

FINANCIAL EXECUTIVES RESEARCH FOUNDATION, INC.

RESPONSIBILITY FOR FINANCIAL STATEMENTS
AND INTERNAL CONTROLS

The financial statements of Financial Executives Research Foundation, Inc. (FERF) were prepared by management, in conformity with accounting principles generally accepted in the United States of America.

FERF management is responsible for the integrity and objectivity of the financial statements, which are presented using the accrual basis of accounting and, accordingly, include some amounts based upon judgment and estimates.

FERF maintains a system of internal controls over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition, which is designed to provide reasonable assurance to FERF's management and Board of Trustees regarding the preparation of reliable published financial statements and the safeguarding of assets. The accounting procedures and related system of internal controls are designed to assure that the books and records reflect the transactions of FERF, are in accordance with established policies and procedures, and implemented by qualified personnel. Even an effective internal controls system, no matter how well designed, has inherent limitations — including the possibility of the circumvention or overriding of controls — and, therefore, can provide only reasonable assurance with respect to financial statement preparation and such asset safeguarding. Further, because of changes in conditions, internal controls system effectiveness may vary over time.

The Board of Trustees — through the Office of the Chair, Budget and Investment Committee, Audit Committee and FERF's Treasurer — reviews the financial and accounting operations of FERF, including the review and discussion of periodic financial statements, the evaluation and adoption of budgets, and the basis of engagement and report of the independent auditors.

J.H. Cohn LLP, an independent public accounting firm, has audited the financial statements of FERF, and their report is included herein. The independent auditors were given unrestricted access to all financial and related data, including minutes of all meetings of the Board of Trustees. The auditors meet with the members of the Audit Committee, in the absence of management personnel, to discuss the results of their audit, and are afforded an opportunity to present their comments with respect to the adequacy of internal controls and the quality of the financial reporting of FERF.



Colleen A. Cunningham
President and CEO

August 31, 2005