

ANNUAL REPORT 2002

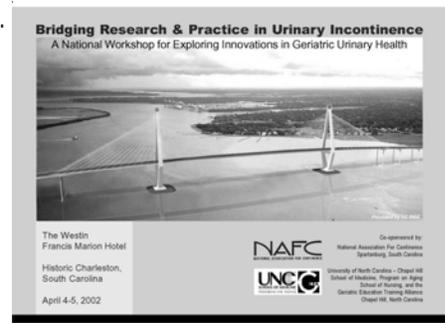
Promoting Quality Continence Care Through Consumer Education

Message from the Chairman



On every front - public awareness and education, information dissemination to providers through networking, and collaborative advocacy - NAFC took expansionary, and in many cases inaugural, steps in the year 2002.

- During the first quarter of 2002, NAFC collaborated with the University of North Carolina-Chapel Hill on a first-ever, interdisciplinary workshop about geriatric urinary health. The teaching platform consisted of a combination of lectures and case studies drawn from real-life experiences. Attendees included administrators from assisted living, social workers, nurse practitioners, and medical directors in long-term-care, just to name a few of the disciplines. Published experts, such as Dr. Joe Ouslander and Dorothy Doughty of Emory University and Dr. Patty Goode of the University of Alabama-Birmingham served as members of the event's faculty, as well as several other nationally recognized healthcare professionals. The event was held in Charleston. Special thanks go to Dr. Jan Busby-Whitehead, newly elected department chair in Geriatric Medicine at UNC-Chapel Hill, and her colleague, Dr. Jean Kincaid, for their inspiration, teaching acumen, and positive spirit.



- On the heels of a successful, first-time open women's forum on lifelong pelvic and bladder health in Houston, NAFC launched the formation of the National Advocacy Coalition for Improved Bladder & Related Pelvic Health comprised today of 22 professional associations and consumer advocacy organizations. At the Houston event, U.S. Representative Sheila Jackson-Lee presented NAFC with a Congressional Medal of Honor for our work, and Dr. Wanda Jones, head of Women's Health within the U. S. Department of Health & Human Services, served as the luncheon's keynote inspirational speaker. The group continues to meet by teleconference on a bimonthly basis to move forward agendas related to advocacy goals.



- Also during the year, a landmark study was completed among women by well-known pollster Harris Interactive, on behalf of NAFC and under sponsorship by Eli Lilly, to examine in depth the behavior patterns and beliefs of women with stress urinary incontinence (SUI). Results of the study, which captured feedback from women as young as 18 and older than 70 with SUI symptoms, revealed that one in four (26%) of all such women living in the community are dealing with SUI in various levels of severity. Not surprisingly, the study documented how misunderstood the condition is, especially among younger women. This study opened dialogue with the media and with other organizations in ways not previously experienced. NAFC co-hosted a half-day summit during the first quarter of 2003 in Washington, DC with other organizations and agencies to discuss what action is needed. A 5-point action plan housed in a white paper was published and eventually shared in Europe at a media briefing during the annual scientific meeting of the International Continence Society (ICS).

- Elsewhere on a global plain, NAFC shared results with consumer advocacy organizations based in other countries of efforts to influence primary care providers in addressing incontinence. We presented during a workshop sponsored by the Continence Promotion Committee of ICS, chaired at the time by Dr. David Fonda of Australia. Diane Newman, of NAFC's Project Advisory Council, now chairs that committee.
- The Continence Care Champion awards program, initiated in 2000 with backing from Pharmacia (now owned by Pfizer), was expanded beyond the recognition of physicians to include nurse specialists and nurse practitioners, as well as physical therapists. During 2002, six such awards were given to highly deserving individuals through the added sponsorship of Medtronic and Eli Lilly.

Jan Busby-Whitehead and Nancy Hicks were newly elected to the Board of Directors. We thanked Kathy Burgio, Tate Scott, and Barbara Woolner for their contributions and guidance as they rotated off of the Board. During the year assisting me on the Executive Committee as officers were John Adams, Rodney Appell, John Bouda, and Lewis Wall. I am grateful to them all for their devotion to the mission and the workings of NAFC.

Yes, it is a chorus that sings, but the chorus is comprised of individual voices whose multi-faceted talents allow us to sing a triumphant tune: the voices of our staff, of specially trained healthcare providers and their administrative support, of industry and its investors, of government at federal, state, and local levels, and of lay caregivers. And yes, of patients, too. For in that song are the necessary lyrics and score of self-care, health literacy and education, and motivation. Hope in the future - of research findings, of medical technology and innovation, and of access to solutions - is our conductor.

Thank you for being part of this symphony with us.

Benson F. Smith
Chairman of the Board

Executive Director's Report Summary of 2002 Financials

Revenues

Total support and revenue for the year 2002 at \$763,194 was down only \$7,279 or 0.9%, from 2001 for two chief reasons: 1) a sharp decline experienced in specialized mailings to consumer members for research purposes; and 2) the absence of new foundation grant monies. NAFC terminated its relationship with a research firm responsible for orchestrating clinical trials because of concern with the confidentiality of information being provided by participants. This precipitated the sharp drop of \$117,242 in revenue associated with special mailings. Elsewhere, activities associated with our multi-project grant from the Medtronic Foundation through which monies were received in entirety in 2001 continued into 2002, but without additional revenues flowing through the income statement. While we submitted proposals to win grants from several other foundations during the year, none were awarded.

These significant decreases were nearly completely offset by two special educational programs and an unanticipated planned giving bequest. In 2002, we hosted two national conferences, one in conjunction with the University of North Carolina – Chapel Hill on geriatric urinary health for healthcare professionals which generated \$40,500 in gross revenue and the other for women on lifelong pelvic and bladder health in Houston which generated a gross of \$50,620.

Upon the death of one of our longstanding members, we were blessed by monetary gifts from portions of the estate of Leroy L. Lewis, totaling \$40,193. All monies were segregated and invested in our endowment account that is managed by Merrill Lynch.

Other positive financial experiences included the \$20,794, or 25.1%, increase in membership renewals due to continually rapid growth in professional membership ranks. In addition, gross revenues grew by \$39,500 because of a research grant from Eli Lilly for a landmark nationwide epidemiological survey covering stress urinary incontinence in women living independently in the community age 18 and older.

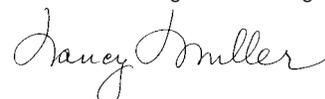
Expenses

On the expense side of the equation, program expenditures were curtailed sharply from the prior year by \$204,847, or 22.2%, despite our multiple number of national educational events staged in 2002. Management and general administrative expenses were lowered by \$42,339, or 31.1%, because of a \$28,235 decrease in payroll expense. This reflected employee attrition that was allowed in the second half of the year in anticipation of the 2003 headquarters relocation during which potential severance packages were being planned for.

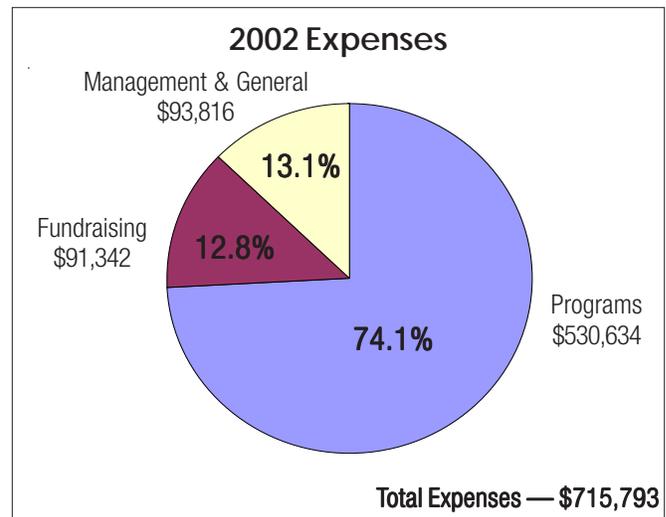
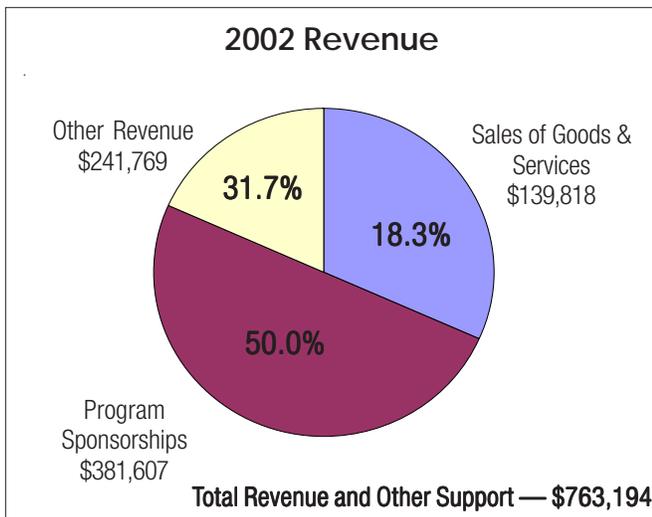
As if the shock of 9-11 in 2001 was not enough, the tumbling stock market continued its decline in 2002. However, with assets conservatively invested and a modest shifting of investments within the portfolio, we were relatively well protected against paper losses compared to many others. Still, investment losses of \$7,417, or 7.8%, of our total average portfolio of \$95,600, were recorded during 2002. The comparative unrealized losses in 2001 of \$7,553 represented 11.2% of a smaller investment base.

During 2002, we also sustained a trade receivable write-off totaling \$16,115, largely due to miscommunication regarding the placement of advertising in our newsletter. This compared, however, favorably to the \$33,968 in bad debt expenses recorded in 2001. We have since reinforced our policy of requiring signed advertising placement contracts before going to press, regardless of our history with a company.

As a result, we experienced a \$47,401 increase in net assets, reversing a \$150,167 decrease in the previous year. Temporarily restricted assets decreased from \$121,498 to \$40,200 as national advocacy and web site expansion initiatives ramped up, and projects related to assisted living, Hispanic outreach, and web site upgrades moved towards completion or separately funded phases. Meanwhile, the \$13,475 decline in depreciated property, plant, and equipment values signals a warning of needs just around the corner, namely upgrades and updates to our computer hardware and software support systems. The research and planning for this undertaking are nearing completion.



Nancy Muller
Executive Director



**Summary Statements of Financial Position
As Of December 31, 2002 and 2001 (\$000)**

	2002	2001
ASSETS		
Current assets	\$175.2	\$171.1
Investments	93.8	61.5
Net Property and Equipment	<u>12.4</u>	<u>25.9</u>
Total Assets	\$281.4	\$258.5
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 0.1	\$ 18.7
Accrued expenses	10.8	8.1
Deferred revenue	<u>14.4</u>	<u>23.0</u>
Total Liabilities	25.3	49.0
Net assets	<u>256.1</u>	<u>208.7</u>
Total Liabilities and Net Assets	\$281.4	\$258.5

NAFC Recognizes 2002 Donors With Gratitude

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Our thanks to all who helped make our mission 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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