

# Translating Financial Literacy for the General Public

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# About Me

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## Professional

- Founded Holson Communications to assist merging school districts with public-facing communications
- Owned and operated *Kids VT Family Newspaper*
- Adjunct Professor
  - Business
  - Communications
  - Composition

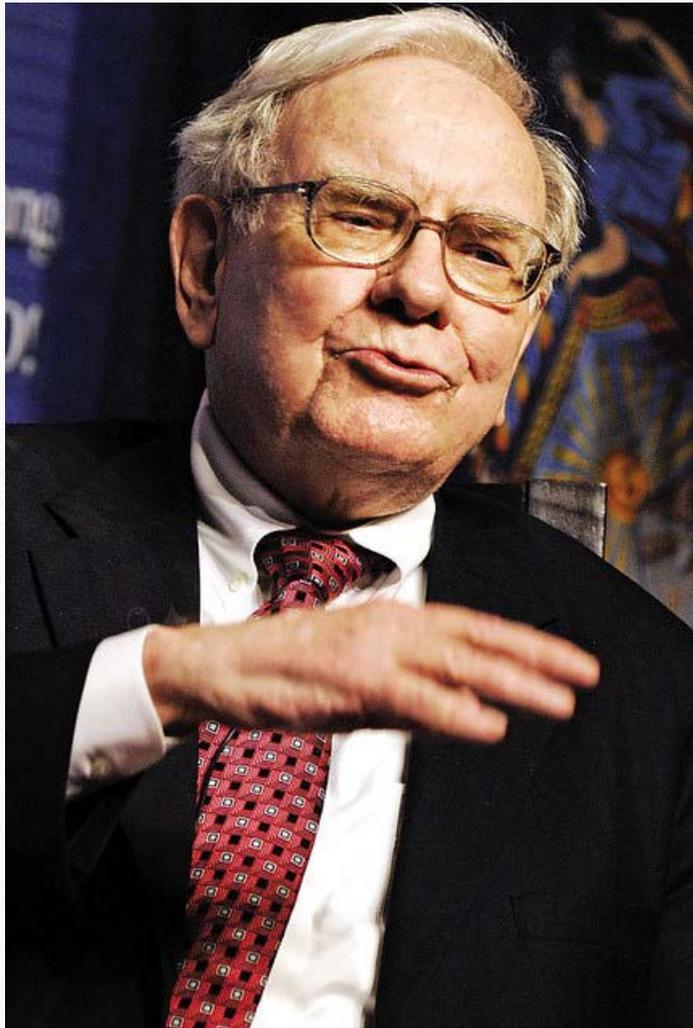
## Education

- BA, Linguistics, University of Michigan
- MBA, General Management, University of Virginia

# At the end of this presentation you'll be able to

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- Recognize your audience
- Reduce the use of professional jargon
- Identify approaches to convey financial information to non-financial professionals
- Tell the story behind the numbers



“Too often, I’ve been unable to decipher just what is being said or, worse yet, had to conclude that nothing was being said. ... Perhaps the most common problem, however, is that a well-intentioned and informed writer simply **fails to get the message across** to an intelligent, interested reader.

*~Warren Buffett*

Source: Office of Investor Education and Assistance. (1998, August). Preface. *A Plain English Handbook*. Washington, DC: U.S. Securities and Exchange Commission.

Knowing your audience is the most important step . . .  
you need to gauge [their] financial sophistication.

*Source: Office of Investor Education and Assistance. (1998, August). Preface. A Plain English Handbook. Washington, DC: U.S. Securities and Exchange Commission.*

Assume  
**everyone** is  
intimidated by  
numbers.



“[Have] a specific person in mind... I pretend that I’m talking to my sisters. Though highly intelligent, they are not experts in accounting or finance. They will understand plain English, but jargon may puzzle them.

*~ Warren Buffett*





# Plain Language: It's the Law

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President Barack Obama signed the Plain Writing Act into law on Oct. 13, 2010.



# Five Tips for Getting Your Point Across

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1. Know your audience
2. Keep it simple
3. Use everyday language
4. If a technical term is the **ONLY** way to say something, make sure you explain what it means
5. Tell a story



**Talk to a  
10 year old**

No Jargon



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**No Kidding!**

## Jargon noun

jar·gon | \ 'jär-gən , - ,gän\

### **Definition of *jargon***

- 1:** the technical terminology or characteristic idiom of a special activity or groups
- 2:** obscure and often pretentious language marked by circumlocutions and long words.
- 3 a:** confused unintelligible language



*Source: [www.merriam-webster.com/dictionary/jargon](http://www.merriam-webster.com/dictionary/jargon)*

# Financial Jargon: some examples

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- Accounts Payable
- Accounts Receivable
- Asset
- Balance Sheet
- Cash Flow
- Fixed Asset
- Income Statement
- Liability
- Profit & Loss Statement (or worse: P&L!)
- Estimate
- Debt-Service Coverage Ratio
  - ANY ratio!
- Financial Statements
- Debt Consolidation
- Gross Profit
- Accruals
- Capital
- Long-term debt
- Deficit
- Surplus

# GASB Concepts Statement 4 Definitions:

This Statement establishes definitions for elements of historically based financial statements of state and local governments.

## Asset

- resources with present service capacity that the government presently controls

## Liability

- present obligation to sacrifice resources that the government has little or no discretion to avoid

## Deferred Outflow of Resources

- consumption of net assets by the government that is applicable to a future reporting period

## Deferred inflow of resources

- acquisition of net assets by the government that is applicable to a future reporting period

## Net Position

- residual of all other elements presented in a statement of financial position.

## resource

### noun

re·source | \ 'rē- ,sɔrs , - ,zɔrs, ri-'sɔrs, -  
'zɔrs\

### **Definition of *resource***

**1a:** a source of supply or support : an available means —usually used in plural

**b:** a natural source of wealth or revenue — often used in plural

**c:** a natural feature or phenomenon that enhances the quality of human life

**d:** computable wealth —usually used in plural

**e:** a source of information or expertise



*Source: [www.merriam-webster.com/dictionary/resource](http://www.merriam-webster.com/dictionary/resource)*

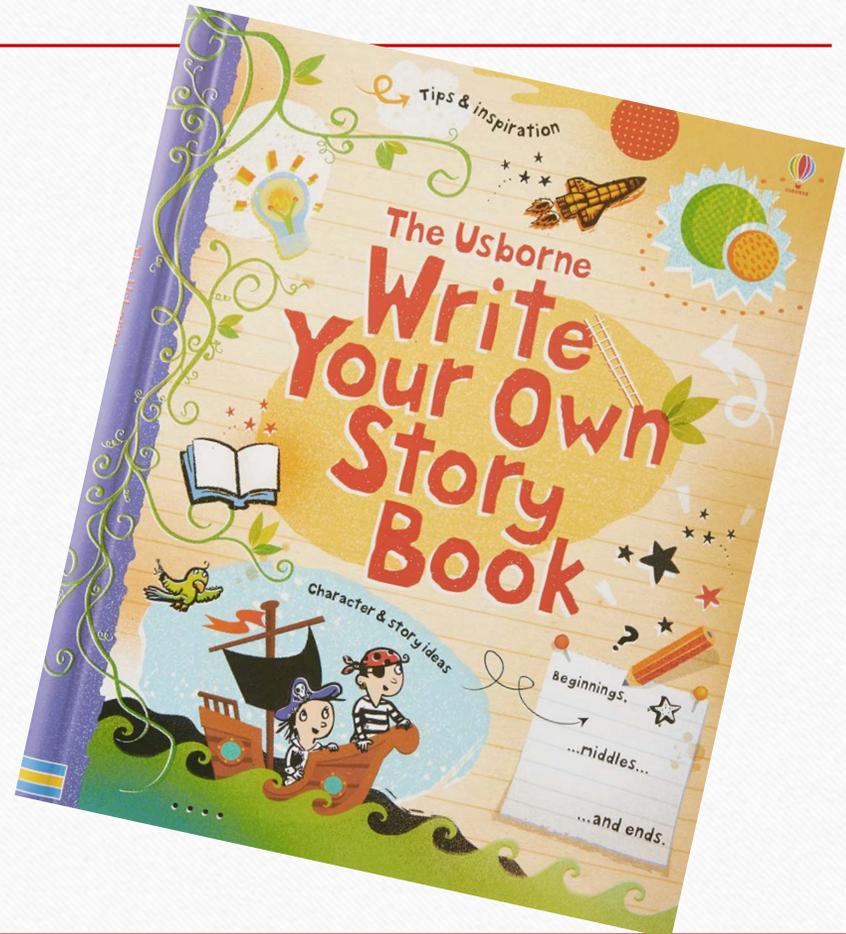
| Term      | GASB “Plain Language”   | Non-Profit Finance Fund*   | Real Language              |
|-----------|---|--|----------------------------|
| Asset     | Resources with present service capacity   | An item of current or future economic benefit to an organization   | What you have              |
| Liability | Present obligations to sacrifice resources that the government has little or no discretion to avoid | Items owed by an organization or claims against its assets.  | What you owe               |
| Revenue   | inflow of resources is an acquisition of net assets   | Payments for services, donations from individuals, foundations and corporations, support and contract payments from government agencies, income from fundraising activities, and investments.  | Money you received; income |
| Expense   | outflow of resources is a consumption of net assets   | The total cost of operating the organization, including payments made to employees and other parties, operating expenses, debt, principal payments, capital expenditures, non-cash expenses, fixed assets, and funds set aside for future use. | Money you spent            |

*\*Source: nff.org/glossary*

# Financial Statements and Budgets Tell a Story

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- What does your audience **need** to know?
- Why is it important to them?
  - How do the past/present reflected in the reports **relate to the future**?
- Answer all questions in simple language.
- Check for understanding.



# Practice Telling Your Story

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1. Find a partner to work with.
2. Take 5 minutes to explain to another financial professional
  - Partner 1: State of Vermont Governmental Funds Balance Sheet as of 6/30/18
  - Partner 2: State of Vermont Statement of Revenues, Expenditures, and Changes in Fund Balances for FY 2018
3. How did that feel? What did you observe?
4. Take 5 minutes each to explain to “Warren Buffett’s sisters.”
  - Partner 1: State of Vermont Statement of Revenues, Expenditures, and Changes in Fund Balances for FY 2018
  - Partner 2: State of Vermont Governmental Funds Balance Sheet as of 6/30/18
5. What did you observe? How did that feel?



Practice  
Makes  
Perfect!

