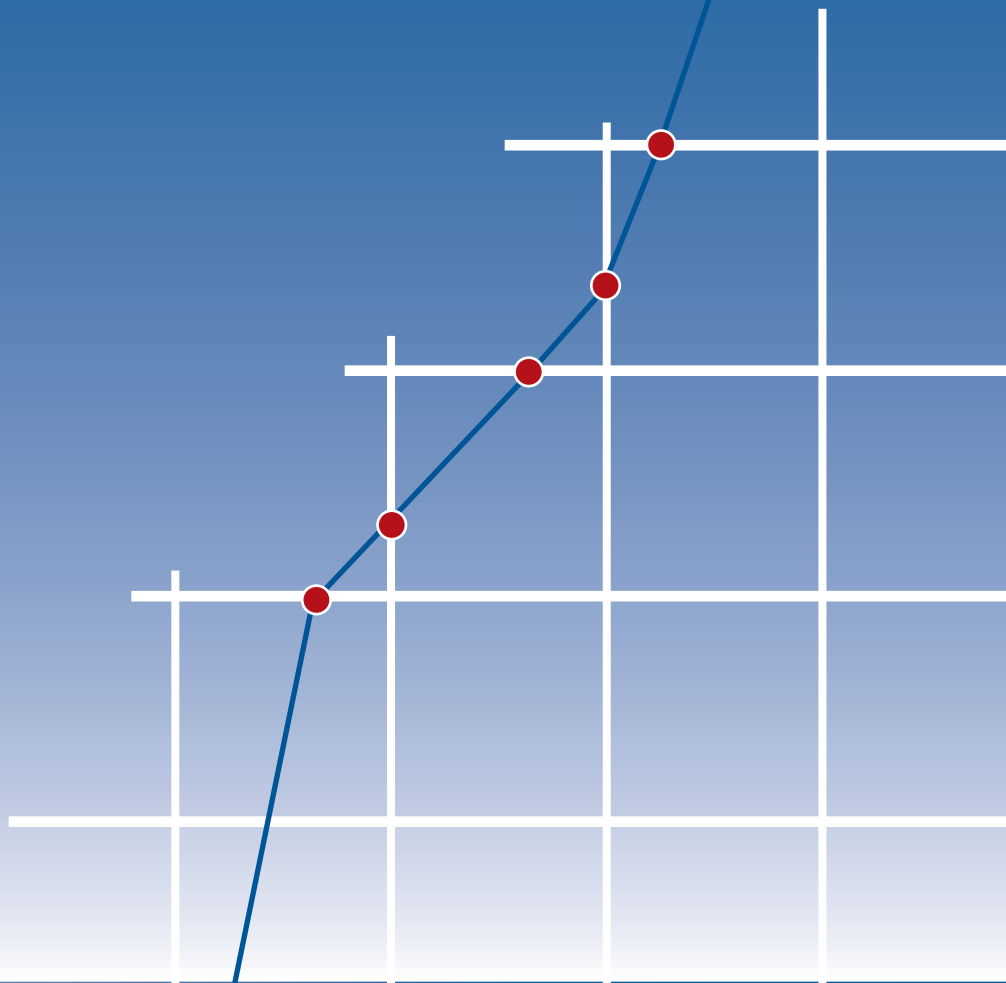


HDMA RESEARCH & EDUCATION FOUNDATION

2004

annual report



MISSION

The HDMA Research & Education Foundation's mission is to conduct research and create knowledge that shapes the future of the healthcare supply chain and increases its value to society.

reflections

on 2004



The year 2004 was a watershed year that resulted in the formation of a new and improved HDMA (Healthcare Distribution Management Association) Research & Education Foundation. I am truly honored to have been a part of an exciting year for our Foundation, so much so that I have agreed to continue as Chairman in 2005. I believe this will provide leadership continuity, enabling the new HDMA Research & Education Foundation Board and staff to build on the year's accomplishments.

ENGAGING New Leadership.

John M. Gray was hired in May 2004 to serve as both the new President & CEO of HDMA and as new President of the HDMA Research & Education Foundation. A polished, experienced trade association executive, Gray receives high marks from our Board for his leadership skills. Much of the year was spent developing a new organizational structure, including board and committee composition, staff resources and financial goals.

FOCUSING on our Mission.

An outcome of this new structure is to move supply chain research projects from the Association into the HDMA Research & Education Foundation. This includes all primary research on the healthcare distribution industry, topical research on key industry issues and initiatives, and the scanning and strategic planning program developed by HDMA three years ago.

EXPANDING Knowledge.

The HDMA Research & Education Foundation released a major research report in the fall of 2004, entitled *Adopting EPC in Healthcare: Costs and Benefits*. This report provides some of the supply chain's first empirical data and analysis on this pivotal, evolving technology; and is intended to support informed adoption of the technology. Earlier in 2004, the Foundation released an excellent analysis on bar coding, entitled *Medication Errors and Patient Safety: The Bar Code Connection*. This report includes a priority list of drugs to bar code, based on the frequency of administration and prescribing errors associated with the product. This is the kind of supply chain research that the HDMA Research & Education Foundation envisions as central to its future mission—research that expands knowledge and creates positive change through the healthcare supply chain.

Reflections



CELEBRATING Achievement.

The healthcare distribution industry's highest honor, the HDMA Research & Education Foundation/Wyeth NEXUS Award, is presented annually to an HDMA member whose personal and professional qualities, contributions and achievements have made a difference within the industry and in his or her community. This award recognizes the pivotal relationship the recipient plays in the distributor-manufacturer-provider framework.

The 2004 NEXUS Award was presented to Doug Long, Vice President of Industry Relations for IMS Health. Over his 30+ year career, healthcare distributors and manufacturers have come to depend on Long for his unique perspective on the changing U.S. and global healthcare marketplace. Doug Long's leadership, competitive spirit and vision make him an invaluable and highly-respected member of the healthcare industry and a valued business associate.

DEVELOPING Legacies.

As announced last year and approved by the HDMA Research & Education Foundation Board in 2004, the proceeds of the Barbara M. DiLascia Memorial Endowment Fund were contributed in December 2004 to the Albany School of Pharmacy, where Ms. DiLascia received her pharmacy degree. The contribution of \$168,045 will be used to fund the "Barbara M. DiLascia Lecture Series on Women's Healthcare Issues."

The annual lecture series will be held in a new, 250-seat lecture hall, "The Barbara M. DiLascia Lecture Hall," in the school's new student center. The HDMA Research & Education Foundation Board, as well as the contributors to the fund, believes this is a fitting and enduring commemoration to honor Barbara and the pharmacy profession.

CULTIVATING Support.

Annual Fund (unrestricted) fundraising from events at the HDMA Annual Meeting raised \$18,200 for the HDMA Research & Education Foundation. Other unrestricted contributions totaled \$30,071. Developing sustainable support for research and education programs from HDMA members is a key to the HDMA Research & Education Foundation's anticipated success and is vital to the success of its new leadership and focused mission.

To cultivate additional funds, the HDMA Research & Education Foundation will hire a new staff member to concentrate on program development and fundraising, giving the HDMA Research & Education Foundation every opportunity to succeed. We welcome the opportunity to discuss your interest in supporting the HDMA Research & Education Foundation.

RECOGNIZING Commitment.

The HDMA Research & Education Foundation's continued success depends on your generous support. I would like to thank the outgoing HDMA Research & Education Foundation Board for their dedication and commitment. We also thank the individuals, corporations and organizations that supported the HDMA Research & Education Foundation in 2004 and in past years. We look to the future with high hopes for both their continued and your financial support of the HDMA Research & Education Foundation during the years ahead.

On behalf of the HDMA Research & Education Foundation Board of Directors, thank you.

A handwritten signature in black ink, appearing to read "Jon Borschow". The signature is stylized and written in cursive.

Jon Borschow
Chairman of the Board
HDMA Research & Education Foundation
President, Borschow Drug

The HDMA Research & Education Foundation's Board of Directors may have up to ten members representing current and former industry leaders, healthcare consumers and/or other thought leaders.

For more information on the HDMA Research & Education Foundation and its programs, contact Tracy Casteuble at tcasteuble@hdmanet.org or (703) 885-0243.

2004 HDMA Research & Education Foundation BOARD OF DIRECTORS

Jon Borschow Chairman of the Board

President
Borschow Drug

Robert Belknap

Executive Director, Trade Relations
Boehringer Ingelheim Pharmaceuticals, Inc.

John Gaffney

CEO
New Pharmaceutical Strategies

Jan Grammerstorf

Customer Business Development Manager
Procter & Gamble Pharmaceuticals

Guerdon Green

Vice President, Sales & Marketing
Health Pathways, Inc.

Cynthia LaConte

President
DDN Pharmaceutical Logistics

Kate R. Shattuck, R.Ph.

Vice President, Pharmacy Policy
Taro Pharmaceuticals USA, Inc.

Doug Thompson

General Manager
Thompson-Murphy & Associates

Officers

John M. Gray, President

Nancy E. Hanagan, Secretary

Cheryl L. Jordan, Treasurer

Professional Staff

Tracy Casteuble, Vice President,
Research & Information Services

Susan Heffner, Director,
Research & Information Services

Board

Contributors

2004

contributors



Annual Fund

\$5,000-\$9,999

Forest Pharmaceuticals, Inc.
Upsher-Smith Laboratories, Inc.

\$1,000-\$4,999

Abbott Diabetes Care
Berlex Laboratories
Biovail Pharmaceuticals, Inc.
Cesar Castillo, Inc.
Eisai, Inc.
Endo Pharmaceuticals, Inc.
Eon Labs, Inc.
Larry and Nancy Henneberger
Kerr Prescription Packaging
Mallinckrodt Pharmaceuticals
MGI PHARMA, Inc.
New Pharmaceutical Strategies
Novartis Pharmaceuticals Corporation
Omniceil, Inc.
Douglas Thompson
Wyeth Pharmaceuticals
Yamanouchi USA Foundation

Under \$1,000

Aventis Pasteur
Capital Wholesale Drug Co.
Joseph Cooper
Bradford Cunningham
William Fogarty
John Kelly
Steven Kohn
Andrew Mueller
Tracy Pearson
PLIVA, Inc.
Simon Tanner
John Trievon
Valley Wholesale Drug Company
Value Drug Company
Luis Velez

Special Project Funds

Barbara M. DiLascia Memorial Endowment

Larry and Nancy Henneberger
McQueary Bros.

Building a Business Case (and Cost Implementation Models) for EPC in Healthcare

Centocor, Inc.
Janssen Pharmaceutical Products, L.P.
McNeil Consumer & Specialty Pharmaceuticals
Ortho Biotech Products, L.P.
Ortho-McNeil Pharmaceutical, Inc.
Pfizer, Inc.
Scios Inc.

Medication Errors and Patient Safety: The Bar Code Connection

Centocor, Inc.
Janssen Pharmaceutical Products, L.P.
McNeil Consumer & Specialty Pharmaceuticals
Ortho Biotech Products, L.P.
Ortho-McNeil Pharmaceutical, Inc.
Scios Inc.

NEXUS Award

Wyeth Pharmaceuticals

Our thanks to all who supported the HDMA Research and Education Foundation during FY2004 which extends from January 1 – December 31, 2004. Every effort has been made to ensure the accuracy of this list. We appreciate your understanding of any inadvertent omissions from this list that may have occurred. While this list recognizes financial contributions, our appreciation extends to all who contributed their time and talents to the HDMA Research & Education Foundation's projects during 2004.



FY2004 Statement of ACTIVITIES & Changes in NET ASSETS

Changes in Unrestricted Net Assets

• Revenue	
Contributions	\$ 48,998
Investment Income	\$ 1,121
Publications Sales	\$ 10,916
Net Assets Released from Restrictions	\$ 311,461
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Total Revenue	\$ 372,496
• Expenses	
Bar Code Studies	\$ 13,850
EPC Research	\$ 120,391
Other Programs	\$ 177,626
General and Administrative	\$ 52,750
Fundraising	\$ 1,151
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Total Expenses	\$ 365,768
Total Changes in Unrestricted Net Assets	\$ 6,728

Changes in Temporarily Restricted New Assets

Contributions	\$ 11,910
Net Assets Released from Restrictions	\$ 311,461
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Total Changes in Temporarily Restricted New Assets	\$(299,551)
Total Changes in Net Assets	\$(292,823)
Net Assets, Beginning of Year	\$ 369,167
Net Assets, End of Year	\$ 76,344

Net Assets

Financials

FY2004

statement of financial position

Assets

Cash and Cash Equivalents	\$ 79,105
Accounts Receivable	\$ 1,929
Prepaid Expenses	\$ 8,240
Investments	\$ 5,928

Total Assets	\$ 95,202
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Liabilities and Net Assets

Accounts Payable and Accrued Expenses	\$ 1,013
Intercompany Payable	\$ 17,845

Total Liabilities	\$ 18,858
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Net Assets

Unrestricted	\$ 40,318
Temporarily Restricted	\$ 36,026

Total Net Assets	\$ 76,344
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Total Liabilities and Net Assets	\$ 95,202
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This information is derived from the audited financial statements for fiscal year January 1 - December 31, 2004. The HDMA Research & Education Foundation is recognized by the IRS as a 501(c)3 educational organization, to which contributions are tax-deductible to the extent allowed by law.

For more information, contact Cheryl Jordan, HDMA Research & Education Foundation Treasurer at cjordan@hdmanet.org or (703) 885-0268. During fiscal year 2004, the HDMA Research & Education Foundation was located in Reston, Virginia. As of 2005, its offices will be located at 901 N. Glebe Road, Suite 1000, Arlington, VA 22203.

WWW.HDMAFOUNDATION.ORG

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703.935.3200 (F)

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