketing, and timing of YM platform fees
* G&A was over budget by $15,478 due to payment of pending Legal fees offset by underspending on EU expenses compared to Budget as of 10.31.22
* All other depts were a combined under budget in spending by $8,015

**Net Income/Loss:** Net Profit (Loss) as of October 31st, 2022, is $229,331. The approved budgeted net profit (loss) was $59,022. The actual net profit is AHEAD of budget by $170,310 due to underspending in certain areas and exceeding the Revenue budget YTD 2022 aside from the timing of recognizing APPSEC SF conference income. Net income is up from 9.30.22 by $5,637.

**Months of Operational Reserve**: With a cash balance of $ 2,279,731 it is $145,860 MORE than 9.30.22 and $1,060,411 more than the 10.31.21 balance or a 86.97% (6% more than 9.30.22) 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 $2,173,398 ($197,640 more than 9.30.22) or 17.9 months of reserve at the $121,000 of avg monthly Operating expenses (1.6 more month than 9.30.22) and 12.1 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 9.30.22). 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.