Disrupt or be disrupted. That was the challenge for the business of toys and your trade association in 2016—and an ongoing challenge to this very day. Do we lean back on accomplishments and employ hope or do we move forward aggressively to shape our own future in a swiftly changing consumer and retail world?

It was clear our members chose action. The creativity, inventiveness, and business acumen of our great industry prevailed, with U.S. toy and game sales up an impressive 5 percent in 2016! From dolls and plush to games and puzzles, classic toy categories did especially well, proving that families continue to seek out quality traditional toys amidst a surge of outstanding technological innovations that bode well for our future.

Your Toy Association also seized initiative in working alongside our members. We saw success in our lengthy pursuit of TSCA reform, which was signed into law by the President and includes a host of improvements to chemical regulation that will help greatly with state preemption. We achieved new levels of impactful government and media communications, and successfully educated consumers about our nation’s strict federal standards that ensure the safety of all toys sold in the United States. Notably, we were impactful in publicly fighting back against false NGO ‘toy safety’ reports. Our intensive efforts to preempt and dispel their reports influenced a change in their approach, which in turn resulted in far less media coverage of their annual claims.

Last year also saw our first-ever business-to-consumer show, Play Fair, bring tens of thousands of kids and adult fans to the Jacob K. Javits Convention Center to interact with toy brands and characters. Its proven success sets the stage for a second show promising to be three times larger in 2017! Meanwhile, ShopToys365.com connected more than 16,000 buyers with toy sellers. Our North American International Toy Fair showed continued growth, uniting more than 30,000 toy and play professionals for business, networking, and fun. And Fall Toy Preview solidified its position as an essential marketplace for mass and high-volume specialty retail buyers on the lookout for cutting edge innovations.

The Toy Association’s repertoire of research expanded, bringing members best-in-class webinars, global market reports, and studies all aimed at helping companies grow, better understand consumers, and explore new foreign and emerging market possibilities. The Genius of Play broadened its scope and forged new partnerships, encouraging millions of families to take time out of their busy schedules to play. And, as part of our ongoing efforts to bring more play to more children, our very own Toy Industry Foundation served 4 million children in need—triple the number served in 2015! Thanks to the generosity and kindness of our members, $47 million in toys were donated to kids who were sick, suffering, neglected, or otherwise in need.

With an eye toward disruption, our staff and board crafted a new strategic plan focused on 2020 that prioritizes global advocacy and market access initiatives, elevates the public image of the toy industry, helps develop the next generation of toy industry leaders, and emphasizes membership excellence among its priority actions and goals. This keen strategic focus spurred refinements in our mission, a name change (we are now The Toy Association), a rework of our approach to digital communications, and a full rebranding campaign. These changes were finalized in 2016 and came into effect in April 2017.

Progress and achievements against threats, challenges, and opportunities are made possible by your membership in The Toy Association. Exciting times are upon us, and we look forward to the essential task of working together to create an ever stronger and more dynamic toy and play community. It is our honor and privilege to serve you and your companies.

David Hargreaves
Chairman of the Board of Directors, Strategic Advisor, Hasbro, Inc.

Steve Pasierb
President & Chief Executive
2016 Accomplishments
Years of Toy Association advocacy efforts came to fruition when the reformed Toxic Substances Control Act (TSCA) was signed into law by the U.S. President. The Toy Association’s Alan Kaufman, senior vice president of technical affairs, was nominated to serve on the Environmental Protection Agency’s (EPA) Science Advisory Committee to provide his expertise and guidance as EPA prioritizes chemicals for review under the new law.

- Participated in the Federal Aviation Administration Unmanned Aircraft Systems Advisory Committee, successfully advocating on behalf of the industry to exempt small toy drones from unwarranted regulations.
- Defeated or favorably amended numerous harmful state legislative proposals that targeted toys or children's products across multiple issue areas, including chemical regulation and extended producer responsibility. Pursued legal action against two New York counties that attempted to pass unlawful regulations affecting toys.
- Increased efforts to highlight the safety of toys and benefits of play to legislators, using assets from TheGeniusOfPlay.org and PlaySafe.org to spread awareness.
- Worked with the Communications team to aggressively fight erroneous “dangerous” toy reports issued by NGO groups. U.S. PIRG abandoned its typical report format of many years in favor of a more benign approach, thanks in part to The Toy Association’s aggressive communications campaign.
- Invited to speak at buyer training sessions held in Ningbo and Guangzhou, China, and Ho Chi Minh City, Vietnam, to educate local producers and purchasers of toys on relevant regulations in the U.S., Canada, and Australia.
- Advocated on behalf of the industry in countries and regions around the world to further align toy standards, reduce barriers to trade, and mitigate the harmful effects of unnecessary regulations.
MARKETING COMMUNICATIONS

- Broadened The Genius of Play’s scope and generated increased exposure and engagement among families, garnering nearly 600 million impressions, more than 6 million video views, and more than 400,000 social media interactions. The initiative was represented at 12 conferences and industry events nationwide, reaching influencers, bloggers, consumers, and educators with its core message about the benefits of play. The Genius of Play also embarked on a successful educator promotion in partnership with WeAreTeachers, and made its debut on Capitol Hill with a congressional briefing to raise awareness of play’s importance among lawmakers.

- Redesigned TheGeniusofPlay.org to include 100+ play ideas, searchable by a child’s age and developmental benefit, and an expanded roster of more than 50 play experts, who offer parents and caregivers tips for creating fun and meaningful play experiences with their children.

- Revamped the Toy of the Year (TOTY) Awards with the introduction of new categories to better reflect marketplace trends, a more objective and transparent judging process, and a new partnership with The NPD Group to vet all finalists for sales and marketplace acceptance. A record 85,000 consumer votes were cast at ToyAwards.org, driven in part by a new “finalist reveal” process by online influencers that generated more than 6 million impressions.

- Successfully influenced U.S. PIRG’s 2016 Trouble in Toyland report, which for the first time was more in line with Toy Association messaging. PIRG did not call out “dangerous” toys (instead, they questioned the effectiveness of the recall system), and the group also correctly stated that “toys are safer than ever before.” Because of PIRG’s less sensationalized messaging, the report received far less media coverage than in the past, representing a major coup for the toy industry. The Toy Association’s positive safety statement and rebuttal to PIRG was included in broadcast and online/print coverage in 65 unique outlets nationwide; the Association’s statement was also included in more than 450 media placements in response to W.A.T.C.H.’s false list of “10 Worst Toys.”

- Year-round public safety education efforts included: a content-seeding partnership involving hundreds of digital influencers to inform consumers about safe play; a holiday broadcast media tour featuring positive messaging about toy safety, including live segments in an array of markets; and a satellite media tour at the end of December that reached more than 7 million viewers in 20 markets with tips for ensuring safe play “once the gifts are unwrapped.”

- Garnered nearly 11,000 print and online news articles through PR efforts at Toy Fair, highlighting Toy Association members and their products in front of millions of consumers. Referred members of the press to 309 exhibiting toy companies, representing the highest number of referrals to date and a 16% increase over 2015.

- Continued to expand editorial reach in U.S. and foreign markets, writing more than 100 articles promoting Toy Association events, member products, and industry trends. Provided internal PR support (press releases, web copy, brochures, etc.) across all Toy Association departments. Continued to reach thousands of subscribers via The Toy Association’s Toy News Tuesday e-newsletter.
The North American International Toy Fair was ranked 39th among *Trade Show Executive* magazine’s Gold 100 list, which encompasses the largest domestic trade shows in the U.S. that “set the gold standard.” Toy Fair improved on its previous ranking of 40th place for the 2015 event.

The 113th annual Toy Fair opened its doors to 30,600 global play professionals, marking two significant increases in attendees—a 9 percent rise in overall attendees and a 16 percent increase in international visitors.

Welcomed 10,040 mass and specialty buyers to Toy Fair—a 12 percent increase over 2015—from more than 5,200 unique retail outlets. Buyers and trade guests explored toys and games from more than 1,200 exhibiting companies from 92 countries.

Toy Fair also welcomed 1,100 members of the media, representing a 7 percent increase in media over the previous year. Top-tier outlets at the show included “Good Morning America,” “Good Day New York,” CNBC, CBS Newspath, Bloomberg, *The Wall Street Journal*, and *Fortune*.

Continued to develop audiences for and expand The Toy Association’s B2B e-commerce platform for toy buyers and sellers to connect and conduct business online year-round. Formerly ShopToyFair365.com, the tool was rebranded ShopToys365.com to allow more acceptance and use by buyers and sellers not connected to Toy Fair.

Continued to provide a global services lounge at Toy Fair for our affiliated partners, the Canadian Toy Association, the American Specialty Toy Retailing Association, and the International Licensing Industry Merchandisers’ Association, further strengthening Toy Association alliances with similarly focused organizations.

Welcomed 3,300 toymakers, buyers, licensors, and trade guests from 36 countries to the 10th annual Fall Toy Preview at the Dallas Market Center. Attendees included 758 buyers from 359 unique retail outlets, including Amazon, Walmart, and Target, and more than 170 buyers, field managers, and executives from Toys’R’Us. Continued the evolution of Fall Toy Preview’s appointment-only, closed-booth experience to allow for a more inclusive event open to a broader audience of long-lead buyers.

For the second consecutive year, hosted an international market access program exclusively for Toy Association members to Kids India, the global trade fair for the Indian toy industry.

Welcomed 170 toy industry professionals to PlayCon 2016 in Miami, FL, which featured a dynamic array of progressive presenters from leading companies such as Trendhunter.com, Netflix, Nielsen, Target, Snapchat, Kantar Retail, The NPD Group, and The White House Office of Science and Technology.

Launched Play Fair, The Toy Association’s first-ever consumer-facing event for children and families, in partnership with Leftfield Media. The inaugural New York City event welcomed capacity crowds of more than 20,000 attendees over two days. Presenting sponsors were Toys’R’Us, LEGO, and Nickelodeon.

Provided organizational and operational support for internal meetings.
MEMBERSHIP

- Increased Toy Association membership by 11% over 2015, ending the year with a record high of 1,098 members.

- Released an array of “Knowledge Network” offerings for members, including: an expanded curriculum of 14 webinars; toy trend reports through a new partnership with Trendhunter.com; a commissioned study by The NPD Group on perceptions and behaviors of the toy specialty shopper; the 2016 NPD/ICTI Global Toy Market Report; and global market entry studies on the U.K. and Canadian markets. Webinar participation doubled over 2015, with 1,000 attendees participating in the learning sessions.

- Met with more than 100 members across the country to gain insight into how to better provide them with Toy Association programs and services. The meetings resulted in increased awareness of Toy Association programs, benefits, and opportunities, including The Genius of Play and complimentary webinars.

- Held two successful networking events at the North American International Toy Fair (New York City) and Fall Toy Preview (Dallas, TX) under the banner of the Association’s Young Professionals Network, with a combined attendance of more than 200 young professionals.
PHILANTHROPY
TOY INDUSTRY FOUNDATION (TIF)

- Served more than 4 million children in need—triple the number served in 2015—marking a record-breaking year for the Toy Industry Foundation’s signature Toy Bank program. The industry donated $47 million worth of toys to children served by Toy Bank recipient charities across 38 states. The Toy Bank saw a 15 percent increase in donors over 2015 and 7 percent of overall Toy Bank donors were brand-new.

- Together with Boys & Girls Clubs of America, TIF built the first-ever national toy distribution program to serve every branch of the U.S. military. We wrapped up this seven-year program, called Play Comforts, which served 1.7 million children living on 243 military bases around the globe, thanks to $6.5 million in toy donations and nearly $1 million in financial donations.

- Continued a partnership with the National Court Appointed Special Advocates (CASA) Association to touch the lives of children living in foster care. To date, toy and cash donations totaling $5 million and $1 million, respectively, have enabled TIF to reach 300,000 foster children served by 88 CASA chapters nationwide. TIF’s financial support has also funded the training of 80,000+ one-on-one advocates for foster children and those navigating the complex court system.

- Launched a groundbreaking research partnership with Nemours, one of the country’s largest pediatric health systems, to explore the impact of trauma-informed patient care and the role of play in helping children and families heal and cope while in the hospital. Research findings will be used to develop an innovative program focused on trauma-informed care, using play materials and related resources to support and comfort children experiencing stress reactions due to illness, injury or painful medical procedures.

- Exceeded a record-breaking $1 million in cash fundraising, 98.6% of which directly supports TIF programs. Partnered with Amazon and Toys”R”Us to provide online shoppers with unprecedented access to Toy of the Year Award finalist products during the holiday season, generating $383,000 for TIF to help fund the first phase of research with Nemours.
2016 Financial Statement & Board of Directors
## FINANCIALS

### ASSETS:

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<tr>
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<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Cash and investments</td>
<td>$28,287</td>
<td>$25,534</td>
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<tr>
<td>Trade show, dues and other receivables, net</td>
<td>60</td>
<td>55</td>
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<tr>
<td>Prepaid expenses and deposits</td>
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<td>2,049</td>
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<tr>
<td>Property and equipment, net</td>
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<td>237</td>
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<td>Investment in Play Fair, LLC</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$31,499</strong></td>
<td><strong>$27,976</strong></td>
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### LIABILITIES & NET ASSETS:

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<th>2015</th>
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<tbody>
<tr>
<td>Accounts payable and other liabilities</td>
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<td>$1,495</td>
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<td>Trade show, dues and other deferred income</td>
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<td>12,517</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
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<td><strong>14,012</strong></td>
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<td><strong>UNRESTRICTED NET ASSETS</strong></td>
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<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$31,499</strong></td>
<td><strong>$27,976</strong></td>
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## SUMMARY STATEMENT OF ACTIVITIES: YEARS ENDED DECEMBER 31, 2016 AND 2015

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<thead>
<tr>
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<td>Program revenue</td>
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<td>Program expenses</td>
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<td>Administrative expenses</td>
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<td>3,091</td>
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<td><strong>OPERATING SURPLUS (DEFICIT)</strong></td>
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<td>300</td>
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<tr>
<td>Non-operating income</td>
<td>1,017</td>
<td>(210)</td>
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<td><strong>INCREASE IN NET ASSETS</strong></td>
<td>$1,575</td>
<td>$90</td>
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### 2016 Program Revenue

- **Membership**: 25%
- **American International Toy Fair**: 64%
- **Fall Toy Preview**: 10%
- **Other**: 1%

### 2016 Program Expenses

- **Membership**: 8%
- **North American International Toy Fair**: 27%
- **Fall Toy Preview**: 7%
- **PlayCon**: 3%
- **External Affairs & Technical Activities**: 26%
- **Marketing Communications & Research**: 17%
- **Other Meeting and Events**: 3%
- **Charitable Support**: 8%
- **Canadian Toy Association Support**: 1%
BOARD OF DIRECTORS

Richard Barry
Global Chief Merchandising Officer
Toys “R” Us, Inc.

Kathleen Campisano
Vice President, Toys & Games
Barnes & Noble, Inc.

Jennifer Caveza
Sr. Vice President, Toys
Nickelodeon Consumer Products

Charlie Emby
Co-President
Just Play, LLC

Barbara Finigan
Executive Vice President &
Chief Legal Officer
Hasbro, Inc.

David Hargreaves
(TIA Chairman)
Strategic Adviser
Hasbro, Inc.

Howard Kahn
Chairman, Madame Alexander
CEO, Kahn Lucas
Kahn Lucas Lancaster Inc./Dollie & Me/
Madame Alexander Doll Company

Jeffrey Kennis
President
Enchanted Moments, Inc.

Skip Kodak
Sr. Vice President, Americas
LEGO Systems, Inc.

Masayuki Nagatake
President & COO-US & Europe
Business Division
TOMY International

Shirley Price
President & COO
(TIA Secretary/Treasurer)
Funrise Toy Corporation

Bruce Raiffe
President
Gund (A division of Enesco, LLC)

William To
President
VTech Electronics North America, LLC

Manuel Torres Port
EVP, Worldwide Consumer Products
(TIA Member At Large)
NBC Universal

Geoffrey Walker
(TIA Member At Large)
EVP and Chief Strategic Technology Officer
Mattel, Inc.

Robert Wann
Chief Play Monster
(TIA Vice-Chairman, Chairman Elect)
PlayMonster LLC

Nancy Zwiers
Chief Marketing Officer
Spin Master Corp.

ADVISORY COMMITTEE

John Gessert
President/CEO
American Plastic Toys, Inc.

Søren Torp Laursen
CEO
TOP-TOY A/S

Al Verrecchia

HONORARY ADVISORS

Neil Friedman
President & CEO
ALEX BRANDS®

Alan G. Hassenfeld
Retired Chairman of Hasbro, Inc.
Hassenfeld Family Initiatives.