

2014 ANNUAL REPORT

BUILDING FOR TOMORROW, TODAY

A BRIGHT FUTURE, THANKS TO YOU

Fueled by your generosity, the NAMA Foundation continues to grow.

We are grateful to the companies and individuals who have supported us through the third year of our Positioning for Growth funding cycle.

You clearly recognize the importance of remaining connected and aligned to NAMA and the NAMA Foundation, given that both organizations play important yet distinct roles in advancing our industry. NAMA represents your voice and your interests, providing you with programs and services to develop your business. The Foundation, on the other hand, opens doors to new areas of exploration and education that will pay dividends in the future.

While the Foundation campaign gave NAMA and the industry a big push forward, we must continue to raise awareness of our Foundation and engage more members in order to sustain our momentum.

This is a realistic goal, and we have already witnessed progress through the success of new initiatives implemented by the Foundation. With the continued support of donors like you and a new generation of leaders to come, the future of the NAMA Foundation is promising.

On behalf of the Board of Trustees, I thank you for your support and look forward to a bright year ahead.



Mark Dieffenbach, NCE5, Chair
NAMA Foundation Board of Trustees

A NEW FOCUS

The NAMA Foundation has a responsibility to use donor investments to build NAMA's capacity to support industry growth as well as to ensure that the Foundation can build a healthy reserve to maintain its service to the industry well beyond the campaign funding period.

The NAMA Foundation Board solidified its commitment to these objectives by establishing stewardship and sustainability as key priorities — in 2014 and for the years to come. Activities in support of these priorities occurred both behind the scenes and in high-visibility ways in 2014.

In addition, the Foundation enhanced its communication and reporting to donors, members and the industry at large through midyear and annual reports, as well as a quarterly newsletter — all of which support the Foundation's commitment to transparency and accountability.

The Foundation also provided an unprecedented number of member engagement opportunities, including:

- “Friendraiser” event at the OneShow in partnership with NAMA's Emerging Leaders Network
- NAMA Golf Classic
- Live and silent auctions in conjunction with the Coffee, Tea & Water show
- Raffles and prize giveaways
- Annual member appeal
- Soft launch of NAMA Legacy Leaders Society Planned Giving Program

Collectively, these events were tremendously successful, raising an estimated \$60K in new revenue for the NAMA Foundation annual fund. This will support industry scholarships and enable the Foundation to remain nimble and responsive to new needs as they emerge.

The Foundation also remains committed to its three programmatic pillars of Advocacy, Education and Information. A number of goals were achieved in these areas in 2014, highlighted on the following pages. Read on to learn what you helped make possible!



A “Friendraiser” at the OneShow (left) and a golf tournament at CTW harnessed new enthusiasm and support for the NAMA Foundation.

MAKING AN IMPACT: ADVOCACY



Top left: NAMA members and staff meet with USDA Undersecretary Kevin Concannon at the 2014 Public Policy Conference // **Top right:** New logos for FitPick and FitPick SELECT were unveiled in 2014 // **Bottom:** Members of NAMA's Emerging Leaders Network, who made up 10% of participants at the Public Policy Conference, pose for a photo at the Library of Congress

PROTECTING THE INDUSTRY'S INTERESTS AND YOUR BOTTOM LINE

Supported by the NAMA Foundation, NAMA actively partnered with affiliated coin-operated industry stakeholders in the "Don't Change our Change" coalition to voice opposition to the proposed changes to the metallic content of coins.

An essential component of the campaign was a high-level research paper funded by the NAMA Foundation, which measured the impact on the industry of a proposed change to the materials in nickels, dimes and quarters. This data played a critical role in educating Mint officials and policymakers on Capitol Hill.

Largely due to these efforts, the U.S. Mint recommended that no changes be made to coins that impact the seamless acceptance of coins by the coin-operated industry. In fact, the Mint cited NAMA in its 2014 Biennial Report to Congress: "NAMA estimates there are 7 million vending machines across the country, and the cost of these changes could amount to \$3.5 billion...negatively impacting the entire vending and foodservice channel and its consumers."

\$3.5 billion

Estimated savings to the refreshment services industry

OTHER 2014 NOTABLE OUTCOMES

Foundation funding supported:

- The public launch of FitPick 2.0, NAMA's keystone and voluntary nutrition and wellness program. This included:
 - » Recruitment of nationally recognized nutrition leaders for NAMA's Nutrition Advisory Council
 - » Development of new nutrition standards: FitPick SELECT, which aligns with USDA's Smart Snacks in Schools, and FitPick, designed for workplaces and other environments allowing more lenient standards
 - » Creation of new and updated FitPick tools and promotional materials for operators
- Enhancements to NAMA's 5th Annual Public Policy Conference, including integration of NAMA's Emerging Leaders Network, presentation of two Foundation-funded research papers and presentations from noted thought leaders
- Expanded and diversified media outreach, providing NAMA and the industry with a broader platform to tell its story and enhance its position in the marketplace

MAKING AN IMPACT: EDUCATION

EXPLORING NEW FRONTIERS IN TECHNOLOGY

When findings from the 2014 member and industry needs survey indicated technology as the greatest area of need, the NAMA Foundation took action. It sponsored a two-day technology summit, bringing together 22 thought leaders to identify opportunities for generating technology-focused content

aimed at meeting emerging industry needs. This session led to the development of NAMA's first-ever technology conference, Tech Talks. Held in Atlanta in December, the event featured supplier presentations plus a full day of education on technology trends. Tech Talks will serve as a content feeder for "Technology Concept Sessions" at future NAMA educational programs, including the upcoming CEO Forum.

OTHER 2014 NOTABLE OUTCOMES

- The Foundation funded substantial modifications to the NAMA Technician Training Manual, bringing it up to date with current technology and standards for vending industry technicians and students at A. Philip Randolph Technical High School.
- Thanks to member support of the annual fund, the NAMA Foundation increased its support of continuing education in the industry, investing over \$50K in scholarships:
 - » The new NAMA Scholars Program awarded three distinguished industry leaders full tuition and \$500 travel stipends to NAMA's prestigious Executive Development Program at Michigan State University.
 - » The longstanding Undergraduate Scholarship Program, for children and dependents of NAMA members and their employees, awarded scholarships of \$2,500 each to: **Elizabeth Carani**, Indian Lake Estates, FL, sponsored by Florida's Natural Growers; **Raven Foster**, Montgomery, AL, sponsored by Automatic Food Service; and **Stephanie Jester**, Plymouth, MN, sponsored by Royal Vending, Inc.
- The Foundation played a key role in developing a first-of-its-kind CEO Forum to connect industry thought leaders and deliver executive-level programming. With funding from the Foundation, a task force of industry thought leaders convened to develop a working concept, a theme and content pillars for the event, tentatively set for fall 2015.

“ I have been greatly enriched from this phenomenal training and networking experience. I have learned and implemented new ideas and best practices that not only make me a better leader but strategically position my business for growth. ”

» Gary Nelson, President,
Liberty Enterprises, Inc.
NAMA Scholar to 2014 Executive
Development Program



NAMA Foundation support led to the development of Tech Talks, NAMA's first-ever technology conference, as well as an industry-leading CEO Forum.



Above: Recipients of the 2014 NAMA Scholars Executive Development Program Scholarship (from left) Tony Kevin Posey, Lincoln County Vending; Gary Nelson, Liberty Enterprises, Inc.; and Crystal Simpson, Canteen Vending San Diego // **Right, top and bottom:** A Foundation-sponsored technology summit in July led to a NAMA Tech Talks conference in December

INFORMATION

POSITIONING NAMA AS THE DEFINITIVE SOURCE OF INDUSTRY DATA

To better support NAMA's advocacy agenda, in 2014 the NAMA Foundation undertook its most significant research initiative in recent history: an in-depth industry-wide census. The goal was to establish meaningful market metrics through targeted research in the refreshment services industry's three key business lines — vending; coffee, tea and water; and micro markets.

This current, comprehensive data is essential for NAMA as it works to protect and advocate for the industry at federal, state and local levels. It will also help NAMA member companies and other stakeholders by providing statistics and benchmarking that can drive critical business decisions. A rollout of the census data is planned for the 2015 OneShow, accompanied by a robust public relations campaign.

OTHER 2014 NOTABLE OUTCOMES

- Demonstrated the importance of promoting informed choice and better-for-you nutrition standards by joining with industry coalition partners to fund a joint research grant that illustrates the regressive effects of taxes on sugar-sweetened beverages and snack foods.
- Performed a comprehensive study of member and industry needs. Findings provided NAMA with insights on how it can support the continued profitable growth and success of its core members, the operators.
- Launched the first biennial update of the micro market benchmarking study (2013) to provide members with significant qualitative and quantitative data on consumer interactions with micro markets. The study results will debut at the 2015 OneShow.
- Made further enhancements to the NAMA Operating Ratio Report, including an improved collection tool that reduced completion times and streamlined report findings.

Industry Census Study Goals

- ✓ Confirm total market size
- ✓ Generate meaningful market metrics
- ✓ Provide key findings to the industry and key stakeholders



Clockwise from bottom left: Industry thought leaders gathered in January to identify industry needs and trends // NAMA's first in-depth, industry-wide census was commissioned by the Foundation in 2014 // With Foundation support, enhancements were made to the Operating Ratio Report in 2014

THANK YOU INVESTORS

The NAMA Foundation is tremendously grateful for the Positioning for Growth Campaign donors* who remain committed to the Foundation and NAMA as we work together to build a sustainable future.

Pinnacle Investor \$1,000,000+

PepsiCo Foodservice

Legacy Investor \$500,000+

Coca-Cola Refreshments

Founder Investor \$250,000+

Mars Inc.

Cornerstone Investors \$100,000+

Advance Pierre Foods
Aramark Corporation
Canteen Vending Services
Dr Pepper Snapple Group
General Mills, Inc.
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Kool Tek
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Nestle Professional
Pentair Filtration
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Merchandising Council

Friends Circle Investors \$10,000+

Alabama Vending
Association
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Coin Acceptors, Inc.
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Merchandising Council
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Parks Coffee
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Supporters Circle Investors \$5,000+

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* Reflects Positioning for Growth donors as of 2/12/2015

2014

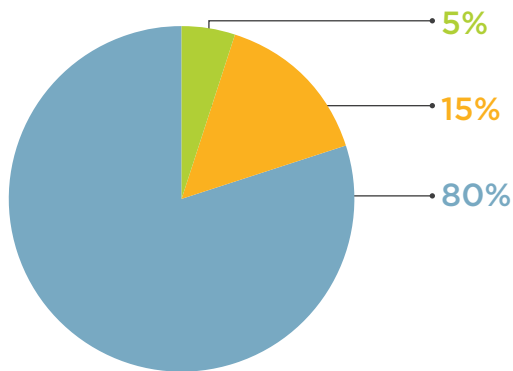
Total Revenue: \$1,099,261 Total Expenditures: \$748,474**

Consistent with its five-year plan, in 2014 the Foundation allocated nearly 70% of funding to the three programmatic areas of NAMA's strategic plan — Advocacy, Education and Information — with the remainder invested in the areas of Development and General & Administrative.

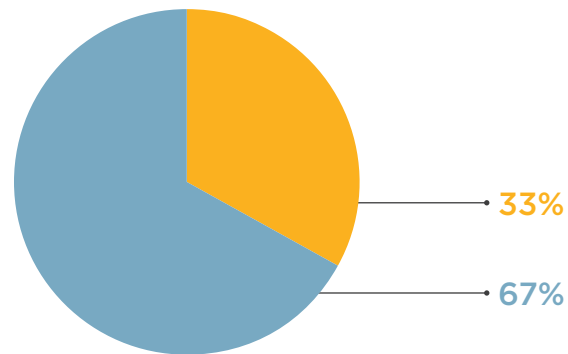
Over the next two years, the Foundation anticipates increased resource allocation in the three key programmatic areas, which would meet the five-year target established at the outset of the capital campaign. Based on progress to date, the Foundation is on target to reach this goal, assuming the continued growth of the Foundation's annual fund and a campaign pledge fulfillment rate of 95% or better.

Nearly **70%**
of 2014 funding supported Advocacy,
Education and Information

5-YEAR TARGETED ALLOCATION



3-YEAR CUMULATIVE SPEND



■ Programmatic Spending ■ Development and General & Administrative ■ Reserves

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* Based on unaudited financials
** Total cash and cash equivalents



www.vending.org/Foundation

20 N. Wacker Drive, Suite 3500
Chicago, IL 60606

(312) 346-0370

