

PPAI
The Mark of a Professional®

Inspiring The Industry
2015 Annual Report

On behalf of PPAI Immediate Past Chair Rick Brenner, MAS+, PPAI Chair Tom Goos, MAS, and the PPAI Board of Directors, I am pleased to submit the Annual Report of the Promotional Products Association International for the year ending December 31, 2015.

Fiscal year 2015 was another strong year for our industry and your Association. The year continued on the upward trend we've seen over the past six years. According to the 2015 PPAI Estimate of Promotional Products Distributor Sales, promotional products sales came in at \$20.8 billion, a 3.82-percent increase in sales volume over the previous year.

PPAI's financial strength continues to allow us to develop programs designed to grow and protect the industry. We first announced the Product Safety Awareness program in 2014. Despite having our share of detractors in the early days of the program, I am pleased to report that every PPAI-contracted exhibitor at Expo East 2015 was Product Safety Aware and every company that advertises in *PPB* is Product Safety Aware. Leaders in regulatory compliance now laud PPAI as the poster child for how to create an effective product safety awareness program. We are also building visibility through the Association's Industry Branding Initiative, a five-year plan to position promotional products as a top-of-mind and preferred advertising and marketing tool among professionals responsible for branding, advertising, media planning and media buying.

The Association also saw a healthy increase in membership, ending the year with just over 11,000 members. The year started out strong with The PPAI Expo 2015 drawing large crowds and earning high marks for the quality and value for which it has become known. In all, PPAI welcomed 19,400 total participants, including more than 11,750 distributors who came to learn and to build stronger business relationships.

So, where do we go from here? Now our focus turns to keeping the industry up to speed on all developing issues. In the years to come, PPAI is committed to continuing its leadership in product responsibility and expanding our focus to reflect the broader mission and scope of our initiatives and programs.

Respectfully,



Paul Bellantone, CAE
President and CEO



Membership Snapshot

PPAI Membership champions the growth of our members' businesses by offering unique member benefits, business partner discounts and unparalleled member care. At the same time, PPAI believes that a collaborative and transparent association is part of our responsibility to those we serve. It is important for the Association to maintain and continue to grow membership while delivering exceptional member care.

- Increased membership to 11,162, compared to 2014 total of 10,685, increasing the overall number of member companies we represent by 4.5 percent.
- Renewed SAGE Agreement for an additional five years, supporting our distributor members through the Power of Two offering. The new agreement streamlines the billing process, allowing most distributor members to receive one co-branded PPAI/SAGE Power of Two invoice, which includes the \$495 voucher credit.
- Secured AHT Insurance coverage through a new Affinity Partner program, allowing members to choose business, individual, health or retirement insurance solutions tailored to meet the needs of the employees, the families and the member company.
- Introduced a monthly payment option for annual membership dues and enrolled more than 900 members, 8 percent of our membership base, after only one year of the program.

Category	Total Members
Distributor Members	8879
Supplier Members	1660
Branch Members	292
Business Services Members	112
International Distributor Members	109
Representative Members	65
International Supplier Members	45
TOTAL	11,162

It's All In The Trade Shows

The sheer quality of PPAI trade shows continues to be recognized throughout the industry. In 2015, Recognition Professionals International (RPI) partnered with PPAI to increase the visibility of **brand.**

The PPAI Expo

- Total attendance – 19,601
- Distributor companies in attendance – 3,858
- Distributors in attendance – 11,147
- Buyers in attendance – 167
- Exhibiting companies – 1,339
- Booths – 3,183
- RPI co-located its Annual Conference with **brand.**

Expo East

- Total attendance – 6,287
- Distributor companies in attendance – 858
- Distributors in attendance – 1,768
- Promotional professionals in attendance – 5,117
- Exhibiting companies – 345
- Co-located with Imprinted Sportswear Shows
- Booths – 458
- Combined total of Expo East and ISS booths in show – 905



Developing A Learning Environment

Professional development has changed dramatically throughout the years. In today's highly competitive and fast-paced business climate, the Professional Development department provides members with the education tools and resources necessary to be successful.

PPAI Industry Certification & Certificates

- 121 individuals were awarded a certification, a 22-percent increase over 2014
- Number of people recertifying their designation increased 34 percent
- Geiger and AIA are top supporters of PPAI industry certification through company programs at their organizations

Live And On-Demand Education

- 48,432 credits were earned by attendees through PPAI webinars, on-demand courses and live education events
- PPAI offered 243 education credits via live webinars and live events (29-percent increase)
- Seven live events were offered—Women's Leadership Conference, North American Leadership Conference, Technology Summit, Product Responsibility Summit, SAGE Show, The PPAI Expo and Expo East
- 57 live webinars were hosted
- Technology Summit saw a 78-percent increase in attendance in its second year and is now co-located with PPAI's NALC program

Spreading Our Message

In the promotional products industry, staying informed with current trends, news and events can help position your company for growth. PPAI publications provide members with the information they need to make informed business decisions.

- In January, *PPB Newslink* doubled its frequency to twice weekly with publication on Tuesdays and Thursdays. Circulation now exceeds 45,000.
- *PPB* formed alliances with *PS* magazine (publication of Print Service & Distribution Association) to share content, and with *Promo Marketing* magazine to jointly produce and distribute two print supplements on product responsibility.
- *PPB*'s major features included a two-part series debunking the myths about selling premiums and incentives.
- *PPB* continued its highly popular annual program spotlighting the best of industry individuals and companies in six categories: Best Multi-Line Reps, Greatest Companies To Work For, Rising Stars, Best Bosses, Service Superheroes and Powerful Partners.
- *PPB Newslink* featured live reporting from PPAI's major events including The PPAI Expo, Expo East, Women's Leadership Conference, North American Leadership Conference, Product Responsibility Summit, Technology Summit and RAC Leadership Development Workshop. An additional live *Daily* was also produced during the two trade shows.



Embracing Product Responsibility

PPAI is committed to ensuring the promotional products industry's voice is strong and representative of all stakeholders—distributors, suppliers, multi-line representatives and business service providers. We have created a road map by which we are driving industry corporate and product responsibility and compliance through education and awareness.

Product Safety Aware

- As of March 2015, all companies seeking to do business through PPAI channels were Product Safety Aware. This includes all Expo East and The PPAI Expo 2016 exhibitors, advertisers and sponsors.

Product Responsibility Summit 2015

- Fifth annual Summit was rebranded as Product Responsibility Summit to reflect a broader mission. First time as a standalone event in Washington, D.C. Attended by over 180 industry professionals.
- Highlighted by two keynotes delivered by CPSC Commissioner AnnMarie Buerkle and CPSC Chairman Elliot Kaye.

L.E.A.D.

- Sixth annual Legislative Education and Action Day (L.E.A.D.). Nearly 80 professionals held more than 250 meetings with lawmakers. One third of L.E.A.D.ers were first-time attendees.

L.E.A.D. Local

- Expanded L.E.A.D. Local by offering L.E.A.D. Local Texas and California

Strengthening Regional Associations

PPAI Regional Relations continues its focus on engaging 27 regional associations through key initiatives including board training, trade show and event sponsorship, professional development and other support. By doing so, PPAI engages regional membership and encourages industry growth.

- The 16th Annual RAC Leadership Development Workshop welcomed 145 regional board members and executive directors to Grapevine, Texas, for a comprehensive “everything you need to know to be a successful board member” event.
- The Donna Hall Memorial Grant of \$1,500, established to support continuing education and funded by RAC, was awarded to Dana Geiger with VAPPA.
- The Regional Benchmarking Study implemented in 2014 garnered participation from 25 of the 27 regional associations for 2015 and was supported with educational content and discussions related specifically to the study outcomes.
- The Universal Regional Membership Application (URMA), a one-step application and renewal process for regional membership, continues to be a popular benefit with transactions benefiting all 27 regional associations—totaling more than \$52,000.

The year also included the launch of RAC Delegate Work Groups. The collaborative groups focused on providing best practice options for the key challenge areas facing regional associations.



Recognizing Our Members

PPAI is powered by countless volunteers committed to the industry and its success. Every member is given opportunities to help build a stronger association.

Awards & Recognition Programs

- The PPAI Awards Presentation & Reception, held for the first time at the House of Blues, included a new format and a performance by Midnight Soul Patrol, a band comprised of industry people.
- Awards Committee members were guest emcees for the event, which included the presentation of more than 180 awards to industry members.
- Berlekamp Plastics was recognized with 75 years of continuous PPAI membership.
- Honored during the Chairman's Leadership Dinner were Barbara Dail, MAS, the 2015 recipient of the PPAI H. Ted Olson Humanitarian Award, and Fran Ford, CAS, and Paul Kiewiet, MAS+, as the 78 and 79th inductees into the PPAI Hall of Fame.
- Sherri Lennarson, MAS, was recognized with the Woman of Achievement Award presented during the PPAI Women's Leadership Conference in New Orleans, and Lori Bauer was the 2015 recipient of the PPAI RAC Volunteer of the Year Award presented at LDW.



Member Engagement — Volunteer Programs

- Member engagement continues to be a staff focus. Ongoing outreach and surveying continue to be utilized to keep volunteers engaged and to get timely feedback on our performance and interactions with more than 300 volunteers.
- PPAI continues to conduct an annual review of committee mission statements and job descriptions during face-to-face meetings at Expo as well as a standardized review process for retiring board liaisons, retiring committee chairs, retiring committee members and staff liaisons.
- The PPB Volunteer of the Month program introduced in 2014 recognizes individuals who have dedicated an exemplary level of time and talent to the volunteer group they serve. Recognized in 2015 were Carrie Sabo, MAS; Catherine Graham; Dave Saracino; Eric Johnson, MAS; Bucky Holcomb, MAS; Tom Carpenter, MAS; Jon Norris; Leeton Lee; Rebecca McLaughlin; and Phil Martin.
- A Shared Volunteer program, first piloted in 2014 as a joint effort between the regional associations and PPAI, has been expanded and utilized by Gold Coast Promotional Products Association (GCPPA), Rocky Mountain Region Promotional Products Association (RMRPPA) and Tri-State Promotional Products Association (TSPPA). Through this program PPAI volunteers were asked to participate in phone, email and registration campaigns to assist the regional associations with specific volunteer tasks. This program will be expanded in 2016.
- PPAI's ongoing effort to engage volunteers was expanded with a personal touch in 2015. On a voluntary basis, volunteers can now include a birth date in their personal profile; now volunteers receive an electronic birthday greeting as just one more small touch.

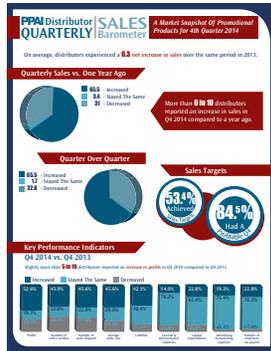
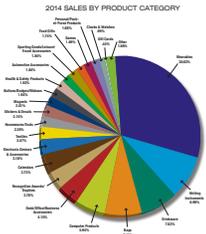


Building Our Image

Research, marketing and public relations go hand in hand, and the Marketing Communication department invests the necessary resources to keep the industry informed and the Association visible.

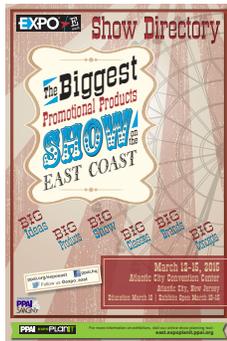
Research

- 2015 Distributor Business Survey
- Annual Sales Volume Survey
- Market Outlook Quarterly Report



Marketing

- Focused on successfully marketing the many products and services of the Association:



Public Relations & Buyer Outreach

- Launched the Industry Branding Initiative outreach to buyers of promotional products
- Conducted a search and evaluation for public relations services and contracted a new public relations firm
- In its third year, Promotional Products Work! Week transitioned from industry-facing to buyer-facing strategies, achieving greater reach and awareness, and millions in earned media impressions.



Staying Ahead Of The Game

Technology is now front and center, and the core of our day-to-day business activities. The Information Technology department is constantly learning how members use technology and is developing programs to help them learn and adapt to new and emerging tech trends.

Tech Summit

Working in conjunction with the PPAI Technology Committee, Technology Work Group and PPAI Professional Development, the PPAI Technology Summit was one of PPAI's fastest growing events. Nearly doubling last year's attendance, 85 technology leaders from across the country met in Nashville, Tennessee in August to participate.

New sessions included case studies, panels, break-out sessions, demonstrations and presentations from a variety of speakers to address technology issues in the promotional products industry. Two new awards were also developed for the event to recognize companies and individuals leading technology change.

Distributor And Supplier Technology Surveys

Another joint project with the Technology Committee included the 2015 Technology Survey. Information ranging from cloud services and search providers to order status and integration services was collected. The Distributor Technology Survey is also broken down by company sales volume to show results from comparably sized organizations.

Other Projects

Each year IT completes dozens of member-facing and back-office projects. This year much of the workload focused on back-office systems to support PPAI and our members. The largest project was an upgrade to the Association Management System. In addition, new integration services were built to feed show information to SAGE Mobile, which enabled The PPAI Expo and Expo East attendees to use SAGE Mobile as their show planner.

Giving Back Where It Counts

Promotional Products Education Foundation

PPEF is committed to serving the industry by providing college scholarships to students who have a parent working in the industry or who are working for a company in the industry. PPEF's success wouldn't be possible without the generous contributions of countless individuals and organizations throughout the year.

- College scholarships worth \$150,000 were awarded to 106 students. Awards have increased by 50 percent in two years (2013=\$100,000 to 2015=\$150,000).
- The PPEF Glen Holt Scholarship Golf Invitational raised net proceeds of \$41,000 for the scholarship fund during The PPAI Expo.
- Two new named scholarships were established to memorialize or honor members:
Jayne Emoff Miller Scholarship
NWPMA Success Scholarship
- Fourteen industry companies and organizations pledged \$201,000 in donations through PPEF's Tomorrow Fund:

Silver Level \$30,000 pledge	Bronze Level \$12,000 pledge	Iron Level \$6,000 pledge
Gill Studios, Inc. Hit Promotional Products Spector & Co. TradeNet Publishing Co.	Jack Nadel International SAAGNY Specialty Incentives, Inc. Sweda Company, LLC	BrandVia Alliance Inc. GCPPA & PPAF Image Source Pilot Corporation of America PromoShop

Community & Caring

PPAI's Community Services Committee spearheads several initiatives over the course of the year. For those who choose to participate, several options are offered to staff so they may donate funds, time and/or goods to the charitable organization they wish to support.

To Fight Hunger

Spring and fall food drives were held for local organization Irving Cares. More than 4,400 lbs. of food and \$1,029 were donated to help fight hunger in the community.

For The Animals

Fundraisers and donation collections were held for the Irving Humane Society resulting in \$1,264 in supplies and money. In addition, several employees donated their time in May and June to help at Operation Kindness, a Dallas-area animal shelter.

PPEF Scholarships

Staff fundraisers were held to benefit PPEF scholarships, earning \$436 in total cash donations.

For Health

During employee lunch breaks, socks (used as protective covers for children with arm casts) were decorated and 300+ paracord bracelets were made for patients at Texas Scottish Rite Hospital For Children. Cord supplies were donated by PPAI Member ROTHCO.

Several employees participated in the ACS Making Strides Breast Cancer 5K in October, helping raise money toward a team total of \$6,448.

Holiday Cards To Troops

Each year at the holidays cards are sent out to our military troops.

Local Emergency Impact

Remaining funds were donated from multiple PPAI internal staff committees to help those who were affected by tornadoes in the Dallas-metro area. \$650 was submitted to the local disaster aid fund.





2015 Board Of Directors

Back R/L: Dale Denham, MAS+, Kim Newell, Bruce Perryman, MAS+, vice chair, financial services, Norm Hullinger, David Nicholson, Scott Hareid, RAC delegate, Mary Jo Tomasini, MAS.

Front R/L: Julia Wright, MAS+, Chuck Fandos, CAS, Mark Jenkins, MAS+, immediate past chair of the board, Norma Jean Knollenberg, C.I.P., CPIM, Rick Brenner, MAS+, chair of the board, Cory Halliburton, association general counsel, Tom Goos, MAS, chair-elect of the board, Paul Bellantone, CAE, president and CEO.

Management Report

Promotional Products Association International (PPAI) is fully accountable for the integrity and objectivity of the financial information contained in the Annual Report. The accompanying financial statements have been prepared on an accrual basis of accounting as required by generally accepted accounting principles, applying informed judgments and estimates where appropriate.

PPAI maintains a system of internal accounting controls that provides reasonable assurance that the assets are safeguarded and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

The Executive Committee of the PPAI Board of Directors is responsible for recommending to the board the independent accounting firm be retained for 2016. The vice chair of financial services meets annually with the independent auditors, with the executive vice president and the director of finance & administration as well as PPAI management to review accounting, auditing, internal accounting controls and financial reporting matters. Both the Executive Committee and board have free access to the auditors.

BDO, USA, L.L.P., independent certified public accountants, have audited PPAI's 2015 financial statements and issued an unqualified opinion. Management has made available to BDO, USA, L.L.P. all the Association's financial records and related data, as well as the minutes of board meetings.

Paul Bellantone, CAE
President and CEO
Promotional Products Association International
Irving, Texas
May 2016

**Promotional Products Association International
Statements of Activities**

Years ended December 31,	2015	2014
Unrestricted Revenue:		
Trade shows	\$ 9,593,384	\$ 9,512,257
Membership services	8,033,744	7,729,336
Publications	1,094,207	1,111,708
Professional development	569,149	669,251
Business development	442,327	--
Public affairs	180,150	167,125
Membership engagement	88,303	68,632
Regional relations	33,107	39,485
Investment income	(67,650)	66,630
Other income	4,959	6,233
Total unrestricted revenue	19,971,680	19,370,657
Unrestricted Expenses:		
Program expenses:		
Trade shows	3,696,036	4,079,309
Membership services	4,947,038	4,779,867
Publications	872,371	980,886
Professional development	1,105,590	1,100,032
Public affairs	670,022	592,399
Membership engagement	548,706	515,640
Regional relations	461,843	491,353
Industry promotion	1,341,110	1,204,944
Business development	1,391,482	1,052,549
Technology	1,028,524	984,823
Volunteer administration	175,161	155,267
Total program expenses	16,237,883	15,937,069
General and administrative expenses	3,215,317	3,069,652
Total unrestricted expenses	19,453,200	19,006,721
Change in unrestricted net assets	518,480	363,936
Unrestricted net assets at beginning of year	5,914,846	5,550,910
Unrestricted net assets at end of year	\$ 6,433,326	\$ 5,914,846

Promotional Products Association International
Statements of Financial Position

December 31,	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,330,422	\$ 5,208,605
Investments	8,597,984	7,789,234
Accounts receivable, net	667,220	693,181
Prepaid expenses	4,149,672	4,077,435
Accrued interest receivable	11,888	7,077
Total current assets	18,757,186	17,775,532
Property and equipment, net	1,799,838	1,760,963
Total assets	\$ 20,557,024	\$ 19,536,495
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable	\$ 177,954	\$ 50,695
Accrued expenses	449,485	330,961
Unearned revenue	13,496,259	13,239,993
Total current liabilities	14,123,698	13,621,649
Commitments and contingencies	--	--
Net assets:		
Unrestricted:		
Undesignated	866,513	580,602
Board designated		
Designated for strategic plan implementation	340,474	340,479
Designated for capital improvements	1,515,398	1,418,755
Designated for contingencies	3,710,941	3,575,010
Total net assets	6,433,326	5,914,846
Total liabilities and net assets	\$ 20,557,024	\$ 19,536,495

