



Finance Committee call

June 8, 2020 | 8:30AM EDT

Committee Member Participants:

Mr. Sean Seah, Finance Committee Chairman
Ms. Yvonne Chiu, WITSA Chairman
Mr. Santiago Gutierrez
Tarek Taha
Mr. Yannis Sirros
Dr. Jim Poisant

Staff:

Mr. Anders Halvorsen

Chairman's remarks

Mr. Seah welcomed everyone to the call. The purpose of the call was to make a recommendation to the Board of Directors regarding the 2020 budget and 2021-2022 financial outlook. Mr. Seah noted that the draft 2020-22 budget version 18 had been distributed to the Committee prior to the call.

Discussion

Mr. Gutierrez asked to discuss the comments he had circulated to the Committee prior to the call and in response to the draft budget v18. His commentary consisted of the following seven key points:

1. Meaning of WITSA's financial health: Having enough cash to meet its contractual obligations through the end of 2022, with certainty
2. The revenue outlook for 2020 is already set with high probability to stay at the level it is projected right now
3. Revenue outlook for 2021 is a mere \$49,000 and \$422,000 for 2022

4. There is not yet a WCIT signed for 2023 and beyond
5. The world is changing substantially and most likely WCITs will not be the way they were until 2019
6. WITSA used to work a 5-year outlook when working on a specific year's budget. Today, WITSA has no visibility beyond 2.5 years, down to 2022
7. At a time like this, WITSA needs to minimize its expense budget for the remainder of 2020 and to design a financially healthy expense outlook for 2021 and 2022 as defined under (1) above

Gutierrez concluded that cash by year-end (Cbye) will be dangerously low in 2021 and 2022. Furthermore, the projected low Cbye levels for these two years are concerning because WCITs will be held both of these years.

A discussion among committee members ensued. Mr. Seah noted that the ongoing pandemic was largely responsible for the difficult budget outlook and that it would likely take at least another six months to have a better sense of what the 2021 and 2022 financial situation realistically will be.

Minor adjustments to budget v18 were made with regard to the 2020 staff income calculations to accurately reflect the year-on-year numbers resulting from the May'20 salary cuts (see summary below for details).

Mr. Taha expressed concern about the projected cash at hand for the first three months of 2022, before the anticipated WCIT Malaysia payment in April of that year. Ms. Chiu suggested that the key responsibility of the committee was to approve the 2020 budget and to note the potential shortfall in 2022. She was convinced that additional sources of revenue would be obtained once the ill effects of the pandemic subsided, including from WITSA's global partner program, business certification initiative as well as potentially other programs such as a digital events platform and a virtual road show. In this difficult time, Chiu stressed that it was paramount for everyone to keep a positive outlook in order to best address the challenges ahead.

Mr. Sirros requested that a column be added to the 2020 budget providing for potential additional revenue for 2020. At the request of Mr. Taha, Poisant agreed to produce a revenue pipeline report by the end of June. The report will include probability estimates next to each revenue source. Poisant added that for any new revenue sources to become successful, a firm commitment by the WITSA Vice Chairman and Board to assist and support would be necessary.

Summary

Finance Committee meeting held on June 9th, 2020

MEETING AGREEMENTS

1. Jim will work out the revenue funnels for the remainder of 2020 with support from Regional Vice Chairs, to bring at least additional \$100k during this year.
2. The Board will receive from this Finance Committee, the following documents for its approval or concurrence
 - a. Budget for 2020 (Adjusted as discussed during this meeting:.)

100,231.31	-11,961.31	88,270.00
241,611.62	-32,725.62	208,886.00
341,842.93	-44,686.93	297,156.00

- b. Pessimistic Scenario: 2021-2022 Outlook (the current budget v18)
 - c. Optimistic Scenario: 2021-2022 Outlook (The current budget v18 plus upsides)
3. The Finance Committee will have monthly meetings, starting on July 10th, for:
 - a. Budget vs Actual as of January of 2020 to the month of review
 - b. Progress review on upside revenue funnel

It was noted that, although all Committee members agreed to the above actions, Mr. Gutierrez did not agree that the scenario for 2021-2022 (2b) as described in the current budget v18 is a realistic worst-case scenario. Gutierrez felt that the projected expenditures for 2021 and 2022 were too low considering that both are years in which WCITs will be held and related expenses (such as travel) are inevitable.

The meeting adjourned at 11:00AM EDT