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Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 40537

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/2004 AND ENDING 12/31/2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Columbia Financial Center, Inc.**

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1301 SW Fifth Avenue

(No. and Street)

Portland

(City)

OR

(State)

97201

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Philip J. Iudice

617-434-0484

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers LLC

(Name - if individual, state last, first, middle name)

125 High Street

(Address)

Boston

(City)

MA

(State)

02110

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions

SEC MAIL RECEIVED  
 PROCESSING  
 MAR 02 2005  
 MAR 25 2005  
 WASH. DC. 202 SECTION  
 THOMSON FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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SEC 1410 (06-02)

Handwritten initials: CA 3/28

OATH OR AFFIRMATION

I, Philip J. Iudice, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Columbia Financial Center, Inc., as of December 31,, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

*Philip J. Iudice*

Signature

Financial Manager

Title

Donald E. Geer, Jr.  
NOTARY PUBLIC  
My commission expires Sept. 24, 2010

*Donald E. Geer, Jr.*  
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Columbia Financial Center Incorporated**  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)  
**Index**  
**December 31, 2004**

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**Report of Independent Auditors**

To the Board of Directors and Stockholder of  
Columbia Financial Center Incorporated  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Columbia Financial Center Incorporated (the "Company"), in conformity with accounting principles generally accepted in the United States of America. The financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

February 23, 2005

**Columbia Financial Center Incorporated**  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)  
**Statement of Financial Condition**  
**December 31, 2004**

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<b>Assets</b>	
Cash equivalents	\$ 178,943
Receivable from affiliates	89,379
Total assets	<u>\$ 268,322</u>
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 20,000
Deferred tax liability, net	4,162
Accrued taxes payable	22,159
Total liabilities	<u>46,321</u>
Commitments and contingencies (Note 5)	
<b>Stockholder's equity</b>	
Common stock, no par value; authorized - 1,000,000 shares; issued and outstanding - 97,643 shares	189,099
Retained earnings	32,902
Total stockholder's equity	<u>222,001</u>
Total liabilities and stockholder's equity	<u>\$ 268,322</u>

The accompanying notes are an integral part of this statement of financial condition.

**Columbia Financial Center Incorporated**  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)  
**Notes to Statement of Financial Condition**  
**December 31, 2004**

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**1. Organization and Operations**

Columbia Financial Center Incorporated (the "Company") is a wholly-owned subsidiary of Columbia Management Group, Inc. ("the Parent"). The Company is registered as a securities broker pursuant to the Securities and Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Parent is an indirect majority-owned subsidiary of Fleet National Bank, N.A. ("Fleet Bank"), which prior to April 1, 2004 was a wholly-owned subsidiary of FleetBoston Financial Corporation ("FleetBoston"). On April 1, 2004, FleetBoston was acquired by Bank of America Corporation ("the Corporation"), and Fleet Bank became a wholly-owned subsidiary of the Corporation. Certain FleetBoston benefit arrangements, as noted in Note 3, were retained for the full year.

The Company is the principal underwriter and distributor for shares of the open-end investment companies issued by the CMG Fund Trust (the "Funds"), managed by an affiliate, Columbia Management Advisors, Inc. ("CMA").

**2. Summary of Significant Accounting Policies**

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual amounts could differ from such estimates.

**Cash Equivalents**

The Company defines cash equivalents as highly liquid investments with original maturities of ninety days or less including investments in money market funds.

**Income Taxes**

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under SFAS 109, there are two components of the income tax provision, current and deferred. The current income tax provision approximates taxes to be paid or refunded for the applicable period. Deferred tax assets and liabilities are recognized for the estimated future tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements. The measurement of deferred tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between the periods. The recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences will be realized. A valuation allowance is recorded for those deferred items, which management believes it is more likely than not, realization will not occur. There was no valuation allowance at December 31, 2004.

The Company's operating results are included in the consolidated federal income tax return of the Corporation and files combined or separate tax returns with various states. Related deferred taxes and current tax receivables and payables are included in the Statement of Financial Condition. Current income tax expense is determined as if the Company filed a separate tax return, and the amount is payable to or receivable from the Corporation.

**Columbia Financial Center Incorporated**  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)  
**Notes to Statement of Financial Condition**  
**December 31, 2004**

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**3. Related-Party Transactions**

During the year, the Company participated in pension plans and postretirement health and life insurance programs sponsored by FleetBoston. These plans include qualified noncontributory, defined benefit pension plans covering substantially all domestic employees, as well as nonqualified noncontributory defined benefit plans for certain executives. The qualified plans are funded in compliance with the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986, as amended. Postretirement health and life insurance benefits are provided for eligible retired domestic employees. The estimated cost of postretirement benefits are accrued over the service lives of eligible employees. All income/expense and assets/liabilities related to pension and postretirement benefits are recorded on the records of affiliates.

During the year, the Company also participated in the FleetBoston contributory thrift plan, which covers substantially all full-time and permanent part-time employees. This plan provides that eligible employees may elect to contribute a percentage of their annual salary to the plan. The Company matches a percentage of each employee's contributions up to 6% of the employee's salary.

At December 31, 2004, the Company had no active employees.

Certain officers and directors of the Company are also officers and directors of CMA and Columbia Trust Company ("CTC"), both of which are also subsidiaries of the Corporation.

Columbia Funds Services, Inc. ("CFSI"), an affiliate of the Company, is transfer agent for the Funds. CFSI performs certain functions on behalf of the Company.

Cash equivalents consist of an investment in the Columbia Daily Income Company Fund, a money market fund affiliated with the Parent.

**4. Net Capital and Reserve Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of a minimum net capital and requires that a ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1.

As of December 31, 2004, the Company had net capital for this purpose of \$129,043, which was \$124,043 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital as of December 31, 2004 was .33 to 1.

**5. Commitments and Contingencies**

In the ordinary course of business, the Corporation and the Company are routinely defendants in or parties to many pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and the Company, and certain of these actions and proceedings are based on alleged violations of laws.

In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek very large or indeterminate damages or where the cases present novel legal theories

**Columbia Financial Center Incorporated**  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)  
**Notes to Statement of Financial Condition**  
**December 31, 2004**

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or involve a large number of parties, the Corporation and the Company cannot state with confidence what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to each pending matter may be. Based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation or regulatory matters, will have a material adverse effect on the financial position or liquidity of the Corporation or the Company, but may be material to the Corporation and the Company's operating results for any particular reporting period.

*Mutual Fund Operations Matters*

On February 24, 2004, the Securities and Exchange Commission ("SEC") filed a civil action in the U.S. District Court for the District of Massachusetts against two FleetBoston subsidiaries, CMA and Columbia Funds Distributor, Inc. (the "Columbia Subsidiaries"), alleging that the Columbia Subsidiaries allowed certain customers to engage in short-term or excessive trading without disclosing this fact in the relevant fund prospectuses. The complaint alleged violations of federal securities laws in relation to at least nine trading arrangements pertaining to these customers during the period 1998-2003, and requested injunctive and monetary relief. A similar action was filed the same day in a state court in New York by the New York Attorney General ("NYAG"), claiming relief under New York state statutes. On March 15, 2004, FleetBoston and its subsidiaries announced agreements in principle with the NYAG and the SEC, agreeing, without admitting or denying wrongdoing, to (1) pay \$70 million in disgorgement and \$70 million in civil penalties; (2) the issuance of an order requiring the Columbia Subsidiaries to cease and desist from violations of the federal securities laws, as well as the implementation of enhanced governance and compliance procedures; and (3) retain an independent consultant to review the Columbia Subsidiaries' applicable compliance, control and other policies and procedures. In addition, the agreement with the NYAG provides for reduction of mutual fund management fees of the Columbia funds by \$80 million over five years. These settlements were finalized with the NYAG and the SEC on February 9, 2005. The Company was not a party to the final settlement reached with the NYAG and SEC on February 9, 2005.

On February 9, 2005, the Corporation entered an agreement with the Federal Reserve Bank of Richmond, and Bank of America, N.A. entered an agreement with the Office of the Comptroller of the Currency. Under the agreements, the Corporation and Bank of America, N.A. agreed to continue with existing plans to implement remedial actions. The federal banking regulators did not impose any monetary penalties or fines under the agreements.

The Corporation is continuing to respond to inquiries from federal and state regulatory and law enforcement agencies concerning mutual fund related matters.

Private lawsuits seeking unspecified damages concerning mutual fund trading against the Corporation and its pre-FleetBoston-merger subsidiaries include putative class actions purportedly brought on behalf of shareholders in Nations Funds mutual funds, derivative actions brought on behalf of one or more Nations Funds mutual funds by Nations Funds shareholders, putative ERISA class actions brought on behalf of participants in the Corporation's 401(k) plan, derivative actions brought against the Corporation's directors on behalf of the Corporation by shareholders in the Corporation, class actions and derivative actions brought by shareholders in third-party mutual funds alleging that the Corporation or its subsidiaries facilitated improper trading in those funds, and a private attorney general action brought under California law. The lawsuits filed to date with respect to FleetBoston and its subsidiaries include putative class actions purportedly brought on

**Columbia Financial Center Incorporated**  
**(A wholly-owned subsidiary of Columbia Management Group, Inc.)**  
**Notes to Statement of Financial Condition**  
**December 31, 2004**

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behalf of shareholders in Columbia mutual funds, derivative actions brought on behalf of one or more Columbia mutual funds or trusts by Columbia mutual fund shareholders, and an individual shareholder action.

On February 20, 2004, the Judicial Panel on Multidistrict Litigation (MDL Panel) ordered that all lawsuits pending in federal court with respect to alleged late trading or market timing in mutual funds be transferred to the U.S. District Court for the District of Maryland for coordinated pretrial proceedings. The private lawsuits have been transferred to the court with the exception of one case that was remanded to a state court in Illinois and two cases where motions to remand to state court remain pending. On September 29, 2004, plaintiffs filed consolidated amended complaints in the U.S. District Court for the District of Maryland. Motions to dismiss the consolidated amended complaints are to be filed on February 25, 2005. Discovery is presently stayed in all of these actions. A motion to lift the stay is scheduled to be heard in March 2005.

*Other Regulatory Matters*

In the course of its business, the Corporation is subject to regulatory examinations, information gathering requests, inquiries and investigations. The Company is a registered broker-dealer and is subject to regulation by the SEC, the NASD and state securities regulators. In connection with several formal and informal inquiries by those agencies, the Company has received numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their regulated activities.

**Columbia Financial Center Incorporated**  
(A wholly-owned subsidiary of Columbia Management Group, Inc.)  
**Computation of Net Capital Pursuant to Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**December 31, 2004**

**Schedule I**

<b>Net Capital</b>	
Total stockholder's equity	\$ 222,001
Less - deductions and/or changes	
Receivable from affiliates	89,379
Net capital before haircuts on securities positions	132,622
Haircuts on securities positions	3,579
Net capital	<u>\$ 129,043</u>
<b>Aggregate Indebtedness</b>	
Items included in the Statement of Financial Condition	
Accrued liabilities and accounts payable	\$ 20,000
Deferred tax liability, net	4,162
Accrued taxes payable	22,159
	<u>46,321</u>
Adjustment for deferred tax liability, net	<u>(4,162)</u>
Total aggregated indebtedness	<u>\$ 42,159</u>
<b>Computation of Basic Net Capital Requirements</b>	
1. Minimum net capital required: 6 2/3% of aggregate indebtedness	<u>\$ 2,811</u>
2. Minimum net capital of broker-dealer	<u>\$ 5,000</u>
Net capital requirement (greater of 1. or 2.)	<u>\$ 5,000</u>
Excess net capital (net capital less net capital requirement)	<u>\$ 124,043</u>
Excess net capital at 1000%	<u>\$ 124,827</u>
Ratio: aggregate indebtedness to net capital	<u>.33 to 1</u>
<b>Reconciliation with Company's Computation</b>	
(included in Part II of Form X17A-5 as of December 31, 2004)	
Net capital, as reported in the Company's Part II (unaudited) FOCUS report	\$ 132,092
Adjustments impacting net capital:	
Increase in stockholder's equity	61,650
Increase in receivable from affiliates	(68,885)
Decrease in deferred tax asset	4,186
Total adjustments	<u>(3,049)</u>
Net capital per above	<u>\$ 129,043</u>
Aggregate indebtedness, as reported in the Company's Part II (unaudited) FOCUS report	\$ 43,272
Adjustment impacting aggregate indebtedness:	
Decrease in accrued taxes payable	<u>(1,113)</u>
Total adjustment	<u>(1,113)</u>
Aggregate indebtedness per above	<u>\$ 42,159</u>

**Columbia Financial Center Incorporated**  
**(A wholly-owned subsidiary of Columbia Management Group, Inc.)**  
**Computation for Determination of Reverse Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2004**

**Schedule II**

The Company claims exemption from the provisions of Rule 15c3-3 of the Securities and Exchange Commission under Section (k)(1).

**Report of Independent Auditors on  
Internal Control Required by SEC Rule 17a-5**

The Board of Directors and Stockholder of  
Columbia Financial Center Incorporated

In planning and performing our audit of the statement of financial condition and supplemental schedules of Columbia Financial Center Incorporated (the "Company") for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the statement of financial condition and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g) in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess

whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

February 23, 2005