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OWASP Financial Narrative

Attached please find the financial package for OWASP US which represents financial performance for the Twelve months ended December 31st, 2021.

As we will be starting the dissolution process for OWASP VZW and incorporating as a Foundation in the Netherlands, the financials ONLY consider the US activities for December and YTD

**Statement of Activities – Accrual Basis**

The following is a summary of the YTD Statement of Activities:

**Revenue:** On an accrual basis, total revenue through December 31st, 2021, is $1,508,651 vs 2021 Budget of $,398,433 or $110,218 ahead of Budget

The reasons for this include:

* Events specifically the 20th anniversary exceeded budget by $43,251 (Apsec AU Day budgeted but ended up not being an OWASP event).
* Individual membership budgeted at $150,000 actual was $320,242 or $170,242 ahead of budget and Corp Membership actual $183,200 vs $200,000 or under budget by $16,800 this is on an “earned” basis not paid)
* Trademark and Merchandise were under budget by a combined $68,911
* Donations budgeted at $36,000 vs Actual $73,937 or more than double the 2021 budget

**Expenses:** On an accrual basis, total expenses through December 2021, are $1,268,519 as compared to an approved YTD budget of $1,497,898. The results are OWASP is $229,359 under the approved FY 21 budgeted expenses.

The reasons for this include:

* Project spending is under budget by $35,175 due to less actual Project spending and Project Platform fees as compared to the 2021 Budget.
* Event spending is $288,225 **BELOW** budget due to no Australia day ($80K), LASCON $36K below budget along with being significantly below budget for all other 2021 events compared to the budget for 2021.
* Outreach is $3,281 below budget due to underspending in Marketing offset by Meetup fees.
* Chapter spending is $72,607 under budget due to travel restrictions and online events
* G&A is $90,481 above budget due to Legal fees, writing off the Inventory balance of $36,148 and Insperity payroll fees offset by underspending in Fundraising, EDU and WIA by $27,649 underspending
* We were also able to write off the Merchandise carrying value of $36,148, as we are now using Zazzle and do not need to carry inventory, as well as Reversing the entire amount of the VZW owed amount, as we are beginning the process to dissolve the Belgian entity and incorporating as a foundation in the Netherlands, totaling $62,697. We were also able to add $45,000 to our accumulated bad debt reserves for a total of 25% of the open Accounts Receivable

**Net Income/Loss:** Net Profit (Loss) as of December 31st, 2021, is $240,132. The approved budgeted net profit (loss) was Negative -$99,446. The actual net profit is better than budget by $339,578 due underspending and exceeding the Revenue budget for 2021

**Months of Operational Reserve**: With a cash balance of $1,456,601 which is $88,536 more than 11.30.21 and $369,385 more thank the 12.31.20 amount or a 34% increase in our cash balance in a very challenging Pandemic year is a fantastic achievement and a testament to the OWASP Staff. If we segregate the AP, Def rev and assumed Proj bal we would have approximately $1,312,000 of operating Cash or 12.5 months of reserve at the $105,000 of avg monthly expenses and 7.3 months of reserve at the $180K of avg monthly expenses (this includes all the event expenses). With out expenses using the 2022 budgeted expenses we would have 8 full months of reserve, exclusive of 2022 Membership and donation income. Again, a very good metric as the Non-Profit industry avg months of Operational reserve is 6 months.