

# Setting a Responsible Reserve Level (ec-24-0173-01-00EC)

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# Worst-Case Cancellation Scenario

## **Unpredictable Global Event Disrupts In-Person Meetings for 12 Months**

- Cancellation decision occurs days before a scheduled in-person plenary
- Imminent plenary meeting is moved to virtual (same or possibly rescheduled dates)
- Next two meetings made virtual as well

## **Financial Exposure**

- Refund all virtual attendance registration fee premiums for imminent meeting
- Refund up to 20% of registration revenue (for people who can't make the rescheduled session)
- Pay venue penalties at highest level (cancelling earlier can reduce liability)
- Pay first 3 milestones to meeting planner and networking contract liabilities
- Pay the lower venue cancellation fees and owed planner milestones for the following two meetings

# Worst Likely Case Cancellation Scenario Cont.

## Assumptions

- Worst-case cancellation penalty sequence (Atlanta, Berlin, Oahu)
- Montreal registration and fees as baseline for in-person revenue
- Converted meeting registration rates do not change
- Virtual plenary registration fees assumed to be \$700 with 700 virtual attendees per event

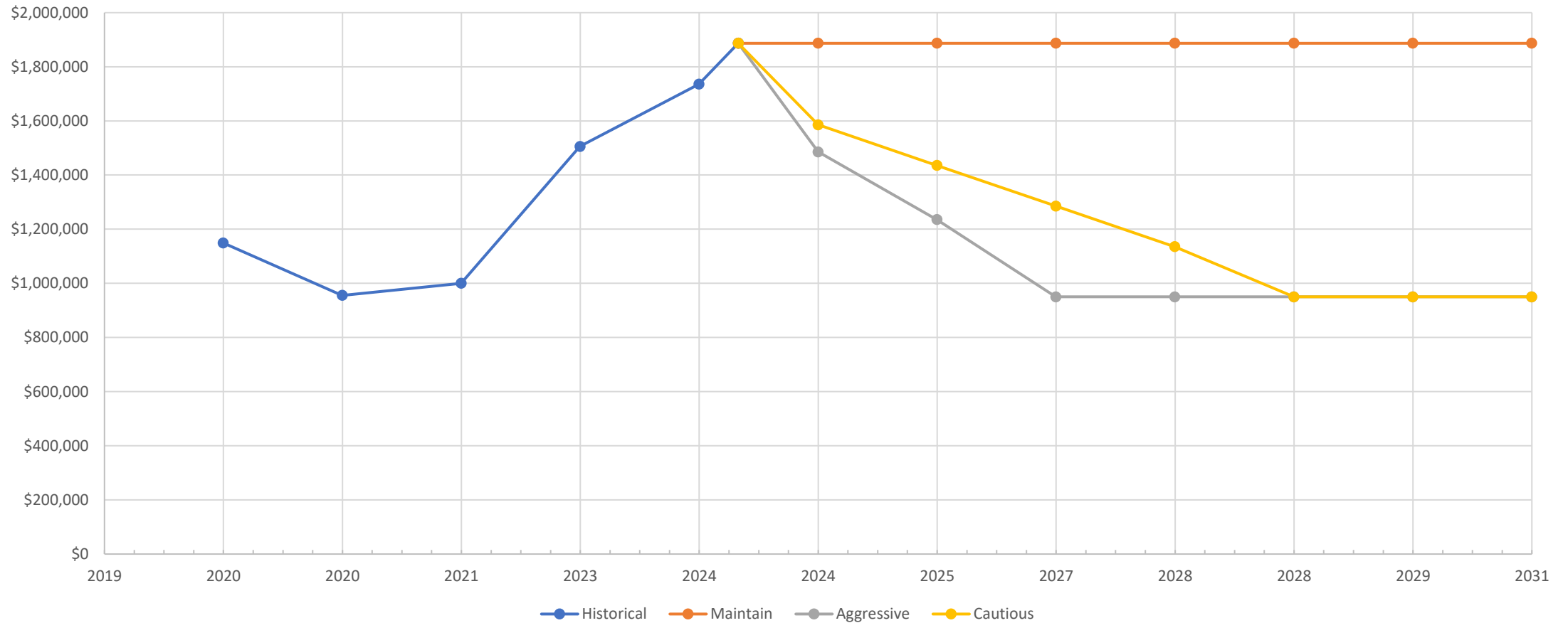
First Affected Meeting: In-Person to Virtual, Last minute				
Line Item	Unit Cost	Units	Total	
In Person Meeting Facility Cancellation Penalties	\$ 448,200	1	\$ 448,200	
Meeting Planner Payments Due	\$ 75,000	1	\$ 75,000	
Networking Payments Due	\$ 25,000	1	\$ 25,000	
Virtual Attendee Surcharge Refund	\$ 300	350	\$ 105,000	
On-site Attendee Schedule Conflict Refund	\$ 370	100	\$ 37,000	
Virtual Attendee Schedule Conflict Refund	\$ 645	80	\$ 51,600	
On-Site Registrant Revenue Offset	\$ (370)	500	\$ (185,000)	
Virtual Registrant Revenue Offset	\$ (645)	400	\$ (258,000)	
<b>Total</b>			<b>\$ 298,800</b>	
Second Affected Meeting: Virtual from Start				
Line Item	Unit Cost	Units	Total	
In Person Meeting Facility Cancellation Penalties	\$ 369,794	1	\$ 369,794	
Meeting Planner Payments Due	\$ 43,750	1	\$ 43,750	
Virtual Registrant Revenue Offset	\$ (700)	700	\$ (490,000)	
<b>Total</b>			<b>\$ (76,456)</b>	
Third Affected Meeting: Virtual from Start				
Line Item	Unit Cost	Units	Total	
In Person Meeting Facility Cancellation Penalties	\$ 432,685	1	\$ 432,685	
Meeting Planner Payments Due	\$ 18,750	1	\$ 18,750	
Virtual Registrant Revenue Offset	\$ (700)	700	\$ (490,000)	
<b>Total</b>			<b>\$ (38,565)</b>	
<b>Total Shortfall</b>			<b>\$ 183,779</b>	

# Reserve Target

- Ability to raise revenue through virtual meetings makes \$1M - \$1.5M reserve target hard to justify
- Based on historical scenarios, instantaneous exposure of \$300k seems to be the worst case
- Additional operating capital is desirable
- Target ~\$950k, achieve over time by:
  - Aggressive: \$250k/yr Over 3 Years by Roughly 15% Fee Reduction
  - Cautious: \$150k/yr Over 5 Years by Roughly 10% Fee Reduction

# Reserves Bleed Options

Aggressive: \$250k/yr Over 3 Years  
Cautious: \$150k/yr Over 5 Years



# Questions?