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Reviewed by: Drupal Association Board

The 2021 fiscal year

Overall, continued significant risk but a strong cash reserve to mitigate risk

Similar to 2020, 2021 was a successful 12-month period on paper. However, after 2021, we still faced significant contingent liability and assumed that we'd likely have no ability to cancel future contracted event venues even amid continued pandemic conditions in 2022. While we'd been able to navigate full no-cost cancellations of events in Minneapolis and Boston due to local governments not allowing large in-person events, cities were reopening. Our projections for a return to in-person DrupalCon, at least for the first coming out of the pandemic, was 50-60% of typical DrupalCon North America attendance, with higher costs. We were unsure if the hotels would work with us and hotel blocks (reserved rooms at multiple hotels specifically for DrupalCon) were met to meet the needs of a much larger conference. With these contracts, if hotel blocks are not met, the Drupal Association is financially liable for a high % of unbooked rooms. These hotel block cancellations fees increase the closer you get to the event dates.

We also still faced obligations for future DrupalCons through 2024. **At the close of 2021, our contingent liability was \$2.8M (not much lower than 2020). Our major focus for 2021 was caution and continuing to build financial resilience.**

2021 Overview of Revenue + expenses resulting in a net increase of assets

In 2021 we applied for and were awarded forgiveness of our first payroll protection loan (the cash for which was received in 2020). For the purposes of accounting, loan forgiveness is treated as revenue even though the cash was received in the previous year. The revenue recorded in relation to the loan forgiveness was \$278k.

On the expense side of the equation, throughout the year, we continued to operate at a reduced staffing capacity. We also had several lengthy staff vacancies during the year which lead to a significantly reduced staffing cost overall. Operationally, we continued to limit typical activities like travel and in-person meetings for staff and board due to continued pandemic conditions. We were also extremely conservative in spending overall in order to build resilience to survive continued uncertainty.

Due to a combination of everything described above, the overall net asset increase for the year was **\$576k**.

Continued strategic investment utilizing net surplus of funds.

Just as we continued to exercise caution and build resilience to face future uncertainty in 2022 and beyond, we continued our commitment to advance initiatives to support the Drupal project.

Board Designated Funds

At the end of 2020, due to strong year-end projections, the Drupal Association board designated \$200k in assets for strategic investments. At the end of 2021, the balance of this fund was \$125,167.50. The remainder of this fund is expected to be fully utilized by the end of 2021.

Investment in the Gitlab Acceleration Initiative

At the end of 2021, the Drupal Association committed to \$249k to hire 3 consultants for a 1-year duration to supplement typical staff activities which would free up existing DA Engineering staff to work directly on the initiative and provide project management. The 2022 budget outlines that at least 50% of the cost can be paid for by operating reserves (cash generated in previous fiscal years). The project kicked off late in 2021, so the majority of this cost will appear in 2022.

The Drupal Association							
Statement of Financial Position							
December 31, 2021 and 2020							
						2021	2020 (Audited)
ASSETS							
Cash and Cash Equivalents						\$ 2,539,800	\$ 1,698,428
Accounts Receivable						\$ 190,549	\$ 60,860
Prepaid Expenses and Other Assets						\$ 160,338	\$ 141,224
Property and Equipment, Net						\$ 468	\$ 1,843
TOTAL ASSETS						\$ 2,891,156	\$ 1,902,355
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and accrued expenses						\$ 138,187	\$ 79,817
Fiscal sponsorships							\$ -
Deferred revenue						\$ 497,201	\$ 141,395
Refundable advance - payroll protection program						\$ 278,287	\$ 278,287
Total Liabilities						\$ 913,675	\$ 499,499
Net Assets:							
Without donor restrictions							
Undesignated						1,850,626	1,199,970
Board designated						125,168	200,000
Net property and equipment						468	1,843
Total without donor restrictions						1,976,262	1,401,813
With donor restrictions						1,220	1,043
Total net assets						1,977,482	1,402,856
TOTAL NET ASSETS AND LIABILITIES						2,891,156	1,902,355

The Drupal Association

Statement of Activities

For years ended December 31, 2021 and 2020

	2021							
	Without Donor	With Donor						
	Restrictions	Restriction	Total					
Support and revenue:								
Contributions and sponsorships	\$ 883,201	177	\$ 883,378					
Conference registration	\$ 326,462		\$ 326,462					
Security platform fees	\$ 183,770		\$ 183,770					
Donated materials and services	\$ 110,350		\$ 110,350					
Dues and memberships	\$ 774,456		\$ 774,456					
Grants	\$ 278,287		\$ 278,287					
Advertising and other income	\$ 398,069		\$ 398,069					
Net realized and unrealized loss from currency translation	\$ (1,409)		\$ (1,409)					
Total support and revenue	\$ 2,953,186	\$ 177	\$ 2,953,363					
Expenses:								
Program	\$ 1,794,633		\$ 1,794,633					
Management + General	\$ 237,362		\$ 237,362					
Fundraising	\$ 344,492		\$ 344,492					
Total expenses	\$ 2,376,487		\$ 2,376,487					
Change in net assets	\$ 576,698	177	576,875					
Net assets:								
Beginning of year	\$ 1,401,813	\$ 1,043	\$ 1,402,856					
End of year	\$ 1,978,511	\$ 1,220	1,979,731					

THE DRUPAL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Events	Drupal.org	Drupal Steward	Other Programs	Total Programs	Managment	Fundraising	Total
Salaries and related expenses	288,443	449,743	44,053	321,828	1,104,067	130,719	291,577	1,526,363
Professional fees	10,863	210,294	51,976	34,204	307,337	13,149	26,161	346,647
Events and conferences	116,436				116,436			116,436
Scholarships and grants	-			19,200	19,200			19,200
Marketing	9,401	3	2,872	14,187	26,464	-	-	26,464
Information technology and website	223	100,996	-	-	101,219			101,219
Facilities	788	4,394	122	2,390	7,693	2,010	3,831	13,534
Travel and meals	262	416	40	471	1,190	2,103	270	3,562
Board expenses	-				-	2,634	-	2,634
Office expense	7,145	34,571	1,089	10,108	52,913	4,965	8,199	66,077
Insurance	3,969	6,292	612	4,459	15,333	1,812	4,082	21,227
Bank fees	19,777	17,896	409	3,706	41,788	965	10,108	52,861
Income and sales taxes					-	78,888		78,888
Miscellaneous	-				-	-		-
Depreciation and amortization	257	407	40	289	993	117	264	1,375
	457,564	825,013		410,842	1,794,633	237,362	344,492	2,376,487

THE DRUPAL ASSOCIATION						
STATEMENT OF CASH FLOWS						
For the years ended December 31, 2021 and 2020						
				2021	2020	
				Internally prepared	(Audited)	
Cash flows from operating activities:						
Change in net assets				\$ 576,875	\$ 923,801	
Adjustments to reconcile change in net assets to net cash flows from operating activities						
Depreciation and ammortization				\$ 1,375	\$ 438	
(Increase) decrease in:						
Accounts receivable				\$ (129,689)	\$ 130,735	
Prepaid expenses and other assets				\$ (17,739)	\$ 175,628	
Increase (decrease) in:						
Accounts payable, accrued expenses and other				\$ 54,745	\$ (85,551)	
Deferred revenue				\$ 355,806	\$ (813,820)	
Refundable advance - Paycheck Protection Program				\$ (0)	\$ 278,287	
Net cash flows from operating activities				\$ 841,372	\$ 609,518	
Net change in cash and cash equivalents				\$ 841,372	\$ 609,518	
Cash and cash equivalents - beginning of the year				\$ 1,698,428	\$ 1,088,910	
Cash and cash equivalents - end of year				\$ 2,539,800	\$ 1,698,428	