

OWASP Financial Narrative

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

The financials ONLY consider the US activities through December 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 December 2022, is $2,798,610 vs 2022 Budget of $2,155,000 or $643,610 over the Budget as of 12.31.22.

The reasons for this include:

* Actual, recognized Corp Membership at $521,820 was $271,731 AHEAD of the YTD 2022 Budget of $250,000
* Actual recognized Individual Membership at $275,731 was $24,269 UNDER the YTD 2022 Budget of $300,000
* Actual recognized Donations of $169,631 were $16,369 UNDER the YTD budgeted amount of $186,000 (however $100,000 of the shortfall is due to the budgeted/estimated Grant that did not occur in 2022, so actual donations are $83,631 ahead of budget through 12.31.22
* YTD Event income of $1,829,415 was $454,415 AHEAD the YTD budget of $1,375,000. The largest driver of this difference is the fact that the budget includes $665,000 in expected revenue for Global APSEC in San Francisco. Actuals for APSEC 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 $38,996, combined.

**Expenses:** On an accrual basis (INCURRED), total expenses through December 2022 were $1,661,100 as compared to an approved YTD budget of $2,154,732. The results are OWASP is $493,632 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 $403,632 below budget thru 12.31.22).

The reasons for this Variance to YTD include:

* Projects were $106,503 under budget excluding the $90,000 for the estimated “grant” expenses that have not occurred, actual underspending in Projects is only $16,503 due to underspending on Projects and Marketing.
* Events are Under Budget by $444,334 due to budgeted spend for APSEC SF – Budget includes $520,000 of expected expenses. Expenses recorded YTD are $84,174. 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 as no bill has been entered yet for Hyatt Regency San Francisco.
* Chapters and Outreach were a combined $24,118 Under budget due primarily under spending in Chapter spending, Marketing, and timing of YM platform fees.
* G&A was over budget by $60,433 due to payment of pending Legal fees offset by underspending on EU expenses compared to Budget as of 12.31.22
* All other depts were a combined over budget in spending by $20,890.

**Net Income/Loss:** Net Profit (Loss) as of December 31st, 2022, is $1,137,510. The approved budgeted net profit (loss) was $268. The actual net profit is AHEAD of budget by $1,137,242 due to underspending in certain areas and exceeding the Revenue budget YTD 2022, including higher Revenue than budgeted for Global APSEC US in San Francisco and the timing difference of matching of revenue and Global APSEC US event expenses from the prior year. Net income is down from 11.30.22 by $213,717.

**Months of Operational Reserve**: The cash balance of $2,684,473 is $11,055 MORE than 11.30.22 and $1,227,412 more than the 12.31.21 balance, or a 84% increase in our cash balance YoY. In a continually challenging Pandemic year, this 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 balance, we would have approximately $2,456,579 ($138,799 less than 11.30.22) or 20 months of reserve at the $121,000 of avg monthly Operating expenses and 13.6 months of reserve at the $180K of avg of all monthly expenses (this includes all the event expenses and is 1 month less than 11.30.22). Again, a very good metric as the Non-Profit industry avg months of Operational reserve is 6 months.

Though actuals came out ahead of the budget for the year, we should be mindful of our expenses – a specific area to highlight is keeping an eye on speaker travel as we head into fiscal year 2023. The current draft 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.

I will see you all next week for the Board call on January 24th.