



 **DESTINATION  
IMAGINATION.**  
**2013**  
**ANNUAL REPORT**



**Destination Imagination, Inc.**  
**1111 S. Union Ave.**  
**Cherry Hill, NJ 08002**

The Destination Imagination program encourages teams of learners to have fun, take risks, focus, and frame challenges while incorporating STEM (science, technology, engineering, and mathematics), the arts, and service learning. Our participants learn patience, flexibility, persistence, ethics, respect for others and their ideas, and the collaborative problem solving process. Teams may showcase their solutions at a tournament. Destination Imagination, Inc. is a 501(c)(3) Nonprofit Education Organization.

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**DESTINATION  
IMAGINATION.**





# A letter from our CEO and Board of Trustees Chair

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## Dear Friends of Destination Imagination,

Congratulations to all! This has been a banner year for our organization. Imagination and creativity, the cornerstones of our Project-Based Learning Program, were increasingly recognized as integral to success in higher education, industry, government, and the new global economy. As a significant catalyst for this expanded recognition, Destination Imagination's Program continued its cross-disciplinary focus enabling students to learn the creative process from imagination to innovation, to develop 21st century skills, and to learn how to think adaptively and flexibly. The transfer of these skills and abilities has prepared our student participants for college, careers, and beyond. Our cause-driven mission of inspiring and equipping students to become the next generation of innovators and leaders was achieved thanks to the passionate support of our volunteers, sponsors and staff.

## Charting the Future

Destination Imagination (DI) joined the debate over the future of education to ensure that our advocacy for imagination, creativity, and innovation would be included in the discourse. DI gained this voice by becoming a strategic council member for the Partnership for 21st Century Skills, through membership in the Society for Neuroscience and state educational leadership organizations, and by joining the advisory board for the Project Learning Network. Our goal is to advance the understanding of the creative mind and the culture surrounding creativity along with demonstrating how the DI Program provides the unique opportunity for student learners to learn and experience the creative process. DI also expanded its relationship with the educational efforts of NASA, 3M, and Motorola Solutions to implement joint STEM initiatives.

Global Finals 2013 was once again a global celebration of creativity. The global nature of DI was highlighted in the Passport Party and in the number of buddy teams. More than 1,200 teams from our global community presented their unique solutions to our DI Challenges. Opening Ceremony was highlighted by the keynote address of renowned photographer, speaker, and author Joel Sartore, who shared his story in pictures. The Risorgimento Award was awarded to National Geographic, and Valerie Conroy received the Camerlo Award posthumously for her long-term volunteerism. 3M presented the impact of plastic on our world's oceans in the Explore the Uncharted Exhibit. The Innovation Expo engaged the attendees with creativity and innovation. Closing Ceremony was the culminating event of a jam-packed week.

## Operational Results

Revenues from team registrations and Global Finals remained flat; however, overall revenue increased \$235K (2.4%) over the prior year due to the launch of the new STEM and Literacy Pathways for Early Learners Program. Net revenue was down from the prior year but still exceeded budget by \$129K. Net assets (total assets minus total liabilities) increased by \$159K.

## Expanded Outreach and Volunteer Training

This year we expanded our outreach through social media, conference attendance, speaking engagements, workshops, and through new relationships with the Boy Scouts of America and Boys and Girls Clubs. Pearson Learning Services in Canada has licensed our previous Challenges and converted them to a 21st century skills learning and assessment program. With the combination of Pearson, our STEM-based early learning initiatives, and our team Challenge Program, we now have more than 200,000 students participating worldwide.

The IGNITE Conference represented a new beginning for our organization. The conference was designed to celebrate our volunteers, to gather direct feedback from our Affiliate and Regional Directors about the Challenge Program, to offer workshops on Affiliate growth strategies, and to introduce attendees to changes in the educational landscape. The more than 150 attendees also had the opportunity to build their video and presentation skills thanks to a donation of hand-held camcorders by the 3M Foundation.

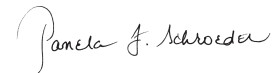
## Commitment to the Next Generation of Innovators and Leaders

Your Board of Trustees had more than 4,000 responses to its strategic planning survey. These responses are being integrated into a new five-year strategic plan. The Destination Imagination Program is a bridge to the future for our student participants and volunteers. Our "no interference" rule, focus on imagination, creativity, and innovation, and strategy for teaching the creative process enable students to gain self-confidence and to learn project management, rapid prototyping, teamwork, and flexible thinking, which will be integral to their success in future endeavors.

In summary, the excitement continues, so please take a moment to reflect on our accomplishments this year. Let's celebrate the mission of our organization. Your financial and volunteer support is making a much-needed impact in the world.



Dr. Charles R. Cadle  
Chief Executive Officer



Pamela F. Schroeder  
Chair, Board of Trustees



“You can’t use up  
creativity. The more you  
use, the more you have.”  
—Maya Angelou





## Destination Imagination engages students from around the world to develop innovative solutions.

In 2013, Destination Imagination welcomed teams from 42 states and 14 countries.

More than 135,000 students participate annually in the Destination Imagination Program. After selecting one of six open-ended Destination Imagination Challenges in our Challenge program, teams work for months developing, practicing and perfecting a unique solution to their chosen Challenge. They continually stretch their ideas from imagination to innovation to construct some of the most fascinating and innovative creations in the fields of STEM (science, technology, engineering and mathematics), the arts and service learning each and every year. Our non-competitive Early Learning Program introduces children to STEM and literacy concepts that will prepare them for elementary grades.



**15,277 total teams worldwide**



**12,113 US Teams**



**1,402 Canadian Teams**



**1,762 International Teams**



**15,260 Early Learning classrooms**



# Team counts are increasing all around the world.



**9,910 US teams attended Regional Affiliate Tournaments.**



**The Yukon signed up 50 teams in their first year of competition.**



**Turkey, Singapore, Mexico and Poland all experienced positive growth this year.**



**The first teams from St. Croix attended Global Finals 2013.**



**22 US Affiliates increased team counts by 10% or more.**



**Several major Canadian cities started new DI teams, including Edmonton, Regina and Montreal.**



# DI teams are tackling real-world challenges.

## Team Got a Penny? Raises \$25,000 to Provide Clean Water in Kenya

For team Got a Penny? from Calgary, Alberta, their Project Outreach dream started with a \$5,000 goal to provide clean water for the village of Ngosuani in Kenya. The team quickly realized, however, that the community also had an overwhelming need for better sanitation, irrigation, education and healthcare. Through penny drives in businesses, schools, hospitals and service clubs, the team collected more than 300,000 pennies and raised more than \$25,000 in six months. Through their commendable efforts, the team was able to help build a well and a school, and provide funding for healthcare and agriculture in the Kenyan community.



## Team Iced Coffee's Performance Resonates with Audiences

This past season, teams participating in the In Disguise Fine Arts Challenge had to present a team-created story using only non-verbal theatrical techniques. For team Iced Coffee from Abilene, TX, the message was clear: they wanted to spread awareness about the importance of screening and early detection of breast cancer. Using facial expressions, shadowing, music, and descriptive body language and dance, the team took audiences on a heart-wrenching journey as a mother and daughter venture through discovery, treatment and remission. Team Iced Coffee took home a third place trophy and the DaVinci Award for their creative performance at Global Finals.



## Team Stevens Point Addresses Distracted Driving

For their Real to Reel Service Learning Challenge, team Stevens Point, from Stevens Point, Wisconsin was compelled to raise awareness of impaired and distracted driving in their community after losing a classmate to drunk driving. The group of high school seniors set out to raise the \$11,000 needed to purchase a driving simulator that would mimic and display the handling characteristics of real vehicles in order to educate the public on safe driving habits. Within five months, they educated more than 1,100 individuals on the dangers of distracted driving. Team Stevens Point went on to take first place at Global Finals.





“Unity is strength...when there is teamwork and collaboration, wonderful things can be achieved.”

—Mattie Stepanek



## Students from around the world showcased their skills and creativity at Global Finals 2013.

With more than 16,500 participants, volunteers and supporters in attendance, Global Finals 2013 was a record-breaking event.

### OVERVIEW

In 2013, Destination Imagination (DI) celebrated its 30th anniversary, and another record-breaking year, at Global Finals. More than 16,500 participants, volunteers and supporters from 42 U.S. states and 14 countries gathered at the University of Tennessee in Knoxville to take part in the celebration. 1,247 teams had the opportunity to showcase their Challenge solutions and creative talents, interact and build friendships with students from across the world, and immerse themselves in an experience of a lifetime. Through interactive exhibits and an inspirational keynote address from Joel Sartore, world-renowned National Geographic photographer, participants were also educated on the importance of environmental sustainability and conservation—the theme of this year's event.



**42 US STATES**



**14 COUNTRIES**



**1247 TEAMS**





## National Geographic Receives Prestigious Award

This year's Risorgimento Award was presented to the National Geographic Society and accepted by Melina Bellows, the Executive Vice President and Chief Creative Officer of Books, Kids and Family at National Geographic. This prestigious award has been given only a few times in DI history and is granted to an individual, organization or corporation that has significantly impacted the global community in such a way as to make it a better place in which to live. The DI Board of Trustees recognized that National Geographic has been a pioneer in encouraging stewardship of the planet through research, exploration and education for 125 years.



**NATIONAL GEOGRAPHIC  
RECEIVED THIS YEAR'S  
RISORGIAMENTO  
AWARD**



## IBM Brings Global Finals to Viewers from Around the World

Thanks to IBM, our DITV sponsor, Destination Imagination was able to provide its second-ever live streaming of the Opening and Closing Ceremonies at Global Finals 2013 for viewers outside of the event. Viewers from around the world were able to watch the highly celebrated ceremonies. Throughout the four-day event, many DITV interviews with sponsors, exhibitors and participants were conducted by Alexandra Donovan, Nadia Sultan and Kim Seong Hun—student reporters and DI-ers who participated in the tournament. Featured videos from Global Finals 2013, including interviews with Tammy Rowan, Manager of Academic Affairs at NASA; Reid McAlpine, publisher at Pearson Canada; and Paul Hanson, Director of Marketing at 3M, are available on the DITV videos page on the Destination Imagination website for use in marketing and outreach.



## Destination Imagination welcomed these organizations to the Innovation Expo



KEKST AND COMPANY



## Students Test Innovative Products at the Largest Innovation Expo in Global Finals History

The Innovation Expo at Global Finals gives participants the opportunity to engage with leading organizations in the technology, engineering, science and education industries. This year, the Innovation Expo featured 24 interactive exhibits where participants and attendees could test the latest and most innovative technology and products, including electronics, scientific devices and gadgets.

**23**  
INTERACTIVE  
EXHIBITS  
AT THE 2013  
EXPO







## More Options for Shoppers at this Year's Souvenir Sales

For Global Finals participants, the Souvenir Sales store in the Innovation Expo was a stop that could not be missed. This year's Souvenir Sales featured the newest Destination Imagination keepsakes and apparel ranging from commemorative pins and T-shirts designed specifically for this year's event to brain games and books, including SCHEMA, "Instant Challenge Volume 7" and "No Fuss Backdrops." In addition to Destination Imagination products, Souvenir Sales was home to many innovative and creative products offered by some of our amazing Global Finals sponsors, including National Geographic, DataWind, ThinkFun, CitiBlocs, Maranda Enterprises and Burst the Box.



## International Teams Celebrate Diversity and Build New Friendships

Global Finals brings different cultures together to celebrate creativity. This year, international teams from 14 countries, including China, South Korea, Singapore, Turkey, Canada, Guatemala and Brazil, traveled to Knoxville, TN to participate in Global Finals. 27 top-tiered teams from countries including China, Poland and Canada took home top honors with a first place trophy. In addition to the tournament, international teams had the opportunity to interact and build friendships at events such as the Buddy Team Meet and Greet. A record 300 teams attended the Buddy Team Meet and Greet, which was established through the Buddy Team Program and pairs U.S. teams with international teams to foster a multi-cultural exchange.





T-shirts  
sold at  
souvenir  
sales



300 teams from  
around the  
world attended  
the Buddy Team  
Meet and Greet





## Kids Collaborate on Giant Mural at the 3M Duct Tape Playground

One of the main attractions in this year's 3M Duct Tape Playground was the Tape-by-Numbers mural. Throughout the week, kids and teens used duct tape to slowly reveal hidden marine animals on three gigantic 10' x 10' panels that were generously provided by 3M. In addition to the Tape-by-Numbers mural, kids of all ages had the opportunity to stretch their creativity skills, as well as test 3M's newest patterned duct tape, while crafting a variety of duct tape artwork ranging from ties to wallets to gloves.



## Students Tour the World at the 3M Passport Party

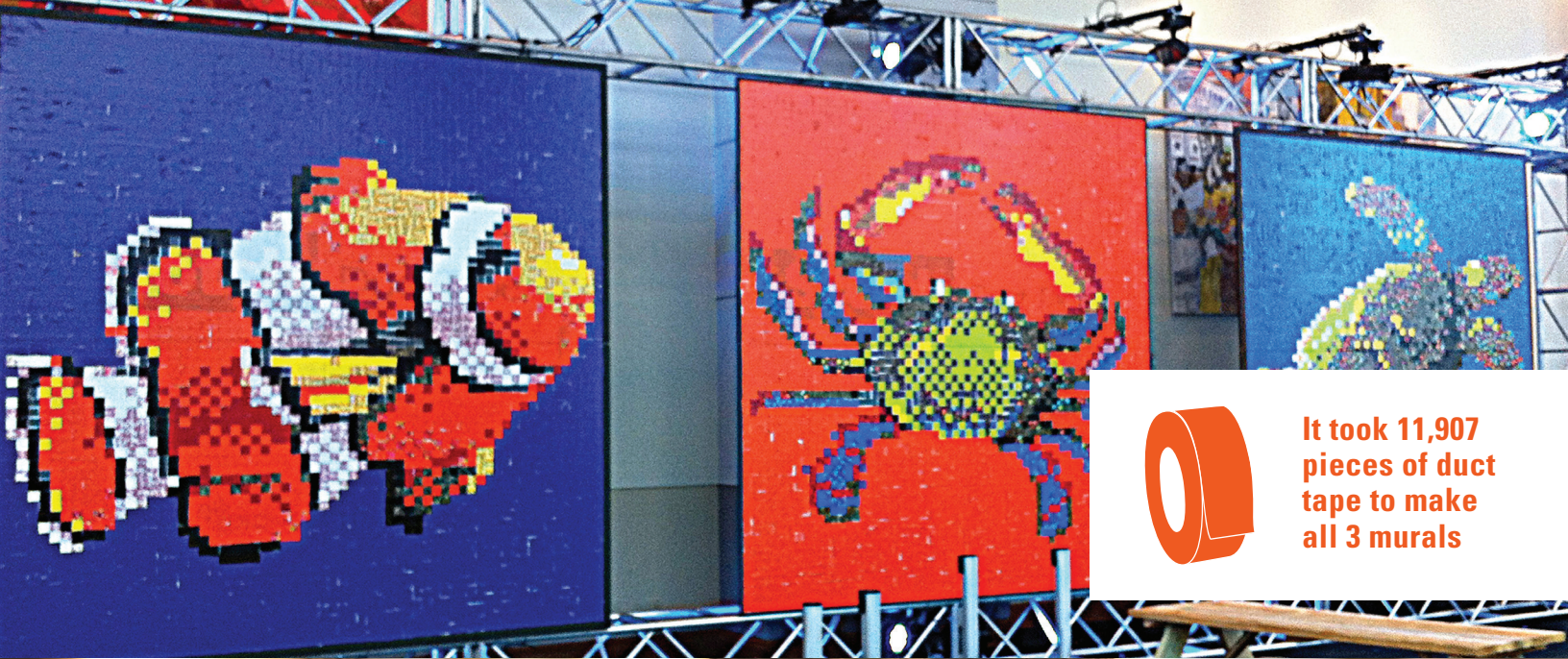
More than 4,000 students poured into the Tennessee Recreational Center for Students (TRECS) to attend the first-ever 3M Passport Party. Designed to celebrate the international character and culture of Global Finals participants, the event invited students to travel the world without having leave the University of Tennessee campus. Kids and teens had the opportunity to 'visit' nine different countries, including Mexico, Korea, Turkey and Poland, and have their Destination Imagination edition passports stamped. Participants also had the opportunity to interact with international DI participants and sample an array of native foods from around the world.



## Students Race to Save our Oceans at 3M Explore the Uncharted

3M Explore the Uncharted was an exhibit not to be missed in this year's Innovation Expo. Designed to inform kids about the effects of marine pollution, the exhibit included three different Challenges in which participants raced through a simulated underwater adventure to rid pollution in a kelp forest, search for hidden treasure, and construct a barrier reef. The Challenges created for the 3M Explore the Uncharted exhibit were designed to help participants develop solutions to these real-world problems that exist in our oceans.





It took 11,907 pieces of duct tape to make all 3 murals



Foods from nine different countries were sampled at the Passport Party



Students learned about the effects plastics have on our oceans



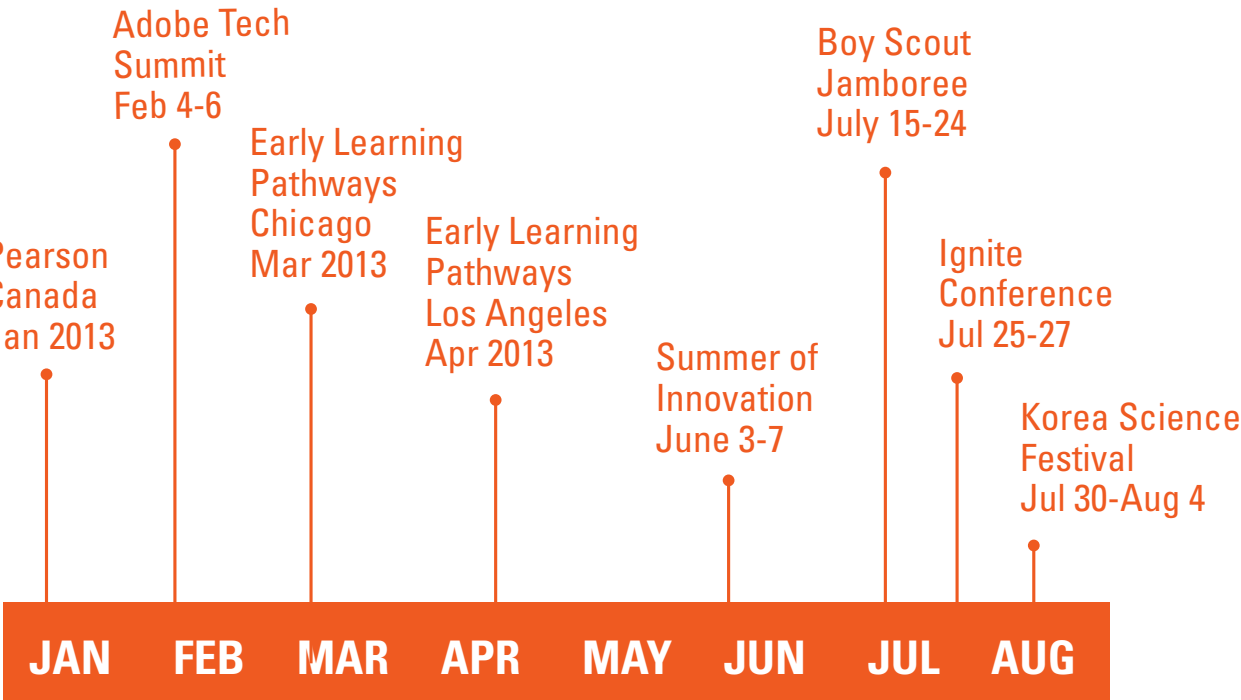


“The world is but a canvas  
to our imagination.”

—Henry David Thoreau

# Our reach extends much further than our Challenge Program.

Educational partnerships, team-building workshops, conferences and other creative endeavors have taken DI around the globe to inspire new and varied audiences.







## Pearson Canada & DI Launch 21st Century Learning Alliance

**JANUARY 2013**

In January, Pearson Canada and Destination Imagination partnered to address the growing need for in-school resources and teacher professional development to advance 21st century skills, including collaboration, critical thinking, creativity and communication. Through this alliance, Pearson Canada and Destination Imagination developed *Destination Imagination: Classroom Edition* for Canadian schools. Designed to engage students in third through ninth grade, *Destination Imagination: Classroom Edition* features extensive challenge-based learning resources for teachers, school administrators and district leaders to ensure 21st century readiness for students. Thanks to Pearson Canada and the development of this learning resource, 90,000 students will participate in the launch of *Destination Imagination: Classroom Edition*.

## Adobe Staff Tackles DI Engineering Challenge at Annual Tech Summit

**FEBRUARY 4-6**

In February, Destination Imagination was invited to host a high-energy Team Building Challenge at the Adobe Tech Summit in San Jose, CA. The staff at Destination Imagination headquarters designed a custom-made engineering Challenge for the event, which tested the teamwork and critical problem solving skills of some of the most highly skilled professionals in the technology and computer engineering industries. Senior Research Scientist for Adobe Systems, James Brown, said: "The engineering challenge run by Destination Imagination was the best activity at the Tech Summit. There were a variety of other things to do, but the interactivity and problem solving of the engineering challenge was a major draw." The engineering Challenge used at the Adobe Tech Summit is one of many customizable Challenges used for team-building workshops.





## STEM & Literacy Pathways for Early Learners

**MARCH & APRIL 2013**

Destination Imagination's STEM & Literacy Pathways for Early Learners Program has impacted the lives of 15,000 young children, giving them the opportunity to experience and become inspired by STEM education. Thanks to the generous support of partners like Motorola Solutions Foundation and CVS/pharmacy, the retail division of CVS Caremark Corporation, Destination Imagination was able to expand the reach of our Pathways program in the Chicago and Los Angeles areas, ensure young children enter elementary school prepared to succeed, and, together with our partners, play a role in helping to increase educational opportunities that are vital to children's development.

Thanks to Motorola Solutions Foundation, 45 Archdiocese of Chicago Catholic Schools received the Pathways program. The program opened up a new world of learning for more than 2,000 preschool and kindergarten children and enhanced the practices of their teachers.

Thanks to CVS/pharmacy, 100 Pacific Asian Consortium for Employment (PACE) classrooms in Los Angeles, serving nearly 2,500 children, supplemented their early childhood education curriculum with DI's school readiness program.



## DI and Boys & Girls Clubs Empower Kids Over Summer Break

**JUNE 3-7**

In June, Destination Imagination re-teamed with the University of Tennessee to host the second annual Summer of Innovation Camp. 80 kids and teens participated in the camp, which was held at the Montgomery Village Boys and Girls Club in Knoxville, TN. The one-week event included a variety of independent and team-oriented Challenges that were designed to increase the interest of underserved students in STEM, to teach the value of 21st century skills, and to empower students to apply the skills they learned at camp to their daily lives. To promote healthy competition at the Summer of Innovation camp, teams earned points for their Challenge solutions based on creativity and teamwork.





## Thousands of Boy Scouts Introduced to DI at National Scout Jamboree

**JULY 15-24**

In July, Destination Imagination was invited to host an exciting, hands-on Challenge for more than 40,000 scouts, scout leaders and venturers who attended the National Scout Jamboree. Situated at the Summit Bechtel Family Scout Reserve in the wilds of West Virginia, Destination Imagination set up a camp in the Technology Quest hub with 15 other STEM-passionate vendors ranging from Microsoft to Michigan Tech. More than 12,000 kids and adults stopped by the DI booth to participate in a variation of the Stack 'Em Challenge, which was customized specifically for scouts. Using teamwork, communication and leadership skills, the participating teams had to stack six large barrels in a pyramid shape while blindfolded. Amazed by the Instant Challenge, many scouts, scout leaders and parents were eager to learn more about the DI Challenge program.



## Global Network of Volunteers Unite for First DI Summer Conference

**JULY 25-27**

This year, Destination Imagination re-envisioned its annual Affiliate Director meeting. We chose to host a conference in Gatlinburg, TN to provide valuable training and resources to the entire Destination Imagination community. Affiliates were invited to send as many attendees as they desired and the event grew to more than 150 attendees representing 56 Affiliates. Workshop sessions centered on a broad range of topics from Destination Imagination programs and products to non-profit management and marketing. Joel Zeff served as the keynote speaker for the weekend, bringing his unique take on accepting risk and celebrating success. Conference attendees were also placed on Challenge teams to create videos that communicated the joys and benefits of Destination Imagination participation. The winning video was made available to Affiliates for their use in marketing efforts.



## DI Celebrates Creativity and Innovation at Korea's Largest Science Festival

**JULY 30-AUGUST 4**

This summer was a busy season for Destination Imagination. In August, Destination Imagination attended the Korea Science and Creativity Festival. Hosted by the governmental organization Korean Advancement for Science and Creativity (KOFAC), the Korea Science & Creativity Festival was held in Isan, Korea, and is the largest science festival in the country. An astounding 318,000 people were said to have attended the event and more than 300 organizations from 10 countries participated. From children to grandparents, attendees of all ages stopped by the DI booth to take on our popular Stack 'Em Up Challenge and use their teamwork and communication skills to stack four levels of various sized cups with only a string and rubber band device. Destination Imagination looks forward to returning to the science festival next year and providing fun and engaging activities to help fuel the next generation of leaders and innovators.





DI supports creative education in Korea.

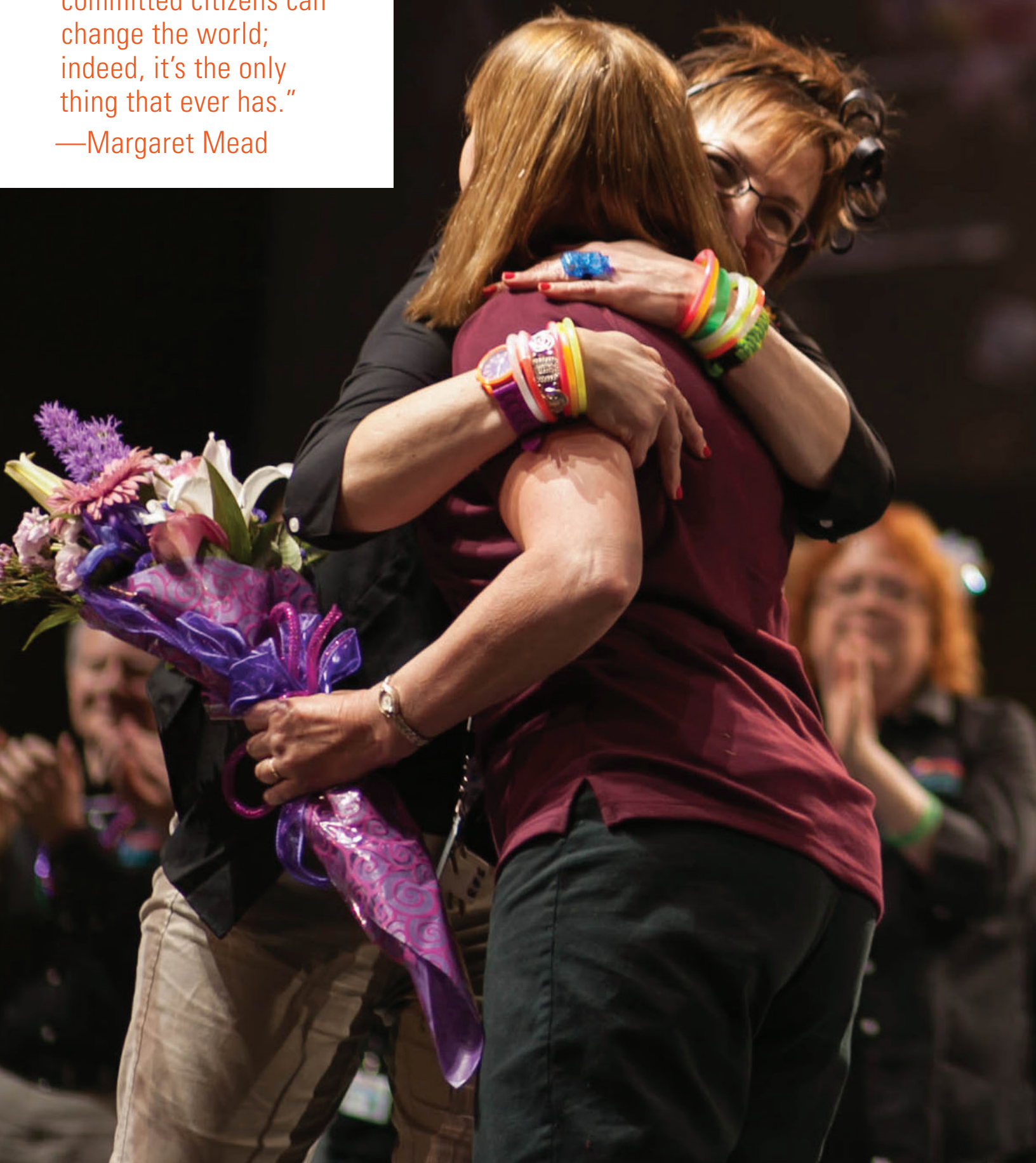


More than 12,000 scouts participated in our Instant Challenge at the 2013 National Scout Jamboree



“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it’s the only thing that ever has.”

—Margaret Mead





## WHO WE ARE



# Our global network of supporters is the backbone of our organization.

Our headquarters is located in Cherry Hill, NJ, but our foundation is worldwide. A passionate army of volunteers join forces each year to help inspire the next global generation of innovators and leaders.



OUR STAFF



OUR BOARD



OUR VOLUNTEERS



OUR SPONSORS



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Ben Jones

Training Coordinator

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# SPECIAL THANKS TO OUR STRATEGIC SPONSORS



For almost 10 years, 3M has been a member of the Destination Imagination, Inc. team. 3M has 70,000 employees who put science and creativity to work every day by developing products that make people's lives better. 3M knows the importance of supporting organizations that encourage kids to think creatively. Thanks to the partnership of 3M and Destination Imagination, Inc., there will be imaginative employees who can continue 3M's tradition of producing innovative products.



IBM is a global technology and innovation company headquartered in Armonk, NY. It is the largest technology and consulting employer in the world, with approximately 427,000 employees serving clients in 170 countries. IBM offers a wide range of technology and consulting services; a broad portfolio of middleware for collaboration, predictive analytics, software development and systems management; and the world's most advanced servers and supercomputers. Utilizing its business consulting, technology and R&D expertise, IBM helps clients become "smarter" as the planet becomes more digitally interconnected.

The Pearson logo features the word 'PEARSON' in white, uppercase, sans-serif font, centered within a dark blue rectangular background.

PEARSON

Pearson Canada, Inc. is part of Pearson, the world's leading learning company. Pearson has global reach and market-leading businesses in education, business information and consumer publishing. Pearson has one defining goal: to help people progress in their lives through learning. Pearson champions innovation and it invests in models for education that deliver on the promise for effective, accessible, and personal learning from early literacy, college and career readiness to professional education, through data-informed instruction and inventive applications for mobile and digital learning.



**MOTOROLA SOLUTIONS**  
**FOUNDATION**

We help teachers to engage today's tech-savvy students and to stretch limited resources to educate remote communities. We help clinicians deliver effective patient care and first responders to save lives in the toughest conditions. We help businesses and governments decrease their carbon footprints by eliminating inefficiencies in supply chains, logistics and energy grids.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Destination Imagination, Inc.

We have audited the accompanying financial statements of Destination Imagination, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2013 and 2012 and the related statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destination Imagination, Inc. as of September 30, 2013 and 2012 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

FAKTOROW, BARNETT & BRUNNER, L.L.C.

*Faktorow, Barnett & Brunner, L.L.C.*

Certified Public Accountants  
November 8, 2013

DESTINATION IMAGINATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 SEPTEMBER 30,

The accompanying notes are an integral part of these financial statements.

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,344,672	\$ 1,154,130
Accounts receivable	212,816	105,445
Inventory and prepaid expenses	386,947	311,386
Deposits	31,310	32,537
Loans receivable	122,471	76,707
Property and equipment	<u>1,431,672</u>	<u>1,566,314</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,529,888</u></b>	<b><u>\$ 3,246,519</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Mortgages payable	\$ 663,925	\$ 686,499
Accounts payable	326,930	33,285
Accrued expenses	172,119	315,308
Other liabilities	8,590	56,801
Deferred revenue	<u>426,910</u>	<u>381,995</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,598,474</u></b>	<b><u>1,473,888</u></b>
 <b>NET ASSETS</b>		
Unrestricted net assets		
Unrestricted	1,741,527	1,519,929
Board designated	<u>34,744</u>	<u>31,146</u>
	1,776,271	1,551,075
Temporarily restricted net assets	<u>155,143</u>	<u>221,556</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,931,414</u></b>	<b><u>1,772,631</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,529,888</u></b>	<b><u>\$ 3,246,519</u></b>



DESTINATION IMAGINATION, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30,

The accompanying notes are an integral part of these financial statements.

	<b>2013</b>		<b>2012</b>	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Total	Total	Total	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 142,446	\$ -	\$ 142,446	
Grants	-	410,460	410,460	
Team fees	1,166,890	-	1,166,890	
Global Finals	7,975,276	-	7,975,276	
Product revenue	195,728	-	195,728	
Custom programming	44,296	-	44,296	
Other revenue	25,765	-	25,765	
Investment returns	2,119	-	2,119	
Gain on disposal of assets	53,285	-	53,285	
Net assets released from restrictions	476,873	(476,873)	-	
	<u>10,082,678</u>	<u>(66,413)</u>	<u>10,016,265</u>	
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			<u>9,775,026</u>	<u>6,707</u>
<b>EXPENSES</b>				
Program	8,849,635	-	8,849,635	
Management and general	826,892	-	826,892	
Fundraising	180,955	-	180,955	
	<u>9,857,482</u>	<u>-</u>	<u>9,857,482</u>	
<b>TOTAL EXPENSES</b>			<u>9,497,891</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	225,196	(66,413)	277,135	6,707
<b>NET ASSETS, beginning of year</b>	<u>1,551,075</u>	<u>221,556</u>	<u>1,273,940</u>	<u>214,849</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,776,271</u>	<u>\$ 155,143</u>	<u>\$ 1,551,075</u>	<u>\$ 221,556</u>
			<u>9,497,891</u>	<u>9,497,891</u>
			<u>8,751,312</u>	<u>-</u>
			<u>691,864</u>	<u>-</u>
			<u>54,715</u>	<u>-</u>
			<u>141,742</u>	<u>5,386</u>
			<u>447,800</u>	<u>447,800</u>
			<u>1,204,333</u>	<u>-</u>
			<u>7,924,967</u>	<u>-</u>
			<u>32,657</u>	<u>-</u>
			<u>11,122</u>	<u>-</u>
			<u>13,360</u>	<u>-</u>
			<u>5,752</u>	<u>-</u>
			<u>-</u>	<u>-</u>
			<u>446,479</u>	<u>(446,479)</u>
			<u>9,781,733</u>	<u>-</u>

DESTINATION IMAGINATION, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED SEPTEMBER 30,

The accompanying notes are an integral part of these financial statements.

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 158,783	\$ 283,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	80,646	75,310
Realized losses on investments	-	174
(Gain) loss on disposition of property and equipment	(53,285)	5,177
(Increase) decrease in:		
Accounts receivable	(107,371)	45,662
Inventory and prepaid expenses	(78,081)	(9,526)
Deposits	1,227	10,738
Loans receivable	(45,764)	(36,195)
Increase (decrease) in:		
Accounts payable	293,645	(155,821)
Accrued expenses	(143,189)	53,587
Other liabilities	(48,211)	10,109
Deferred revenue	44,915	(2,617)
	<u>103,315</u>	<u>280,440</u>
<b>Net cash provided by operating activities</b>	<u>103,315</u>	<u>280,440</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	-	178,896
Purchase of long-term investments	-	(2,390)
Purchase of property and equipment	(80,810)	(100,890)
Proceeds from sale of property and equipment	190,611	-
	<u>109,801</u>	<u>75,616</u>
<b>Net cash provided by investing activities</b>	<u>109,801</u>	<u>75,616</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on note payable	-	(181,729)
Payments on mortgages payable	(22,574)	(237,752)
	<u>(22,574)</u>	<u>(419,481)</u>
<b>Net cash used by financing activities</b>	<u>(22,574)</u>	<u>(419,481)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	190,542	(63,425)
<b>Cash and cash equivalents at beginning of year</b>	<u>1,154,130</u>	<u>1,217,555</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,344,672</u>	<u>\$ 1,154,130</u>
Supplemental disclosures of cash payments made:		
Interest	\$ 27,888	\$ 43,865
Taxes	\$ -	\$ -



DESTINATION IMAGINATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

The accompanying notes are an integral part of these financial statements.

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>and GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Salaries	\$ 768,988	\$ 451,970	\$ 155,356	\$ 1,376,314
Employee benefits	70,572	36,499	9,297	116,368
Payroll taxes	85,988	33,492	8,541	128,021
<b>TOTAL SALARIES AND BENEFITS</b>	<u>925,548</u>	<u>521,961</u>	<u>173,194</u>	<u>1,620,703</u>
Advertising, sponsorships and exhibits	53,830	3,370	-	57,200
Bad debts	-	-	-	-
Board of directors expense	8,811	35,245	-	44,056
Conferences	9,111	-	-	9,111
Consulting fees	213,312	4,725	-	218,037
Global finals direct expenses	6,474,010	-	-	6,474,010
Insurance	60,657	27,735	1,303	89,695
Interest expense	25,428	1,919	541	27,888
Occupancy	46,123	3,480	981	50,584
Office	108,950	33,566	363	142,879
Postage	74,698	3,744	-	78,442
Professional fees	24,759	76,261	3,609	104,629
Program development and design	-	-	-	-
Program expenses	325,253	24,541	-	349,794
Program support materials	121,491	10,110	-	131,601
Rebates	120,899	-	-	120,899
Scholarships	11,000	-	-	11,000
Software	19	6,351	-	6,370
Telephone	32,949	1,446	-	34,395
Travel	159,259	46,284	-	205,543
	<u>7,870,559</u>	<u>278,777</u>	<u>6,797</u>	<u>8,156,133</u>
Loss on disposal of assets	-	-	-	-
Depreciation	51,231	25,981	915	78,127
Amortization	2,297	173	49	2,519
<b>TOTAL EXPENSES</b>	<u>\$ 8,849,635</u>	<u>\$ 826,892</u>	<u>\$ 180,955</u>	<u>\$ 9,857,482</u>

DESTINATION IMAGINATION, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

The accompanying notes are an integral part of these financial statements.

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>and GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Salaries	\$ 880,436	\$ 371,972	\$ 46,217	\$ 1,298,625
Employee benefits	67,191	26,446	2,886	96,523
Payroll taxes	<u>86,092</u>	<u>26,352</u>	<u>3,009</u>	<u>115,453</u>
<b>TOTAL SALARIES AND BENEFITS</b>	<u>1,033,719</u>	<u>424,770</u>	<u>52,112</u>	<u>1,510,601</u>
Advertising, sponsorships and exhibits	825	-	-	825
Bad debts	15	-	-	15
Board of directors expense	6,627	26,507	-	33,134
Conferences	5,613	-	-	5,613
Consulting fees	196,181	84,473	-	280,654
Global finals direct expenses	6,374,692	-	-	6,374,692
Insurance	58,771	28,634	452	87,857
Interest expense	40,027	3,518	320	43,865
Occupancy	79,202	6,961	634	86,797
Office	85,127	26,676	105	111,908
Postage	59,979	3,045	-	63,024
Professional fees	66,218	32,616	760	99,594
Program development and design	27,629	-	-	27,629
Program expenses	221,888	7,616	-	229,504
Program support materials	138,948	5,753	-	144,701
Rebates	119,179	-	-	119,179
Scholarships	14,000	-	-	14,000
Software	6,077	88	-	6,165
Telephone	29,398	1,320	-	30,718
Travel	<u>133,940</u>	<u>12,989</u>	<u>-</u>	<u>146,929</u>
	<u>7,664,336</u>	<u>240,196</u>	<u>2,271</u>	<u>7,906,803</u>
Loss on disposal of assets	4,659	518	-	5,177
Depreciation	47,594	26,292	324	74,210
Amortization	<u>1,004</u>	<u>88</u>	<u>8</u>	<u>1,100</u>
<b>TOTAL EXPENSES</b>	<u>\$ 8,751,312</u>	<u>\$ 691,864</u>	<u>\$ 54,715</u>	<u>\$ 9,497,891</u>



DESTINATION IMAGINATION, INC.  
NOTES TO FINANCIAL STATEMENTS

**NATURE OF ACTIVITIES AND CREDIT CONCENTRATION**

DESTINATION IMAGINATION, INC. is a nonprofit organization exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Destination Imagination, Inc. values and nurtures creativity. Through its activities, the Organization provides for the fullest development of human, creative, intellectual, social, artistic and psychological ability by organizing and managing educational and human service programs.

The Organization grants credit to members who are educational institutions, state affiliations, community groups, or foreign affiliates located worldwide.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of Destination Imagination, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**Affiliates**

The financial statements do not include the assets, liabilities, and results of operations of affiliates since such affiliates are autonomous and are treated as independent.

DESTINATION IMAGINATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory consisting of awards, certificates, educational books, videos, and souvenirs is carried at the lower of cost or market determined by the first-in, first-out method.

**Property and Equipment**

Acquisitions of property and equipment and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$1,500 are capitalized. Property and equipment are carried at cost. Asset impairments are recorded when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Depreciation is provided for using the straight-line method for financial reporting purposes. The estimated useful lives of the assets are as follows:

Building	40 years
Building improvements	10-40 years
Furniture, fixtures and equipment	5-8 years
Vehicles	5 years

**Loan Fees**

Loan fees relating to the mortgages are being amortized over the life of the related loans. Amortization for the years ending September 30, 2013 and 2012 amounted to \$188 and \$1,100, respectively.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



DESTINATION IMAGINATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (continued)**

Temporarily restricted net assets as of September 30, 2013 and 2012 consist of the following:

	<b>2013</b>	<b>2012</b>
3M Foundation	\$ 60,000	\$ 60,000
Motorola Foundation	58,663	157,083
Caterpillar	34,800	-
Other	<u>1,680</u>	<u>4,473</u>
	<u>\$ 155,143</u>	<u>\$ 221,556</u>

Income from team registrations are deferred and recognized over the periods to which they relate.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising**

The Organization follows the policy of charging the costs of advertising, sponsorships and exhibits to expense as incurred.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Contributed and Volunteered Services**

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

DESTINATION IMAGINATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>2013</b>	<b>2012</b>
Land	\$ 178,000	\$ 222,814
Buildings	1,084,108	1,182,975
Building improvements	97,491	86,333
Furniture, fixtures and equipment	311,151	300,461
Vehicle	<u>32,521</u>	<u>32,521</u>
	1,703,271	1,825,104
Less: Accumulated depreciation	<u>271,599</u>	<u>258,790</u>
	<u>\$ 1,431,672</u>	<u>\$ 1,566,314</u>

**LOANS RECEIVABLE**

Loans receivable represents non-interest bearing advances made to several non-profit entities that have relationships with the Organization.

**TAX-DEFERRED ANNUITY PLAN**

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization contributes a percentage of gross salaries for qualified employees to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization's contributions for the years ended September 30, 2013 and 2012 amounted to \$40,234 and \$43,021, respectively.

**REVOLVING LINE OF CREDIT**

The Organization has an unsecured revolving line of credit available in the amount of \$200,000 and \$49,000 for the years ending September 30, 2013 and 2012, respectively. Advances on are payable on demand and carry an interest rate of prime or 4.00% whichever is higher. There was no outstanding balance at September 30, 2013 or 2012.



DESTINATION IMAGINATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**MORTGAGES PAYABLE**

The Organization is obligated to Fulton Bank of New Jersey under a commercial mortgage in the original aggregate amount of \$990,000. The New Jersey Economic Development Authority (NJEDA) had agreed to participate in this mortgage in the amount of \$495,000.

The mortgages listed above were modified in November 2012 and consolidated into one monthly payment of \$4,160.13 due to Fulton Bank of New Jersey which includes interest at 4.00% for the initial five year period. After the initial term, unless renegotiated by the Organization and Fulton Bank of New Jersey, the interest rate will be a variable rate of .75% per annum over The Wall Street Journal prime rate with a 4.00% floor. Fulton Bank of New Jersey has the option to call this mortgage on each five year anniversary. If not called, it will mature November 2032. Within this mortgage is a covenant which must be met by the Organization. The mortgage also stipulates penalties for prepayment of the obligation. The underlying real estate serves as collateral for this commercial mortgage.

Maturities of this mortgage for the next five years and in the aggregate are as follows:

For the years ending	
September 30,	
2014	\$ 23,798
2015	24,767
2016	25,776
2017	26,826
2018	27,919
Thereafter	<u>534,839</u>
	<u>\$ 663,925</u>

**INCOME TAX STATUS**

The Organization is exempt from federal income tax (except taxes on unrelated business income, if any) under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended September 30, 2013 and 2012 since the Organization had no taxable income from unrelated business activities.

The Organization performed an evaluation of uncertain tax positions for the year ended September 30, 2013 and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of September 30, 2013, the statute of limitations for tax years 2010 and later remains open with the U.S. federal jurisdiction or the state in which the Organization files tax returns. It is the Organization's policy to recognize interest and penalties related to uncertain tax positions, if any, in income tax expense.

DESTINATION IMAGINATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**GLOBAL FINALS**

The Organization holds an annual Global Finals tournament. Revenues and expenses of this tournament for the years ending September 30, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Revenues		
Housing and registration	\$ 7,472,937	\$ 7,510,163
Sponsorships and contributions	61,400	27,000
Souvenir sales	283,539	197,854
Special events and transfers	<u>157,400</u>	<u>189,950</u>
	<u>7,975,276</u>	<u>7,924,967</u>
Expenses		
Awards	13,650	18,671
Consulting	12,500	25,381
Housing and registration	5,370,998	5,198,163
Program and video expense	768,852	826,194
Salaries - bonus and overtime	20,714	22,595
Souvenir purchases	146,310	112,382
Special events and transfers	<u>140,986</u>	<u>171,306</u>
	<u>6,474,010</u>	<u>6,374,692</u>
	<u>\$ 1,501,266</u>	<u>\$ 1,550,275</u>

**INVESTMENT RETURNS**

Investment returns for the years ending September 30, 2013 and 2012 are summarized as follows:

Interest income	\$ 2,119	\$ 5,578
Net realized gains	<u>-</u>	<u>174</u>
	<u>\$ 2,119</u>	<u>\$ 5,752</u>

**COMMITMENTS AND CONTINGENCIES**

The Organization has contracted to hold Global Finals through 2015 at the University of Tennessee. Either party can terminate these contracts. Under certain circumstances cancellation fees would apply.



DESTINATION IMAGINATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**COMMITMENTS AND CONTINGENCIES (CONTINUED)**

The Organization has entered into a contract to license intellectual property to Pearson Canada, Inc. for the calendar year 2013 in the amount of \$25,000. The amount to be received for the calendar years 2014 and 2015 is \$50,000 per year.

**CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization maintains cash balances at several financial institutions. Cash in these accounts at times exceeds \$250,000. Interest bearing and non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2013 and 2012 the uninsured balance was \$330,314 and \$248,478 respectively.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 8, 2013, the date the financial statements were available to be issued.







**DESTINATION  
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