

The vocabulary of numbers

COCHF Spring Education Conference
April 9, 2016



The
CO-OPERATIVE
HOUSING
FEDERATION
of Canada

coop

Agenda

- Why plain numbers?
- The language of finances
 - review of financial statements
- How to make financial information clear
 - Reports, tables and graphs



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Why plain numbers?

- Why are financial statements difficult to understand?
- What is wrong with financial statements you look at?



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Information for financial decisions

- Housing co-ops are a business that is democratically controlled
- Average people, not experts, make financial decisions
- A plain numbers approach:
 - Information members can understand
 - An idea of what to expect
 - Gives confidence in ability to decide



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The language of numbers

- Numbers are mysterious
- Numbers represent complicated ideas
- Numbers have a different grammar
- Numbers are “unreal”
 - “can use stats to prove anything”



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Pet policy in English

- Large, exotic animals are prohibited under this pet policy.



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Pet policy in language of numbers

Animals, general

Size LA,RGE

Type EXO,TIC

Status P,ROH,IBI,TED



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How we use numbers

- To count
- To measure
- To compare
- To put things in order



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Numbers

- Represent ideas that words can't express
- Numbers have the same meaning in different spoken languages
- Reveal patterns
- Can be empowering

The vocabulary of financial statements

- Two main statements are part of all financial statements
 - Statement of financial position (balance sheet)
 - Income statement

Statement of financial position

- Snapshot of co-op's finances at a specific point in time
- Basic accounting equation $A = L + E$
- Assets – things the co-op owns
- Liabilities – what the co-op owes
- Equity — difference between assets and liabilities



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Income statement

- Record of income and expenses over time
- Often compared to the budget
- Accrual accounting, not on a cash basis
- Budget is similar, except it is the financial plan



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Simplify this budget

- Take the sample budget and make changes that would make it easier to understand
- Report back to the group

A simple summary

	Budget	per unit per month
<u>Income</u>		
Housing charges	\$774,137	\$806
Gov't subsidy	\$424,748	\$442
Other	<u>\$43,175</u>	<u>\$45</u>
Total income	\$1,242,060	\$1294
<u>Costs</u>		
Maintenance	\$146,783	\$153
Utilities	\$157,592	\$164
Administration	\$68,809	\$72
Mortgage	\$735,660	\$766
Property tax	\$80,000	\$83
Other	<u>\$53,216</u>	<u>\$55</u>
Total costs	\$1,242,060	\$1294 

Number tips

- Simplify the numbers
- Highlight important numbers – especially decision making numbers
- Use a logical order
- In your presentation, describe how to read the numbers



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Using tables

- Minimize grid lines
- Clear wording of titles, columns and headings
- Good page design



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Proposed increase in housing charges for the fiscal year ending March 31, 2017

Unit Size	Unit Type	2016 housing charges	Proposed percentage increase	Increase in dollars	2017 housing charges
1 bedroom	Apartment	\$800.00	2.0%	\$16.00	\$816.00
2 bedroom	Apartment	\$850.00	2.0%	\$17.00	\$867.00
2 bedroom	Townhouse	\$925.00	2.0%	\$18.50	\$944.00
3 bedroom	Townhouse	\$1000.00	2.0%	\$20.00	\$1020.00

Housing charge increase

Unit	2016 charges	2017 charges
1 bed apt	\$800	\$816
2 bed apt	\$850	\$867
2 bed town house	\$925	\$944
3 bed town house	\$1000	\$1020

The board is proposing that housing charges for next year be increased by the Ontario rent increase guideline (2%). The new charges are rounded to the nearest dollar.

Graphs

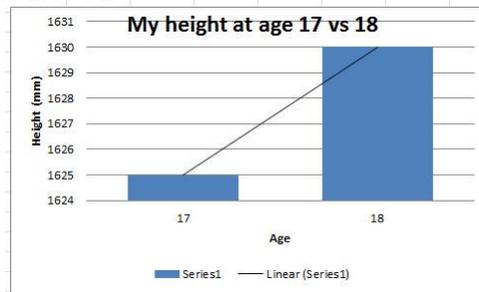
- Show the big picture
- Focus attention, clear away the clutter
- Build confidence
- Encourage analysis/conclusions
- Tell a story

Tips for graphs

- Show something relevant and important
- Don't use out of context
- Be careful of scale
- Be careful of illogical conclusions
- Show data variation not design variation i.e. clear design

Illogical conclusion

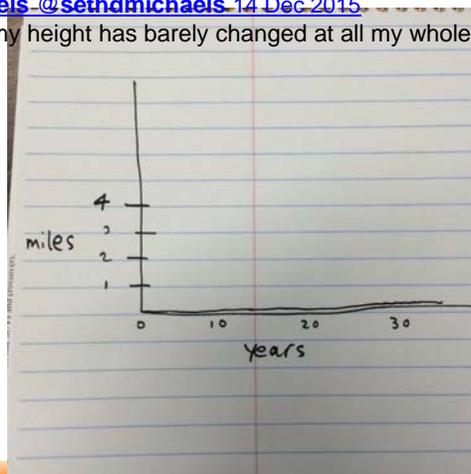
- I had an enormous growth spurt over one year. Extrapolation will tell you how tall I am now at 43



Problems with scale

[Seth D. Michaels @sethd Michaels 14 Dec 2015](#)

it's crazy how my height has barely changed at all my whole life



Types of graphs

- Bar – use to compare differences between two or more sets of numbers
- Line – use to show changes over time
- Pie – show parts of a whole



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Resources

- 10 things to look for in your co-op's financial statements
- Check our Resource Centre in the Managing your co-op section
- Call the Ontario Region office (HSA co-ops) at 1-800-268-2537, or the national office (federal co-ops) at 1-800-465-2752.



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Thank you

- What idea will you take back to your co-op?
- Please fill out your evaluation.