

# Presenting Financial Statements to Committees and Boards

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# Information We Will Cover

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- What are you trying to do?
- Who is your audience, and why does that matter?
- What specific Information should you present?
  - What is the most important information to present?
- How should you present?
- How long should your presentation be?

What Are You Trying To Do?

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Some of the tasks of a Treasury Department:

- Accounting for the inflows and outflows of organizations funds
- Categorizing and recording transactions
- Providing reports on financial transactions
- Paying organizational obligations
- Paying employees
- Executing billings to those who owe the organization
- Managing bank accounts
- Managing Plant Assets
- Creating and monitoring budgets

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# What Are You Trying To Do?

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- In what way should you present the required reports to your committee or board?
  - You could produce the financial statement and hand it out to the board or committee and let them review and interpret on their own (NO)
  - You could go over the statement with the board or committee line by line (NO)
  - You can summarize the information and present that summary to your committee (YES)
    - The presenters' job is to:
      - a. Review and Evaluate
      - b. Summarize
      - c. Present

# What Are You Trying To Do?

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- 1. Review and Evaluate:
  - Interpret the statement
  - Most hearers of the presentation are not as familiar with your statement as you are, and often know very little or nothing about it
    - What does the statement tell you about the organization's financial health
      - Cash
      - A/P
      - A/R
    - What trends might be important
    - What major transactions have occurred and why
    - Where are we compared to budget expectations
    - What are we aiming for and where are we compared to that goal
  - Anticipate committee member questions
    - Major differences in trends or comparative figures

# What Are You Trying To Do?

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- 2. Summarize the important information
  - You need to synthesize a lengthy financial statement into a short, easily understandable presentation
  - This requires you to understand your financial statement
  - Focus on information that affects organizational financial health
    - Income and Expense Trends
    - Budget Comparisons
    - Bottom Line performance
    - Cash holdings
    - Accounts Receivable
  - Recognize that the hearers are making decisions based on your information



# What Are You Trying To Do?

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- 3. Present:
  - Make it easy to understand
    - Color
    - Pictures and Graphs
    - Trends
  - Try to answer questions before they are asked based on your evaluation of the statement
  - Avoid overly busy slides or distracting transitions
  - Keep it simple

# Know Your Audience

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- Not all Boards and Committees are created equal
  - Finance Committee
  - Executive Committee
  - Constituency
  
- Knowing Committee and Board terms of reference
  - Do they have power to act
  - Do they recommend to another Board or Committee?
  - Are there other committees that share the approval and review process?
  - How knowledgeable are the members and how often are they exposed to detailed financial information
  
- Knowing this information will assist you in knowing how much detail to present

# Know Your Audience

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- Adjust your presentation detail depending on the audience
  - Finance Committee – Fairly high level of detail
    - They receive regular, detailed reports and have a fairly high level of history and background
  - Executive Committee (where there is a finance committee) – Summary of what was presented at the Finance Committee
    - They have a working knowledge of some detail, but depend on the finance committee to absorb most of the details
    - You should not duplicate what you have presented to the finance committee. That is why you have a finance committee.
  - Constituency – Low level of detail, just major highlight trends only
    - Primarily have a very low level of historical knowledge or context (for many this is the only time they are exposed to this information)
    - Tithe
    - Bottom Line
    - Major high-level trends (Use graphs that are easy to understand)

# What Should You Present?

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# What Should You Present

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- What you present is largely driven by statement analysis
  - Know the key metrics, ratios, and financial relationships
    - Cash
    - Receivables
    - Debt (Conferences, this includes your local churches and schools borrowing from RF and other outside sources)
    - Liquidity
    - Working Capital
    - Operating performance
    - Tithe (Main income stream if you are not a Conference)
  - Look for issues that will create questions and answer them in your presentation
  - Make generous use of trend information
  - Display in simple to understand graphics
  - Here are examples from my financial presentation:

# Quick Summary – December

**Tithe** YTD comparative tithe shows a gain of **10.36%**. 9 of 9 Unions had a gain. SDA Church in Canada led the way with **16.91%**. Year to date we have had (52) Sabbaths compared to (52) last year.

**Income** from all sources is more than budget by **\$21,353,600** while net tithe income is more than budget by **\$16,195,215**.

**Expenses** are under budget by **\$3,562,691**

**Bottom Line (From Operation):** is a positive **\$26,002,151** which is **\$24,916,292** better than budget.

**Bottom Line (Overall):** is a positive **\$16,313,690** which is **\$16,315,331** better than budget. This includes non-operating activity.

**Total Cash & Investments:** Our Cash and Investments total is **\$120,040,777**. That is ahead of last year at the same time by **\$26,163,057**.

**Net Days Cash: 234 Days.** Our target is 193 days. This is equivalent to ½ last years operating expenses (using 2019 due to reduced 2020 expenses because of COVID). (Cash = (Total Cash + Investments + Remittance Receivable) - (Restricted Net Assets + Current Liabilities))

**Recommended Working Capital:**

Old Calculation: **134.11%** of the 100% recommendation.

New Calculation: **9.41** Months compared to the 6 month minimum recommendation

Basic, Key,  
Informative  
Metrics

Color

Additional brief  
description

  
Good

  
Caution

  
Improvement Needed

If you need to use a lot of numbers, make sure you make it easy for the reader to interpret

# December: YTD Expense Summary

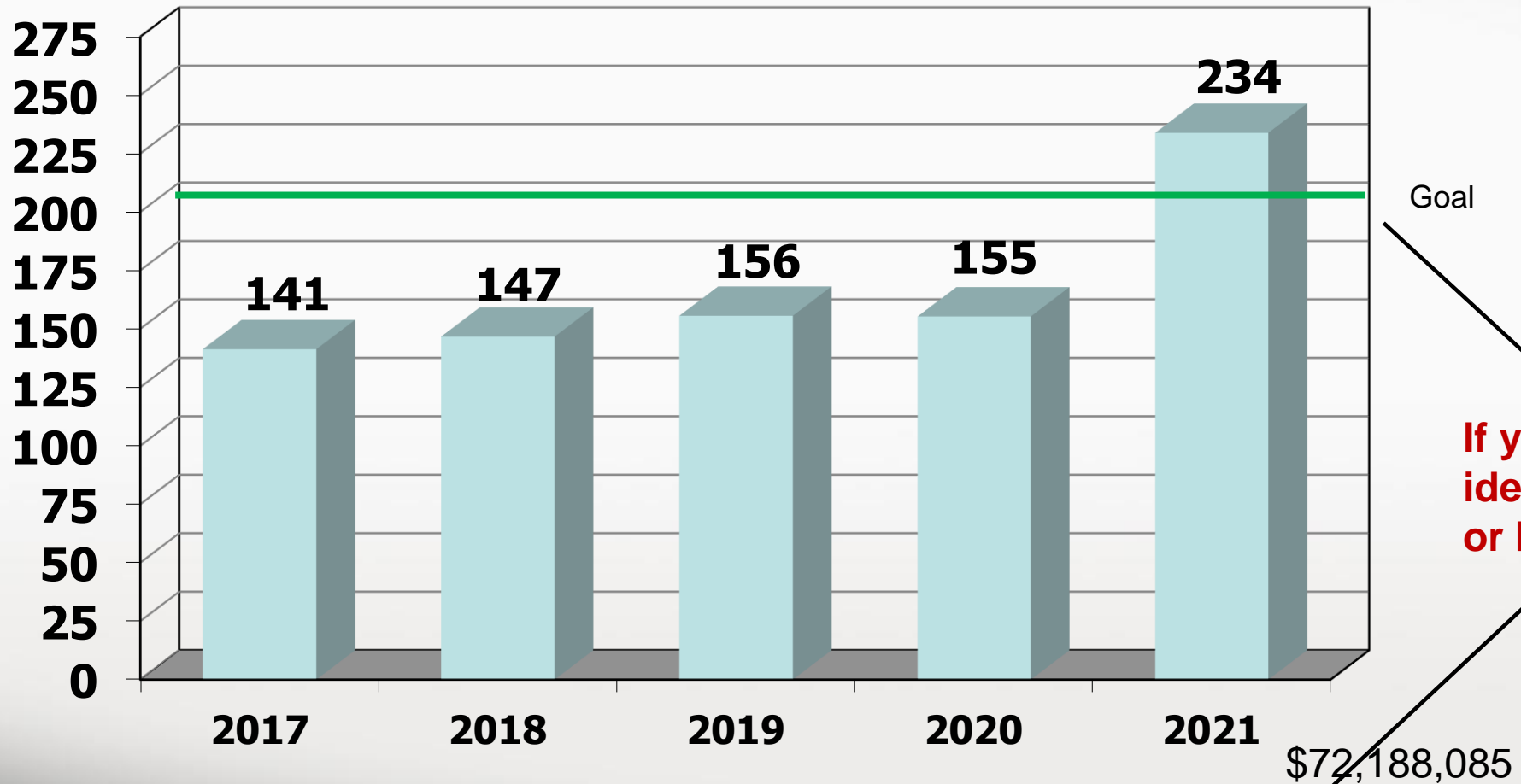
<u>Departmental Expenses</u>	2021	Budget	Dollar Variance	% Var	2020
			<b>(Red is Good)</b>		
Church Ministries	\$12,273,841	\$14,366,815	(\$2,092,974)	-14.57%	\$12,576,657
Educational	\$30,703,824	\$31,040,939	(\$337,115)	-1.09%	\$31,332,158
Publishing	\$734,108	\$726,882	\$7,226	0.99%	\$702,901
Health and Humanitarian	\$1,865,173	\$2,040,492	(\$175,319)	-8.59%	\$1,755,890
Administration	\$11,263,264	\$11,945,746	(\$682,482)	-5.71%	\$10,281,689
Retirement Contribution	\$3,379,362	\$2,918,858	\$460,504	15.78%	\$3,072,482
Conventions and Meetings	\$74,909	\$175,000	(\$100,091)	-57.19%	\$150,735
Office Operations/Maint	\$1,176,914	\$1,247,290	(\$70,376)	-5.64%	\$1,101,154
Other *	\$51,214,291	\$51,786,354	(\$572,063)	-1.10%	\$62,972,853
<b>Total Expenses</b>	<b>\$112,685,686</b>	<b>\$116,248,376</b>	<b>(\$3,562,690)</b>	<b>-3.06%</b>	<b>\$123,946,519</b>

\* Includes: PSI, Chaplaincy Ministry, Religious Liberty, Communication/Media, ALC, Special Assistance Appropriations, NADEI, ASI.



Make graphic use of trend information, preferably where the trend points are at identical times. In other words, comparing a list of years at December such as this graph.

## December YTD Days Cash Available



If you can, identify a goal or benchmark.

1 day of cash = \$308,728; Total cash goal is \$59,500,000

\$72,188,085

# What Is The Most Important Thing For You To Present

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- There is not one pat answer, but there are a couple of things to keep in mind
  - Cash and Liquidity
  - Working Capital
  - The items you determine that speak to the overall financial health of the organization
  - Be honest in your evaluation and report both good and bad

# How Should You Present?

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# How Should You Present

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- Use common language
- Define your terms and acronyms (don't assume everyone understands)
- Attempt to answer questions before they are asked
  - This means you analyze and evaluate your statement
- Know your material
- Provide committee access to the full statement before your presentation
  - Send an electronic copy
  - Make printed copy available if desired
- Speak at a measured pace and with clarity and confidence

How Long Should Your Presentation Be?

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# How Long Should Your Presentation Be

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- As long as it takes to communicate the financial health of your organization
  - Keep it interesting and move with a good pace
  - Use pictures and graphs
  - Create your presentation with a financial novice in mind
  - Attempt to be clear and complete without majoring in minors
  - Collaborate with your chairperson to identify how long you feel it will take

# Summary

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# Some Take Aways

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- Know your audience
- Keep it clear and understandable using common language
- Use pictures, graphs, and colors
- Minimize pages of numbers
- Know your material and anticipate questions
- Show trends over time
- Ensure the information communicates organizational financial health, good or bad



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# Questions

