

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

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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

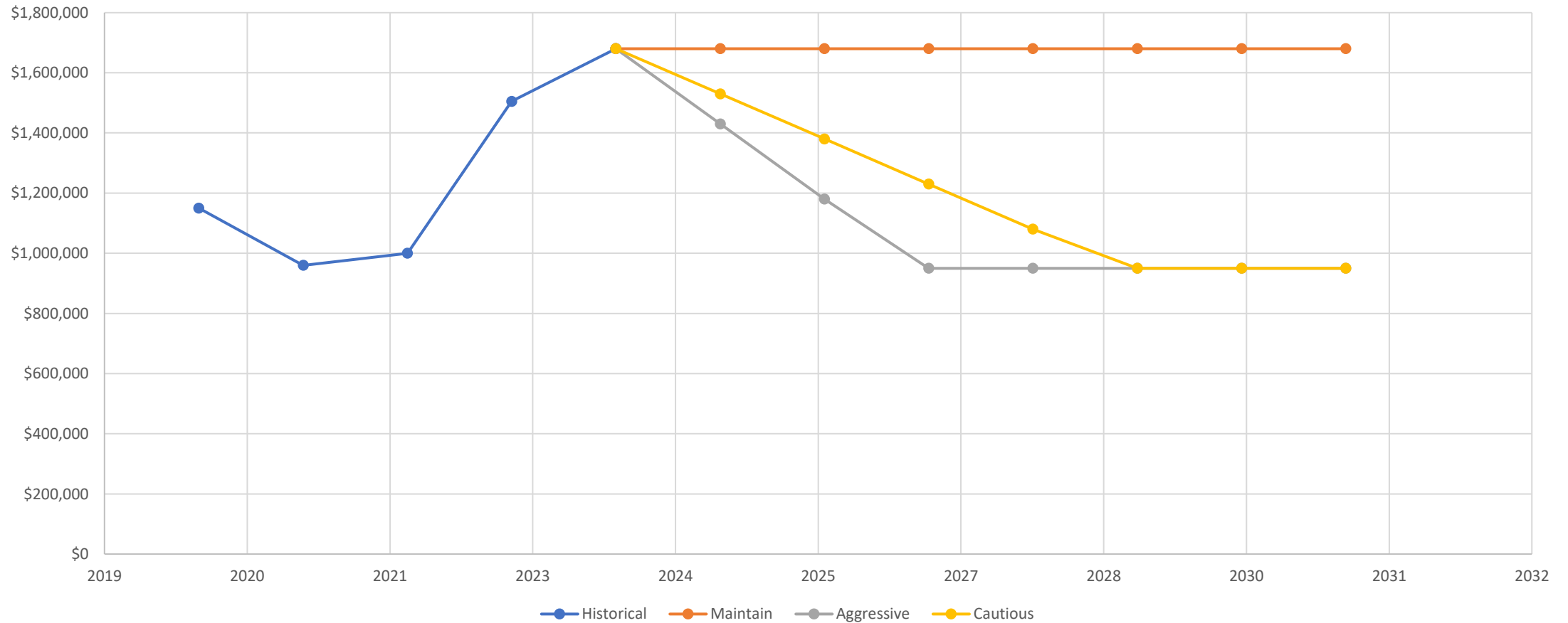
| First Affected Meeting: In-Person to Virtual, Last minute |            |       |                    |  |
|---|------------|-------|--------------------|--|
| Line Item   | Unit Cost  | Units | Total              |  |
| In Person Meeting Facility Cancellation Penalties         | \$ 448,200 | 1     | \$ 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?