



Kansas City CFA Society

ANNUAL REPORT
2007-2008

Kansas City CFA Society Annual Report 2007-2008

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

2007 – 2008 Officers, Board of Directors, and Standing Committees

Officers

President	Christie E. Cody, CFA
Vice President/Education	K.C. Mathews, CFA
Treasurer	Jonathan Bauman, CFA
Secretary/Public Awareness	Christopher Bouffard, CFA

Board of Directors

Immediate Past President	Gilbert Scott, CFA
Programs	Daniel J. Heckamn II Laurian Lytle, CFA
Membership	Stuart Berkerly, CFA Michael Fogarty, CFA

Committees

Golf Committee	Timm Bechter, CFA
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President's Report 2007-2008

By Christie E. Cody, 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 2007-2008 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, David Rosenberg and Chuck Gabriel. Among our best attended functions are the Society Happy Hours. We hosted two this year, providing an opportunity for members to connect with other professionals in the industry. By far our most popular event is our annual golf outing. Nearly 100 participants joined us at Lions Gate in June. Our heartfelt thanks to the following sponsors of our golf tournament this year: 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, Morgan Stanley, and Wachovia.

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. In cooperation with Stalla, we were able to offer four scholarships to cover the cost of the Stalla supplemental study 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 and an ad was placed in the KC Star recognizing new Charterholders.

Society membership remained steady in the 2007-2008 season and currently stands at 407. 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 our Institute representatives to manage the day to day administrative needs of the Society. 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 \$63,000 for our initiatives. We closed the year with net equity of \$65,688. Given the financial strength of the Society, the Board made several decisions to improve the member's experience, including additional social networking events, plans to host a community outreach event this fall featuring several local investment management experts, and a strategic planning session this spring with Chip Deale from the CFA Institute.

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.

Vice President's Report 2007-2008

By K.C. Mathews, CFA

The Society has completed a number of initiatives to raise awareness of the CFA designation and promote the mission of the Society. In November, the Society welcomed and recognized our 8 new CFA Charterholders with an awards dinner held at *Lidia's Loft*. Charterholders were encouraged to invite their spouses and employers. This is a great event that enjoys broad participation and provides an opportunity to increase awareness of the CFA designation and our Society among local employers. We had a group of 25 attend the event.

Striving to support our mission, and heighten awareness of the CFA designation and the Society, Board members made presentations to the University of Missouri and Rockhurst University.

The Society also held two "happy hours" for Society members. This is a result of feedback we received from our members requesting more social/networking events.

Lastly, you may recall the great success we had in our fiscal year 2006-2007 on our "CFA Day" celebrating the CFA Institute's 60th anniversary. This year the CFA Institute offered an outreach program, providing financial assistance, to Societies that submitted proposals. We are pleased to announce that our proposal for a public investment forum was accepted. The event will happen in our next fiscal year, September 2008. This will be a new experience for us.

We concluded our fiscal year with our annual post-exam party on the Plaza. Once again it was well attended and gave Board members a chance to meet new potential Society members.

Treasurer's Report 2007-2008

By Jonathan Bauman, CFA

The Society recorded another successful year financially. The annual golf tournament continued to provide supplemental income that allowed the Society to strengthen its financial position and provide additional benefits to the members and candidates.

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

Member's Dues – Some of the 06-07 dues were received in fiscal year 07-08. Membership was essentially flat, yet the Board did not raise membership dues.

The line item for CFA Day Funding in the amount of \$25,000 is the reimbursement for last year's "CFA Day" event. Additionally, the line item for One Time Outreach in the amount of \$10,000 is prepayment for expenses that will be incurred in fiscal year 2008-2009 related to our scheduled Investment Roundtable in September. Excluding these amounts, Net Income for the fiscal year would have been \$36,400.

Net Income for fiscal year 2006-2007 includes a one-time expense of \$30,000 to create the Kansas City CFA Society Scholarship fund at the University of Missouri – Kansas City. Excluding this one-time expense and assuming reimbursement for CFA Day had been received during the fiscal year, Net Income for 2006-2007 would have been \$31,111.

The Society's balance sheet continues to be healthy. We closed the year with \$110,949 in reserves. This is a significant increase over the 2006/2007 ending balance of \$46,935 as the \$25,100 reimbursement for "CFA Day" was not included in last year's ending balance. For comparative purposes, when added to the 2006/2007 fiscal year, the balance would have been \$71,935. The goal of the Board is to have one year of expenses in reserves.

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

Held an additional social/networking event in January, 2008

Committed to hosting an Investment Roundtable comprised of local Investment Management leaders on September 24, 2008

Held a Strategic Planning session with Chip Deale from the CFA Institute to identify ways to enhance the member experience in the future

Kansas City CFA Society
Balance Sheet Prev Year Comparison
As of July 31, 2008

	<u>Jul 31, 08</u>	<u>Jul 31, 07</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1000-00 · CHECKING ACCOUNTS	123,523.18	81,476.10	42,047.08	51.6%
Total Checking/Savings	123,523.18	81,476.10	42,047.08	51.6%
Accounts Receivable				
1300-00 · Accounts Receivable	0.00	-75.00	75.00	100.0%
Total Accounts Receivable	0.00	-75.00	75.00	100.0%
Other Current Assets				
1200-02 · Prepaid Insurance	0.00	166.00	-166.00	-100.0%
Total Other Current Assets	0.00	166.00	-166.00	-100.0%
Total Current Assets	123,523.18	81,567.10	41,956.08	51.4%
TOTAL ASSETS	<u>123,523.18</u>	<u>81,567.10</u>	<u>41,956.08</u>	<u>51.4%</u>
LIABILITIES & EQUITY				
Equity				
3000 · Opening Bal Equity	1.31	0.00	1.31	100.0%
3000-00 · Fund Balance	110,953.54	45,285.83	65,667.71	145.0%
Net Income	12,568.33	36,281.27	-23,712.94	-65.4%
Total Equity	123,523.18	81,567.10	41,956.08	51.4%
TOTAL LIABILITIES & EQUITY	<u>123,523.18</u>	<u>81,567.10</u>	<u>41,956.08</u>	<u>51.4%</u>

Kansas City CFA Society
Profit & Loss Prev Year Comparison
July 2007 through June 2008

KC CFA Society	<u>Jul '07 - Jun 08</u>	<u>Jul '06 - Jun 07</u>	<u>\$ Change</u>	<u>% Change</u>
Income				
cfa day funding	25,000.00	0.00	25,000.00	100.0%
one time outreach	10,000.00	0.00	10,000.00	100.0%
2880-22 · Flex Spending	10,000.00	6,380.00	3,620.00	56.74%
3999-90 · Interest Income	2,964.18	4,156.38	-1,192.20	-28.68%
4000-00 · Membership Dues	49,904.99	45,200.00	4,704.99	10.41%
4200-00 · Candidate Income	2,725.68	0.00	2,725.68	100.0%
4220-00 · Programs	7,123.39	9,685.74	-2,562.35	-26.46%
4260-00 · Employment ads	497.29	700.00	-202.71	-28.96%
5680-00 · Golf Outing	28,490.00	30,903.95	-2,413.95	-7.81%
Total Income	<u>136,705.53</u>	<u>97,026.07</u>	<u>39,679.46</u>	<u>40.9%</u>
Expense				
Happy Hour	3,894.83	3,116.24	778.59	24.99%
cfa day expense	0.00	5,925.00	-5,925.00	-100.0%
KCSCFA Scholarship Fund	0.00	30,000.00	-30,000.00	-100.0%
Travel	5,683.44	4,571.27	1,112.17	24.33%
5660 · Golf Tournament	14,750.06	28,198.33	-13,448.27	-47.69%
5020-00 · General Postage/Messenger	128.80	698.27	-569.47	-81.55%
5030-00 · Telephone/Fax/Internet	1,204.25	1,008.45	195.80	19.42%
5050-00 · Copying	27.40	36.81	-9.41	-25.56%
5060-00 · Supplies	38.97	708.63	-669.66	-94.5%
5070-00 · Data Processing	56.98	92.70	-35.72	-38.53%
5090-00 · Storage	300.00	60.00	240.00	400.0%
5100-00 · Administration Fees	13,200.00	14,870.57	-1,670.57	-11.23%
5110-00 · Accountant	500.00	300.00	200.00	66.67%
5120-00 · Insurance	0.00	697.00	-697.00	-100.0%
5190-00 · Projector Expense	0.00	1,913.79	-1,913.79	-100.0%
5200-00 · Board of Directors	1,284.65	1,128.57	156.08	13.83%
5700-00 · Marketing	3,200.00	3,616.84	-416.84	-11.53%
5310-00 · Candidate Expense	6,139.55	7,547.37	-1,407.82	-18.65%
5430-00 · Web Site	600.00	949.90	-349.90	-36.84%
5650-00 · Program Expense	14,296.45	15,475.72	-1,179.27	-7.62%
Total Expense	<u>65,305.38</u>	<u>120,915.46</u>	<u>-55,610.08</u>	<u>-45.99%</u>
Net Income	<u><u>71,400.15</u></u>	<u><u>-23,889.39</u></u>	<u><u>95,289.54</u></u>	<u><u>-398.88%</u></u>

Public Awareness

By Christopher Bouffard, CFA

During fiscal year 2008, the Kansas City CFA Society continued its efforts to increase awareness of our Society, the CFA Institute, and our membership. While the intent the public awareness is not necessarily to elicit a buying response, as most advertisements do, the Board continues to feel that the media exposure increases awareness of the CFA brand. It is the Board's belief that this serves Charterholders and Kansas City Society members through better recognition by the investing public of the CFA designation and the high level of achievement and commitment to ethical business practices it represents.

As in past years, in the fall of 2008 the Society recognized new CFA Charterholders through an advertisement in the Kansas City Star. For this year we also included individuals who passed Level III of the exam but did not yet have the full experience requirements to be awarded the CFA Charter. In recent years the required work experience period has increased and the scope of qualified work experience has narrowed. As a result, we have seen an increase in candidates that have successfully passed all three levels of the exam but do not have sufficient work experience to be Charterholders. The Board felt it was important to also begin publicly recognizing the accomplishments of the individuals who successfully completed the CFA exam program.

Last year the Society, with assistance from the CFA Institute, ran a two page advertisement in the Kansas City Business Journal to celebrate the 60th anniversary of the CFA Institute. This year, to follow-up on the efforts at broader recognition for the CFA brand, we have evaluated alternative advertisement outlets. We are working with Kansas City Business Magazine for a new awareness advertisement and are also considering a supplemental insert section to the Kansas City Business Journal. Although we were not able to act on placing these campaigns in fiscal year 2008, we expect to do so in the 2008-2009 year.

Finally, we have continued our attempts to increase awareness of the benefits of the CFA Charter, the CFA Institute, and the Kansas City CFA Society with future investors and investment professionals by continuing our outreach to regional university business programs with scholarship assistance as well as subsidized study materials through our partnership with Stalla.

Program Summary Kansas City CFA Society 2007-2008

September 21 Charlie Himmelberg, US Credit Strategist for Goldman Sachs in New York.
Topic: "Current Conditions in the Credit Markets."

September 27, Thomas M. Hoenig, President Federal Reserve Bank of Kansas City

November 5, Jason Trennert: Chief Investment Strategist for Strategas Research Partners; former senior managing director at International Strategy and Investment Group (ISI Group).

January 9, Happy Hour

January 14 Vitaliy Katsenelson, he is an author of Active Value Investing, Making Money in Range-Bound Markets: Value Investing

February 14 David Rosenberg is Merrill Lynch's Chief North American Economist and has been a member of the firm's Global Research group since May 2000: US Economic and Financial Update

April 29, 2008 Adam Berger joined AQR Capital Management in February 2007 after eleven years with Goldman Sachs. The Next Wave of Hedge Fund Investing.

May 7, 2008 Chuck Gabriel Jr., is a twenty-five-year veteran of political forecasting for institutional investors and managing director of the newly-formed, independent Washington-research firm, Capital Alpha Partners LLC. Comments on Today's Political Landscape

May 21, François E. Aubert, Independent Private Banker Switzerland Is Estate Planning Part of Asset Allocation?"

June 3, Annual meeting Happy Hour McCormick Place

June 9 Golf Outing

Kansas City CFA Society Member Demographic Information

Active Members Only

30 June* Active Members KC	Total	Annual Growth	Annual Growth Percentage	CFA	Annual Growth	Annual Growth Percentage	Non-CFA	Annual Growth	Annual Growth Percentage
1994	241		%	132		%	109		%
1995	230	-11	-4.56	131	-1	-0.76	99	-10	-9.17
1996	229	-1	-0.43	141	10	7.63	88	-11	-11.11
1997	263	34	14.85	160	19	13.48	103	15	17.05
1998	263	0	0.00	167	7	4.38	96	-7	-6.80
1999	276	13	4.94	184	17	10.18	92	-4	-4.17
2000	290	14	5.07	202	18	9.78	88	-4	-4.35
2001	325	35	12.07	219	17	8.42	106	18	20.45
2002	347	22	6.77	250	31	14.16	97	-9	-8.49
2003	359	12	3.46	266	16	6.40	93	-4	-4.12
2004	363	4	1.11	281	15	5.64	82	-11	-11.83
2005	378	15	4.13	295	14	4.98	83	1	1.22
2006	392	14	3.70	304	9	3.05	88	5	6.02
2007	415	23	5.87	340	36	11.84	75	-13	-14.77
2008	409	-6	-1.45	333	-7	-2.06	76	1	1.33

Active Members United States	Total	Annual Growth	Annual Growth Percentage	CFA	Annual Growth	Annual Growth Percentage	Non-CFA	Annual Growth	Annual Growth Percentage
1994	18996		%	13129		%	5867		%
1995	19976	980	5.16	14220	1091	8.31	5756	-111	-1.89
1996	20736	760	3.80	16914	2694	18.95	3822	-1934	-33.60
1997	22352	1616	7.79	16410	-504	-2.98	5942	2120	55.47
1998	24253	1901	8.50	18071	1661	10.12	6182	240	4.04
1999	26492	2239	9.23	20150	2079	11.50	6342	160	2.59
2000	32341	5849	22.08	23364	3214	15.95	8977	2635	41.55
2001	35237	2896	8.95	26321	2957	12.66	8916	-61	-0.68
2002	38503	3266	9.27	29933	3612	13.72	8570	-346	-3.88
2003	41563	3060	7.95	32286	2353	7.86	9277	707	8.25
2004	43972	2409	5.80	35597	3311	10.26	8375	-902	-9.72
2005	46513	2541	5.78	38559	2962	8.32	7954	-421	-5.03
2006	49131	2618	5.63	40521	1962	5.09	8610	656	8.25
2007	52236	3105	6.32	44299	3778	9.32	7937	-673	-7.82
2008	53312	1076	2.06	45692	1393	3.14	7620	-317	-3.99

Active Members CFA Institute	Total	Annual Growth	Annual Growth Percentage	CFA	Annual Growth	Annual Growth Percentage	Non-CFA	Annual Growth	Annual Growth Percentage
1994	24496		%	20150		%	4346		%
1995	26359	1863	7.61	21917	1767	8.77	4442	96	2.21
1996	27827	1468	5.57	23990	2073	9.46	3837	-605	-13.62
1997	30414	2587	9.30	24194	204	0.85	6220	2383	62.11
1998	33523	3109	10.22	25952	1758	7.27	7571	1351	21.72
1999	37417	3894	11.62	26726	774	2.98	10691	3120	41.21
2000	43091	5674	15.16	31853	5127	19.18	11238	547	5.12
2001	50818	7727	17.93	37209	5356	16.81	13609	2371	21.10
2002	59112	8294	16.32	45337	8128	21.84	13775	166	1.22
2003	65248	6136	10.38	50439	5102	11.25	14809	1034	7.51
2004	71178	5930	9.09	57650	7211	14.30	13528	-1281	-8.65
2005	76971	5793	8.14	64387	6737	11.69	12584	-944	-6.98
2006	83431	6460	8.39	69313	4926	7.65	14118	1534	12.19
2007	92746	9315	11.16	79132	9819	14.17	13614	-504	-3.57
2008	95826	3080	3.32	82601	3469	4.38	13225	-389	-2.86

* 1996 CFA counts based on a 7 September 1996 report.