



Letter from the Chair



Fiscal year 2005 marked the 60th Anniversary of Financial Executives Research Foundation's (FERF) founding on November 29, 1944. As the research affiliate of Financial Executives International (FEI), FERG's mission is to advance the profession and practices of financial management through research. Since its inception, it has published valuable, independent business research that has helped to define and redefine the role of finance in corporate America. It is truly unique research, tapping into the insights of FEI members to provide experience-based analysis of the constant stream of new accounting, auditing and corporate governance standards being issued by regulators and standard-setters.

Sarbanes-Oxley Section 404 compliance took front and center this year for many financial executives. Publicly-held companies continue to face increased demands due to Financial Accounting Standard Board (FASB) rules, shortened Securities and Exchange Commission (SEC) reporting deadlines and maintenance of 404 compliance processes. Small and privately-held companies with limited resources may be faced with even greater challenges as corporate governance initiatives increase the overall expectations for financial information. In the midst of this, FERG has and will continue to deliver practical information to keep financial executives up-to-date on the ever-dynamic business environment.

FERF's offerings facilitate financial executives learning from their colleagues. FELIX, a moderated, e-mail based discussion forum allows members to communicate with peers on private company and global topics. FERG's four e-newsletters, our online library, the Knowledge Center, and our Ask FERG research service, also provide timely and pertinent information.

- Financial Reporting & Regulatory Quarterly Update
- Fair Value Accounting: A Status Report
- Sarbanes-Oxley Section 404 Implementation: Status on Structure, Process & Sustainability
- Valuing Employee Stock Options & Other Share-Based Payments: Complying with FAS 123R
- Technology Issues for Financial Executives

These are but a few of the recent FERG publications that help us to analyze and better understand our complex financial reporting and regulatory environment. Of particular note, FERG's report "Sarbanes-Oxley Section 404 Implementation: Practices of Leading Companies," summarized leading practices from the Section 404 discussion session that took place during a meeting of FEI's Committee on Corporate Reporting (CCR), provided useful information for members and regulators alike. That report represented one of FERG's strategic initiatives to enhance and strengthen topic alignment with FEI's technical committees. This initiative was further supported with the FEI Survey on Credit Rating Agencies, which summarized a survey conducted by FEI's Committee on Corporate Finance (CCF).

FERF is also working with FEI's Committee on Private Companies (CPC) and FEI's Committee on Finance and Information Technology (CFIT) on future reports. This strategic initiative will ensure that FERG's research and resources are focused on topics of interest, forging better connection between the FEI technical committees and all FEI members.

Another strategic goal of FERG is to increase support of FEI's chapters by developing a better understanding of how FERG's programs and services can best meet professional development needs. In addition, the Chapter Tribute program allows FEI chapters to underwrite Executive Reports in honor of long-time and respected FEI members.

To reconnect with FEI members through the committees and chapters, with the start of Fiscal Year 2006, all FEI active members will automatically receive FERG's many publications. This includes about 20 valuable publications per year, including Executive Reports offering continuing professional education credits, as well as monthly Issue Alerts, and FERG Alerts. These publications help members stay at the forefront of what is happening in the financial world because it is based on the collective experiences and insights of FEI members.

FERF's final strategic goal is to expand alternative revenue opportunities through licensing and sponsorships. This will not only broaden distribution of its research to other financial executives, but also support its mission to advance the profession and practices of financial management.

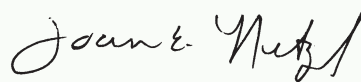
Though FERG's primary purpose is to provide FEI members and FERG supporters with high quality financial research, as a 501(c) 3 non-profit organization, its work is supported by chapter, corporate and individual donations. We hope this support continues as members and non-members alike recognize the value of our research.

It is significant to note that FERG maximized products and services and minimized expenses by using only current year donations and other revenue—protecting its investment balance for years to come. This was due in no small part, to the leadership of President and CEO, Colleen Cunningham, and the efforts of FERG's staff that gives new meaning to the word "teamwork": Director of Research Cheryl Graziano, Director of Development Janet Guzman, Manager of Research and Corporate Secretary Bill Sinnett, Manager of Financial Services Lorna Raagas and Manager of Research Edith Orenstein. The team showed exceptional initiative to develop FERG's strategic plan, offering recommendations on development and research goals.

I would like to thank my fellow trustees as we guide the staff in executing a strategic plan that builds the best of the synergies between FERG and FEI—words cannot express how much their time and commitment are appreciated. As we begin our new fiscal year, I would like to welcome a new trustee, Anthony L. White. In addition, I would like to thank Mary Jo Green, who provided important support to FERG during her tenure as FEI Chair for fiscal 2005, and look forward to working with Robert Walker, FEI's 2006 Chair, who continues to serve on the FERG Research Advisory Council.

It has been my sincere pleasure to serve as FERG's Chairman for the past year. We are appreciative of the tremendous support of FEI members. Through their contributions of ideas and financial support, FERG maintains its special edge as a provider of high quality research—the hope is to make this connection stronger in the years to come.

Last but not least, I wish to express my profound thanks to all of FERG's donors, from individual supporters to our generous President's Circle donors, for their continued support of our research. Your support will enable us to stay on the cutting edge of financial issues and trends and provide quality financial research for the next 60 years and beyond!



Joan E. Netzel
Chair