

ANNUAL REPORT 2003

*Promoting Quality Continence Care Through
Education, Collaboration and Advocacy*

Message from the Chairman



Nearly one decade ago, Katherine Jeter, EdD, founder of today's organization as Help for Incontinent People, stepped down as Board Chair and Executive Director to pursue family time and other personal goals. In doing so, she escorted in the next generation of leadership. Her legacy, however, laid the cornerstone for many exciting events and accomplishments to be envisioned and executed.

As Chairman of the Board of Directors for the second time during the life of the National Association For Continence (NAFC), I have a somewhat unique perspective on surveying and commenting on just how the most recent ten years have benefited from the strong foundation laid by Katherine Jeter. I am happy to report that, above all else, our mission remains intact and continually served on a daily basis by the professional staff housed at our national headquarters, now in Charleston, South Carolina. That mission is threefold: 1) to educate the public about the causes, diagnostic categories, treatment options, and management opportunities associated with incontinence, voiding dysfunction, and related pelvic support disorders; 2) to disseminate information through collaboration and networking with other healthcare professionals, including providers, government agencies, and associations and organizations; and 3) to advocate on behalf of those who experience the medical problem.

Perhaps the most obvious way to witness Dr. Jeter's lasting footprint, a decade after her departure, is by example.

On the public education and awareness front, we have an untold number of examples, the best of which lies in her practical instruction in performing pelvic muscle exercises for the prevention and reversal of stress urinary incontinence and the management of urge incontinence and symptoms of OAB. Katherine Jeter literally scripted and personally recorded the first known cassette tapes for men and women, outlining gender-specific, printed booklets to enhance their understanding and motivation. In 2003, we reinvented this educational product, adding a motivational video featuring nursing researcher and expert in the field at the University of Michigan, Dr. Carolyn Sampsel. The “kit”, including updates from supportive published research, was released in the early spring of 2004. The project was funded by a consortium of relatively large and small companies, to whom we are all grateful for their collective spirit of generosity: Hollister, Laborie, SRS, and Women’s Wellness Within.

The dissemination of information has never been busier or more vocal. Still, we owe the commitment to listening to the consumer’s voice and then sharing it through the media for visibility to the cause, to Dr. Jeter alone. She was first in the country and one of the first in the world to methodically survey consumers about their feelings, their experiences, and their needs. Katherine Jeter personally constructed the first such survey about bladder control issues and interpreted the data afterwards. Following in her shadow in 2003, NAFC partnered with The National Women’s Health Resource Council, supported by corporate funding from Watson Pharma, in the fielding of a nationwide survey by Harris Interactive to study middle-aged women with overactive bladder (OAB). This represents the third such nationwide survey conducted in the new millennium by NAFC, offering statistical significance in the findings for serving up results to the media. Since 2000, we have completed our fifth such nationwide study of consumers. With scientific validity backing our voice, it is easier to get the media’s attention for exposure. *Tens of millions of media impressions have occurred as a result, across such outlets as USA TODAY, The Washington Post, and Better Homes & Gardens to name a few.*

A related example of dissemination lies in our web site today, not a tool at the disposal of our founder nearly 25 years ago. Yet, it was Katherine Jeter, in her international

travels and contacts, who recognized the value of sharing and connecting – as she spoke around the world about incontinence and the needs of people with such problems. Today, we have a global electronic tool in place of her voice and her presence. NAFC’s web site in 2003 underwent a substantial reconstruction so its navigational framework would be more inviting to Internet users. We also substantially upgraded our branded “look” so that NAFC would be consistently and graphically communicated for remembrance across both printed and electronically published pages.

We have hardly taken ourselves off of airplanes. The advocacy facet of our mission continues to unfold like a rich fabric of many colored yarns. In 2003, for example, we publicly announced at a breakfast at the Wilshire Hotel in Washington, DC the formation of a national Coalition for Improved Bladder Health and Pelvic Support, consisting of over 20 associations and organizations. Its formation came about at NAFC’s initiative. In this same year, we announced the creation of a national consensus white paper on stress urinary incontinence, assembled largely by this same group and presented before European media members attending the International Continence Society meeting in Florence, Italy.

Education, Collaboration, and, Advocacy: That’s what we’re all about here at NAFC. Thank you, Katherine, for holding the lantern to light our way, for wearing the gauntlet to give us courage, and above all, for demonstrating that there is no limit on what is possible when we remain true to our mission and to our cause.

And while I have perhaps communicated more to you about the deep rather than recent past, I trust that you will appreciate how solid the core of NAFC is in purpose. Thank you for your continuing support.

Sincerely,



William R. Richardson
Chairman of the Board
as of 12/31/03

Executive Director's Report Summary of 2003 Financials

Revenues

Total support and revenue for the year 2003 at \$664,862 was down \$98,332 or 12.9% from 2002. Chief explanations are: 1) the sharp decline in contributions; and 2) the absence of monies earned from national conferences hosted by NAFC. Contributions, as shown on financial statements, declined 60% to \$29,810 in 2003. This is a result of a one-time planned giving contribution in 2002 of \$40,193 from the Leroy L. Lewis estate. Excluding this sum from 2002 for comparative purposes lowers the shortfall to \$6,416, or an 18% decline between the two years. We witnessed a decline in board and corporate giving which were offset by increased giving from professionals. NAFC held two national conferences in 2002 and because of this, coupled with the relocation of the national headquarters to Charleston, SC, NAFC decided to forego a conference in 2003 and allocated resources toward planning for the 2004 annual conference. These two conferences generated \$114,000 in revenue for NAFC and thus contributed significantly to the variance in revenue between the two years.

Industry advertising in *Quality Care*® and *Discoveries*® nearly offset the entire decline in donation income and absent conference revenue, with an increase of over \$81,491 or 63.5%, to \$209,778. This is due mostly to: 1) format changes in *Quality Care*® which allowed for more diverse advertising opportunities; and 2) dedicated attention to advertising placement by staff. In addition, *Discoveries*®, as a new sister publication to the *Resource Guide*®, generated significant advertising interest among companies new to the market.

Other positive financial experiences included increases in special mailings due to partnerships with Eli Lilly and Company, for a stress urinary incontinence (SUI) media campaign, and Boston Scientific, in connection with consumer research.

Elsewhere, revenues associated with publications and book sales declined due to NAFC's policy change in 2003 to give away rather than charge for consumer educational leaflets, partially in response to direct to consumer (DTC) campaigns by for-profit corporations and free information on the Internet.

Expenses

On the expense side of the equation expenditures were lowered from the prior year by \$51,675 or 7.0%, as fundraising and

administrative expenses were reduced across the board in 2003. Management and general administrative expenses were lowered by \$17,383, or 18.5%, despite a net relocation expense of \$4,493 due to the headquarters move. Payroll expenses remained consistent in 2003 despite turnover precipitated by the relocation.

Meanwhile NAFC's lease of its administrative facility in Spartanburg, SC was terminated in March 2003 and a payment of \$16,830 was made to the landlord to terminate the lease. Effective April 1, 2003 a new facility in Charleston, SC was occupied through the generosity of BellSouth Corporation. Rental expense, excluding the lease buyout, for 2002 and 2003 were \$21,600 and \$13,770, respectively.

Assets & Liabilities

As the stock market began to recover in 2003, the market value of NAFC investments grew to \$103,581, an increase of \$9,785 or 10.4% over the previous year. The comparative unrealized losses recorded were reduced to \$7,051, or 6.4% of total portfolio compared to \$14,905, or 13.7% loss in 2002. Temporarily restricted assets also continued to decrease from \$40,200 in 2002 to \$14,095 as national advocacy and web site upgrade projects were completed. Office equipment and furniture and fixtures were nearly completely depreciated in 2003 but new equipment and software were purchased for \$81,344 and installed in early 2004. These assets are reflected accordingly on the Statement of Financial Position.

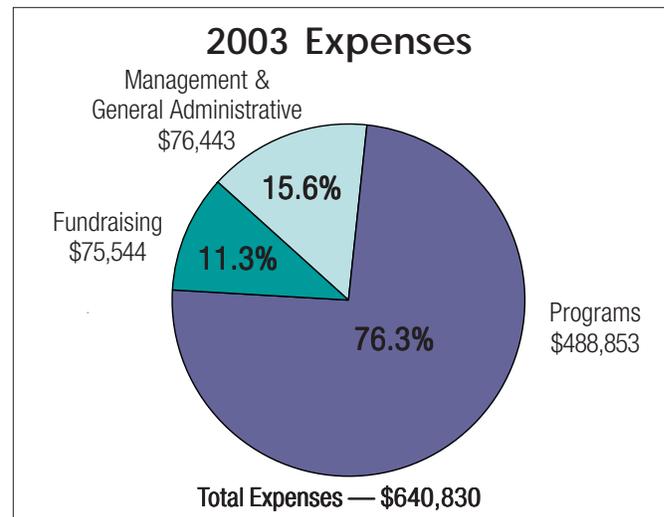
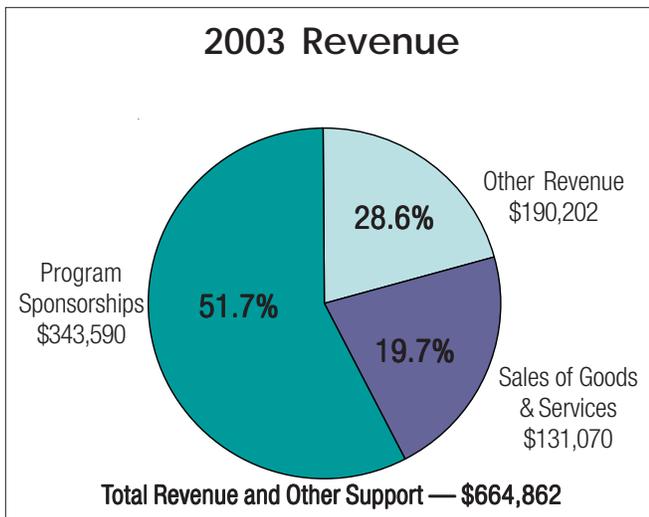
Adjustments

A one-time adjustment to lower inventory valuation by \$14,455 was made to accommodate current expensing of leaflets in the year they were produced. This decision was made in response to NAFC's policy change in 2003 to give away rather than charge individual consumers for educational leaflets.

Financial statements have been restated to decrease program expenses by \$23,288 and increase net assets by an equal amount for 2002. It was determined that prepayment of a reimbursed printing expense belonged in 2002 rather than 2003.



Nancy Muller
Executive Director



Summary Statements of Financial Position As Of December 31, 2003 and 2002 (\$000)

	2003	2002
ASSETS		
Current assets	\$219.2	\$165.7
Investments	103.6	93.8
Inventories	25.5	93.8
Net Property and Equipment	<u>81.9</u>	<u>12.4</u>
Total Assets	\$430.3	\$304.7
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 36.9	\$.1
Accrued expenses	11.6	10.8
Deferred revenue	11.2	<u>14.4</u>
Notes Payable	<u>66.4</u>	
Total Liabilities	126.1	25.3
Net assets	<u>303.5</u>	<u>279.4</u>
Total Liabilities and Net Assets	\$430.3	\$304.7

NAFC Recognizes 2003 Donors With Gratitude

FOUNDER'S CIRCLE (\$20,000 and more)

Eli Lilly and Company
Ortho-McNeil Pharmaceuticals
Pfizer Global Pharmaceuticals
Watson Pharmaceuticals, Inc.

BENEFACTOR (\$10,000 to \$19,999)

Bard Urological Division
A Division of C.R. Bard, Inc.
BellSouth
Boston Scientific Urology/Gynecology
GYNECARE, a division of ETHICON, Inc.
A Johnson & Johnson Company
Kimberly-Clark Corporation
Medtronic, Inc.
Mentor Medical, Inc.
Novartis Pharmaceuticals Corporation
Roche Laboratories, Inc.
SCA PERSONAL CARE, Inc.

SUPPORTING PATRON (\$7,000 to \$9,999)

Novasys Medical, Inc.

CONTRIBUTING PATRON (\$3,000 to \$6,999)

American Medical Systems
HDIS (Home Delivery Incontinent Supplies, Inc.)
Indevus Pharmaceuticals
Laborie Medical Technologies, Inc.
Medtronic Foundation
Christopher Payne, MD
Roche Pharmaceuticals
Women's Wellness Within, Inc.

SPONSORING PATRON (\$1,000 to \$2,999)

AKPharma
Rodney Appell, MD
Nancy Muller
William Richardson
SCANA Corporation

SUSTAINING PATRON (\$500 to \$999)

Duraline Medical Products

PATRON (\$250 to \$499)

Silas Bolef
Jean Fourcroy, MD
Hospital Specialty Company
Karl Lubert, MD
Mildred McFarland
Diane Newman, RN, MSN, FAAN
Ben Wasscher

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

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

NAFC Board of Directors

William W. Richardson, Chair
Rodney A. Appell, MD, FACS, Vice-Chair
Salvatore J. Giorgianni, PharmD, Secretary
John F. Adams, Esq., Treasurer
John M. Bouda
Jan Busby-Whitehead, MD
G. Willy Davilla, MD
Roger R. Dmochowski, MD
Dorothy B. Doughty, RN, MN, CWOCN
Jean L. Fourcroy, MD, PhD
Nancy J. Hicks
Mickey M. Karram, MD
Lindsey A. Kerr, MD
Deborah J. Lightner, MD
Nancy J. Muller
Betsy Nielsen-Omeis, RN, BSN
Carolyn M. Sampsel, PhD, RN
Benson F. Smith
Ben A. Wasscher
Jean F. Wyman, PhD, RN, CSN, FAAN
Katherine F. Jeter, EdD, Ex-Officio / Founder
Charles E. Sigety, Ex-Officio

NAFC Industry Council

Bard Urological Division (A Division of C.R. Bard, Inc.)
Boston Scientific Urology/Gynecology
Eli Lilly and Company
GYNECARE, A Division of ETHICON, Inc.
(A Johnson & Johnson Company)
HDIS (Home Delivery Incontinence Supplies, Inc.)
Indevus Pharmaceuticals
Kimberly-Clark Corporation

NAFC Industry Council (con't)

Medtronic, Inc.
Mentor Medical, Inc.
Novartis Pharmaceuticals Corporation
Novasys Medical, Inc.
Ortho-McNeil Pharmaceutical, Inc.,
(A Johnson & Johnson Company
Pfizer Global Pharmaceuticals)
Roche Pharmaceuticals
SCA PERSONAL CARE, Inc.
Watson Pharmaceuticals, Inc.

NAFC Project Advisory Council

Elizabeth W. Bozeman, MD
Linda Brubaker, MD
John O.L. DeLancey, MD
Catherine E. DuBeau, MD
Deborah J. Erickson, MD
Jenelle E. Foote, MD
Jane D. Frahm, PT
Niall T.M. Galloway, MB, FRCS, FRCSE
Joy K. Hewitt, RN, BSN, CCCN
Steven C. Kemp
Karl M. Luber, MD
Toni P. Miles, MD, PhD
Judd W. Moul, MD, FACS
Lisa Neu, MSN, RN, CNP
Diane K. Newman, RNC, MSN, FAAN
Nancy J. Norton
Joseph G. Ouslander, MD
Mary H. Palmer, PhD, RNC
Claudia Reid Ravin
Kristene E. Whitmore, MD
Susan Wysocki, RNC, NP, FAANP

*as of 12/31/03