



# Kansas City CFA Society

**Annual Report  
2010-2011**

# Kansas City CFA Society Annual Report 2010-2011

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

# **Kansas City CFA Society**

## **2010 – 2011 Officers, Board of Directors, and Standing Committees**

### **Officers**

President	Christopher Bouffard, CFA
Vice President/Education	Michael Fogarty, CFA
Treasurer	Laurian C. Lytle, CFA
Secretary/Public Awareness	Stuart Berkerly, CFA

### **Board of Directors**

Immediate Past President	Jonathan Bauman, CFA
Programs	Michael White, CFA
Membership	John Indellicate, CFA

### **Committees**

Programs Committee	Michael White, CFA Scott Ward, CFA
Golf Committee	Timm P. Bechter, CFA John Indellicate, CFA
Global Investment Challenge	Laurian C. Lytle, CFA

## President's Report 2010-2011

*By Chris Bouffard, CFA*

The Kansas City CFA Society, the 13th oldest CFA Society, has rich tradition in serving the investment community of the Kansas City region since 1970 and that continues to be the case through the close of the 2011 fiscal year. I have been privileged to serve as the President of the Kansas City CFA Society during the 2010-2011 year and the Society continues to expand and build upon many achievements realized over the last several years. Among the goals of the Kansas City CFA Society are

- to provide members with educational programs, networking opportunities, and access to pertinent industry information
- to inform, encourage, and assist Chartered Financial Analyst candidates
- to increase the familiarity and understanding of the investment decision-making process among the general public
- to raise awareness of the value of the Chartered Financial Analyst designation within and outside the industry

In these areas 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 included speakers with both local / regional backgrounds, as well as national / global followings. In all, we had fourteen informational and social programs over the past year, a record number. A summary of the year's programs can be found on page 12.

In addition to our regular programs, educational events are another key benefit that our society provides to our members. In cooperation with Stalla, we provided CFA review services to our local candidates. Partnering with the Boston CFA Society, we offered a mock CFA exam preparation event. We partner with several local universities in participation of the Global Investment Research Challenge. The research challenge is a relatively new initiative, and a high priority one, for the CFA Institute. For the KC-CFA, participating in the challenge provides a terrific university outreach opportunity, the ability to further promote the awareness of the KC-CFA Society and the CFA Institute, and it facilitates the mentorship and preparation of the next generation of research analysts. KC-CFA hosted our first research challenge in February and I encourage you to read Laurian Lytle's review of this terrific new event on page 13.

Each June we host our annual golf tournament. In addition to being a wonderful social and networking event, the tournament provides funding for the increase in program and outreach events that we have introduced the last several years. Of course the golf event is also the primary finance vehicle for The Kansas City CFA Scholarship Fund established with the Henry W. Bloch School of Business at the University of Missouri - Kansas City (UMKC). Special thanks to Timm Bechter who has chaired and organized this successful event for several years.

Please also read the other reports on the following pages for additional details on all of the society's undertakings. All of these activities require a substantial amount of time and resources and I would like to thank all of the members of the Society's Board of Directors for their dedication and commitment in serving our local Society and our investment community. With the growth in initiatives and increased program activity over the last few years, we also rely on the help of volunteers from our membership, so on behalf of the Board I would also like to extend our sincerest appreciation for their involvement and contributions. It should not go unrecognized that the growth and successes of the Society during this period have coincided with unprecedented, and global, economic turmoil and market volatility. The time and hard work

put forth in such an environment and under these demanding circumstances is a real testament to the diligence, quality and character of our local CFA professionals and makes me especially grateful to have had the opportunity to work with them over my tenure on the Board.

In spite of a difficult economy and market environment the past few years, the Society's membership grew slightly over the fiscal 2010-2011 season and currently stands at 437. Kansas City is one of the largest societies in the Midwestern Region. A comprehensive society profile is included at the end of this report.

It has been a pleasure to serve the Society over the years and I look forward to many more years of participation as a member. The KC-CFA Society is in a strong financial position with a vibrant offering of informational, social, and educational events. Moreover, we have a very strong and committed group of Directors that will continue to pursue the Society's goals and service for our membership and our profession for many years to come.

## **Vice President's Report 2010-2011**

*By Michael P. Fogarty, CFA*

During fiscal year 2011, the Kansas City CFA Society continued its efforts to raise awareness of the Society and the CFA Institute.

In November, the Society hosted its annual Charter Recognition Event in which we welcome and honor our eleven new CFA Charterholders and eight CFA Program Graduates (those who have successfully passed the three levels of the exam and waiting to attain sufficient work experience). The CFA Award Dinner was held at Starker's Restaurant on the Country Club Plaza. As is customary, Charterholders were encouraged to invite their spouses and employers. This is a terrific 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 56 attend the event.

In continuing the support of our mission, and heighten awareness of the CFA designation and the Society, Board members made presentations to the University of Kansas, Kansas State University, the University of Central Missouri, and the University of Missouri.

We concluded our fiscal year with our annual CFA Post-Exam Party on the Plaza. Despite decreasing exam registrations in the last three years, post-exam events continue with very strong attendance. The KC CFA Society partners with Stalla/Becker Professional Education (a CFA preparation provider) to host the event, which gives board members a chance to meet new prospective Society members and remind them of the many benefits of joining the organization.

## **Treasurer's Report 2010-2011**

*By Laurian Lytle, CFA*

The Society continues to be in sound financial condition after completing another fiscally successful year. Improved revenues and equity have allowed us to expand the breadth and frequency of society events during the past year. Additionally the Society has committed to use our strong financial position in furthering our efforts to develop our local investment community through the expansion of our scholarship program in the coming years.

There are several highlights of the financial statements that can be offered:

The Society's gross revenues for the fiscal year were \$166,585, which reflected a \$21,944 Level One contribution from the CFA Institute. Membership Dues contributed \$42,580 to revenues, Continuing Education Programs revenues were \$9,469, and the June 2011 Golf Event contributed over \$75,000. Note that some revenues for the June 2010 Golf Event were received during FY2011.

Expenses during FY2010 totaled nearly \$125,845, including \$33,357 for Program Expenses, \$32,782 for the June 2011 Golf Event Expenses, and \$5,760 to promote the society through KCUR Public Radio. Note that some expenses for the June 2010 Golf Event were paid during FY2011.

The Golf Event allowed the Society to expand student outreach through a mock exam offered to CFA Exam candidates as well as our inaugural Global Investment Research Challenge to area university student teams.

Overall, the Society had positive cash flow of \$40,741 during FY11.

The Society's balance sheet remains very healthy, closing the year with approximately \$225,505 in reserves. The board is dedicated to sustaining the financial and operational flexibility that allows us to engage in activities that add value to our members, candidates, and the Kansas City region's investment community. The balance sheet and profit & loss statements are presented on the following pages.

# Kansas City CFA Society

## Balance Sheet

As of June 30, 2011

<b>ASSETS</b>	<u>Total</u>
Current Assets	
Bank Accounts	
<b>CHECKING ACCOUNTS</b>	
Fidelity	64,302.94
<b>Total CHECKING ACCOUNTS</b>	<b>\$ 64,302.94</b>
UMB CD 3	70,087.49
UMB CD rate 1.05%	80,986.46
UMB CD secure credit card	10,128.03
<b>Total Bank Accounts</b>	<b>\$225,504.92</b>
Accounts Receivable	
Accounts Receivable	0.00
<b>Total Accounts Receivable</b>	<b>\$ 0.00</b>
Other Current Assets	
<b>INVESTMENTS</b>	
Scout Brokerage	0.00
<b>Total INVESTMENTS</b>	<b>\$ 0.00</b>
Prepaid General Expense	0.00
Prepaid Insurance	0.00
Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$ 0.00</b>
<b>Total Current Assets</b>	<b>\$225,504.92</b>
<b>TOTAL ASSETS</b>	<b>\$225,504.92</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
<b>Total Liabilities</b>	<b>\$ 0.00</b>
Equity	
Opening Bal Equity	0.00
Fund Balance	184,764.25
Net Income	40,740.67
<b>Total Equity</b>	<b>\$225,504.92</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$225,504.92</b>



# Kansas City CFA Society Income Statement

As of June 30, 2011

	<u>Total</u>
<b>Income</b>	
<b>CEP Continuing Education Programs</b>	9,468.83
<b>CFA Institute</b>	
CFA Institute Research Challenge	2,500.00
Level One Funding	21,944.00
Level Two Funding	2,691.53
<b>Total CFA Institute</b>	<b>\$ 27,135.53</b>
<b>Interest Income</b>	
Fidelity Interest	52.48
UMB interest	879.36
<b>Total Interest Income</b>	<b>\$ 931.84</b>
<b>Membership Dues</b>	<b>\$ 42,580.00</b>
<b>Miscellaneous Income</b>	
Education Providers	4,394.12
Misc. Employment ads	1,800.00
<b>Total Miscellaneous Income</b>	<b>\$ 6,194.12</b>
<b>Social Programs</b>	
Golf Players	4,575.00
Golf Sponsors	75,700.00
<b>Total -Social Programs</b>	<b>\$ 80,275.00</b>
<b>Total Income</b>	<b>\$166,585.32</b>
<b>Expenses</b>	
<b>Administration Expenses</b>	
Bank Fees	100.00
Management Fee	15,000.00
Other Administrative	141.77
Professional Services	758.92
Software License fees	525.22
Storage	180.00
Telecommunications	1,273.27
Computer purchase	1,178.43
<b>Total Telecommunications</b>	<b>\$ 2,451.70</b>
<b>Total Administration Expenses</b>	<b>\$ 19,157.61</b>

<b>CFA Institute Expense</b>	
CFA Institute Research Challenge	2,452.73
Level Two Funding	587.07
<b>Total CFA Institute Expense</b>	<b>\$ 3,039.80</b>
<b>Society Development</b>	
Audio/Visual	1,485.74
Food/Beverage	21,322.57
Miscellaneous	1,341.10
Promotion	4,024.74
Society Outreach	9,492.45
Sponsorship/Public Relations	5,760.00
Travel	4,135.48
<b>Total Society Development</b>	<b>\$ 47,562.08</b>
<b>Society Speaker Fees</b>	2,500.00
<b>Social Programs</b>	
Golf	49,465.95
Happy Hours	3,564.61
Miscellaneous	94.98
Promotion	459.62
<b>Total Social Programs</b>	<b>\$ 53,585.16</b>
<b>Total Expenses</b>	<b>\$125,844.65</b>
<b>Net Operating Income</b>	<b>\$ 40,740.67</b>
<b>Net Income</b>	<b>\$ 40,740.67</b>

## **Public Awareness Report 2010-2011**

*By Stuart Berkley, CFA*

During fiscal year 2011, 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 activities 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 CFA 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, the Society recognized new CFA Charterholders this past November through an advertisement in the Kansas City Star. Again, we 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 amount of work experience required has increased and the scope of qualified work experience has been narrowed. As a result, we have seen an increase in candidates who have successfully passed all three levels of the exam but do not have sufficient work experience to receive their Charter. The board continues to feel it is important to publicly recognize the accomplishments of all individuals who successfully completed the CFA exam program in a timely manner.

In addition, the Board decided to participate in the 2011 Global Investment Research Challenge, sponsored by the CFA Institute, by holding a local investment challenge. Participants included teams from the University of Kansas, Kansas State University, the University of Missouri at Kansas City, the University of Missouri, and Central Missouri University.

We received extremely positive feedback from the participants of this event and feel that it was successful in helping us to promote the awareness of our local society, the CFA Institute, and the CFA program to university students and faculty. We also promoted this event to the general public via a series of public announcements. We are planning on continuing to participate in the Investment Challenge going forward.

In May, the Society held its annual Investment Forum in which several of Kansas City's leading investment professionals shared their thoughts in a panel discussion of current investment topics. In order to address our mission of enhancing the Society's profile and awareness of the CFA brand, this event was open to the investing public. Invitations were sent to members encouraging them to bring their clients and guests.

The Board explored several alternatives and determined using public radio advertising spots during the morning and evening financial shows would help reach our target audience of investors and promote more awareness of the Kansas City CFA Society as well as the CFA Institute. Radio spots were developed with the help of KCUR, using spots developed by other local societies. These ads were run in April and early May as most investors and investment advisors are at the height of tax and investment planning during this period.

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 the Stalla CFA review program.

# **Kansas City CFA Society**

## **Program Summary 2010-2011**

**September 22, 2010:** Marc Naughton, CFO Cerner Corporation

**September 29, 2010:** **Thomas M. Hoenig**, President and Chief Executive Officer of the Federal Reserve Bank of Kansas City - Program and reception held at the Federal Reserve Bank of Kansas City

**October 18, 2010:** Matt Moran, Vice President of business development for the Chicago Board Options Exchange (CBOE); “Boosting Income and Risk-adjusted Returns in Times of High Volatility and Correlations”

**October 21, 2010:** Charles Gabriel, Managing Director of Capital Alpha Partners, LLC - “Investment Implications of a More Conservative Congress”

**November 17, 2010:** Coleen D. Trimble, DeMarche Associates

**January 5, 2011:** Social Gathering at McCormick & Schmick’s

**February 24, 2011:** Dr. William Black, Associate Professor of Economics and Law at the University of Missouri - Kansas City - “Why Accounting Control Frauds Fool Financial Experts and Cause Crises”

**March 10, 2011:** Harold S. Bradley, Chief Investment Officer for the Ewing Marion Kauffman Foundation - “The Dangers of ETF Investing”

**March 22, 2011:** Company presentation: Petrobras

**April 4, 2011:** Vitaliy N. Katsenelson, CFA - “The Little Book of Sideways Markets”

**April 12, 2011:** John P. Gavin, CFA - “The Risks That Hide In Plain Sight”

**May 4, 2011:** 3rd Annual Investment Forum

Panelists:

Gary Cloud, CO-CIO Fixed Income, Financial Counselors Inc.

Hank Hermann, CEO, Waddell & Reed

Jim Moffett, Chief International Strategist, Scout Investments

Joe Williams, Chief Investment Strategist, Commerce Bank

**June 13, 2011:** Annual KC-CFA Society Golf Tournament

**June 22, 2011:** Annual Meeting & Happy Hour at McCormick & Schmick’s

## 2010-2011 Investment Research Challenge Report

*By Laurian Lytle, CFA*

Overall, the first **KC CFA Society Investment Research Challenge** was a success. All faculty advisors from universities that completed the challenge expressed gratitude and said it was a great learning experience for the students. Several of the mentors, graders, and judges indicated they enjoyed participating as volunteers and would do it again.

Five universities competed in the 1<sup>st</sup> Investment Research Challenge:

- Kansas State University
- University of Central Missouri
- University of Kansas
- University of Missouri
- University of Missouri-Kansas City

Four universities completed the challenge while the team from the University of Missouri-Kansas City forfeited since they were unable to complete the Written Report by the due date.

A Kick-Off Meeting was held in September 2010 to introduce university teams and faculty advisors to the structure and rules of the challenge, distribute investor relations materials on the subject company and answer questions about the challenge process.

**Great Plains Energy Ltd** agreed to be our subject company for the 2010-2011 Challenge. The Treasurer, **Michael Kline**, made a great presentation about the firm's business structure and strategy to the student teams and faculty advisors in November 2010, gearing the presentation toward those just learning the energy industry. Mr. Kline and his Investor Relations team held separate conference calls with each of the teams in January 2011 to answer follow-up questions submitted to the company.

Each team received guidance by a mentor from the Kansas City CFA Society through the research process of developing and supporting their investment recommendation. The following members participated as mentors:

- **Justin Brown**, American Century - Kansas State University
- **Carter Harrison**, Financial Counselors Inc - University of Missouri-Kansas City
- **Sean Ketcherside**, Scout Investments - University of Missouri
- **Matt Norris**, Waddell & Reed - University of Kansas
- **Scott Stephenson**, Commerce - University of Central Missouri

Students were also asked to view the following webcasts, two of which were produced by the Houston CFA Society, one by the New York Society of Securities Analysts, and one by the CFA Institute, to aid their investment research process:

- Two Ethic Panel Webcasts
- "How To Write a Research Report - A Sell Side Perspective"
- "How To Write a Research Report - A Buy Side Perspective"

Student teams prepared a Written Report using the template designed by the CFA Institute and structured like a sell-side report. Written Reports were submitted by mid-February and graded by five Kansas City CFA Society members:

- **Timm Bechter**, Waddell & Reed
- **Matt Montgomery**, Financial Counselors Inc.
- **Marc Scott**, American Century
- **Mark Weber**, Scout Investments
- **Adam West**, Nuance Investors

Oral Presentations of the student teams' buy, sell, or hold recommendation on Great Plains Energy were made at the end of February to a panel of judges from the Kansas City CFA Society:

- **Paul Cox**, Financial Counselors Inc.
- **Don MacArthur**, Commerce
- **Jim Reed II**, Scout Investments
- **Phil Sanders**, Waddell & Reed
- **Gregory Woodhams**, American Century

Points were totaled from both the grading and the oral presentations (each worth 50% of the total score) immediately following the competition. The University of Kansas was announced as the winner. The University of Kansas went on to compete in the Americas Regional Championship held in Omaha in April 2011 and made it to the Semi-Final round.

The Kansas City CFA Society Investment Research Challenge allowed members of the society to help train potential future investment professionals and increased the awareness about the CFA program and the society. The society plans to continue to host this event in future years and hopes to expand the number of universities involved.