

PPA

17 Annual Report



Connect.
Create.
Get In Touch!





17 Annual Report

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On behalf of the PPAI Board of Directors we are pleased to submit the Annual Report of the Promotional Products Association International for the year ending December 31, 2017.

Fiscal year 2017 was a very strong year for PPAI and the overall industry. According to the 2017 PPAI Distributor Sales Volume Study, distributor sales reached \$23.3 billion. With an increase just over nine percent, 2017 was the year of record-breaking growth for promotional products distributors. This was mainly due to large companies with sales over \$2.5 million, who tipped the balance in their favor by capturing nearly 58 percent of the total market share.

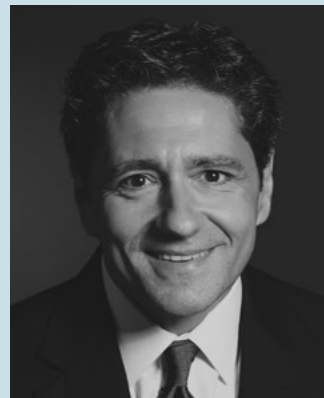
PPAI's financial strength allows us to develop new programs designed to grow and protect the industry while promoting the power of promotional products. We launched Promo Connect, a knowledge community platform for industry peers to discuss the strengths, challenges and opportunities for the industry. We also unveiled a new, responsive website that makes it easier for members to use and navigate. An Association-wide strategic foresight initiative was launched, enabling departments to use engagement strategies, competitive intelligence and measurement when making decisions to support and shape our industry's future for tomorrow. We took The PPAI Expo from great to extraordinary by implementing member-driven changes while also solidifying Expo East's role in the Northeast market. PPAI's inaugural SPARK conference for young professionals in the industry was a hands-down success.

We saw a dramatic increase in membership, ending the year with more than 14,905-member companies and, we are excited to reach the 15,000-member milestone. We are proud to deliver more value per membership dollar than at any other time in PPAI's history.

PPAI continues to look for strategic alliances which will drive member agreement with the American Marketing Association, the largest professional marketing association in the world, to offer members access to exclusive AMA memberships and benefits.

By driving meaningful member engagement, advocating for the industry, developing strategic foresight and managing an efficient and progressive organization, PPAI and the industry have a very bright future.

Paul Bellantone, CAE
President and CEO



Paul Bellantone

Mary Jo Tomasini, MAS+
Chair of the Board



Mary Jo Tomasini

Membership Snapshot

Member Category

Distributors	12,813
Suppliers	1,571
Branch	212
Business Services	120
International Distributors	89
Multi-line Representatives	55
International Suppliers	45

TOTAL	14,905
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Growing The Community

PPAI's vibrant membership expanded in most categories, creating a close-knit network of professionals who enrich careers and strengthen the status and visibility of the promotional products industry. In 2017, PPAI achieved the following:

- Increased membership over the prior year by 3.8 percent with a retention rate of 89 percent
- Entered into a consulting agreement with McKinley Advisors to evaluate the PPAI membership model
- Introduced new Affinity Programs: Adobe, Vital Imagery (previously iClipArt), and AsiaInspection
- Offered new member discounts to QuickBooks, which now includes integration with the SAGE Total Access search tool.
- Identified product safety and government relations contacts for streamline communications to more than 17,350 PPAI Associates (formerly UPIC subscribers).





Bringing The Industry Together

The PPAI Expo is the industry's launchpad for the year, where industry professionals connect, learn, discover and build lifelong partnerships. As Expo East evolves, so too have the magnitude and focus of the show. Our trade shows also serve as a forum where Association executives, industry leaders and professionals meet to guide the industry forward on key initiatives, branding and strategic partnerships to promote, protect and grow this great industry.

The PPAI Expo

Total attendance	19,695
Distributor personnel in attendance	12,274
Distributor companies attending	4,464
Booths	3,144
Exhibiting companies	1,290

Expo East

Total attendance	2,769
Distributor personnel in attendance	1,842
Distributor companies attending	888
PPAI exhibitor booths	396
Exhibiting companies	338

Advancing The Industry

PPAI Professional Development provides learning opportunities that further the professional development of individuals in the promotional products industry. Education is provided via live training sessions, online training, webinars, targeted live events and conferences, curated content posted to Promo Connect and a professional certification program.

In the third quarter, PPAI launched Promo Connect, an industry-specific, member-exclusive online community, offering 12 communities targeted to specific member needs and interests. By the year's end, Promo Connect had recorded more than 3,100 unique member logins with 8,768 new discussion threads and 25,744 replies.



Protecting The Industry

PPAI remains 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.

Product Responsibility Summit

The seventh annual Product Responsibility Summit received outstanding reviews and a host of compliments from a record-setting number of attendees. The 2017 Product Responsibility Summit incorporated a boat tour of the Port of Long Beach. CPSC Acting Chair Ann Marie Buerkle presented the keynote. The updated manual featured a new approach to compliance: evaluating corporate responsibility throughout the entire product life cycle.

Live And Online Education

PPAI offered 44 live education webinars on the new online learning platform launched in 2017. That year also saw a 103-percent increase over 2016 in revenue for online education. Live education events were held at The PPAI Expo, Expo East, Women's Leadership Conference, SPARK, North American Leadership Conference, Technology Summit, SAGE Show and Product Responsibility Summit. Nearly 380 courses, webinars and event recordings were offered through PPAI Certification in 2017. The inaugural SPARK conference, designed for young professionals, sold out, prompting a waiting list.

Certification

Through online and live learning courses, along with targeted conference education, 48 people earned a certification in 2017 (30 CAS and 18 MAS) while 80 people recertified. Additionally, 678 hours of education were reviewed and approved for credit.



L.E.A.D.

PPAI's Legislative Education and Action Day (L.E.A.D.) delivers the promotional products industry's message to Capitol Hill. Nearly 80 professionals held more than 250 meetings with lawmakers during the eighth annual Legislative Education and Action Day in Washington, D.C. One third of L.E.A.D. participants were first-time attendees and the recipient of the PPAI Legislator of the Year award was Sen. Gary Peters (D-MI).

L.E.A.D. Local

L.E.A.D. Local is a state-based, grassroots outreach that brings together industry leaders, regional associations and PPAI staff to speak with state legislators about the promotional products industry. In 2017, L.E.A.D. Local expanded into Oregon and Washington State.

The Trusted Industry Authority

PPAI delivered on its promise to provide timely, relevant and actionable information to members through more than 200 informative articles in *PPB* magazine and 1,400-plus industry news and business stories in *PPB Newslink*.

- Ninety-eight percent of readers who responded to the annual readership survey rated *PPB*'s quality as good to excellent, ranking it first among four key industry magazines for the fourth consecutive year.
- Live editions of *PPB Newslink* were produced daily at The PPAI Expo and at Expo East to drive more reader engagement at the shows.
- *PPB* expanded its role in member engagement by enhancing the selection process for its annual Greatest Companies To Work For competition. Sixty companies were honored in 2017, compared to just eight in 2016.
- The magazine runs four additional annual recognition programs: Best Multi-Line Reps, Rising Stars, Best Bosses and Service Superheroes.

The Standard Of Industry Excellence

Volunteer Programs

The Fellows Program, first introduced in 2016, recognizes industry individuals who have continuously contributed to Association initiatives through ongoing personal commitment via traditional committees, advisory groups, work groups and task forces.

In 2017, 15 additional members were honored as PPAI Fellows; they join the more than 1,000 volunteers recognized with this designation.

In 2017, PPAI honored Eric Alles; Suzan Bolski, MAS; Leslie Roark, CAS; David Clifton; Larry Cohen, CAS; Dale Denham, MAS+; Chuck Fandos; Leanne Finney, CAS; Bobby Lehew; Julia Wright, MAS+; Nate Robson; Mary Dobsch; Lori Bauer; Rod Brown, CAS; and Jessica Hiner through the Volunteer of the Month Program.

The volunteer committee chairs participated in the annual Leadership Development Workshop. The conference provides basic committee chair training as well as the necessary skills to facilitate constructive dialogue regarding current, new and proposed programs, services and content for the PPAI member community.



Awards & Recognition

PPAI recognized members for successful industry collaborations and stand-out contributions through a variety of company-based and individual recognition programs during 2017.

Honored during the Chairman's Leadership Dinner were: H. Wayne Roberts, MAS, with the H. Ted Olson Humanitarian Award; Joe Scott with the Distinguished Service Award; and Margie Price, MAS, and Joel Schaffer, MAS, were inducted into the PPAI Hall of Fame.

Also featured during the Chairman's Leadership Dinner was a new chapter in the Promotional Products Pioneers recognition story: A.C. Steward (Souvenir Inc.) Emerging Road Warriors; our industry's multi-line representatives and Stan Breckenridge, MAS. These multimedia stories depict a rich industry history.

This year, the Awards & Recognition Committee reviewed more than 430 entries in five areas of competition. Their efforts resulted in the presentation of more than 200 individual awards at the 2017 Expo Awards Presentation, Expo After Dark.

In the annual Member Milestone program three companies were recognized with 50 years of continuous membership and more than 70 companies with 25 years of continuous support.



Promoting The Industry

Marketing

The PPAI marketing team partnered with IT, publications and Expo staff to redesign and release the new websites for PPAI Media, The PPAI Expo and Expo East. The department continues to provide marketing services to regional associations as part of the PPAI and regional program. Also, the department provided advertising and monthly email updates that highlighted PPAI offerings and other industry-related information and news to member suppliers and distributors.

Research

PPAI provided the membership with consumer and buyer data that enabled them to communicate the power of promotional products to their clients. The department also produced the 2016 annual sales volume estimate based on industry feedback, which revealed the industry's growth and provided information on the size of program and product categories. In partnership with ITR Economics, PPAI produced a Market Outlook Report each quarter, giving participating members relevant, timely and actionable data.

Public Relations And Industry Branding

PPAI celebrated a number of significant accomplishments in the past year—notably, continued execution of the Get In Touch!® industry branding campaign, which positions promotional products as Advertising That Lives On. Get In Touch! activations and engagements resonated throughout the promotional products industry. The success of this messaging was validated by both PPAI industry research and an *Advertising Age* readership study.

The Association leveraged thought leadership through speaking engagements, media relations, advertising and product placement during Promotional Products Work! Week, Advertising Week New York, the AMA Symposium for the Marketing of Higher Education, AMA Annual Conference, AMA Nonprofit Conference and AMA International Collegiate Conference; as well as the Public Relations Society of America's International Conference.

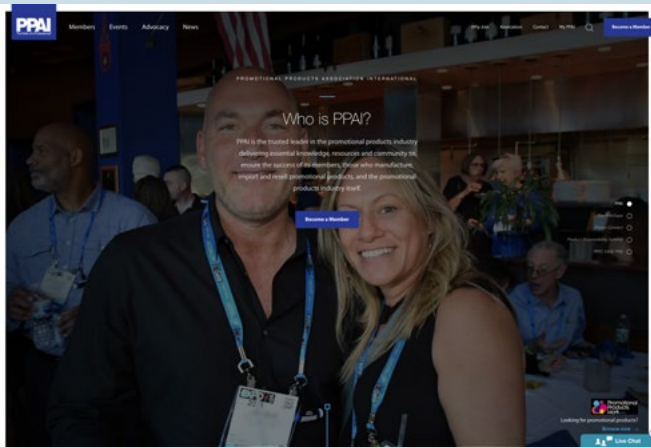
PPAI's ongoing efforts to build top-of-mind awareness of the benefits of working with a promotional products professional to design highly effective promotional products campaigns were showcased through its paid, earned, shared and owned strategies, delivering more than 138 million impressions.

AS THE
#1
MOST EFFECTIVE
FORM OF ADVERTISING, PROMOTIONAL PRODUCTS
HAVE MORE RECALL THAN ALL OTHER
ADVERTISING MEDIA

65%
OF ADVERTISERS CONSIDER PROMOTIONAL PRODUCTS
HIGHLY EFFECTIVE

**GET IN!
TOUCH!**
ADVERTISING THAT LIVES ON





Information Sharing

PPAI Technology Summit

Technology leaders from across the country convened in Austin, Texas, for the two-day event to focus on technology issues that affect companies in the industry. Attendees learned about and discussed new trends, B2B integration, automation, business intelligence, security, legal insights, cool tools and much more. Sessions were interactive and encouraged in-depth discussions.

Association Websites

The redesigned PPAI and PPAI Media websites created a fresh look for PPAI in 2017. Working in conjunction with publications staff, the marketing department and a design group, www.ppai.org and pubs.ppai.org were rebuilt from the ground up. The transformation created a modern look with sleek, uncluttered pages and mobile compatibility.

Enhancing The Network

Regional Relations

The regional relations team and the Regional Association Council focused on the advancement of best practices and program development within the 27 regional associations in support of the industry.

The 18th annual RAC Leadership Development Workshop had strong participation from all 27 regional associations. This conference evolved in format, programming and content to reflect the changing landscape of the association communities we serve. More than 150 volunteers and staff participated in the intensive three-day event, which is programmed to prepare attendees for board service and regional resource management.

The Donna Hall Memorial Grant was awarded to Julie Shoenbauer of Rocky Mountain Region Promotional Products Association. This grant provides executive directors the opportunity to attend continuing education conferences that benefit them and their associations.

The PPAI RAC Volunteer of the Year presentation, held during the opening night programming, recognized Kendra Kirks McDougal, MAS, of Chesapeake Promotional Products Association, and Mark Shinn, MAS, of Northwest Promotional Marketing Association, for their volunteer contributions to their regional communities, both served as RAC Board presidents.

RAC

Regional Association Council



Cultivating The Future

Promotional Products Education Foundation

- Cumulative college scholarship awards surpassed the \$1.7 million mark, \$175,000 awarded to 117 students in 2017.
- The PPEF Glen Holt Scholarship Golf Invitational, the Branch Out & Give Tree and PPEF's Live Auction raised net proceeds over \$57,000 for the scholarship fund during The PPAI Expo.
- Six new named scholarships were established to memorialize or honor members, raising \$47,400 in donations and \$15,000 in pledges:
 - **Stanley L. Breckenridge Scholarship**
 - **Ted E. Dennison, MAS Scholarship**
 - **Fran Ford Scholarship**
 - **PMANC Campbell M. Brown Memorial Scholarship**
 - **Reciprocity Road Roadie Scholarship**
 - **Paul E. Smith Scholarship**
- Nine industry companies, organizations and individuals pledged \$234,000 in donations through PPEF's Tomorrow Fund:
 - **Platinum Level - \$120,000-\$239,999**
 - alphabroder
 - **Silver Level - \$30,000-\$59,999**
 - Facilisgroup
 - SAGE
 - **Bronze Level - \$12,000-\$29,999**
 - The Partnering Group
 - **Iron Level - \$6,000-\$11,999**
 - Alpi International
 - BEL Promo
 - David Natinsky
 - Perfection Promo
 - Rocky Mountain Region Promotional Products Association



Sebastian Arceo
2017 PPEF Scholarship Recipient

Serving Our Community

PPAI endeavors to be an integral part of our community and we believe it is our duty to give back. In 2017, PPAI staff donated countless hours and thousands of dollars to help worthy causes in the local community and beyond. Whether it's helping provide PPEF scholarships, painting rocks for an awareness campaign, participating in 5K events to raise money for the American Cancer Society and Amazing Little Hearts in support of breast cancer and congenital heart disease awareness, brainstorming marketing strategies, or stocking the Irving Cares food pantry shelves with more than 1,200 pounds of food, we will do what we can to help make our community a better place.



Connect. Create. Get In Touch!

Front L/R: Brittany David, CAS, vice chair, financial services; Sharon Willochell, CAS; D'Anna Zimmer, CAS, RAC delegate; Mary Jo Tomasini, MAS+, chair of the board; Tom Goos, MAS, immediate past chair of the board; Dale Denham, MAS+, chair-elect of the board; Paul Bellantone, CAE, PPAI president and CEO.

Back L/R: Norm Hullinger, CAS; Larry Cohen, CAS; Perry Wehrle, CAS; Cory Halliburton, general counsel; Lee Strom, CAS; Danny Rosin, CAS.



Management Report

Promotional Products Association International 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 of directors the independent accounting firm to be retained for 2018. 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 of directors have free access to the auditors.

BDO USA, LLP, independent certified public accountants, have audited PPAI's 2017 financial statements and issued an unqualified opinion. Management has made available to BDO USA, LLP all the Association's financial records and related data, as well as the minutes of the board of directors' meetings.

Paul Bellantone, CAE
President and CEO
Promotional Products Association International
Irving, Texas
August 2018

PPAI

Promotional Products Association International

Statements of Activities

Years ended December 31,	2017	2016
Unrestricted Revenue:		
Trade shows	\$ 10,559,602	\$ 9,874,429
Membership services	9,748,772	8,820,837
Publications	1,379,070	1,329,190
Professional development	705,538	633,643
Public affairs	182,565	169,477
Membership engagement	86,369	89,904
Regional relations	35,936	35,947
Investment income	249,850	233,891
Other income	30,449	3,473
Total unrestricted revenue	22,978,151	21,190,791
Unrestricted Expenses:		
Program expenses:		
Trade shows	4,373,222	3,620,026
Membership services	6,580,637	5,691,766
Publications	863,129	910,695
Professional development	1,255,315	1,355,699
Public affairs	590,908	621,840
Membership engagement	577,410	542,530
Regional relations	379,853	486,247
Business development	1,113,004	1,097,604
Industry promotion	1,466,178	1,321,086
Technology	1,090,923	1,095,822
Volunteer administration	174,686	273,627
Total program expenses	18,465,265	17,016,942
General and administrative expenses	3,754,649	3,552,321
Total unrestricted expenses before strategic plan expenses	22,219,914	20,569,263
Change in unrestricted net assets before strategic plan expenses	758,237	621,528
Strategic Plan Expenses	440,549	690,255
Change in unrestricted net assets	317,688	(68,727)
Unrestricted net assets at beginning of year	6,364,599	6,433,326
Unrestricted net assets at end of year	\$ 6,682,287	\$ 6,364,599

Promotional Products Association International

Statements of Financial Position

December 31,	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,788,764	\$ 8,584,917
Investments	9,064,658	6,645,089
Accounts receivable, net	886,953	638,902
Prepaid expenses	4,615,326	4,749,244
Accrued interest receivable	33,476	10,621
Total current assets	21,389,177	20,628,773
Investments, net of current portion	—	169,916
Property and equipment, net	1,675,359	1,765,714
Total assets	\$ 23,064,536	\$ 22,564,403
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable	\$ 586,945	\$ 1,261,566
Accrued expenses	848,883	566,748
Unearned revenue	14,914,666	14,344,202
Total current liabilities	16,350,494	16,172,516
Unearned revenue, net of current portion	31,755	27,288
Total liabilities	16,382,249	16,199,804
Commitments and contingencies	—	—
Net assets:		
Unrestricted:		
Undesignated	799,785	692,164
Board designated		
Designated for strategic plan implementation	819,785	1,253,368
Designated for capital improvements	1,524,712	1,481,094
Designated for contingencies	3,538,005	2,937,973
Total net assets	6,682,287	6,364,599
Total liabilities and net assets	\$ 23,064,536	\$ 22,564,403

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and incentive products
inada and Worldwide

HIGH SIERRA

URBAN
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GOLD BOND ITEM# URBANPACK ASI/57653



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