

ACL Treasurer's Report Summer 2019

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ACL's Financial Health

- * generally very good for ACL as an organization
- * we have consistently in excess of \$2,000,000 combined liquid reserves
- * explosive registration growth has generally been financially good for ACL
- * But increased risk given era of O(\$1,000,000) conference budgets and total \$2,000,000+ annual expenses

Discussion Focus:

(Financial) Risks to ACL and Mitigation Strategies

Conference Disruption/Cancellation Risk

- * extreme weather events (e.g. hurricanes/typhoon)
- * civil unrest (e.g. 2019 Hong Kong) or political instability
- * disease outbreaks (e.g. 2003 SARS)
- * terrorism
- * significant changes in immigration policy (e.g. Trump)
- * conference venue under construction not completed in time
- * major airport closure
- * major airline bankruptcy/shutdown
- * air transport strikes (partial-total airport/airline shutdown)

Conference Disruption/Cancellation Risk (2)

- * relatively low probability of most serious event's above but potentially catastrophic cost (and other negative impact)
- * disruptions with extended advance warning
 - > possibility of moving conference venue or budget modification (not always possible and/or significant financial penalties)
- * disruptions with little warning:
 - > significant percentage of attendees can't get to the meeting
 - > significant percentage of attendees discourage from attending
 - > venue closure shortly before/during conference
- * financial impact vs. impact on conference success/viability
 - (if many can't attend or miss large percentage of conference)

Conference Disruption/Cancellation Risk (3)

Mitigation Strategies:

- * event cancellation/disruption insurance
- * self-insurance against negative financial impact
- * remote presentation delivery options (on emergency and routine basis)
- * remote presentation viewing options (on emergency and routine basis)

Risk of Significant Economic Downturn

- * Financial commitments 1-3 years in advance before world financial landscape clear
- * global/regional downturns (e.g. 2008 recession)
- * AI/NLP/tech industry-specific downturns
 - Fundraising impact
 - Attendance impact
 - Increases in financial need

Exchange-Rate Shift Risk

- * ideally ACL's asset distribution (e.g. USD/Euro/Asian Currencies) should roughly mirror our steady-state conference expense distribution
- * our assets and currency reserves disproportionately denominated in USD relative to our expenditures
- * Important/justified to have primary working bank account in US and in USD for Priscilla's centralized management, but preferable for our reserve capital investments to be better diversified
- * Which Asian currency(ies) to use?
issue: many currencies formally or informally pegged to USD
problems with currency transfers

Legal Risk

- * ACL being sued (copyright infringements, injury, litigation of PCC sanctions)
- * Government fines (e.g. GDPR violations)
- * Large scale financial data breach
- * Other liabilities

Staffing Risk

- * ACL growth very taxing on a primarily volunteer organization
- * Critically dependent on health, welfare and institutional memory of a very few key individuals
- * Performance of our bookkeeping firm problematic in past year
 - significant staff turnover with inadequate internal handoff between our dedicated bookkeepers after staff departures
 - significant accounting backlog making financial reporting difficult
 - Still on track for FY 2018 audit in September 2019 and FY 2018 tax filing on schedule in November
 - Discussion of possible change of bookkeeping firm and/or consolidation of bookkeeping/accounting/auditing service in a single firm (pros and cons)
 - Discussion on improved automation of bookkeeping pipeline