

WGOB E-GUIDE

FINANCIAL INTELLIGENCE IN THE BOARDROOM



WGOB E-Guides provide tips for your board journey, empowering you with the confidence and courage to lead and serve on corporate boards.

EVERY BOARD MEMBER HAS A ROLE IN FINANCIAL OVERSIGHT. EVEN IF YOU DON'T HAVE FINANCIAL EXPERTISE, YOU ARE STILL EXPECTED TO MAINTAIN AN ADEQUATE LEVEL OF FINANCIAL INTELLIGENCE. THIS MEANS THAT YOU MUST UNDERSTAND THE FUNDAMENTAL CONCEPTS, CONVENTIONS AND PRINCIPLES UNDERLYING FINANCIAL STATEMENTS.

OUR TOP FIVE TIPS FOR BOOSTING YOUR LEVEL OF FINANCIAL INTELLIGENCE IN THE BOARDROOM:

1. DEVELOP A PLAN AND BEGIN THE WORK

START BY REVIEWING THE ANNUAL FILINGS OF TSX-LISTED COMPANIES THAT INTEREST YOU. IF YOU WORK FOR A TSX-LISTED COMPANY, THEIR FILINGS ARE A GREAT PLACE TO START.

2. SEEK OUT A MENTOR OR SOMEONE WHO HAS FINANCIAL EXPERTISE

ASK SOMEONE YOU KNOW WHO HAS FINANCIAL EXPERTISE IF YOU CAN SPEND TIME WITH THEM OVER THE NEXT 12 MONTHS TO TRANSFER KNOWLEDGE AND HELP YOU UNDERSTAND CORE FINANCIAL CONCEPTS.

3. UNDERSTAND BASIC FINANCIAL CONCEPTS/PRINCIPLES AND HOW TO LOOK AT FINANCIAL STATEMENTS

TO KICKSTART YOUR LEARNING, REFER TO [THIS DOCUMENT FROM CPA CANADA](#) OR [THIS PRIMER FROM DIRECTORPREP.COM](#). FOR A GUIDED EXPLORATION OF THE CONCEPTS, YOU MIGHT ALSO CONSIDER REGISTERING FOR OUR [WGOB FINANCIAL INTELLIGENCE IN THE BOARDROOM PROGRAM](#).

4. DO YOUR FINANCIAL DUE DILIGENCE BEFORE JOINING A CORPORATE BOARD

REVIEW THE ANNUAL AUDITED FINANCIAL STATEMENTS, QUARTERLY FINANCIALS, MANAGEMENT, DISCUSSION & ANALYSIS (MD&A) AND FORECASTS/BUDGETS TO UNDERSTAND THE COMPANY'S FINANCIAL POSITION. ASK YOURSELF THE FOLLOWING QUESTIONS: IS THE COMPANY SOLVENT? ARE THEY COMPLYING WITH THEIR LOAN COVENANTS? WHAT IS THE COMPANY'S SHARE-HOLDINGS STRUCTURE? ARE THERE RELATED PARTY TRANSACTIONS? WHAT ARE THE OUTSTANDING COMMITMENTS? WHAT IS THE STATUS OF THEIR TAX AND OTHER FILING REQUIREMENTS? DID THEY RECEIVE A CLEAN AUDIT OPINION? IF NOT, WHY AND IS THERE A "GOING CONCERN" NOTE DISCLOSURE?

5. MAKE SURE TO UNDERSTAND REPORTS ON FINANCIAL STATEMENTS

FINANCIAL STATEMENTS ARE A FORMAL RECORD OF THE FINANCIAL ACTIVITIES OF A COMPANY OVER A PERIOD OF TIME AND/OR THE FINANCIAL POSITION OF THAT COMPANY AT A POINT IN TIME.

GAINING FINANCIAL INTELLIGENCE IN THE BOARDROOM TAKES TIME, FOCUS AND COMMITMENT. THIS INVESTMENT IS IMPERATIVE FOR EVERY BOARD MEMBER TO ENSURE THEY CAN MAKE VALUABLE CONTRIBUTIONS AT THE BOARDROOM TABLE THAT DRIVE THE SUCCESS OF THE BUSINESS.