



Kansas City CFA Society

ANNUAL REPORT
2006-2007

Kansas City CFA Society Annual Report 2006-2007

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Administrative Office
Kansas City CFA Society
330 Wenneker Drive, St. Louis, MO 63124

2006 – 2007 Officers, Board of Directors, and Standing Committees

Officers

President	Gilbert C. Scott, CFA
Vice President	Christie E. Cody, CFA
Treasurer	K.C. Mathews, CFA
Secretary	Jonathan Bauman, CFA

Board of Directors

Brian E. Perott, CFA	Laurian C. Lytle, CFA
Michael Fogarty, CFA	Christopher M. Bouffard, CFA
Daniel J. Heckamn II	

Standing Committees

Membership	Laurian C. Lytle, CFA Daniel J. Heckamn II
Program	Michael Fogarty, CFA Christopher M. Bouffard, CFA
Public Awareness	Jonathan Bauman, CFA

President's Report 2006-2007

By Gil Scott, CFA

The Kansas City CFA Society is rich in history of investment management as our society is the 13th oldest of 134 societies worldwide and has been supporting the development of the investment profession since 1970. I have been privileged to serve as the President of the Kansas City CFA Society during the 2006-2007 Season. The Society's goals have been to build upon the success of our predecessors to serve the membership and the investing public.

We have had a number of successful initiatives that have helped us better serve our members and the local investment community. Our program events have emphasized speakers with local, regional, national and global reputation. In cooperation with Stalla, we provided CFA review services to our local candidates. We also have promoted local public awareness by enhancing the branding recognition of the CFA designation.

The Society offered eight speaker program events this year, highlighting presentations by Kansas City Federal Reserve President Tom Hoenig, Dan Reingold and Dick Hokenson. One of our best attended new traditions was the Society Happy Hour at McCormick and Schmicks, providing an opportunity for members to connect with other professionals in the industry. By far our most popular event is our annual golf outing. More than 100 participants helped us celebrate CFA Day in honor of the 60th Anniversary of the CFA designation. Our heartfelt thanks to the following sponsors of our golf tournament this year: AG Edwards, Bank of America, Bear Stearns, Canaccord Adams, Citigroup, Deutsche Bank, Goldman Sachs, JP Morgan, Lehman Brothers, Merrill Lynch, RBC Capital, Robert Baird, Stifel Nicolaus, UBS Securities, William Blair, Jefferies Group, Credit Suisse, and Morgan Stanley.

The Society education program has assisted local candidates to achieve the CFA designation and to provide Charterholders with professional development. Through the CFA Institute Society Resources Plan, we made available ten scholarships that subsidize annual registration and study material costs. Textbooks and other literature for the Level I, Level II, and Level III exam preparation were donated to the business schools at UMKC and Rockhurst University for use by their students participating in the CFA program.

The Kansas City CFA Society has completed a number of initiatives to raise awareness of the CFA designation. New CFA Charterholders were recognized with an awards dinner, which their employer was invited to attend. This is a great event that enjoys broad participation and provides an opportunity to increase awareness of the CFA designation among local employers. Advertisements which showcased the CFA designation ran throughout the season in the KC Symphony program. An ad was placed in the KC Star recognizing new Charterholders, and in the Kansas City Business Journal a two-page color ad recognized the 60th Anniversary of the CFA designation, listing the names of all local CFA Charterholders.

Through the ongoing generous sponsorship of the golf tournament, we were very pleased this year to establish an endowed scholarship fund with the Henry Bloch School of Business at UMKC. This initial endowment of \$30,000 in the name of the KCCFA Society will award \$1,500 each year to a UMKC student who has demonstrated commitment to working in the investment/wealth

management field, has completed an undergraduate degree in accounting or finance, is pursuing an MBA with finance/investment emphasis, and is currently pursuing or has plans to pursue the CFA designation. In this way, the Board seeks to encourage and nurture future members of the local financial community.

Society membership continues to grow. In the 2006-2007 Season the Society enjoyed a 6% increase, bringing total membership to 415. Kansas City is now one of the largest societies in the Midwestern Region.

Joan Hecker, our Executive Director, joined our Society in 2006 to administer our operations. She regularly attends the ICFA Leadership Conferences and works with Kimberly Paige, our Institute representative. She has revamped our program administration and financial recordkeeping. Her efforts have been immensely helpful.

The Society has strengthened its financial position this year. Through the diligent efforts of our Board and with support from the Society Resources Flexibility Plan, revenues and total equity have increased. Membership dues received and proceeds from the golf tournament provided more than \$77,000 for our initiatives. We closed the year with net equity of \$46,844. If we include the \$25,000 CFAI sponsorship payable for the 2006-2007 fiscal year, but received after the end of the year, our total reserves increased to \$71,935. With this increase it is the Society's goal to continue to expand our Scholarship Endowment and other initiatives that support our membership and increase public awareness of the CFA designation.

Our initiatives and mission are only possible to achieve through the support of our Society members, volunteers, and corporate sponsors. I wish to thank you for your support to help the Society pursue program, education, public awareness, and other initiatives. I am confident the Society will continue to succeed with your loyal and caring support.

Treasurer's Report 2006-2007

By KC Mathews, CFA

The Society recorded another successful year financially. The golf outing raised supplemental capital that allowed the Society to provide additional benefits to the members. This year's golf tournament served as our "CFA Day", celebrating the CFA Institute's 60th anniversary. The CFA Institute was a \$25,000 sponsor.

As you review the income statement I would like to make you aware of the following timing issues:

Membership Dues - Some of the 05-06 dues were received in fiscal year 06-07.

Membership grew modestly, yet the Board did not raise membership dues.

Golf Outing revenue does not reflect the CFA Institute's \$25,000 sponsorship that was received after the end of the fiscal year.

Administration fees have been stable. The actual 05/06 expense was \$15,500

The Society's balance sheet continues to be healthy. We closed the year with \$46,844 in reserves. At first glance it appears our reserves decreased. However, there is a timing issue here; the CFA Institute's \$25,000 sponsorship did not reach us until after the end of our fiscal year. For comparative purposes, when added to this fiscal year, the balance grows to \$71,935. The goal of the Board is to have one year of expenses in reserves.

At the beginning of fiscal year 06/07 the Board made a decision to change administrators and hire Joan Hecker as our Executive Director. One of her mandates is to transition the financial statements in an attempt to more clearly identify and reflect the Society's business. Therefore, some of the variance in income statement line items from fiscal year 05/06 to 06/07 is a result of the reclassification of certain revenues and expenses.

Given the financial strength of the Society, the Board made the following decisions to improve the member's experience:

Held a social/networking happy hour

Purchased a projector for speaker presentations

Established a scholarship fund at UMKC's Bloch School of Management

Kansas City CFA Society
Balance Sheet Prev Year Comparison
As of June 30, 2007

	<u>Jun 30, 07</u>	<u>Jun 30, 06</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1000-00 · CHECKING ACCOUNTS	46,844.83	69,714.21	-22,869.38	-32.8%
Total Checking/Savings	<u>46,844.83</u>	<u>69,714.21</u>	<u>-22,869.38</u>	<u>-32.8%</u>
Accounts Receivable				
1300-00 · Accounts Receivable	-75.00	-75.00	0.00	0.0%
Total Accounts Receivable	<u>-75.00</u>	<u>-75.00</u>	<u>0.00</u>	<u>0.0%</u>
Other Current Assets				
1200-02 · Prepaid Insurance	166.00	166.00	0.00	0.0%
Total Other Current Assets	<u>166.00</u>	<u>166.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Current Assets	<u>46,935.83</u>	<u>69,805.21</u>	<u>-22,869.38</u>	<u>-32.76%</u>
TOTAL ASSETS	<u><u>46,935.83</u></u>	<u><u>69,805.21</u></u>	<u><u>-22,869.38</u></u>	<u><u>-32.76%</u></u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2000-00 · Accounts Payable	0.00	-1,250.00	1,250.00	100.0%
Total Accounts Payable	<u>0.00</u>	<u>-1,250.00</u>	<u>1,250.00</u>	<u>100.0%</u>
Total Current Liabilities	<u>0.00</u>	<u>-1,250.00</u>	<u>1,250.00</u>	<u>100.0%</u>
Total Liabilities	0.00	-1,250.00	1,250.00	100.0%
Equity				
3000-00 · Fund Balance	71,055.21	46,655.77	24,399.44	52.3%
Net Income	-24,119.38	24,399.44	-48,518.82	-198.85%
Total Equity	<u>46,935.83</u>	<u>71,055.21</u>	<u>-24,119.38</u>	<u>-33.95%</u>
TOTAL LIABILITIES & EQUITY	<u><u>46,935.83</u></u>	<u><u>69,805.21</u></u>	<u><u>-22,869.38</u></u>	<u><u>-32.76%</u></u>

Kansas City CFA Society
Profit & Loss Prev Year Comparison
July 2006 through June 2007

	<u>Jul '06 - Jun 07</u>	<u>Jul '05 - Jun 06</u>	<u>\$ Change</u>
Income			
2880-22 · Flex Spending	4,500.01	0.00	4,500.01
3999-90 · Interest Income	4,156.38	2,378.05	1,778.33
3999-95 · journal entry adjustment 7/06	0.00	5,515.00	-5,515.00
4000-00 · Membership Dues	45,200.00	26,450.00	18,750.00
4200-00 · Candidate Income	0.00	4,548.00	-4,548.00
4210-00 · CFA Miscellaneous Income	0.00	940.14	-940.14
4220-00 · Programs	9,685.74	4,181.84	5,503.90
4250-00 · Annual Dinner	0.00	1,975.00	-1,975.00
4260-00 · Employment ads	700.00	460.00	240.00
5680-00 · Golf Outing	32,553.95	35,790.00	-3,236.05
Total Income	<u>96,796.08</u>	<u>82,238.03</u>	<u>14,558.05</u>
Expense			
cfa day expense	5,925.00	0.00	5,925.00
KCSCFA Scholarship Fund	30,000.00	0.00	30,000.00
Travel	4,571.27	13,898.36	-9,327.09
5660 · Golf Tournament	28,198.33	17,992.94	10,205.39
5020-00 · General Postage/Messenger	698.27	172.28	525.99
5030-00 · Telephone/Fax/Internet	1,008.45	1,259.70	-251.25
5050-00 · Copying	36.81	99.52	-62.71
5060-00 · Supplies	708.63	256.17	452.46
5070-00 · Data Processing	92.70	0.00	92.70
5080-00 · Bank Charges	0.00	1,239.21	-1,239.21
5090-00 · Storage	60.00	120.00	-60.00
5100-00 · Administration Fees	14,870.57	5,750.00	9,120.57
5110-00 · Accountant	300.00	270.02	29.98
5120-00 · Insurance	697.00	471.00	226.00
5190-00 · General Miscellaneous Expense	1,913.79	180.00	1,733.79
5200-00 · Board of Directors	1,128.57	1,819.88	-691.31
5700-00 · Marketing	3,616.84	-1,819.50	5,436.34
5310-00 · Candidate Expense	10,663.61	607.15	10,056.46
5430-00 · Web Site	949.90	2,544.50	-1,594.60
5650-00 · Program Expense	15,475.72	9,661.56	5,814.16
5670-01 · Forecast Dinner Expense	0.00	3,315.80	-3,315.80
Total Expense	<u>120,915.46</u>	<u>57,838.59</u>	<u>63,076.87</u>
Net Income	<u><u>-24,119.38</u></u>	<u><u>24,399.44</u></u>	<u><u>-48,518.82</u></u>

Public Awareness

By Jonathan Bauman, CFA

During fiscal year 2007, the Kansas City CFA Society continued its efforts to increase awareness of our Society, the CFA Institute, and our membership. While the intent of our public awareness efforts is not necessarily to elicit a buying response, as most advertisements do, we feel the increased exposure through various media outlets helps improve awareness of the CFA brand. This ultimately benefits Charterholders through investor recognition of the CFA designation and the high level of achievement and commitment to ethical business practices it represents.

In the fall, we continued our tradition of recognizing our newly minted CFA Charterholders with an acknowledgement advertisement in the Kansas City Star. We also ran an ad in the Kansas City Symphony program during the 2006-2007 Season to reach a target audience of wealthy individuals.

Finally, with the generous support of the CFA Institute, we took out a two page spread in the Kansas City Business Journal to recognize the 60th anniversary of the CFA Institute, listing all of our members. With the continued support of the CFA Institute, the Society expects to continue to raise awareness with the investing public over the coming years.

Program Summaries 2006-2007

Date	Speaker
Sept. 28	Federal Reserve
Oct. 19	Chuck Gabriel
Nov. 9	Dan Reingold
Dec. 6	James Allen
Jan. 12	Bob Johnson
Feb 28	Bloomberg
April 12	Dick Hokenson
April 24	Noreen Harrington

Kansas City CFA Society Member Demographic

295 active KC members with completed Demographic information

Assets Under Management (\$US)

- ER1 - Less than USD 250 million
- ER2 - USD 250 million to less than USD 1 billion
- ER3 - USD 1 billion to less than USD 5 billion
- ER4 - USD 5 billion to less than USD 20 billion
- ER5 - USD 20 billion to less than USD 50 billion
- ER6 - USD 50 billion to less than USD 250 billion
- ER7 - More than USD 250 billion

ERNA - Not Applicable

Classification Type

- CT1 - Institutional Investment Manager (with diverse client base)
 - CT2 - Mutual Fund
 - CT3 - Private Client Wealth Manager/Family Office/Private Bank/Trust Company
 - CT4 - Institutional and Private Client Investment Manager (mix of)
 - CT5 - Commercial/Retail Bank
 - CT6 - Mortgage Bank
 - CT7 - Insurance Company
 - CT8 - Hedge Fund
 - CT9 - Fund of Hedge Funds
 - CTA - Manager of Managers
 - CTB - Non-financial Corporation
 - CTC - Public or Union Pension Fund
 - CTD - Foundation / Endowment
 - CTF - Investment Bank / Broker Dealer
 - CTG - Financial Planner / Advisor (with no substantial proprietary asset management responsibilities)
 - CTH - Research Firm
 - CTJ - Consultancy
 - CTK - Governmental Non-regulatory Agency
 - CTL - Governmental Regulatory Agency
 - CTM - Closely-held Non-financial Company
 - CTN - University/College (not Endowment Fund)
 - CTO - Accounting/Auditing/Tax Compliance
 - CTQ - Software Provider
- Division/Firm Responsibility Areas
- RSPC - Compliance
 - RSPH - Hiring investment professionals
 - RSPT - Training/Professional Development
- Highest Academic Degree Earned
- DEGB - Bachelors or equivalent
 - DEGD - Doctorate
 - DEGM - Masters/Law/Post-Graduate Diploma
- Industries Followed
- EAI1 - Energy/Resources
 - EAI2 - Materials/Basic Industries
 - EAI3 - Industrials/General Industrials
 - EAI4 - Consumer Discretionary/Cyclical Consumer Goods/Cyclical Services
 - EAI5 - Consumer Staples / Non-cyclical Consumer Goods

Active Members Only

30 June* Active Members KC	Total	Annual Growth	Annual Growth Percentage	CFA	Annual Growth
1994	241		%	132	
1995	230	-11	-4.56	131	-1
1996	229	-1	-0.43	141	10
1997	263	34	14.85	160	19
1998	263	0	0.00	167	7
1999	276	13	4.94	184	17
2000	290	14	5.07	202	18
2001	325	35	12.07	219	17
2002	347	22	6.77	250	31
2003	359	12	3.46	266	16
2004	363	4	1.11	281	15
2005	378	15	4.13	295	14
2006	392	14	3.70	304	9
2007	415	23	5.87	340	36

Active Members United States	Total	Annual Growth	Annual Growth Percentage	CFA	Annual Growth
1994	18996		%	13129	
1995	19976	980	5.16	14220	1091
1996	20736	760	3.80	16914	2694
1997	22352	1616	7.79	16410	-504
1998	24253	1901	8.50	18071	1661
1999	26492	2239	9.23	20150	2079
2000	32341	5849	22.08	23364	3214
2001	35237	2896	8.95	26321	2957
2002	38503	3266	9.27	29933	3612
2003	41563	3060	7.95	32286	2353
2004	43972	2409	5.80	35597	3311
2005	46513	2541	5.78	38559	2962
2006	49131	2618	5.63	40521	1962
2007	52236	3105	6.32	44299	3778

Active Members CFA Institute	Total	Annual Growth	Annual Growth Percentage	CFA	Annual Growth
1994	24496		%	20150	
1995	26359	1863	7.61	21917	1767
1996	27827	1468	5.57	23990	2073
1997	30414	2587	9.30	24194	204
1998	33523	3109	10.22	25952	1758
1999	37417	3894	11.62	26726	774
2000	43091	5674	15.16	31853	5127
2001	50818	7727	17.93	37209	5356
2002	59112	8294	16.32	45337	8128
2003	65248	6136	10.38	50439	5102
2004	71178	5930	9.09	57650	7211