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**BOARD OF GOVERNORS  
MEETING MINUTES  
20 November 2007  
Conference Call**

Notice: 26 October 2007

Governors Present: Mark J.P. Anson, CFA Jeffrey D. Lorenzen, CFA  
Alida Carcano, CFA Daniel S. Meader, CFA  
Pierre Cardon, CFA George W. Noyes, CFA\*  
Emilio Gonzalez, CFA (Chair) Brian D. Singer, CFA  
James E. Hollis, CFA John C. Stannard, CFA, FSIP  
Teong Keat (T.K.) Yap, CFA Samuel B. Jones, Jr., CFA  
Stanley G. Lee, CFA

Governors Absent: Jeffrey J. Diermeier, CFA Nicola Ralston, FSIP  
Vincent Duhamel, CFA Thomas B. Welch, CFA  
Margaret E. Franklin, CFA

Presidents Council  
Representatives

Present: Helmut Henschel Ralph Lehman, CFA  
Jan Jackrel, CFA Jeffrey Matthias, CFA  
Attila Koksál, CFA

Also Present: Raymond J. DeAngelo, Managing Director, Member & Society, CFA Institute  
Robert R. Johnson, CFA, Deputy CEO and Managing Director, Education  
Division, CFA Institute  
Joseph P. Lange, Corporate Secretary, CFA Institute  
William P. McKeithan, General Counsel, CFA Institute  
Timothy G. McLaughlin, CFA, Managing Director and Chief Financial Officer,  
Finance and Corporate Support, CFA Institute  
Guy P. Williams, Head, Finance and Risk Management, CFA Institute

Materials

Distributed

Prior to Meeting: Meeting Agenda  
Financial Results and Audit Report Resolution  
FY 2007 Draft Management Discussion and Analysis Memo  
Draft CFA Institute Consolidated Financial Statements and Report of  
Independent Auditor  
Draft Research Foundation Consolidated Financial Statements and Report of  
Independent Auditor

\* Present for Part of Meeting

Awards Committee Background Information FY 2008  
Approval to Update Signatories on CFA Institute Investment Account Resolution  
Approval to Update Signatories on CFA Institute Hong Kong and Malaysia  
Resolution  
Board Meeting Minutes dated 11 October 2007

Chair: Emilio Gonzalez, CFA

Meeting Secretary: Joseph P. Lange

### **Financial Results and Audit Report**

The Audit and Risk Committee (ARC) Chair gave his opening remarks on the financial results and audit report. ARC recently held an in-person meeting with PricewaterhouseCoopers (PwC) and received very positive feedback. One issue was noted regarding a delay caused by Siebel with the implementation of some of the databases that contained information on the membership and dues. This was considered a one-time event associated with the new system and should not occur next year. Overall, ARC was satisfied with the process and the outcome of the audit.

The CFO gave an overview of the financials. It was noted that the delay caused by the implementation of Siebel at the end of the fiscal year was absorbed into CFA Institute's timeline so that the financials were delivered to PwC within the schedule. PwC presented a clean audit with no disagreements with management, no adjustments to the financials, no material weaknesses noted to the organization's internal controls, and no reportable conditions. PwC did provide four management recommendations that management has the prerogative to consider implementing. They were stated as follows:

- Maintain documentation on the monitoring of the back up of the servers;
- Review user rights for CGI;
- Implement a second layer of passwords on Great Plains GL; and
- Confirm contracts with all service providers were updated.

In the spirit of transparency, the management discussion and analysis will be included with the financial statements in the CFA Institute annual report to be published on the website by 30 November. This will provide plain language and the kind of structure making the financials more understandable by linking results to performance of the strategic objectives.

It was explained that the CEO and CFO do not sign off on the financial statements because CFA Institute has not yet complied with section 404 of Sarbanes Oxley with regards to having had a full internal control audit across the entire organization. The CEO and CFO do sign the IRS 990 tax reports.

The Board proceeded to discuss the financials and the following resolution was passed unanimously.

RESOLVED, that the Board of Governors approve the Audit Report and accompanying audited financial statements for the fiscal year ending 31 August 2007 substantially in the form presented at this meeting.

### **India Update**

The General Counsel provided an update on the recent litigation developments in India. It was explained that administration of the Level I exam in India had been put on hold due to an order issued by the All India Council for Technical Education (AICTE). CFA Institute is continuing to reach out and meeting with officials of the Human Resource Development Ministry and AICTE to try and resolve the situation.

The Board discussed the affect and options for candidates that had already enrolled to sit for the December exam prior to the issuance of the AICTE order in May.

### **Awards Committee**

The Chair noted that the Awards Committee recently held their first meeting to discuss which awards to convey this year and began vetting potential recipients. The Board was encouraged to send in their suggestions on possible award candidates.

### **Update Signatories on CFA Institute Accounts**

The CFO explained that it is industry standard and the requirement of banks that governing boards resolve to approve signatories on various accounts. CFA Institute is simply updating its authorized signatories on the accounts below due to recent staff changes. The following resolutions were passed unanimously.

#### CFA Institute Investment Account

RESOLVED, that the following individuals shall be authorized signatories on the CFA Institute investment account below:

Jeffrey Diermeier, President and CEO  
Timothy McLaughlin, Chief Financial Officer  
Guy Williams, Head, Finance and Risk Management  
Jean Cash, Managing Director, Human Resources

U.S. Treasury Bills and Strips Account SunTrust Robinson Humphrey Account #####

The Board of Governors accepts and approves in the form presented at this meeting.

#### CFA Institute Hong Kong and Malaysia Bank Accounts

RESOLVED, that the following individuals shall be authorized signatories on the CFA Institute bank accounts below:

Jeffrey Diermeier, President and CEO  
Timothy McLaughlin, Chief Financial Officer  
Guy Williams, Head, Finance and Risk Management  
Jean Cash, Managing Director, Human Resources  
Jan Squires, Managing Director, Asia Pacific Operations  
Ashvin Vibhakar, Deputy Head, Asia Pacific Operations  
Lee Kha Loon, Head, CFA Institute Centre, Asia Pacific  
Joanna Kwok, Director, Office and Event Administration

Checking Account – Hong Kong	Standard Chartered Bank	Account #####
Checking Account – Malaysia	Standard Chartered Bank	Account #####

The Board of Governors accepts and approves in the form presented at this meeting.

### **Meeting Minutes**

The Board accepted and approved the 11 October 2007 meeting minutes as submitted.

### **December Level I Exam MPS Meeting**

The governors were reminded that the Board will be holding an executive session meeting by conference call on Thursday, 3 January 2008 to set the minimum passing score for the December Level I exam. The meeting time for the conference call was tentatively scheduled for 7 a.m. eastern time.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Joseph P. Lange  
Corporate Secretary