



Making Financial Presentations to Non-Financial People

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Outline

1. Keep It Fun
2. Explain Why
3. Show What Financial Statements Are or Are Not
4. Why is Presentation Important
5. Tips for Presenting Financial Information



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- It is often said: “that money isn’t everything” but then again it sure keeps you in touch.....
- Group exercise: Turning Numbers into Information so grab a pen and some paper.



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As financial people our role is to:

- Provide Timely, Accurate, Relevant, Financial Information to Financial Statement Users in accordance with PSAB Principles, in order to make sound business decisions.



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- The problems that we face are:
 - is that non-financial people don't understand,
 - non financial people don't necessarily want to understand and,
 - we're just plain lousy at telling them, (hate to admit but sometimes accountants are just boring)

•The result of course is misconception and misinterpretation leading to poor decision making



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- The bottom line is that *Financial Information is important:*
 - Required for decision-making
 - Required to ensure we are meeting our goals and objectives
 - Measures the financial strength of the organization



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Why – The format and content of your presentation should be determined by the intended purpose. For municipal governments this usually falls into four broad categories:

1. **Compliance and information** – Is the taxpayer receiving Value for Money? Give assurance and verification of how resources are used and ensuring controls are in place and demonstrates operational efficiency.
2. **Evaluation** – assess effectiveness of activities and use of resources, measure progress toward goals and objectives, review various systems and controls.



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Why – (continued)

3. **Planning** – project future needs and consider trends changes and priorities and resource allocations for the future.
4. **Take Action** – respond to changes both negative and positive, react to changes in the external environment, and address problems with programs, budgets and or cash flows.



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- **Financial Statements** *are the single most important tool that management has in making decisions!*
- When people say; It's the principle not the money...believe me when I say "it's the money."
- Example: If you owe the bank \$100



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We need to tell them that:

- Financial statements are *historical* reports that quantifies the financial strength of the organization:
 - Statement of Financial Position – a point in time; “a picture”
 - Statement of Operations – over time; “a movie”



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We need to tell them that financial statements:

- Prepared using acceptable standards i.e. GAAP, PSAB and perhaps coming to a station near you IFRS
- They are not perfect “it is a.....world”
- Do not predict the future
- Do not report cash flows
- They are the “responsibility of management...” (but prepared by support staff and or corporate accounting services)



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The battle of battles - understanding financial information
the Cash vs. Accrual debate:

Why accrual:

- Need to improve Value for Money
- Pressure for increased transparency
- No standards for cash accounting
- Cannot measure in cash accounting



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Dangers of accrual:

- Flexibility in interpretation of standards (what number do you want)
- Pressure from politicians to state results in manner that suits them
- Lack of consistency in interpretation and or understanding
- Often difficult to link accrual concepts to the annual budget



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Why presentation is important:

Who: *Must be credible and knowledgeable.*

What: *Can influence decisions, should you as the presenter be impartial?*

Where: *Most successful presentations come down to menus and venues.*



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Why Presentation is Important (continued)

When: Timely
Short is best
Get to the point, don't waste my time

How: How you speak equates to impact, i.e. negative or positive

1. The municipality's year-end surplus this year is \$1 million
2. The municipality was able to increase it's year end surplus to \$1 million.



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Tips (can be left at the jar I left by the door) **Not Rocket Science**

1. Know your audience, determine users and decisions to be made (if any) and what information is critical to their needs
2. Tailor your presentation to that audience
3. Pictures are worth a thousand words use: graphs and charts (can be quite challenging at times)
4. Less is more: omit unnecessary details (must be careful that the message is not altered) i.e. Shuttle Disaster
5. Emphasize the message not the design – all the wonderful tools from the internet



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Tips

6. Get to the point – don't put them to sleep!
7. Show and Tell – examples, personal experience, analogies etc.
8. Be yourself albeit excited, animated, dynamic etc.
9. Nervous is good
10. Don't "wing it" – practice makes perfect, anticipate questions
11. Humour is great but.....

Because it's good when.....



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It's not so good is when:

- The wrong conclusions are drawn or
- You're boring as hell or
- No decisions are made or
- You're boring as hell or
- Your audience starts to leave or
- You're boring as hell or
- Your audience begins to snore or
- You are really boring as hell



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Summary:

- ***Tell the people whether the numbers are good or bad:***
 - You may think the implications are obvious but you have to realize that your audience likely isn't paying full attention to everything you say.
- ***So What?***
 - Tell them what to do with the information. Don't make managers or executives figure out what's next. Don't expect the audience to become analysts. Tell them and they will stay engaged. It's all about what's in it for them?



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- **Summary -State the Goal:**
 - Before showing any numbers validate the goal or purpose of sharing the numbers.
 - What decisions are going to be made? Your goal should be one or two sentences.
 - State your goal in a positive manner and show that you understand what the audience is striving for.



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**Thanks for having me
Any Questions**

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