

# Financial Statements: What Directors Without CFO Level Training Should Know



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SEATTLE-NORTHWEST CHAPTER  
National Association of Corporate  
Directors

October 12, 2004  
7:15 a.m. – 9:00 a.m.

# Today's Objectives

Catherine Walker – Chapter Officer

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- Introduce NACD
- Gain Insights into Today's Board Governance Issues
- Have an Opportunity to Exchange Views with Fellow Directors

# The National Association of Corporate Directors

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- Established in 1977, NACD is the only national organization dedicated to director education and improving board performance.
- 20,000 members and customers, from the Fortune 100 through smaller public, private, and non-profit companies
- Chapters in major cities nationwide

# Upcoming



**November 16, 2004**

**Evening Program:  
6:15pm - 8:30pm**

**Board  
Development and  
Evaluation:  
Implementing an  
Effective Program**

**Craig Cole**

**Daniel J. Evans**

**Dr. Kenneth P. Mortimer**

**Phyllis Campbell**



[www.nacdnw.org](http://www.nacdnw.org)

# Upcoming



**October 17-19, 2004**

**NACD National Conference  
Board Leadership:  
Evolution or Revolution**

**Mayflower Hotel,  
Washington D.C.**

[www.nacdonline.org](http://www.nacdonline.org)



**Board Leadership: Evolution or Revolution**

NATIONAL ASSOCIATION OF CORPORATE DIRECTORS  
2004 ANNUAL CORPORATE GOVERNANCE CONFERENCE

October 17-19, 2004

The Mayflower Hotel • Washington, DC

Pre-conference Seminars: October 16-17, 2004



\* Accredited by Institutional Shareholder Services as a Preferred Boardroom Education Program

# Founding Sponsors

## Seattle-Northwest Chapter



**Deloitte.**

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# Financial Statements:

What Directors Without CFO Level Training Should Know

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## Panelists:

Tim Leybold, Moderator

Larry Hile

Greg Maffei

John Rindlaub

# A Few Observations

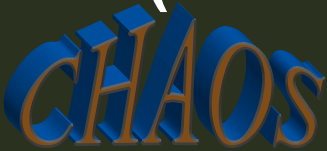
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## Greg Maffei

- Fairly scary to be on a board without some level of financial knowledge
  - Increases reliance on others: Management, Internal Audit, External Auditors, Audit Committee
- “Marriage is the only war in which you sleep with the enemy.” François, Duc de La Rochefoucauld
  - No longer, these four parties are in that kind of a marriage

# A Few Observations, continued

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- Plethora of competing accounting bodies (FASB, IASB, SEC, PCAOB), plus politics = 
  - No known standards, no known guardrails...
- Sarbox is massive overkill
  - But...
  - Bad accounting drives out the good
  - Now bad accounting is no longer a competitive advantage
- Choose the right board – F.I.L.L.
  - Fun. Interesting. Local. Lucrative.
  - Now litigation-proof

# Table Discussion

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- **Select a spokesman**
- **Review article**
- **Summarize conclusions**
- **List two to three questions for panelists**

# Resources

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- **Understanding Financial Statements**
  - IBM Guide to Annual Reports  
<http://www.ibm.com/investor/tools/financialsBasicsAnalyzing.phtml>
  - *Getting Behind the Numbers*, published by NACD
- **Industry Benchmarking**
  - Risk Management Association, formerly Robert Morris Associates, [www.rmahq.org](http://www.rmahq.org)
  - BizMiner, Industry Analysis and Marketing Plan Research, [www.bizminer.com](http://www.bizminer.com)

# Panelists



## **Tim Leybold, Moderator**

Tim Leybold is the Chief Financial Officer for the Port Blakely Companies, a Seattle family-owned business established in 1854. He previously held CFO and board positions with RLC Industries and The Cutler Investment Group. Tim is Chairman of the Board of Directors of the Boys and Girls Clubs of King County, a director of Blakely Pacific Ltd., Ambia (formerly BJSS Duarte Bryant), and a founding director of the Seattle-Northwest Chapter of NACD.



## **Larry Hile**

Larry Hile is a partner with Deloitte & Touche, with more than 27 years of experience in the Technology, Media and Telecommunications (TMT) practice group. Larry currently leads the Seattle TMT practice and has consulted on financial reporting controls for his clients. Larry also serves as audit partner on public and private companies and recently has been involved in several 404 Readiness Engagements. Larry also chairs the Washington State Fast 50 Program, the Venture Capital practice group, and the CEO Accelerator Program for Deloitte. In addition, Larry serves on the Executive Committee for the WSA.



## **Greg Maffei**

Greg Maffei, age 44, has been Chief Executive Officer of 360networks Corporation, a broadband telecom service provider, since 2000 and became Chairman in 2002. Previously, Mr. Maffei was Senior Vice President, Finance and Administration and CFO of Microsoft Corporation from 1997 to 2000. He joined Microsoft in 1993 and also served as Treasurer and Vice President, Corporate Development. He also was Chairman of Expedia, Inc. from 1999 to 2002. Mr. Maffei serves on the Board of Directors of Starbucks Coffee and Electronic Arts and is President of the Trustees of the Seattle Public Library.



## **John Rindlaub**

John Rindlaub is Chief Executive Officer for the Pacific Northwest Region of Wells Fargo. Previously he was President and Commercial Bank Executive of Bank of American Northwest and Chairman of Bank of America Asia. Rindlaub is a director of Alaska Airlines and Saltchuk Resources, Inc., and is a member of the Washington State University Foundation Board of Trustees and the University of Washington Business School Advisory Board. He also serves on the boards of several non-profit organizations and is currently chairman of the Greater Seattle Chamber of Commerce, and a director of the Pacific Rim Bankers Program, Trade Development Alliance, Washington State China Relations Council, Washington Roundtable, and National Bureau of Asian Research. He is past chairman of the Pacific Science Center and the Children's Hospital Foundation, and was a director for seven years with the Federal Reserve 12th District.

# Notes

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