

ANNUAL REPORT 2001

Promoting Quality Continence Care — Improving Quality of Life

Message from the Chairman



More than one CEO across America has anointed the year 2001 as the single most difficult year for business in the history of their organization. NAFC is no exception. And yet, in spite of the diversity and challenges we faced in the wake of the September 11th terrorist attacks, NAFC survived and even flourished in the unfaltering devotion to its mission of public education, information dissemination through networking and collaboration, and consumer advocacy:

- Although we were forced by circumstances to cancel our annual educational gathering scheduled to take place in early October in Washington, D. C., our industry supporters bolstered us such that we could package the same content creatively with CD ROM technology for even wider spread distribution including CEU credits. We owe special thanks to Pharmacia Corporation and the Society for Urologic Nurses and Associates (SUNA) for enabling this creative use of technology.
- In the face of reduced budgets for continuing education in geriatric sectors and diminished travel budgets, NAFC agreed to join forces with the University of North Carolina at Chapel Hill School of Medicine and School of Nursing to plan and execute an interdisciplinary training symposium that had never before been witnessed. With a single focus on incontinence, it included case managers, administrators of assisted living and extended care facilities, nurse practitioners, medical directors, and other connected players in the complex field of gerontology. The interactive workshop took place in the spring of 2002.
- A Spanish-language outreach program was much enriched and expanded, due to the generosity of Medtronic Foundation. Public health departments in various states were personally visited, those

of all 50 states were contacted, and a spectacular educational film was produced for broadcast throughout the Public Health Training Network to elevate attention on incontinence. Special thanks go to Drs. Linda Brubaker of Loyola University Medical Center in Chicago and Jeanette Tries of Milwaukee for their volunteered time and expertise in this filmed production. The Women's Health Division of the Public Health Department of the State of Illinois served as a production and broadcast partner. While organized in the fourth quarter of 2001, the broadcast took place in February 2002.

- Significant steps were taken during 2001 in the upgrade and revamping of NAFC's website, thanks to initiatives and funding by American Medical Systems. Since then, other industry supporters, including Medtronic, Eli Lilly and Company, Ortho-McNeil of Johnson & Johnson, and HDIS have stepped forward to underwrite expanded educational sections to make our website more meaningful and valuable to consumers who visit.
- During 2001, we successfully explored avenues to expand our accolades to Continence Care Champions beyond physician specialists. Added to industry underwriters were Eli Lilly and Company and Medtronic Corporation so that we could acknowledge the contributions of nursing organizations such as SUNA, the American Physical Therapists Association (APTA), and the Association of Women's Health in Obstetrics and Neonatal Nursing (AWHOHNN). Put in place in 2001, awards to these non-physician leaders in the field of continence care were made for the first time in 2002 by NAFC.

In the 18-24 months to come, it is evident that NAFC must reinvent and revitalize itself in such a way that trends are carefully considered. We must, for example, look again at how consumers and professionals view their donations to not-for-profit organizations and how they respond to our overtures. While our three-prong mission of public education, collaboration, and consumer advocacy remains unchanged, how this is translated economically into action must include communications technology, the economics of relationships, and the realities of politics, respectively:

- With half of the inquiries from consumers and others coming across the Internet, as opposed to the telephone or the postal service, we must determine

how this will have a bearing on future staffing, training, and resource allocation.

- With collaboration growing in importance, we must find a way to fund efforts that house multifaceted goals. We also must become more creative in how we break down natural barriers among advocacy groups who view themselves as vying for a common pool of dollars.
- How we fund a ramped-up focus on advocacy remains unanswered. We need technology, networking, and industry input to become stronger champions of consumer concerns.

Our future, therefore, may include the relocation of our headquarters for closer affiliation with others and for cost containment reasons. Most definitely, staffing will be reshaped so that it can be more responsive to a changing world, while our focus sharpens on advocacy. One thing that is not changing is the primary constituent we represent — the consumer.

In order to remain abreast of current findings from research and their implications for clinical practices, we expanded the size of NAFC's Board to twenty voting members. Elected as new Directors in 2001 were: Dr. Ananias C. Diokno of William Beaumont Hospital in Michigan, Dr. Roger R. Dmochowski of Vanderbilt University Medical Center in Tennessee, Dr. Richard A. Isenberg, Dr. Deborah J. Lightner of Mayo Clinic in Minnesota, Helen B. McNeal, Ben A. Wasscher, and Dr. Jean F. Wyman. Dr. Jenelle E. Foote of Midtown Urology in Georgia rotated off the Board and assumed a position on NAFC's Project Advisory Council. We thank Dr. Foote for her tenure on the Board including that of Treasurer. We continue to appreciate and benefit from her involvement as a periodic spokesperson to the media, a member of our editorial advisory committee, and a volunteer author of consumer education materials.

I continue to be uplifted by the song we sing. It is a chorus of commitment — from the world's largest and most prolific consumer advocacy group devoted to incontinence — that brightens each dawn for the estimated 25 million adult Americans with incontinence.



Benson F. Smith
Chairman of the Board

NAFC Recognizes 2001 Donors With Gratitude

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Our thanks to all who helped make our missions successful this past year!

NAFC gratefully acknowledges all of the individuals who have graciously and generously given of their time and expertise in service to our organization.

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Executive Director's Report

Summary of 2001 Financials

Revenues

Total revenue for the year at \$677,473 was up \$67,798, or 11.1%, over 2000 due largely to specialized mailings to members for research purposes and program grants with restricted funding. NAFC was tapped numerous times to help direct consumers from our database to participate in clinical trials during 2001, particularly for Phase III drug studies.

In addition, Medtronic Foundation provided \$61,000 aimed at improving our outreach to disenfranchised, Spanish-speaking communities across the nation. The grant money was initially targeted at a nationally broadcast, educational program designed to train administrators and other healthcare professionals in the public health sector so that continence care could be elevated in visibility at clinics where these minorities might receive care. It was also used in the production of public service announcements (PSAs) sent in the native language to Spanish-speaking television radio and television stations across the country.

Meanwhile, revenues from membership fees were up slightly by \$5,501, or 7.1%, largely due to an increase in the number of professional members because of promotional efforts. Ranks accordingly increased in size of our national speakers' bureau and continence resource service (CRS) databases used for referring consumers at no charge to a local expert.

However, revenues for the year suffered significantly in advertising and industry sponsorships of the quarterly *Quality Care* newsletter and *Resource Guide*, posting a \$114,211, or 47.5%, decrease from the prior year. While some of this variance was due to a timing difference in soliciting ads and the publication dates between the two years, the unfavorable variance is primarily attributable to a continuing trend in which industry supporters prefer to fund specific educational projects and programs that more closely match their own marketing goals rather than funding institutional advertising of a generic nature offered by newsletters and directories.

With recent website access to both of these publications, we have begun to decrease the number of printed copies

and also shifted greater concentration of effort on soliciting ads from companies who are not members of NAFC's Industry Council but whose products may benefit directly from feature articles in specific issues. We continue to assess and respond to the shifting demand for education via our website as opposed to print material. Today, roughly half of our inquiries soliciting information about incontinence are web-based compared to telephone-callers and letter-writers.

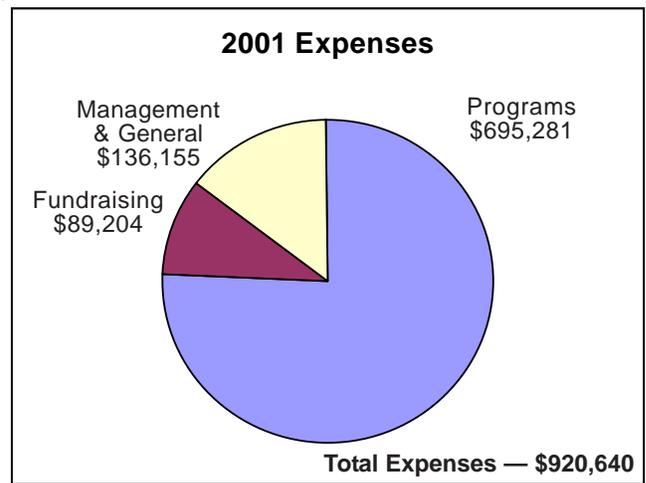
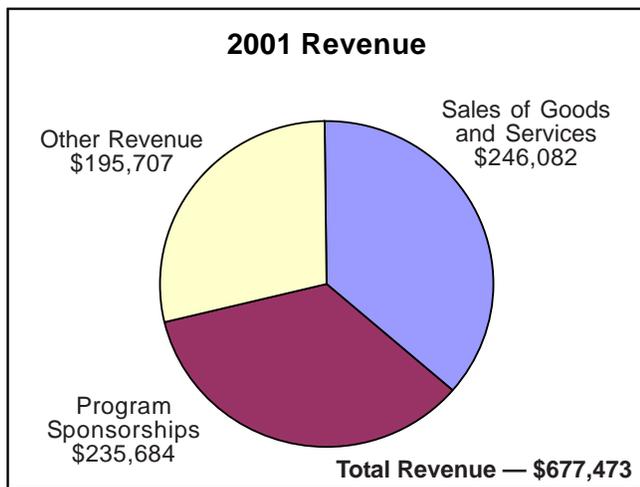
Revenues also suffered in 2001, as they did at many other not-for-profit organizations not involved directly in the September 11th terrorist attacks, because outright contributions from industry and individual members alike were lower than in the previous year by \$18,597, or 34.0%.

Expenses

Total expenses were up substantially over prior year by \$260,577, or 39.5%, with program spending accounting for \$95,281, or 75.5%, of total spending. Approximately one-fourth, or 26.4%, of this increase is attributable to a \$68,817 increase in salaries and related employment benefits, as we expanded staff during 2001 to devote more attention to both fund development and media relations. Two part-time professionals were hired in these respective capacities. Because of the significantly greater number of specialized mailings, postage and shipping expenses were also substantially higher in 2001 over 2000, by \$49,693, or 57.6%. A related increase of \$54,001, or 37.6%, was also witnessed in printing expenses.

Other items accounting for this negative variance are: 1) an increase in spending for replenishment of stock inventories of educational books and videos for resale (\$47,760); and 2) and an increase in bad debt expense due largely to write-offs of receivables from companies merging their Industry Council memberships caused by on-going consolidation in the industry (\$12,686).

As a result of these factors, unrestricted net assets decreased by \$204,645 for the year, compared to a decrease of \$21,408 in the prior year. Net assets at year-end 2001 were \$208,739.



**Summary Statements of Financial Position
As Of December 31, 2001 and 2000 (\$000)**

	2001	2000
ASSETS		
Current assets	\$171.1	\$283.9
Investments	61.5	73.9
Net Property and Equipment	<u>25.9</u>	<u>33.9</u>
Total Assets	\$258.5	\$391.7
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 18.7	\$ 11.5
Accrued expenses	8.1	5.4
Deferred revenue	<u>23.0</u>	<u>15.9</u>
Total Liabilities	49.8	32.8
Net assets	208.7	<u>358.9</u>
Total Liabilities and Net Assets	\$258.5	\$391.7