

ANNUAL REPORT 2004 - 05

Table of Contents



| | |
|---|----|
| Our Vision, Mission and Goals | 2 |
| Officers & Governors of the Society | 3 |
| President's Report | 4 |
| Past Presidents | 5 |
| Associated Groups | 6 |
| Society Award Recipients and Life Members | 7 |
| CFALA's Committees | 9 |
| CFALA Membership Benefits | 13 |
| How to Become a Member | 14 |
| How to Become a CFA Charterholder | 15 |
| CFALA & CFA Institute Information | 17 |
| Financial Statements for Year Ended August 31, 2005 | 18 |



CFA SOCIETY OF LOS ANGELES, INC.

555 West Fifth Street, 31st Floor, Los Angeles CA 90013

t: 213.627.1500 • f: 213.947.4855 • e: info@CFALA.org • web: www.CFALA.org



Our Vision, Mission and Goals

CFALA VISION

The CFA Society of Los Angeles envisions a future in which:

- the services, skills and perspective of the investment professional are highly regarded as adding significant value to the investment decision-making process
- trust and personal interaction are the cornerstones of the investor/investment professional relationship
- the prestige of the CFA designation is widely accepted within and outside of the investment community
- technology is utilized to the fullest as a vehicle to deliver information and education, not as a substitute for personal interaction
- the Society is the premier choice for access to professional information, personal interaction, and practical experience and expertise

CFALA MISSION STATEMENT & GOALS

Established in 1931, the CFA Society of Los Angeles is a network of investment management professionals in the greater Los Angeles area, affiliated with the CFA Institute.

The mission of the Society is to provide access to information, expertise and personal interaction to further members' professional development and to promote the value of the profession and the CFA designation.

The Society strives to fulfill this purpose as:

- a local Forum bringing together people, knowledge and practical experience
- a respected Partner with other organization for the purpose of serving mutual interests and the meaningful exchange of ideas
- a Premier Source for professional resources and development
- a powerful Voice representing ethical standards of practice and the interests and value of the profession.



Officers & Governors of the Society



2004 - 2005 OFFICERS

Jeffrey Anderson, CFAPresident
Trust Company of the West
865 South Figueroa Street
Los Angeles, CA 90017
t: 213.244.0094
f: 213.244.0741
e: jeffrey.anderson@tcw.com

Doug Achtemeier, CFAVice President
LACERA
300 North Lake Avenue
Pasadena, CA 91101
t: 626.564.6000, x 3317
f: 626.564.6130
e: dachtemeier@mac.com

Don Straszheim, Ph.D.Treasurer
Roth Capital Partners
11100 Santa Monica Boulevard, Suite 800
Los Angeles, CA 90025
t: 310.820.1112
f: 310.820.1123
e: don@straszheim.com

Berkeley G. Harrison, CFASecretary
Oakmont Corporation
865 South Figueroa Street
Los Angeles, CA 90017
t: 213.891.6331
f: 213.452.2831
e: bgh@oakmont.com

BOARD OF GOVERNORS

Doug Achtemeier, CFA
LACERA

Jeffrey B. Anderson, CFA
Trust Company of the West

Berkeley G. Harrison, CFA
Oakmont Corporation

Victor Hawley, CFA
Reed, Conner & Birdwell, LLC

Asha Joshi, CFA
Payden & Rygel

Leslie Richardson
MCC Financial Services

Don Straszheim, Ph.D.
Roth Capital Partners

Charles Thuss, CFA
Parsons Corporation

David Ward, CFA Past President
Northern Trust Bank

Wade Winter, CFA
Jefferies Capital Management

Ken Yee, CFA
Ridgecrest Capital



President's Report

August 31, 2005

My Fellow Society Members,

It was a pleasure to be able to have served as President of the Society over the past year. The time commitment required was more than compensated by the rewards of working with the many volunteers that are the true force behind our society activities. Without these volunteers and our administrative staff we would not be able to continue the kinds of programs and events that we have come to expect of our organization over the past 75 years.

While our traditional activities were offered to the membership this year we also strove to make some changes and, hopefully, improvements:

Our CFA review program continued its long tradition of preparing area candidates for the exam. We introduced recorded, online access to our review sessions via streaming media to our registered candidates. We also continued our two times per week live sessions for all three levels for the spring exam and our once a week fall program for the Level 1 exam. Enrollment increased despite increased competition from commercial, for profit programs.

As a new initiative, we inaugurated our society's involvement with an organization promoting economic literacy in California, the California Council on Economic Education. Our society sponsored the 2005 Los Angeles Capital Market Contest, in collaboration with the CCEE, that included the involvement of several society volunteers working with local high school student teams on their economics projects. We integrated the funding for and participation of these students and their teachers into our annual forecast dinner and annual meeting. It is indeed encouraging to see the commitment of these young people to economic education!

We also took the opportunity to clean up our bylaws to be consistent with new CFA Institute rules and the changing regulatory landscape in California. Several of our board members dug into this project with great enthusiasm and produced a document that will undoubtedly stand the test of time.

As part of our bylaw changes we changed the name of our society. While many of us may be somewhat nostalgic of the familiar LASFA moniker, we proposed a name change, in an open forum, to our membership at the annual meeting, which approved the motion. So the CFA Society of Los Angeles was born.

While the end of this year signifies eight years of volunteer activity for me with the Society, I couldn't imagine not being actively involved as a regular member going forward. Due to all of your efforts and support the CFA Society of Los Angeles is in great shape and has a promising future!



Respectfully submitted,
Jeffrey Anderson



PAST PRESIDENTS

| | | | |
|---------------------------------|---------|---|----------------|
| F.J. Thieme, Jr. | 1931 | David C. Pearson, CFA | 1970-71 |
| O.B. Lighthill | 1932 | Roger L. Gewecke, CFA | 1971-72 |
| J.L. Erickson | 1933 | Donald L. Keene, CFA | 1972-73 |
| L. Hartley Smith, CFA | 1934 | A.B. Ehlert, CFA | 1973-74 |
| Rockwell Hereford | 1935 | Stanley D. Ryals, CFA | 1974-75 |
| Paul Wagenseller | 1936 | Dennis R. Bouwer, CFA | 1975-76 |
| Charles H. Widmayer | 1937 | Francis X. Cloran, II, CFA | 1976-77 |
| George W. Kassler | 1938 | David F. Allen, CFA | 1977-78 |
| K. Arnold Liljegen | 1939 | James C. Reed, CFA | 1978-79 |
| Jack Silvester | 1940 | Theodore Congdon, CFA | 1979-80 |
| George L. Parr | 1941 | John C. Sherman, CFA | 1980-81 |
| Harvey Evans | 1942 | James K. Dunton, CFA | 1981-82 |
| Kenneth D. Sanson | 1943 | Dorothea Zimberoff, CFA | 1982-83 |
| Roger Pile | 1944 | Albert W. Sanborn, CFA | 1983-84 |
| Walter S. Weeks | 1945 | Robert B. Hardaway, Jr., CFA | 1984-85 |
| Theron Walker | 1946 | William L. Krantz, CFA | 1985-86 |
| Jack R. Laznick | 1947 | Shelley N. Grudin, CFA | 1986-87 |
| Walter Fruehling | 1948-49 | Danford E. Hand, CFA | 1987-88 |
| Richard M. Link | 1950 | Phyllis G. Thomas, CFA | 1988-89 |
| Walter Podolak | 1951-52 | Jean V. Keatley, CFA | 1989-90 |
| Alfred Post | 1953-54 | Frank C. Dohn, CFA | 1990-91 |
| Stanley J. Thompson | 1955-56 | Glen A. Holden, Jr., CFA | 1991-92 |
| L. Hartley Smith, CFA | 1956 | Victor S. Sidhu, CFA | 1992-93 |
| W. Murray Hawkins | 1957-58 | Michael F. Schaible, Jr., CFA | 1993-94 |
| C.K. Corcoran | 1958-59 | James H. Fletcher, CFA | 1994-95 |
| Dwight Baum, CFA | 1959-60 | Karen McCue, CFA | 1995-96 |
| Douglas Fletcher, CFA | 1960-61 | Maureen F. Gallogly, CFA | 1996-97 |
| Marjorie Fisher, CFA | 1961-62 | Marla L. Harkness, CFA | 1997-98 |
| Allen D. Harper, CFA | 1962-63 | Richard Barnett, CFA | 1998-99 |
| James B. Lester, CFA | 1963-64 | David Dahl, CFA | 1999-00 |
| James Comeskey, CFA | 1964-65 | James Sarni, CFA, CIC | 2000-01 |
| Marvin W. Drew, CFA | 1965-66 | Michael O'Brien, CFA | 2001-02 |
| James H. Wallace, CFA | 1966-67 | James M. Lyon, CFA, CIC | 2002-03 |
| Kenneth Gerhardt, CFA | 1967-68 | David M. Ward, CFA | 2003-04 |
| Frank Foellmer, CFA | 1968-69 | Jeffrey Anderson, CFA | 2004-05 |
| Sheldon Collins, CFA | 1969-70 | | |

ASSOCIATED GROUPS

USC/CFALA CFA® Review Program

*Co-Directors: Dave Cary, CFA, Ph.D. & Dennis Draper, Ph.D.
Administrative Office Telephone: 213.627.1230 • Fax: 213.947.4855
e-mail: cfareview@CFALA.org*

Since 1984, CFA Society of Los Angeles, Inc. ("CFALA") in partnership with the University of Southern California, Marshall School of Business ("USC") has offered CFA Review Programs at each level of the CFA Study and Examination Program. Recently we introduced several new features to our CFA Review Programs including Schweser Study Notes, Schweser Pro (CD-ROM study aid), web recordings of classroom instruction accessed via the CFALA website, and a full length practice exam. Additionally we conduct a Saturday Review Course for Level I and Level II candidates.

The Weekly Review Course and the Saturday Review Course provide candidates with a structured, classroom based approach to preparing for the CFA examination. The program is designed to assist candidates in mastering the CFA Institute Candidate Body of Knowledge. The focus of the Review Courses is on the comprehension of the assigned materials in the Study Guides with an emphasis on the Learning Outcome Statements (LOS). In addition, problem solving, a full length practice exam and practical exam taking tips are incorporated into the program. The program covers all disciplines on the exam.

You may register on line at: http://www.CFALA.org/CFALA_cfmfiles/asp/cfainfo.asp

Previous Chapters of CFALA

CFA Hawaii – Founded June 8, 2002
<http://membersocieties.org/hawaii/>

CFA Society of San Diego – Founded in 1962
www.cfassd.org

CFA Society of Orange County – Founded in 1997
www.ocsim.org

Applied Behavior Finance Group

The Applied Behavioral Finance Group has been formed to try to communicate with the general membership of CFALA, about the emerging concepts of Behavioral Finance. It was felt that the ability to "apply" these concepts and information, could enhance our understanding of portfolio management, human error and dealing with clients.

The Applied Behavioral Finance Group features presentations, meetings, seminars, study groups and may propose research initiatives in the field of behavioral finance. To be placed on ABF's email list please send name, email address to Steven Schoen at the e-mail address below.

President: **Steven Schoen**

e-mail: sschoen@alliedconsultinggroup.com

Society Award Recipients

& Life Members



Governor Award for Outstanding Lifetime Contributions

Awarded periodically as merited by the CFALA Board of Governors to individuals whose contributions to the Society have been so substantial and so exemplary that they are deemed to be members for life in the Los Angeles Society of Financial Analysts.

| | |
|------------------------------|------|
| Bill Krantz, CFA | 2005 |
| James H. Fletcher, CFA | 2004 |
| Marla Harkness, CFA | 2003 |
| Frank C. Dohn, CFA | 1999 |
| Robert B. Hardaway, Jr., CFA | 1991 |
| Shelley N. Grudin, CFA | 1976 |

Outstanding Society Member Awards

Awarded periodically as merited by the CFALA Board of Governors to society members who have remained active in the organization after the expiration of their tenure on the Board and/or whose contribution and involvement continues to substantially benefit CFALA programs, activities and initiatives, or whose leadership and contributions to the profession merit special recognition.

| | | | |
|-------------------------|------|------------------------|------|
| Mark Duvall, CFA | 2005 | James H. Fletcher, CFA | 1998 |
| Wade T. Winter, CFA | 2004 | Glen A. Holden, CFA | 1997 |
| Rob Arnott | 2003 | William L. Krantz, CFA | 1996 |
| Dennis E. Gilkerson | 2002 | Frank C. Dohn, CFA | 1995 |
| Roxanne Cheng, CFA | 2001 | Phyllis G. Thomas, CFA | 1989 |
| James M. Lyon, CFA, CIC | 2000 | | |

Outstanding Committee Member

Awarded annually by the CFALA Board of Governors to the individual or individuals who have made substantial contributions to the Society while either heading or acting as a member of a CFALA committee during the previous year.

| | | | |
|---------------------------|------|------------------------------|------|
| Dave Cary, Ph.D., CFA | 2005 | Edward M. Boulter, CPA | 1995 |
| Larry Brody | 2004 | Lucille Thompson (Hon.) | 1991 |
| George Dennis | 2003 | Marjorie Fisher, CFA | 1986 |
| Norman Kulla, CFA | 2003 | David C. Pearson, CFA | 1979 |
| Steve Remboski, CFA | 2003 | Stanley D. Ryals, CFA | 1988 |
| James M. Lyon, CFA, CIC | 2002 | Robert B. Hardaway, Jr., CFA | 1987 |
| James H. Fletcher, CFA | 2002 | Dr. Guilford C. Babcock | 1986 |
| Berkeley G. Harrison, CFA | 2001 | James K. Dunton, CFA | 1984 |
| Eric T. Smith, CFA | 1999 | Shelley N. Grudin, CFA | 1981 |
| Margaret Mudd | 1998 | Roger L. Gewecke, CFA | 1980 |
| Anita A. Brown, CFA | 1997 | Dennis R. Bouwer, CFA | 1978 |
| Roxanne Cheng, CFA | 1997 | David C. Pearson, CFA | 1977 |
| Peter B. Swank, Ph.D. | 1997 | Donald L. Keene, CFA | 1976 |
| Michael D. O'Brien, CFA | 1996 | | |



Society Award Recipients

& Life Members

James H. Fletcher, CFA Emerging Leader Award

Awarded annually by the CFALA Board of Governors to the individual or individuals who have demonstrated outstanding leadership characteristics in the course of work on a CFALA program, activity or initiative during the previous year. The award is named in honor of James H. Fletcher, CFA, a past president of CFALA in 1994-1995. Jim was a Senior Vice President – Investments for Smith Barney. As president of CFALA Jim was an innovative, effective and energetic leader. A strong believer in the value of education, Jim taught the popular “Foundations of Investment” course for several years, as well as expanded the society’s educational offerings substantially during his tenure. He is also credited with creating CFALA’s annual CFA Charter Recognition event. In the years after his presidency, Jim continued his involvement in CFALA and provided wise counsel to many future CFALA leaders. The emerging leader award, an innovation created by Jim during his presidency, was renamed in his honor.

| | | | |
|----------------------------------|------|---------------------------------|------|
| James Lewis, CFA | 2005 | David M. Ward, CFA | 2000 |
| Berkeley Harrison, CFA | 2004 | Leslie Richardson | 1999 |
| Mark T. Duvall, CFA | 2003 | Saeid Hamedanchi, CFA | 1998 |
| Richard McDonald, CFA | 2003 | Dennis E. Gilkerson | 1997 |
| Charles J. Thuss, CFA | 2003 | James M. Lyon, CFA | 1996 |
| Asha B. Joshi, CFA | 2002 | Karen L. Combs, CFA | 1995 |
| Marie A. Beerens, CFA | 2001 | Maye Hackworth, CFA | 1995 |

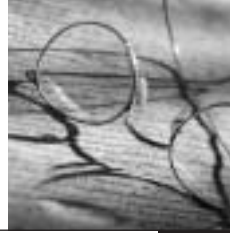
Corporate Award

Awarded periodically by the CFALA Board of Governors to the organization which has demonstrated outstanding support to the Society’s programs, activities and initiatives in a substantial and continual way over the past year.

| | | | |
|---------------------------------------|------|--------------------------------|------|
| Trust Company of the West | 2004 | Smith Barney Company | 1998 |
| Payden & Rygel | 2003 | Smith Barney Company | 1997 |
| Wells Fargo | 2002 | Jefferies & Company | 1996 |
| University of Southern California . . | 2001 | Smith Barney Company | 1995 |
| Payden & Rygel | 1999 | | |



CFALA's Committees



Advocacy

Considers current issues that are of importance to the profession on which CFALA may choose to take a position such as regulatory issues, legal issues, new ethics requirements, accounting issues, etc.

Chair: **Vacant** e-mail:

Members: James Altenbach, CFA; Marla Harkness, CFA; James Lyon, CFA, CIC; Radu Patrichi; James Sarni, CFA

Annual Meeting

Make arrangements and coordinate events for the Annual Meeting.

Chair: **Daniel Wong, CFA** e-mail: *daniel.wong@cshs.org*

Audit & Accounting*

Act as liaison with accounting profession; Coordinate CFALA's annual financial audit with staff and arrange for the auditors to make a formal report to the CFALA Board of Governors; Arrange for an orderly rotation from one auditing firm to another by putting out Requests for Proposal for auditing services well in advance, interviewing applicant accounting firms and making recommendations for future audit firms to the Board of Governors; Arrange for an orderly transition from one accounting firm to the next. Conduct such internal audit activities as the committee and/or the Board may deem appropriate. Sponsor a topical program at least annually that addresses concepts or activities that impact both the accounting/auditing profession and financial analysis/ portfolio management.

Chair: **Stephen Remboski, CFA** e-mail: *sjr1@earthlink.net*

Members: Phillip Newmarch; Van Beer, CFA; Russell Hoffman, CFA; George Montague, CFA; Raymond Rath, CFA; John Weisickle

Awards

Procure awards as designated by the Board of Governors; awards will usually be given at the CFALA Annual meeting.

Chair: **Eric Smith, CFA** e-mail: *esmith@mwcm.com*

CFA Charter Recognition Event

Make arrangements and plan publicity for CFA Charter Recognition Event.

Co-Chair: **Marla Harkness, CFA** e-mail: *marlaharkness@aol.com*

Co-Chair: **Michael O'Brien, CFA** e-mail: *o'brien.md@mellon.com*



CFALA's Committees

Chartered Financial Analysts*

Act as liaison with Institute of Chartered Financial Analysts, administer CFA review seminars and arrange informal CFA study groups.

Co-Chair: **Dave Cary, CFA, Ph.D.** e-mail: *cfa@dcary.com*

Co-Chair: **Dennis Draper, Ph.D.** e-mail: *DDraper@marshall.usc.edu*

Level I Coordinators: James Lewis, CFA; Leah Romero, CFA; Kenneth Yee, CFA, CPA

Level II Coordinators: David Ward, CFA; Kristen O'Conner, CFA, CPA

Level III Coordinators: Roger Gewecke, Jr., CFA; Sam Butler, CFA; William Bird, CFA; Andrew Shuleschenko, CFA

Education*

Develop continuing education programs, including seminars, Basic Accounting, Foundations of Investment courses, a Fixed Income series and other investment courses of interest to CFALA members. Serve as liaison with local colleges and universities in sponsoring student participation in the Society's programs.

Chair: **Berkeley Harrison, CFA** e-mail: *bgh@oakmont.com*

Coordinator: **Ashish Vaidya, Ph.D.** e-mail: *Ashish.Vaidya@csuci.edu*

Members: Phillip Newmarch, CFA; George Dennis; John Lacey, Ph.D., CPA; Steven Kiser, CFA; Jason Totodo

Finance

The committee shall assist the Treasurer in advising the Board of Governors in the management of investment actions and consider other financial matters as necessary. The powers and duties of the committee are separate and distinct from those that are already delegated to the Audit and Accounting Committee. The oversight of the investment policy statement is the responsibility of the Finance Committee.

Chair: **Berkeley Harrison, CFA** e-mail: *BGH@oakmont.com*

Vice-Chair: **Asha Joshi, CFA**

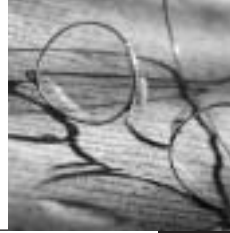
Member and Public Awareness

Publish newsletter highlighting Society activities, increase awareness of CFALA and the CFA Charter within the investment community and among other professionals, investors and the media. Improve awareness of high ethical standards, professionalism, expertise and integrity of the investment profession.

Chair: **Dan Pomerantz, CFA** e-mail: *dan_pomerantz@ntrs.com*

Members: Cynthia Harrington, CFA; June Li, CFA

CFALA's Committees



Membership Involvement

Invite new members to become involved in CFALA committees and projects.

Co-Chair: **Don Straszheim** e-mail: don@straszheim.com

Vice-Chair: **Doug Achtemeier, CFA** e-mail: dachtemeier@mac.com

Membership*

The committee reviews applications and processes qualified membership candidate applications.

Chair: **David Ward, CFA** e-mail: dmward@earthlink.net

Vice-Chair: **Paul Spiro, CFA** e-mail: spiro.p@mellon.com

Nominating*

Identifies and nominates to the Board of Governors members of the Society for consideration as officers and Governors of the Society. Also identifies potential nominees to CFA Institute positions and committees. Identifies and nominates potential annual award recipients.

Chair: **Jeffrey Anderson, CFA** e-mail: jeffrey.anderson@tcw.com

Vice-Chair: **Doug Achtemeier, CFA** e-mail: dachtemeier@mac.com

Members: Don Straszheim, Ph.D.; Berkeley Harrison, CFA; Asha Joshi, CFA

Operating

Oversees the operations of the Society, including the Society's administrative offices and staff.

Chair: **Jeffrey Anderson, CFA**

Vice-Chair: **Doug Achtemeier, CFA**

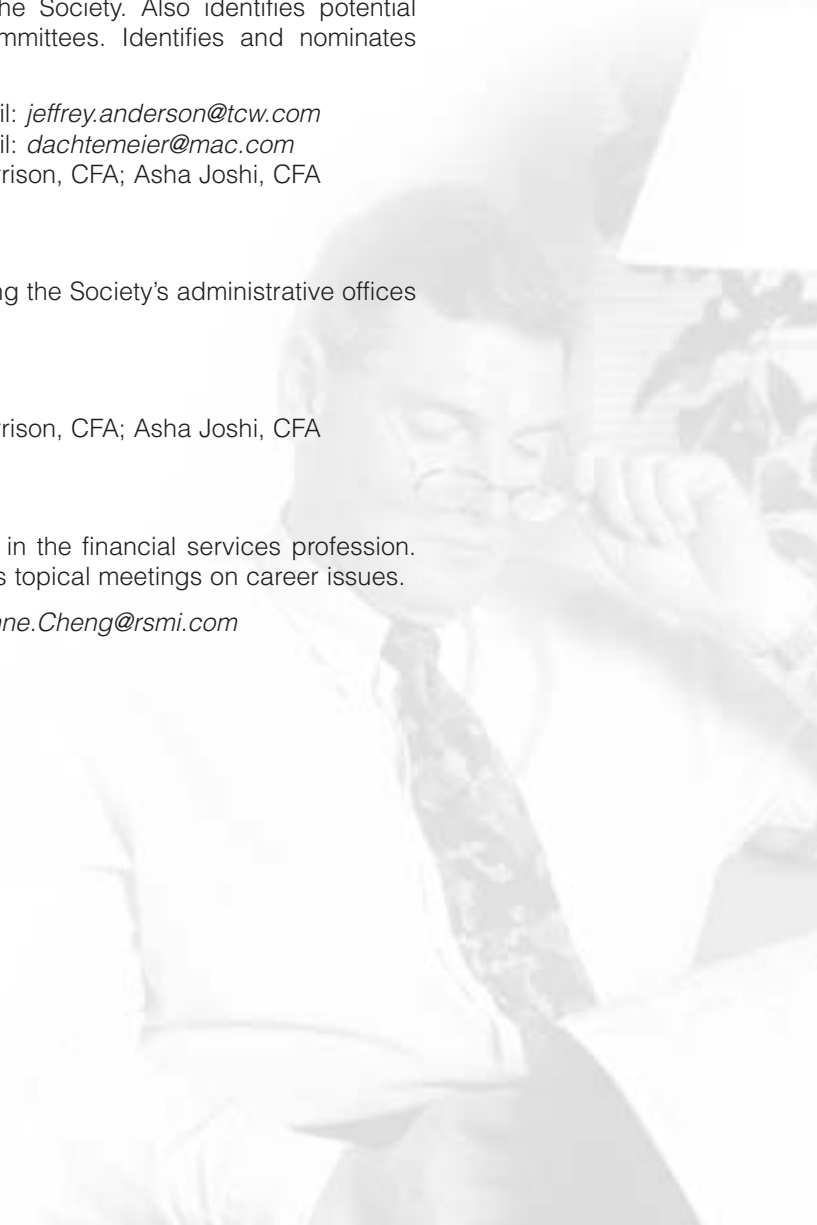
Members: Don Straszheim, Ph.D.; Berkeley Harrison, CFA; Asha Joshi, CFA

Placement*

Provides an on-line listing of job opportunities in the financial services profession. Coordinates the Annual Career Expo and chairs topical meetings on career issues.

Chair: **Roxanne Cheng, CFA** e-mail: Roxanne.Cheng@rsmi.com

Members: Adam Coppersmith, CFA





CFALA's Committees

Scholarship

Review scholarship applications and make scholarship award recommendations to the Board of Governors; arrange for scholarships to be awarded on behalf of CFALA and CFA Institute to CFA candidates.

Chair: **Andrew Lahde, CFA** e-mail: alahde@daltoninvestments.com
Members: John Peetz, CFA

Social

Organize social activities and networking opportunities for members. Plan activities, publicize and make arrangements for post CFA exam mixer for local Candidates and Society leaders. Coordinate arrangements with OCSIM as necessary.

Chair: **Leslie Richardson** e-mail: lbardolino@aol.com

Technology and Communication

Maintain and improve the web site and its functionality, and review innovative ways to improve communication to the membership.

Chair: **Doug Achtemeier, CFA** e-mail: dachtemeier@mac.com

Topical Program*

Plan Society programs for the year. Organize topical educational programs and seminars for the Society. Provide a forum in which investment professionals can maintain and update their knowledge on investment-related issues and topics. Invite companies to appear, coordinate arrangements with Administrative office and chair meetings.

Co-Chair: **Charles Thuss, CFA** e-mail: charles.thuss@parsons.com

Co-Chair: **James Altenbach, CFA** e-mail: jalten1621@yahoo.com

Co-Chair: **Leslie Richardson** e-mail: lbardolino@aol.com

Members: Larry Brody, Ph.D; George Dennis; Kerry Donia, CFA; Saeid Hamedanchi, CFA; Wayne Jett; Norman Kulla, CFA; Jinghong Li-Smith, CFA; Ed Monteiro, CFA; Holmes Osborne, CFA; Mark Pocino, CFA; Sisi Zhang

*Standing Committees (called for in Article VIII of the Society's By-Laws) are noted. To become more involved in the open committees, contact the CFALA office at 213.627.1500 or e-mail the Chair of the committee.



CFALA Membership Benefits



CFALA Membership Benefits

CFA Society of Los Angeles, Inc. (CFALA) provides a professional forum to educate and inform participants in the investment decision-making process, promotes professional behavior and high ethical standards, and enhances the professional knowledge of our membership and general knowledge of economics and finance in the larger community.

In partnership with CFA Institute, CFALA conducts high quality programs and disseminates information and ideas relating to the investment decision making process. CFA Institute is dedicated to promoting ethics and standards of conduct, education and professional certification, and guidelines for professional practice.

Local events are held throughout the year including topical programs, accounting and economic seminars, the Foundations of Investments courses, continuing education courses, CFA review courses, conferences, behavioral finance meetings, and quantitative investments meetings. In addition corporate presentations are made by the management of major corporations to CFALA members and their guests.

The Annual Report and monthly events calendar are distributed to our members. The membership directory is available online at www.CFALA.org. Placement listings and publications are also available through CFALA and CFA Institute.

CFA Institute is a global organization of investment professionals serving over 100,000 members and candidates, including research analysts, investment counselors, strategists, portfolio managers, consultants, and others allied to the field of financial analysis. These professionals practice in a variety of fields including: investment counseling and management, banking, insurance, investment banking and securities brokerage. When you join one of over 132 member societies, you are also a member of CFA Institute.

The two categories of membership are Regular and Affiliate. The only difference between a Regular and Affiliate member is that Regular members can vote on CFA Institute issues. If you desire to apply for membership, complete and return an application, which can be ordered through CFA Institute at 800.247.8132, or info@cfainstitute.org. You may also apply online at www.cfainstitute.org/memberservices/join/apply.html

To become a regular member of CFA Institute or to enroll in the examination series for the Chartered Financial Analyst (CFA) program, call CFA exam information at 800.247.8132. Candidates enrolled in the program can apply for membership but are not members until they are accepted by the society. In support of this exam process, each year CFALA offers a 20-Week CFA Review Course co-sponsored with the University of Southern California, Marshall School of Business.

Once CFA Institute receives your membership application with two sponsors letters, it is submitted to the Membership Committee and then to the Board of Governors to be formally approved. Regular and Affiliate CFALA dues are \$150 per year and CFA Institute dues are \$225 per year (these are invoiced together, upon approval). After CFA Institute dues are paid, you will begin receiving program information and the Financial Analysts Journal, CFA Institute Newsletter, Standards of Practice Handbook and CFA Institute Membership Directory. A broad spectrum of publications is also available for purchase.

For an application:

Call CFA Institute at 800.247.8132

or you may also download a membership application from the CFA Institute website at:

www.cfainstitute.org/pdf/memapp.pdf

or apply online at:

www.cfainstitute.org/memberservices/join/apply.html

How to Become a Member

HOW TO BECOME A MEMBER

There are two types of membership offered, Regular and Affiliate. Two sponsors are required for both categories of membership from:

- 1) Your immediate supervisor; and
- 2) A CFALA member in good standing and personally known to you.

A. To qualify as a **Regular** member of CFA Institute and a local society, an investment professional **must meet all of the criteria** listed below:

1. Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
2. a) Passed Level I of the CFA exam or such other appropriate examination as approved by the Board of Governors AND have 48 months of acceptable professional work experience* in the investment decision-making process,

or

b) Passed the Self-Administered Standards of Practice Examination www.cfainstitute.org/memservices/join/self_exam.html and have 48 months of acceptable professional work experience in the investment decision-making process.

3. Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

B. CFALA accepts as members those individuals who do not qualify as Regular members. Affiliate membership requires that the applicant:

- agree to adhere to the Code of Ethics and Standards of Professional Conduct; and
- be an active candidate for the CFA examination;
- or be a person whose primary interests are closely allied to the objectives of CFALA.

For an application:

Call CFA Institute at 800.247.8132 or download a membership application from the CFA Institute website at: www.cfainstitute.org/pdf/memapp.pdf

You may also apply online at www.cfainstitute.org/memservices/join/apply.html

HOW TO BECOME A CFA CHARTERHOLDER

A CFA Charter represents the combination of academic achievement and professional experience. Over 60,000 investment professionals have earned the CFA charter since it was first awarded in 1963.

Candidates for the CFA charter must pass a series of three comprehensive, rigorous examinations over a minimum of three years. On average, candidates spend an estimated 200 hours of individual study preparing for each of these six-hour exams. Candidates study a comprehensive curriculum based on a defined Body of Knowledge. Study guides lead candidates through an assigned program of textbooks and readings covering the basic Body of Knowledge, investment techniques and analytical approaches, and the broad range of investment choices available.

To be awarded the CFA charter, the candidate must:

- sequentially pass the Level I, Level II and Level III examinations;
- have at least four years of acceptable professional work experience in the investment decision making process;
- apply concurrently for membership in CFA Institute and in a member society, such as CFALA;
- have evidenced a high level of professional, financial, business and personal conduct; and
- comply with the CFA Institute Code of Ethics and Standards of Professional Conduct.

To apply for the CFA program, contact CFA Institute's Candidate Program department at 800.247.8132, or download an application or apply online at: www.cfainstitute.org/cfaprogram/

For information on the USC/CFALA CFA Review Program call 213.627.1230 or go to our website at: www.CFALA.org/CFALA_cfmfiles/asp/cfainfo.asp

CFA CHARTER REQUIREMENTS

For those candidates who were registered before the 2005 examination year and who successfully complete the program by 2007, the following requirements and work experience guidelines apply.

Requirements to Be Awarded and to Maintain the Use of the CFA Charter

To be awarded the CFA charter, a candidate must:

1. Sequentially pass the Level I, Level II, and Level III examinations;
2. Have at least three years of acceptable professional experience working in the investment decision-making process; and
3. Join CFA Institute as a member. As part of the application for CFA Institute membership, a candidate must:
 - Provide current completed sponsor forms;
 - Sign and complete the Professional Conduct Statement;



How to Become a CFA Charterholder

- Sign and agree to comply with the terms of the Member's Agreement; and
 - Exhibit a high degree of ethical and professional conduct.
4. Apply concurrently for membership in a CFA Institute Society of your choice. Your active membership in CFA Institute Societies is an important part of continuing advancement in your profession.
 5. Once a candidate becomes a CFA charterholder, he or she must comply with the CFA Institute conditions, requirements, policies and procedures of a CFA charterholder and CFA Institute member, including those set forth in the CFA Institute Articles of Incorporation, Bylaws, Code of Ethics, Standards of Professional Conduct, Rules of Procedure for Proceedings Related to Professional Conduct, and other conditions, requirements, policies and procedures that may be established and amended from time to time, including the submission of an annual Professional Conduct Statement and the payment of membership dues. Failure to comply with the CFA Institute conditions, requirements, policies and procedures can result in disciplinary sanctions, including suspension or revocation of the right to use the CFA designation.

For those who are registering for the 2005 program for the first time and for all candidates who remain in the program after 2007, the following requirements and work experience guidelines apply.

Requirements to Be Awarded and to Maintain the Use of the CFA Charter

To be awarded the CFA charter, a candidate must:

1. Sequentially pass the Level I, Level II, and Level III examinations;
2. Have at least four years of acceptable professional experience working in the investment decision-making process; and
3. Join CFA Institute as a member. As part of the application for CFA Institute membership, a candidate must:
 - Provide current completed sponsor forms;
 - Sign and complete the Professional Conduct Statement;
 - Sign and agree to comply with the terms of the Member's Agreement; and
 - Exhibit a high degree of ethical and professional conduct.
4. Apply concurrently for membership in a CFA Institute Society of your choice. Your active membership in CFA Institute Societies is an important part of continuing advancement in your profession.
5. Once a candidate becomes a CFA charterholder, he or she must comply with the CFA Institute conditions, requirements, policies and procedures of a CFA charterholder and CFA Institute member, including those set forth in the CFA Institute Articles of Incorporation, Bylaws, Code of Ethics, Standards of Professional Conduct, Rules of Procedure for Proceedings Related to Professional Conduct, and other conditions, requirements, policies and procedures that may be established and amended from time to time, including the submission of an annual Professional Conduct Statement and the payment of membership dues. Failure to comply with the CFA Institute conditions, requirements, policies and procedures can result in disciplinary sanctions, including suspension or revocation of the right to use the CFA designation.

CFALA & CFA Institute Information



CFA INSTITUTE INFORMATION

Information on CFA Institute and the CFA Program may be found at www.cfainstitute.org.

Commonly accessed web pages at www.cfainstitute.org include the following:

CFA Institute Member Directory

www.cfainstitute.org/memberservices/private/memdirectory/

CFA Program

www.cfainstitute.org/cfaprogram/

Code of Ethics and Standards of Professional Conduct

www.cfainstitute.org/standards/ethics/code/translations.html

Rules of Procedure for Proceedings Related to Professional Conduct

www.cfainstitute.org/standards/ethics/conduct

CFA Institute Articles and Bylaws

www.cfainstitute.org/support/about/articles_bylaws.html

CFA Institute Advocacy

www.cfainstitute.org/advocacy/

CFALA Information & Membership Roster

Additional information on CFALA may be found at www.CFALA.org.

In an effort to enhance our services in a cost effective manner we are making your membership roster and Bylaws available via the Internet from our website, under the members only section.

Please go to www.CFALA.org, click on members only, enter your individual login and password. If you do not have a password or do not know your password please send an e-mail to info@CFALA.org with password in the subject line. In your e-mail, please include your first name, last name and your CFA Institute membership number. You will be sent an e-mail with information on how to access the members only section of our website. Once you are logged into our website you will have access to current members' contact information. Please keep in mind that our website and CFA Institute's website are separate and therefore will not have the same access codes.

If you do not have Internet access, please contact the administrative office at 213.627.1500

CFALA Member Directory

www.CFALA.org/CFALA-cfmfiles/page1.cfm?t=1

CFALA Bylaws

www.CFALA.org/CFALA_cfmfiles/asp/bylaws.asp

CFALA Committees

www.CFALA.org/CFALA_cfmfiles/asp/showcomm.asp



Financial Statements

2005 ANNUAL REPORT

18

CFA SOCIETY OF LOS ANGELES, INC.

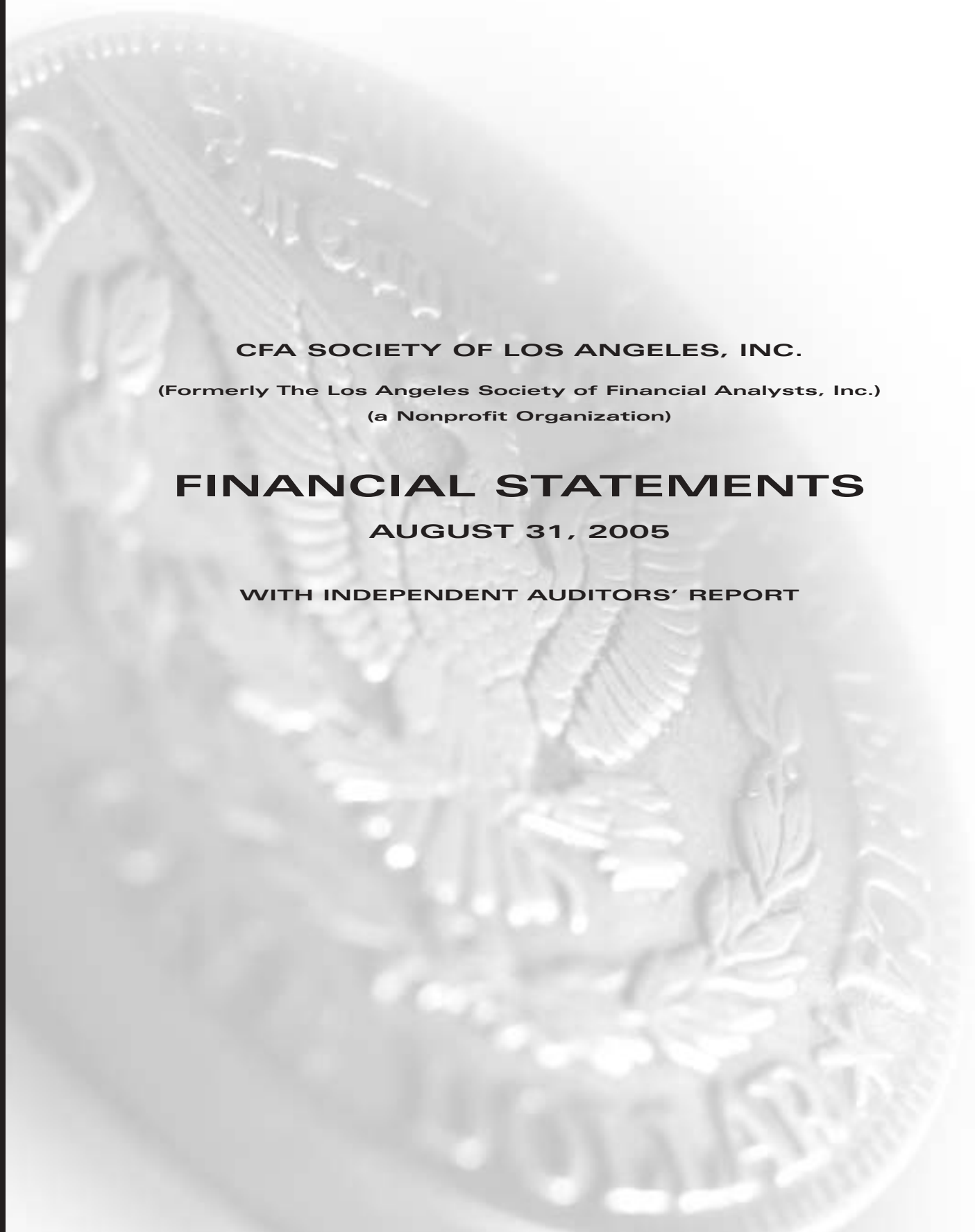
(Formerly The Los Angeles Society of Financial Analysts, Inc.)

(a Nonprofit Organization)

FINANCIAL STATEMENTS

AUGUST 31, 2005

WITH INDEPENDENT AUDITORS' REPORT





CONTENTS

| | |
|--|----|
| Independent Auditors' Report | 20 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 21 |
| Statement of Activities | 22 |
| Statement of Functional Expenses | 23 |
| Statement of Cash Flows | 24 |
| Notes to Financial Statements | 25 |



Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Governors,

CFA Society of Los Angeles, Inc.
(a Nonprofit Organization)
Los Angeles, California

We have audited the accompanying statement of financial position of CFA Society of Los Angeles, Inc., formerly The Los Angeles Society of Financial Analysts, Inc., (a Nonprofit Organization), as of August 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CFA Society of Los Angeles, Inc., formerly The Los Angeles Society of Financial Analysts, Inc., as of August 31, 2005, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Lee, Speding, Hissner / Accounting
Company*

Glendale, California
October 20, 2005

Statement of Financial Position



CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION

August 31, 2005

Assets

| | |
|----------------------------|-------------------|
| CURRENT ASSETS: | |
| Cash and cash equivalents | \$ 253,926 |
| Membership dues receivable | 30,215 |
| Prepaid expenses | <u>15,538</u> |
| Total current assets | 299,679 |
| Investments (Note 2) | <u>327,742</u> |
| Total assets | <u>\$ 627,421</u> |

Liabilities and Net Assets

| | |
|----------------------------------|-------------------|
| CURRENT LIABILITIES: | |
| Accounts payable | \$ 44,552 |
| Deferred revenue | <u>53,813</u> |
| Total current liabilities | 98,365 |
| NET ASSETS: | |
| Unrestricted – | |
| Undesignated | 254,056 |
| Designated | <u>275,000</u> |
| Total net assets | <u>529,056</u> |
| Total liabilities and net assets | <u>\$ 627,421</u> |

See accompanying notes to financial statements.



Statement of Activities

CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

STATEMENT OF ACTIVITIES

Year Ended August 31, 2005

| | |
|---|-------------------|
| Revenues: | |
| Membership dues – CFALA | \$ 230,226 |
| CFA review income (Note 6) | 221,423 |
| CFALA seminar income | 86,467 |
| Economic forecast dinner | 24,281 |
| Topical – member and guest fees | 11,537 |
| Placement listing | 12,260 |
| Realized and unrealized gains on investments | 20,956 |
| Interests and dividends | 6,642 |
| Associated groups | <u>3,770</u> |
| Total revenue | <u>617,562</u> |
| Expenses: | |
| Program services – | |
| CFA review (Note 6) | 197,728 |
| Economic forecast dinner | 24,346 |
| Topicals | 21,614 |
| CFALA seminars | 44,452 |
| Other educational and social activities | <u>102,198</u> |
| Total program services | <u>390,338</u> |
| Supporting services | <u>150,488</u> |
| Total expenses | 540,826 |
| Increase in unrestricted net assets | <u>76,736</u> |
| UNRESTRICTED NET ASSETS, beginning of the year | <u>452,320</u> |
| Unrestricted net assets, end of year | <u>\$ 529,056</u> |

See accompanying notes to financial statements.

Statement of Functional Expenses

CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.) (a Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2005

| | Program Services | | | Supporting Services | Total |
|-----------------------------------|-------------------|------------------|--|----------------------|-------------------|
| | CFA Review | Topicals | CFALA Seminars & other Educ. & Social Activities | Management & General | |
| Administrative Fees: | | | | | |
| Management fees | \$ 29,207 | \$ - | \$ - | \$ 95,645 | \$ 124,852 |
| University of Southern California | 16,725 | - | - | - | 16,725 |
| Total administrative fees | <u>45,932</u> | <u>-</u> | <u>-</u> | <u>95,645</u> | <u>141,577</u> |
| Audit and accounting fees | - | - | - | 9,647 | 9,647 |
| Bank fees and finance charge | 5,108 | - | - | 3,081 | 8,189 |
| Board and membership activities | - | - | 38,069 | 2,538 | 40,607 |
| Career Exposition | - | - | 8,710 | - | 8,710 |
| Communications | 1,706 | - | - | 14,465 | 16,171 |
| Contributions | - | - | 20,000 | - | 20,000 |
| Faculty and instructor fees | 102,231 | - | 44,452 | - | 146,683 |
| Insurance | - | - | - | 3,285 | 3,285 |
| Economic forecast dinner | - | 24,346 | - | - | 24,346 |
| Location fees and rental | - | 21,614 | - | 12,180 | 33,794 |
| Other expense | 613 | - | - | 6,504 | 7,117 |
| Printing, postage, and supplies | 3,846 | - | 9,429 | 3,143 | 16,418 |
| QIA and Behavioral Finance | - | - | 8,876 | - | 8,876 |
| Recognition and publicity | - | - | 17,114 | - | 17,114 |
| Study guides and mock exams | 38,292 | - | - | - | 38,292 |
| Total expenses | <u>\$ 197,728</u> | <u>\$ 45,960</u> | <u>\$ 146,650</u> | <u>\$ 150,488</u> | <u>\$ 540,826</u> |

See accompanying notes to financial statements.



Statement of Cash Flows

CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

STATEMENT OF CASH FLOWS

Year Ended August 31, 2005

| | |
|---|-------------------|
| Operating Activities: | |
| Increase in net assets | \$ 76,736 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities - | |
| Net realized and unrealized gains on investments | (20,956) |
| (Increase)/decrease in - | |
| Membership dues receivable | (12,300) |
| Prepaid expenses | (7,384) |
| Increase/(decrease) in - | |
| Accounts payable | (11,100) |
| Deferred revenue | (1,242) |
| Net cash provided by operating activities | <u>23,754</u> |
| Investing Activities: | |
| Proceeds from sale of investments | 50,000 |
| Purchase of investments | <u>(51,614)</u> |
| Net cash used in investing activities | <u>(1,614)</u> |
| Net increase in cash | 22,140 |
| Cash and cash equivalents, beginning of year | <u>231,786</u> |
| Cash and cash equivalents, end of year | <u>\$ 253,926</u> |

See accompanying notes to financial statements.

Notes to Financial Statements

CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

August 31, 2005

Note 1 — Summary of Significant Accounting Policies

The CFA Society of Los Angeles, Inc. (the "Society"), formerly The Los Angeles Society of Financial Analysts, Inc., is a nonprofit organization established in 1931. The Society fosters ethical standards of conduct among its membership and within its segment of the financial community in the Los Angeles metropolitan area and strives to improve the practice of financial analysis and portfolio management through education and the development of professional skills.

(a) Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(b) Investments

Investments are carried at fair value as determined by quoted market prices, or based on quotations of similar securities. Investing activities are reported on a trade-date basis. Realized gains and losses are calculated based upon the underlying costs. Net realized and unrealized gain/loss on investments is based on the fair value of the assets at the beginning of the year or at the time of purchase for assets purchased during the year and the related fair values on the day the investments are sold with respect to realized gains and losses, and on the last day of the year with respect to unrealized gains and losses.

(c) Deferred Revenue

Deferred revenue represents fees collected for CFA review and education programs to be held after August 31, 2005.

(d) Statement of Cash Flows

For purposes of the statement of cash flows, the Society considers all cash accounts and investments with maturities of ninety days or less to be cash equivalents for purposes of this statement.

(e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Functional Allocation of Expenses

The costs of providing the various program services have been reported by their functional classification. Accordingly, certain costs have been allocated among program services and support services.



Notes to Financial Statements

CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS (Continued)
August 31, 2005

Note 1 — Summary of Significant Accounting Policies (Continued)

(g) Net Assets

(i) Unrestricted Net Assets –

The unrestricted net assets are utilized to record revenues, investment income, and other forms of unrestricted revenue and expenditures related to the general operations of the Society.

Included in unrestricted net assets at August 31, 2005 are assets designated for specific purposes by action of the Governing Board:

Designated for general support of, or to offset potential losses of future seminars and for legal expenses that may arise relative to the Society's self-regulation responsibilities. **\$ 275,000**

The Governing Board elected to reclassify to unrestricted net assets \$29,086 in net assets previously designated for the Quantitative Investment Association effective August 31, 2005

(ii) Temporarily Restricted Net Assets -

The temporarily restricted net assets are utilized to record resources received that are temporarily restricted as to use. When the restricted use has been fulfilled or expired with the passage of time, the net assets of this fund are reclassified to unrestricted net assets.

At August 31, 2005 there were no temporarily restricted net assets.

(iii) Permanently Restricted Net Assets -

The permanently restricted net assets are utilized to record resources whose use by the Society is limited by donor-imposed stipulations that neither expires by a passage of time nor can be fulfilled or otherwise removed by actions of the Society.

At August 31, 2005, there were no permanently restricted net assets.

Notes to Financial Statements



CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS (Continued)

August 31, 2005

Note 2 - Investments

The investment securities, which are carried at fair value, consist of the following:

| | |
|---|-------------------|
| Vanguard Short-Term Investment Grade Fund – Investor Shares (VFSTX) | \$ 115,433 |
| S & P Depository Receipts (SPY) | <u>212,309</u> |
| | <u>\$ 327,742</u> |

The net gains on investments are as follows:

| | |
|----------------------|------------------|
| Net unrealized gains | \$ 21,183 |
| Net realized loss | <u>(227)</u> |
| | <u>\$ 20,956</u> |

Note 3 - Income Taxes

The Society is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Society is also exempt from California state income taxes.

Note 4 - Concentration of Credit Risk

The Society maintains its cash balances in certain financial institutions located in California. The balances are insured by the Federal Deposit Insurance Corporation to \$100,000. The Society's uninsured cash balances amounted to approximately \$207,000 as of August 31, 2005.

Note 5 - Membership Dues

The Society contracted with CFA Institute (formerly the Association for Investment Management and Research) to administer the billing and collection of membership dues. Membership dues for the year ended August 31, 2005 totaled \$230,226.



Notes to Financial Statements

CFA SOCIETY OF LOS ANGELES, INC.
(Formerly The Los Angeles Society of Financial Analysts, Inc.)
(a Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS (Continued)

August 31, 2005

Note 6 - CFA Review Income and Expenses

In partnership with University of Southern California ("USC"), the Society conducts a CFA review program, which helps CFA candidates prepare for the CFA examination. The program is taught by practitioners from the Society who are mainly CFA charter holders and faculty members from surrounding universities. The Society pays a royalty equal to 40% of the surplus earned from the CFA program to USC.

Note 7 - Related Party Transactions

During the year ended August 31, 2005, the Society hosted topical, educational, and investment seminars as well as the CFA Review Program referred to in Note 6. Payments for instructional services to certain officers and members of the Board of Governors amounted to \$23,875.

Note 8 - Commitments

In June 2003, the Society entered into a new cancelable agreement with Cahill Association Management, LLC ("CAM") for management services through August 31, 2006. The Agreement requires the Society to pay CAM a minimum of \$115,800 per year, plus expenses, for the term of the Agreement. These management services are reflected as management fees on the Statement of Functional Expenses and totaled \$124,852 during the fiscal year ended August 31, 2005.

CFA SOCIETY OF LOS ANGELES, INC.

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t: 213.627.1500 ■ f: 213.947.4855 ■ e: info@cfala.org ■ w: www.cfala.org



Founded in 1931, Founding Member of the Financial Analyst Federation and a Member Society of CFA Institute.