



Fiscal 2003 brought about historic changes to the business landscape in response to the high-profile corporate scandals from a year earlier. In this demanding business environment with expanding and changing regulation, the Financial Executives Research Foundation (FERF) was a leading source of content for FEI members. Through studies, newsletters and articles in *Financial Executive* magazine, FERF delivered information that addressed the issues facing all financial executives.

The content from FERF was relevant and timely—reflecting peer practices that strive to facilitate prompt and ethical implementation of rapidly changing regulations. In fact, one of our best-selling studies, *Valuing Employee Stock Options: A Comparison of Alternative Models*, was used by the FASB, the SEC and Canadian Accounting Standards Board, in their stock options valuation debates. Our information stands apart and does not compete with research from the Big 4 public accounting firms since it is gathered in *partnership* with our members—providing a unique perspective on financial topics. This partnership was further strengthened with the recent launch of our Financial Executives List Exchange service (FELIX) that will allow members to get quick answers to financial questions from their peers.

When the Sarbanes-Oxley Act of 2002 was enacted, FERF prepared a financial executive checklist to assist its members with compliance. Similarly, checklists were prepared to outline key corporate governance proposals from the NYSE and NASDAQ. In response to increased regulation, FERF authored *Best Practices for Sarbanes-Oxley Implementation, A Review of 2002 MD&A Disclosures* and *What is COSO? Defining the Alliance That Defined Internal Control*, which provided detailed guidance by highlighting practices and methods used by many of the membership's leading companies. FERF also considered the impact on private companies by providing a boilerplate *Audit Committee Charter—For Privately-Held Companies* on its website. Our commitment to private companies was further emphasized when we developed the content for the 1st annual conference of FEI's Committee on Private Companies. This relationship will continue in 2004 as we assist in the development of the 2nd annual conference.

Other FERF studies such as *Integrity-Based Financial Leadership and Ethical Behavior, Effective Implementation of Cross-Border Mergers and Acquisitions, Benchmarking the Planning Process and Commercial Insurance—Strategies for Renewal* sought to identify practical alternatives for specific key topics. FERF's research also encompassed findings from full-length financial executive surveys, *2003 Protecting Value Study: Managing Business Risks* and *Technology Survey for Financial Executives*.

Fiscal 2003 also marked the debut of FERF's *Topical Alert*, brief articles that provide updates and suggestions on dealing with more specific or technical subjects such as *1st Quarter Update on Qualified Retirement Plans for Benefit Plan Sponsors* or *2002 Year-End Tax Planning Strategies*.

FERF produces a great deal of the educational content supplied to FEI members electronically, along with its five e-newsletters: *Global Update, Treasurers, Private Net, TechKnowledge* and *What's New in Research*. As with the research studies, FERF seeks the guidance of the membership and the technical committees to drive the topics researched. We plan to further expand this research guidance this year.

Another fully electronic service, *Ask FERF*, continued its expansion during the fiscal year. The online service allows members and donors to ask our researchers questions on a wide range of topics and guarantees a tailored response within 48 hours. This service will be integrated with FELIX, a moderated email-based list exchange to be administered by FERF. Our electronic library, *The Knowledge Center*, provides a catalog of references obtained from our ongoing research. Additional research findings from FERF's studies and member interviews will continue to be highlighted in every issue of *Financial Executive* magazine.

Through regular attendance at area leadership, chapter and committee meetings, FERF continued its ongoing dialogue with the membership and provided periodic updates on our research. We look forward to even more interaction this year to ensure our research efforts are relevant and on-target.

Our research is supported solely by fundraising—no subsidies are received from FEI member dues. Though much of this research has been free for the past year to FEI members regardless of whether or not they supported FERF, as of July 1, 2003, we moved to a model where products must be purchased by non-donors. With a nationwide 12% decrease in corporate giving to charities, FERF is in a challenging funding position with our significant dependence on corporate contributions.

In order to maintain its level of annual research funding, FERF has implemented a more diverse and focused fundraising strategy. As you can see from the 678% increase in new company gifts, 118% increase in individual gifts, and a 20% increase in chapter giving, we have broadened our appeals to balance the large dependence on corporate giving. FERF's new focus is to increase awareness of FEI members and chapters, as well as smaller corporations and businesses.

It has been an honor to serve as chairman of the FERF's board of trustees. I look forward to continuing to work with my fellow trustees, with Marla Markowitz Bace, the Foundation's EVP and COO, and with her hardworking staff. I would like to thank our retiring trustees Donella Rapier of the Harvard Business School and Dr. Lawrence F. Davenport of Hale House Center, Inc. for their many years of service and to welcome incoming trustees, Irina Simmons, Vice President and Treasurer of EMC Corporation, and Marsha Hunt, Vice President and Controller of Cummins, Inc.

Last, but not least, thank you to the financial supporters of FERF. Your contribution makes our success possible.



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