



# 2011

## // ANNUAL REPORT //



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

Destination ImagiNation, Inc. is an extraordinary global non-profit organization that produces educational and cause-based programs for students to learn and experience creativity, teamwork and problem solving.  
Destination ImagiNation, Inc. is a 501(c)(3) Nonprofit Education Organization.

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# //UPDATES//

- **Global Finals 2011 was the biggest Global Finals ever, attracting 1,155 teams.**
- **The Destination ImagiNation program grew to 15,210 teams.**
- **A study performed by researchers from the University of Virginia Curry School of Education found that Destination ImagiNation participants were ahead of others in important skills like creativity and critical thinking.**
- **After ten years of support and dedication, 3M became our Strategic Sponsor.**

## *A Letter from Chuck Cadle, CEO*

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Dear Friends of Destination ImagiNation,

When daily work demands become overwhelming, I read Destination ImagiNation (DI) success stories. The stories are uplifting reminders of the value of DI to the lives of our participants and volunteers. For the past two years, I have had the opportunity to work with Kevin Ponziani, an alumnus who helps test and improve our Instant Challenges. Outside of his volunteer efforts, Kevin is an electronic engineer at Northrup Grumman, where he works on amazing engineering projects. Here is a quote from Kevin's own story:

One of the biggest reasons I'm an engineer today is because I got to try it out in DI. At the time, it was just the most fun ever, but pretty soon I realized that I could be happy doing this for a very long time. DI helped me develop my teambuilding skills, which I use extensively in coordinating continuous improvement activities with cross-functional teams.

I work with many of our alumni, and I can tell you from experience Kevin's story is not unique in DI. So I was pleased to learn that 15,210 teams registered for our program this year—a 14% growth over 2010! I hope to hear of their personal successes for many years to come.

At DI, we teach the creative process by enabling children to be creative. I believe creativity can, and should, be taught to children throughout the world. I define creativity as the mind, body and the environment working in sync to resolve disequilibrium. Effective thinking, a healthy brain, environmental awareness, imagination and the Creative Problem Solving process work together. Elements of our program guide children to have fun and take risks, to focus and frame challenges, to learn patience and persistence, to respect others and their ideas, to learn ethics, to learn Creative Problem Solving, to gain insight into their problem solving style and the styles of teammates, to play creative games, to follow a healthy lifestyle, to think flexibly, to use



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positive self-talk, and to reflect on the DI experience. The DI program focuses on the whole child.

The world of our past is not the world our children will face when they graduate. We want DI youth to understand creativity from a global perspective – to be ready to interact as world citizens. Our *Program Materials* are translated into five languages for children with different cultural upbringings, various ethnicities and culturally different approaches to solving challenges. This year, for the first time, China and Korea took home top awards from Global Finals. As DI expands internationally, such awards serve as reminders that we are now a global organization with global responsibilities.

We are also working to foster growth. In the coming fiscal year, we will test some new marketing strategies to fine tune our message and reach new audiences. Global Finals 2012 will see the launch of a new brand awareness campaign enabling

our Affiliates to launch the season by August 1st. We hope these efforts will allow us to meet our vision and mission this next year and beyond.

In closing, let's work together to make it possible for more children to learn about and experience DI, so they, like Kevin Ponziani, will have a success story to add to our library of successes. Thank you to all who have contributed time and talents to this wonderful organization.

Chuck Cadle  
Chief Executive Officer



## Our Staff

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### Administration

Chuck Cadle // *Chief Executive Officer*  
 Rusty McCarty // *Chief Operating Officer/Creative Director\**

### Human Resources

Maureen Donovan // *Director of Human Resources/BOT Administrator*

### Operations

George Jacob // *Editor*  
 Britt Dyer // *Director of Special Projects and Events*  
 Kevin McDonough // *Purchasing and Warehousing Director*  
 Mike Marcasciano // *Shipping/Warehousing*

### DI Program

Sheila Swanson // *Director DI Program*  
 Andrew Whitmire // *Assistant Program Director*  
 Roger Garriock // *Managing Director of Canadian Operations*  
 Emily Panasowich // *Int'l Coordinator & Director of Asian Operations*  
 Peggy Middendorf // *Recruiting Director\**  
 Ginger Green // *Domestic Affiliate Coordinator\**

### Marketing & Public Relations

Drew Coburn // *Branding Consultant*  
 Wayne Kurtzman // *Social Media Consultant*

### Accounting/Finance Team

Joe O'Brien // *Controller*  
 JoAnne Quinn // *Senior Bookkeeper*  
 Steve Flaa // *Assistant Controller*

### Development

Heather Gaskins // *Director of Institutional Advancement*

### Art and Graphics

Kate Wise // *Art Director*  
 Christie Casselring // *Graphic Designer*  
 Brendon Luci // *Technical Illustrator/Graphic Designer*

### Information Technology Team

Charles Bell // *IT Administrator/Programmer*  
 George "Mickey" Buckno // *Web Developer*  
 Lynn Macey // *IT Consultant*  
 Steve Greenwood // *IT Consultant*

### Affiliate Operations Team

Jennifer Batchelor // *Service Director*  
 Delilah Passero // *Data Entry Operator*  
 Darlene Courter // *Service Leader\**

\*No longer an employee of Destination Imagination, Inc.

## Our Board

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### Board of Trustees Chair

Brownie Mitchell

### Board of Trustees Vice-Chair

Pamela Schroeder

### Board Members

Karen Anderson  
 Rosemary Bognar Pinney  
 Valerie Conroy  
 Michael Kelly  
 Louise Liddle \*\*

Susan Oclassen  
 Rick Rand  
 Nina Schwenk  
 David Thomason  
 Bruce Urban  
 Johnny Wells

Nancy Wingenbach  
 Eric Wolff  
 Charles R. Cadle, CEO and  
 Ex Officio Non-Voting Board  
 Member  
 \*\*Term began Sept. 2011





## Our Affiliates and Their Directors

### Alabama

Gary Brown  
David Thomason

### Alberta

Karen Shepherd

### Arkansas

Brownie Mitchell  
Mike Mitchell

### Brazil

Debbie Peter

### British Columbia

Faith Garrick

### California

Richard Pinney

### China

Li Xiao

### Colombia

Barry Gilman

### Colorado

Kristine Beisel  
Kate Donelan

### Connecticut

Eric Wolff

### Delaware

Sally Gold

### Georgia

Dave Lohrmann

### Guatemala

Jose Luna

### Illinois

Steven Bute  
Jan Darnell

### India

Sreepad Gopalarao  
Ravindra V S

### Indiana

Melissa Branham

### Iowa

Jay Swords  
Alisha Heisterkamp

### KACE - South Korea

Oog Hwang

### KASI - South Korea

Sun Hwan Yang

### Kentucky

Kim Halwes

### Louisiana

Nancy Farley

### Maine

Richard Fernald

### Manitoba

Lonnie Liske  
Potoula Locken

### Maryland

Sally Gold

### Massachusetts

Barbara Mann-*Retired 2011*  
Regina Zaskey

### Mexico

Erika Ugarte

### Michigan

Silinia Horne

### Minnesota

Pamela Schroeder

### Mississippi

Ralph D. Carter

### Missouri

Chuck Good

### Montana

Heather Geiger  
Connie Ackerman

### Nebraska

Kim Bejot

### New Brunswick

Jason Humphrey  
Carole Murphy

### New Hampshire

Kara Swedlow

### New Jersey

Beverly Webb

### New Mexico

Milton Moreno  
Margery Nichelason

### New York

Dee Urban  
Bruce Urban

### Newfoundland/ Labrador

Sharon Whalen

### North Carolina

Cynthia Kirby

### North Dakota

Max Kringen

### Nova Scotia

Jerry Thibeau

### Ohio

Cinda Weisgerber

### Ontario

Mary Jo Smith

### Oregon

Karen Anderson

### Pennsylvania

Reggie Bunis

### Poland

Theresa Kosiarek  
Katarzyna Stozek

### Quebec

Andrea Caulfield

### Rhode Island

Katie Jones

### Saskatchewan

Alan Nunn

### Scotland

Della Martin

### South Carolina

Pat Wuzzardo  
Donna Gowdy

### South Dakota

Cozy Dorton

### Tennessee

Linda Chambers

### Texas

Sue Shanks

### Turkey

Joseph Welch  
Cuneyt Erkol

### Utah

Noel Grabl

### Vermont

Pasquale DiLego

### Virginia

Laurie Abeel

### Washington

Barbara Sailors

### West Virginia

Karen Beckman

### Wisconsin

Steven Cormier

### Wyoming

Jerri Maulik  
Doug Maulik

# //CORE PROGRAM//



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## Overview

The Destination ImagiNation program was strong this year, engaging 15,210 teams worldwide. Each year, Destination ImagiNation staff work with domestic and international volunteers to develop and test our seven Team Challenges and many Instant Challenges. In 2011, for the second year, our International Challenge Masters also worked with a Quality Review Panel to ensure our Challenges are fun, meet best learning practices, and teach the creative process.

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## Research Papers

In 2011, researchers from the University of Virginia Curry School of Education conducted an independent evaluation of the DI program's effectiveness, impact and participant satisfaction in areas relating to creative problem solving, creative and critical thinking, teamwork and leadership. Among the results was the finding that Destination ImagiNation participants outperformed others in assessments measuring creative thinking, critical thinking and creative problem solving. The full research evaluation is available on the Destination ImagiNation website.

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## DI University

DI University was created this year to provide online training for Destination ImagiNation volunteers. Each professionally designed module concentrates on a different aspect of the program, so our volunteers can perform their roles with more information and expertise. The modules also ensure consistency of knowledge throughout our Affiliates around the world. DI University is not designed to replace live training in Affiliates, but rather to better prepare volunteers to attend trainings with key knowledge. Reports are generated from DI University so each Affiliate is aware of who took the trainings and how they scored on the assessment. DI University can be accessed through the Destination ImagiNation website. Thanks go to the training committee: Barbara Mann, Faith Garriock, Karen Anderson, Sheila Swanson, Rosemary Bognar Pinney and Johnny Wells.





## Thanks to Our Sponsors



**CONSTRUCTION**  
CHALLENGE

PRESENTED BY:  
**VOLVO**  
Construction Equipment



motorola  
foundation



NATIONAL DAIRY COUNCIL®



**AMERESCO**

**Our New Strategic Sponsor:** Continuing a partnership that has lasted for more than a decade, 3M sponsored the Destination ImagiNation Structural Challenge, as well as the “Explore the Uncharted” exhibit at Global Finals. Further establishing its firm belief in Destination ImagiNation, 3M also stepped into the role of the organization’s Strategic Sponsor.

**Ameresco’s Second Year:** 2011 marked the second year Ameresco sponsored the Scientific Challenge. Ameresco is an independent energy solutions company delivering long-term customer value through innovative systems, strategies and technologies.

**Motorola Funds Pilot:** In 2011, Destination ImagiNation used grant money presented by the Motorola Foundation to pilot a program with the National Head Start Association (NHSA). A research study is being conducted to show the program’s effectiveness. Destination ImagiNation is thrilled to work with the NHSA and looks forward to developing a meaningful partnership.



## ***US Affiliates***

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- **More than 9,000 teams attended Regional and Affiliate Tournaments.**
- **The Wyoming Department of Education awarded the 21st CCLC mini-grant to cover 100 Team Numbers and provide Team Managers with training and materials.**
- **21 Instant Challenge workshops were held throughout the US during the 2010-11 season.**
- **Alabama showed the most team growth this past year with 48%.**
- **The top five Affiliates from the US in terms of team counts were Texas (3003), Colorado (931), Ohio (840), Massachusetts (794) and Wisconsin (636).**
- **There were 1,007 Rising Stars! teams in the US during the 2010-11 season. Rising Stars! is a non-competitive introduction to Destination ImagiNation for 4- to 7-year-old students.**

**12,032**

**Team Paks  
purchased for  
2010-11 season**

**9,000+**

**US teams  
attended Affiliate  
Tournaments**

**14**

**US Affiliates  
increased their  
team counts**

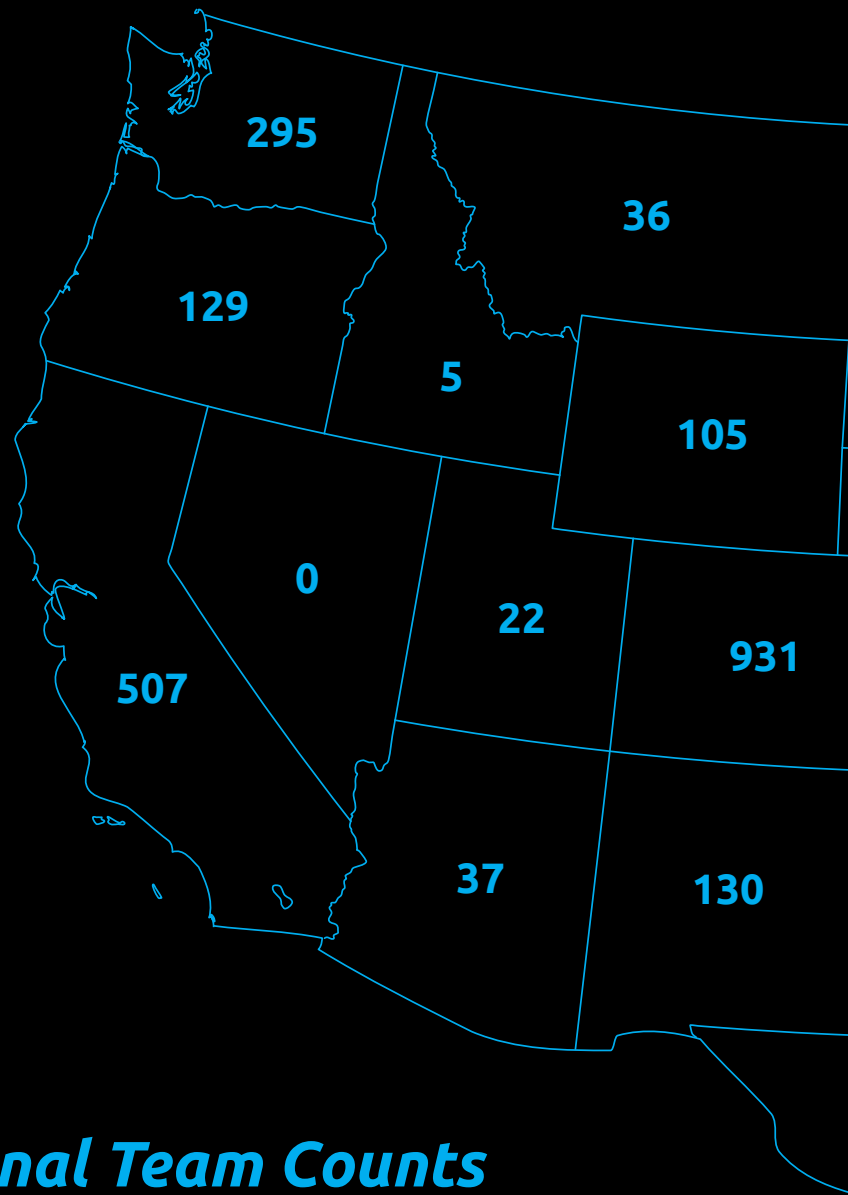
**47**

**states  
participated in DI  
in 2010-11**

**66**

**teams were at US  
Air Force bases in  
2010-2011**



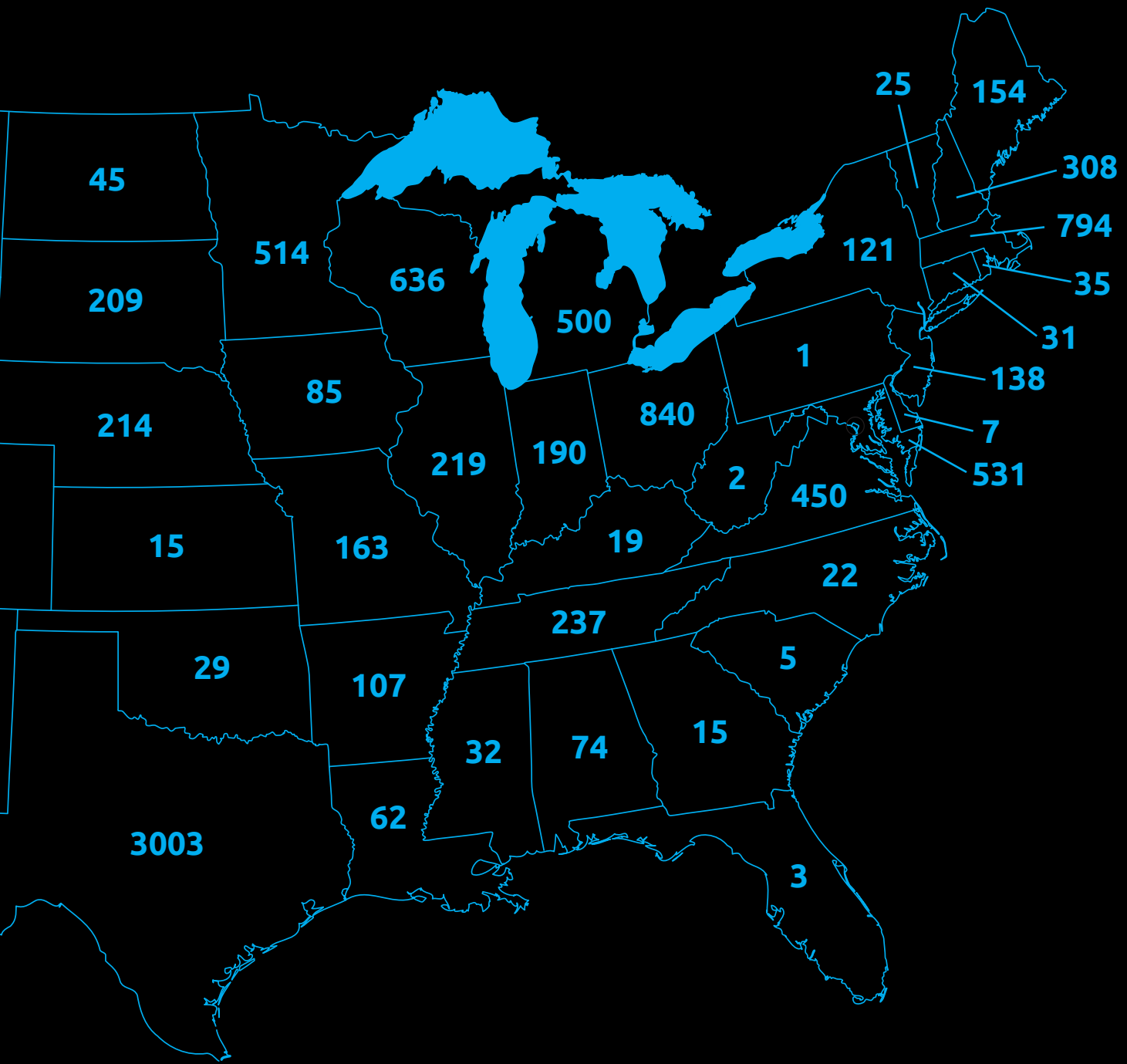


## ***US Affiliate & Regional Team Counts***

Alabama / 74  
 Arizona / 37  
 Arkansas / 107  
 California / 507  
 Colorado / 931  
 Connecticut / 31  
 Delaware / 7  
 Florida / 3  
 Georgia / 15  
 Idaho / 5  
 Illinois / 219  
 Indiana / 190  
 Iowa / 85  
 Kansas / 15  
 Kentucky / 19  
 Louisiana / 62

Maine / 154  
 Maryland / 531  
 Massachusetts / 794  
 Michigan / 500  
 Minnesota / 514  
 Mississippi / 32  
 Missouri / 163  
 Montana / 36  
 Nebraska / 214  
 New Hampshire / 308  
 New Jersey / 138  
 New Mexico / 130  
 New York / 121  
 North Carolina / 22  
 Ohio / 840  
 Oklahoma / 29

Oregon / 129  
 Pennsylvania / 1  
 Rhode Island / 35  
 South Carolina / 5  
 South Dakota / 209  
 Tennessee / 237  
 Texas / 3003  
 Utah / 22  
 Vermont / 25  
 Virginia / 450  
 Washington / 295  
 West Virginia / 2  
 Wisconsin / 636  
 Wyoming / 105





## ***International Affiliates***

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- **The first National Tournament was held in India. Over 30 teams from the Bangalore area competed in the inaugural Tournament.**
- **Our largest international Affiliate, outside of Canada, was China, who had almost 500 teams.**
- **Our *Program Materials* were translated into 5 languages including Spanish, French, Polish, Korean and Mandarin.**
- **Eleven countries were represented at Global Finals 2011.**
- **35 teams participated from US Air Force Bases in four countries outside of the US including teams from Japan, Germany, Italy and England.**
- **This year, seven countries were new to DI: United Arab Emirates, Scotland, Romania, Oman, Kazakhstan, India and the Congo.**
- **International Team Paks sold went from 767 last season to 1,343 this season.**



**1,343**

**DI teams were not from the US or Canada**

**400+**

**international teams attended Affiliate Tournaments**

**64%**

**international Team Paks sold increased 64%**

**35**

**teams were on international Air Force bases**

**7**

**countries were new to DI in the 2010-11 season**



## ***International Team Counts***

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Brazil / 29  
 China / 456  
 Colombia / 48  
 Congo / 1  
 England / 25  
 Germany / 17  
 Guatemala / 51  
 India / 32

Italy / 5  
 Japan / 5  
 KACE-South Korea / 100  
 KASI-South Korea / 183  
 Kazakhstan / 1  
 Mexico / 142  
 Oman / 1  
 Poland / 30

Romania / 7  
 Scotland / 50  
 Singapore / 20  
 Turkey / 90  
 US Virgin Islands / 1  
 United Arab Emirates / 1







## ***Canadian Affiliates***

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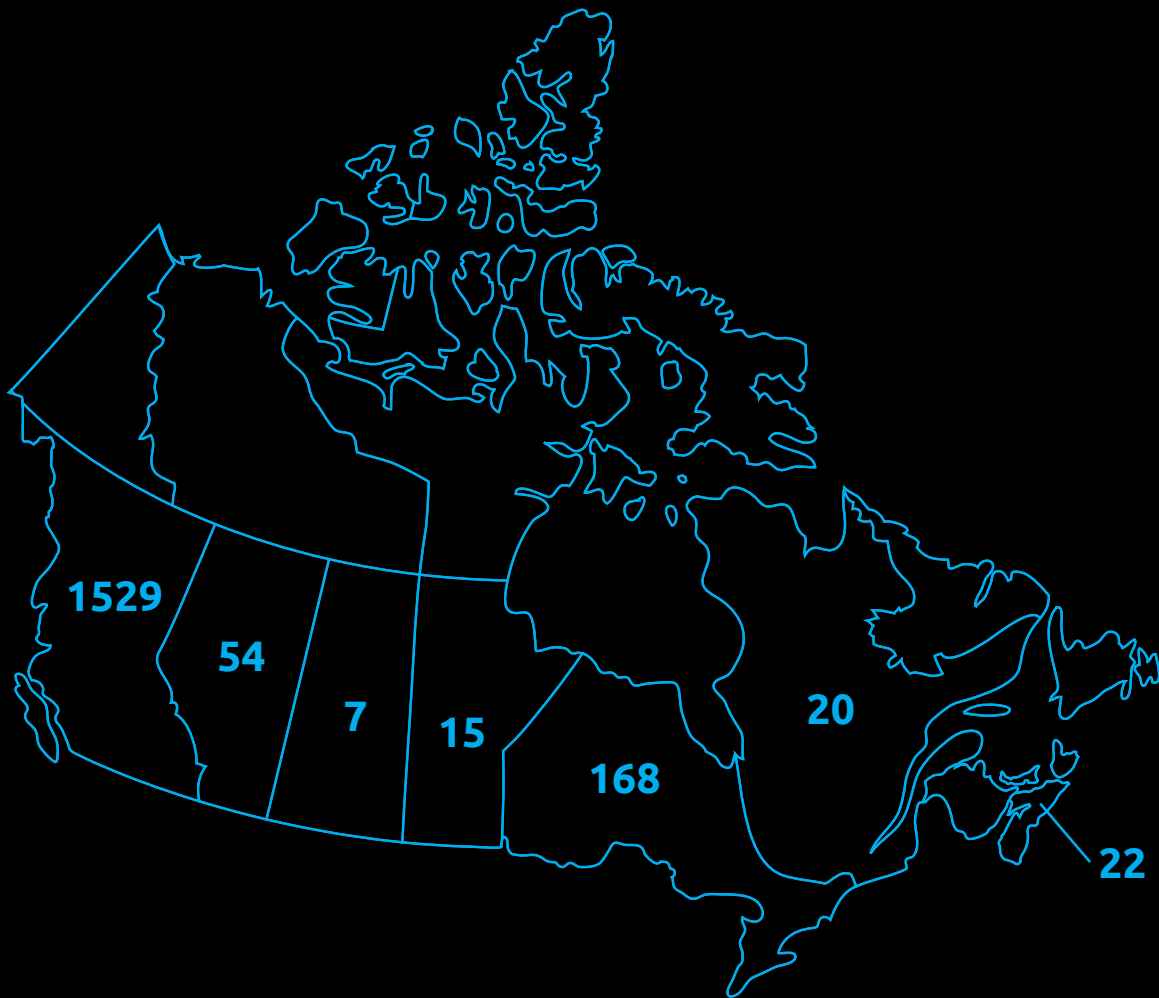
- **This was the first year that teams have competed in French. Translations of the *Program Materials* were provided by IBM Canada.**
- **In celebration of its 100th year, IBM partnered with DI Canada to provide hundreds of Grade 6 classrooms throughout the country a participatory DI Creativity Camp. Over 500 IBM volunteers facilitated the event that used over 30,000 straws, 27,000 toothpicks and almost every ping pong ball in Ontario!**
- **8 out of 10 educational ministries invited DI representation to speak to administrators and superintendents.**
- **5 provinces participated in a pilot program that featured the DI program as an in-class, teacher-driven program.**
- **7 provinces were represented at Global Finals.**
- **Canadian Team Paks sold increased 381% from the 2009-10 season.**

**1,835**

**Canadian teams participated in DI 2010-2011**

**200+**

**Canadian teams attended Affiliate Tournaments**



## ***Canadian Affiliate & Regional Team Counts***

Alberta / 54  
British Columbia / 1529

Manitoba / 15  
Nova Scotia / 22

Ontario / 168  
Quebec / 20

Saskatchewan / 7



# //GLOBAL FINALS//

## Overview

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In 2011, the Destination ImagiNation staff, an army of volunteers and the University of Tennessee teamed to make Global Finals a tremendous success! More than 15,000 people from around the world convened in Knoxville, Tenn., for the biggest Global Finals ever. Participants took advantage of the opportunity of a lifetime by showcasing their unique talents, interacting with other global participants and building lasting memories.

## Explore the Uncharted

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Explore the Uncharted was a modular exhibit at Global Finals 2011 designed to challenge the creative problem solving skills of student participants. Student teams were asked to design remote-controlled prototypes to collect items on a three-dimensional landscape. Their success was gauged based on the number of red objects they could collect within the time limit.

Explore the Uncharted was developed to inspire children to question what's possible, and use their imagination to change the world. Our most influential discoveries, our most celebrated achievements, and our greatest artistic triumphs all stem from a desire to explore.

## Special Awards at Global Finals

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This year Robert Gibbs, University of Tennessee Director of Conferences, and his team received the Diamond Award for their many years of support to Destination ImagiNation's mission.

Another special recognition went to Ms. Barbara Mann for her 28 years of volunteer service in Massachusetts—where she retired as the Affiliate Director. Barbara continues to volunteer with DI both as a Team Manager and as an advisor to DI University.





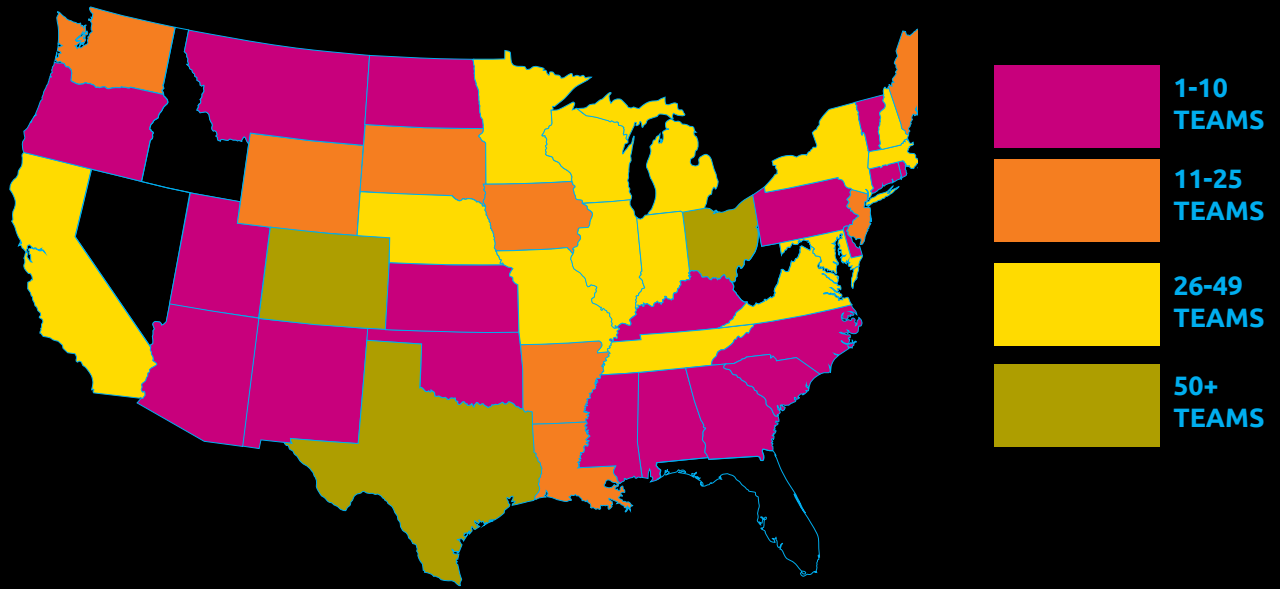
## Innovation Expo

The Innovation Expo at Global Finals gives participants the opportunity to interact with leading organizations in the technology, engineering, science and education industries. This year, Destination ImagiNation welcomed the following organizations to the Innovation Expo:

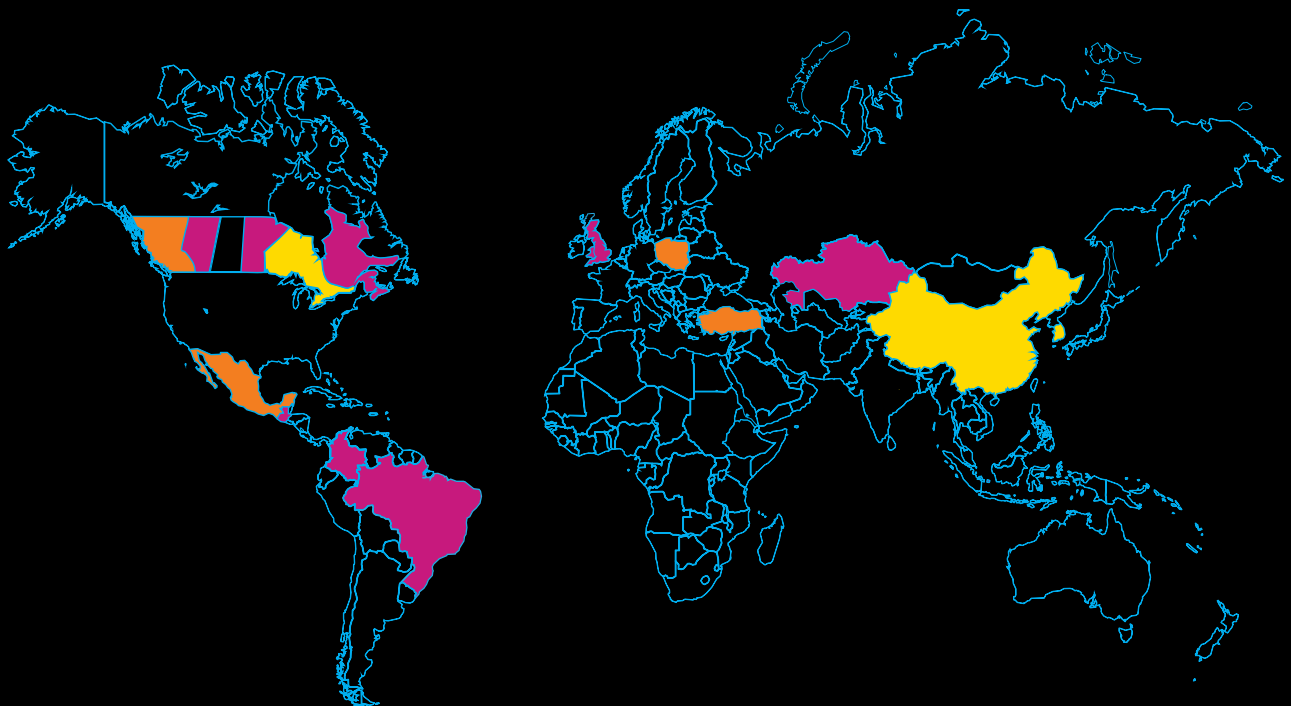




## Domestic Team Counts at 2011 Global Finals



## International Team Counts at 2011 Global Finals



## Global Finals Numbers 2011

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13

countries were represented

1,155

total teams attended Global Finals

151

international teams attended Global Finals

15,000+

total people were in attendance

494

volunteers were in attendance

22

DI staff members were in attendance



# //SPECIAL PROJECTS//

## Summer Camps

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By offering summer camps, Destination ImagiNation has the opportunity to engage more children around the world. In 2011, Destination ImagiNation cultivated partnerships with the United States Air Force, the University of Tennessee and ESF (Education-Sports-Fun), all of which have allowed the organization to grow in both new and existing markets.



## Student Ambassador Program

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The Fuel Up to Play 60 Student Ambassador Program gave youth a voice and brought together youth leaders so they could inspire healthy change for themselves, their schools and their communities. Destination ImagiNation worked in tandem with the National Dairy Council and the NFL to launch this exciting youth-leadership initiative.





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## ***AEM Construction Challenge***

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In Construction Challenge, high school teams competed in and solved transportation and water infrastructure Challenges using creativity, teamwork and problem solving. In 2011, nine Regional Rallies took place across North America, and the top 24 teams advanced to the Championship Finals at CONEXPO/CON-AGG in Las Vegas in March. The program was designed with the Association of Equipment Manufacturers to provide participants a real-world experience to inspire them to explore and pursue careers in the construction industry.

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## ***SEED***

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In 2010-11, Destination ImagiNation, in collaboration with the University of Tennessee, designed a 19-week pilot curriculum with a series of open-ended activities and a longer-term Challenge. The participating teams experienced the creative problem solving process, and also explored the concept of sustainability. The pilot is part of an ongoing project by researchers at the University of Tennessee to quantify the physical benefits of an extracurricular program like Destination ImagiNation.



INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Trustees of  
Destination ImagiNation, Inc.  
1111 S. Union Avenue  
Cherry Hill, NJ 08002

We have audited the accompanying statements of financial position of Destination ImagiNation, Inc. (a nonprofit organization) as of September 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010 and the changes in its net assets and its 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  
October 28, 2011

# Statements of Financial Position

September 30,

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

ASSETS	2011	2010
Cash and Cash Equivalents	\$1,217,555	\$1,046,992
Cash-Restricted Cash Pledged to Bank	\$0	\$100,014
Investments	\$176,680	\$172,842
Accounts Receivable	\$151,107	\$223,396
Inventory and Prepaid Expenses	\$343,472	\$307,311
Deposits	\$43,275	\$32,925
Property and Equipment	\$1,544,811	\$1,577,683
<b>TOTAL ASSETS</b>	<b>\$3,476,900</b>	<b>\$3,461,163</b>

LIABILITIES AND NET ASSETS	2011	2010
Note Payable	\$181,729	\$186,581
Mortgages Payable	\$924,251	\$959,392
Accounts Payable	\$189,106	\$69,866
Accrued Expenses	\$261,721	\$344,877
Other Liabilities	\$46,692	\$60,671
Deferred Revenue	\$384,612	\$571,194
<b>TOTAL LIABILITIES</b>	<b>\$1,988,111</b>	<b>\$2,192,581</b>

NET ASSETS	2011	2010
Unrestricted Net Assets	\$1,273,940	\$896,599
Temporarily Restricted Net Assets	\$214,849	\$371,983
<b>TOTAL NET ASSETS</b>	<b>\$1,488,789</b>	<b>\$1,268,582</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$3,476,900</b>	<b>\$3,461,163</b>

# Statements of Activities

For the years ended September 30,  
The accompanying notes are an integral part of these financial statements.

REVENUES, GAINS AND OTHER SUPPORT								
	2011	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	2010	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Contributions		\$55,406	\$16,292	\$71,698		\$156,413	\$8,363	\$164,776
Grants		\$200,000	\$281,000	\$481,000		\$200,000	\$618,459	\$818,459
Team Fees		\$1,215,674	\$0	\$1,215,674		\$1,038,818	\$0	\$1,038,818
Global Finals		\$6,844,268	\$0	\$6,844,268		\$6,087,190	\$0	\$6,087,190
Product Revenue		\$176,845	\$0	\$176,845		\$147,308	\$0	\$147,308
Custom Programming		\$864,807	\$0	\$864,807		\$1,268,134	\$0	\$1,268,134
Other Revenue		\$6,111	\$0	\$6,111		\$5,430	\$0	\$5,430
Investment Income		\$15,479	\$0	\$15,479		\$14,504	\$0	\$14,504
Net Realized and Unrealized Gain on Investments		\$0	\$0	\$0		\$5,441	\$0	\$5,441
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>		<b>\$9,378,590</b>	<b>\$297,292</b>	<b>\$9,675,882</b>		<b>\$8,923,238</b>	<b>\$626,822</b>	<b>\$9,550,060</b>

EXPENSES								
	2011	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	2010	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Program		\$8,089,556	\$454,426	\$8,543,982		\$8,172,502	\$268,419	\$8,440,921
Management & General		\$762,446	\$0	\$762,446		\$769,259	\$0	\$769,259
Fundraising		\$146,620	\$0	\$146,620		\$84,091	\$0	\$84,091
Net realized & unrealized gains on investments		\$2,627	\$0	\$2,627		\$0	\$0	\$0
<b>TOTAL EXPENSES</b>		<b>\$9,001,249</b>	<b>\$454,426</b>	<b>\$9,455,675</b>		<b>\$9,025,852</b>	<b>\$268,419</b>	<b>\$9,294,271</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		<b>\$377,341</b>	<b>(\$157,134)</b>	<b>\$220,207</b>		<b>(\$102,614)</b>	<b>\$358,403</b>	<b>\$255,789</b>
<b>NET ASSETS (beginning of year)</b>		<b>\$896,599</b>	<b>\$371,983</b>	<b>\$1,268,582</b>		<b>\$999,213</b>	<b>\$13,580</b>	<b>\$1,012,793</b>
<b>NET ASSETS (end of year)</b>		<b>\$1,273,940</b>	<b>\$214,849</b>	<b>\$1,488,789</b>		<b>\$896,599</b>	<b>\$371,983</b>	<b>\$1,268,582</b>

# Statements of 2011 Functional Expenses

For the years ended September 30, 2011

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

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Salaries	\$908,401	\$463,858	\$128,371	\$1,500,630
Employee Benefits	\$30,722	\$19,809	\$3,085	\$53,616
Payroll Taxes	\$88,377	\$29,644	\$7,528	\$125,549
<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$1,027,500</b>	<b>\$513,311</b>	<b>\$138,984</b>	<b>\$1,679,795</b>

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Advertising and Exhibits	\$16,915	\$275	\$0	\$17,190
Bad Debts	\$0	\$0	\$0	\$0
Board of Directors Expense	\$12,990	\$51,958	\$0	\$64,948
Conferences	\$5,032	\$0	\$0	\$5,032
Consulting Fees	\$308,740	\$23,004	\$0	\$331,744
Global Finals Direct Expenses	\$5,670,327	\$0	\$0	\$5,670,327
Insurance	\$52,276	\$28,571	\$554	\$81,401
Interest Expense	\$53,656	\$4,605	\$396	\$58,657
Occupancy	\$78,119	\$6,704	\$576	\$85,399
Office	\$86,082	\$26,003	\$325	\$112,410
Postage	\$81,176	\$1,806	\$0	\$82,982
Professional Fees	\$43,938	\$41,540	\$1,535	\$87,013
Program Development and Design	(\$11,542)	\$0	\$0	(\$11,542)
Program Expenses	\$342,596	\$15,383	\$0	\$357,979
Program Support Materials	\$138,330	\$1,097	\$0	\$139,427
Rebates	\$137,743	\$0	\$0	\$137,743
Scholarships	\$7,500	\$0	\$0	\$7,500
Software	\$10,625	\$0	\$0	\$10,625
Telephone	\$28,496	\$2,805	\$0	\$31,301
Travel	\$401,916	\$16,238	\$3,974	\$422,128
<b>TOTALS</b>	<b>\$7,464,915</b>	<b>\$219,989</b>	<b>\$7,360</b>	<b>\$7,692,264</b>
Loss on Disposal of Assets	\$11,249	\$1,250	\$0	\$12,499
Depreciation	\$39,311	\$27,810	\$269	\$67,390
Amortization	\$1,007	\$86	\$7	\$1,100
<b>TOTAL EXPENSES</b>	<b>\$8,543,982</b>	<b>\$762,446</b>	<b>\$146,620</b>	<b>\$9,453,048</b>



# Statements of 2010 Functional Expenses

For the years ended September 30, 2010

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

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Salaries	\$990,161	\$390,138	\$73,259	\$1,453,558
Employee Benefits	\$33,244	\$10,443	\$1,674	\$45,361
Payroll Taxes	\$106,193	\$16,816	\$2,305	\$125,314
<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$1,129,598</b>	<b>\$417,397</b>	<b>\$77,238</b>	<b>\$1,624,233</b>

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Advertising and Exhibits	\$57,104	\$15,711	\$0	\$72,815
Bad Debts	(\$723)	\$0	\$0	(\$723)
Board of Directors Expense	\$7,572	\$30,290	\$0	\$37,862
Conferences	\$1,300	\$0	\$0	\$1,300
Consulting Fees	\$241,692	\$46,257	\$0	\$287,949
Global Finals Direct Expenses	\$5,162,525	\$0	\$0	\$5,162,525
Insurance	\$44,351	\$32,861	\$334	\$77,546
Interest Expense	\$54,111	\$5,017	\$448	\$59,576
Occupancy	\$68,317	\$6,334	\$565	\$75,216
Office	\$185,797	\$65,531	\$2,045	\$253,373
Postage	\$109,702	\$4,309	\$145	\$114,156
Professional Fees	\$46,758	\$42,679	\$1,381	\$90,818
Program Development and Design	\$70,528	\$0	\$0	\$70,528
Program Expenses	\$350,491	\$24,750	\$0	\$375,241
Program Support Materials	\$335,836	\$7,508	\$0	\$343,344
Rebates	\$171,917	\$25	\$0	\$171,942
Software	\$2,700	\$4,920	\$0	\$7,620
Telephone	\$36,669	\$4,061	\$877	\$41,607
Travel	\$341,216	\$37,205	\$893	\$379,314
<b>TOTALS</b>	<b>\$7,287,863</b>	<b>\$327,458</b>	<b>\$6,688</b>	<b>\$7,622,009</b>
Loss on Disposal of Assets	\$314	\$35	\$0	\$349
Depreciation	\$22,266	\$24,287	\$158	\$46,711
Amortization	\$880	\$82	\$7	\$969
<b>TOTAL EXPENSES</b>	<b>\$8,440,921</b>	<b>\$769,259</b>	<b>\$84,091</b>	<b>\$9,294,271</b>

# Statements of Cash Flows

For the years ended September 30,  
The accompanying notes are an integral part of these financial statements.

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>2011</b>	<b>2010</b>
Change in Net Assets	\$220,207	\$255,789
<b>Adjustments to Reconcile Change in Net Assets to Net Cash provided by Operating Activities:</b>		
Depreciation and Amortization	\$68,490	\$47,680
Unrealized (gains) Losses on Investments	\$2,627	(\$5,441)
Loss on Disposition of Property and Equipment	\$12,499	\$348
<b>(Increase) decrease in:</b>		
Accounts Receivable	\$72,289	(\$93,934)
Inventory and Prepaid Expenses	(\$37,261)	\$48,645
Deposits	(\$10,350)	(\$2,925)
<b>Increase (decrease) in:</b>		
Accounts Payable	\$119,240	(\$39,017)
Accrued Expenses	(\$83,156)	\$55,206
Other Liabilities	(\$13,979)	\$10,993
Deferred Revenue	(\$186,582)	\$279,440
<b>Net cash provided by Operating Activities</b>	<b>\$164,024</b>	<b>\$556,784</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Long-Term Investments	(\$6,465)	(\$5,532)
Purchase of Property and Equipment	(\$47,017)	(\$361,299)
<b>Net Cash used by Investing Activities</b>	<b>(\$53,482)</b>	<b>(\$366,831)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Note Payable	\$0	\$190,000
Payments on Note Payable	(\$4,852)	(\$3,419)
Payments on Long-Term Borrowings	(\$35,141)	(\$30,608)
Decrease (Increase) in Restricted Cash	\$100,014	(\$100,014)
<b>Net Cash Provided by Financing Activities</b>	<b>\$60,021</b>	<b>\$55,959</b>
<b>Net Increase in cash and cash equivalents</b>	<b>\$170,563</b>	<b>\$245,912</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>\$1,046,992</b>	<b>\$801,080</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$1,217,555</b>	<b>\$1,046,992</b>
<b>Supplemental Disclosures of Cash Payments Made:</b>		
Interest	\$58,657	\$59,576
Taxes	\$0	\$0

# Notes to Financial Statements

## NATURE OF ACTIVITIES AND CREDIT AND 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 Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report 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.

### 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.

### 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

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed. Renewals and betterments that materially extend the life of the assets are capitalized. 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

### Loan Fees

Loan fees relating to the mortgages are being amortized over the life of the related loan. Amortization for the years ended September 30, 2011 and 2010 is \$1,100 and \$969, 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.

# Notes to Financial Statements

## Temporary restricted net assets as of September 30, 2011 consist of the following:

3M Foundation	\$60,000
Motorola Foundation	\$92,047
Ameresco Canada, Inc.	\$50,000
Other	\$12,802
<b>TOTAL</b>	<b>\$214,849</b>

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 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 Services

During the current period, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

## FAIR VALUE MEASUREMENTS

The fair value hierarchy established in SFAS 157 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances.

SFAS 157 establishes three levels within its hierarchy that may be used to measure fair value:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2:** Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quote prices in markets that are less active than traded exchanges; and other inputs that are observable or can be substantially corroborated by observable market data.

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities.

Fair values of assets measured on a recurring basis at September 30, 2011 and 2010 are:

## Fair values of assets measured on a recurring basis at September 30, 2011 and 2010 are:

	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2011 Mutual Funds-Bond Funds	\$176,680	\$176,680	\$0	\$0
September 30, 2010 Mutual Funds-Bond Funds	\$172,842	\$172,842	\$0	\$0



# Notes to Financial Statements

## INVESTMENTS

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the years ended September 30, 2011 and 2010 are reported in net appreciation in fair value of investments.

### PROPERTY AND EQUIPMENT

Property and equipment consist of the following:	
Land	\$222,814
Buildings	\$1,182,975
Building improvements	\$121,572
Furniture, fixtures and equipment	\$278,266
<b>TOTAL</b>	<b>\$1,805,627</b>
Less: Accumulated depreciation	\$260,816
<b>TOTAL</b>	<b>\$1,544,811</b>

### 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, 2011 and 2010 amounted to \$36,965 and \$29,834, respectively.

### NOTE PAYABLE

The note payable to Fulton Bank of New Jersey requires 240 monthly payments of \$1,455.76 which include interest at 6.75% for the initial five year period. After the initial term, the interest rates will be a variable rate of one percent per annum over the Wall Street Journal Prime with a floor rate of 5%. Fulton Bank of New Jersey has the option to call this note on each five year anniversary. If not called, it will mature December 2029. The note is secured by mortgages on real estate.

### 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) has agreed to participate in this mortgage in the amount of \$495,000.

The mortgage obligation to Fulton Bank of New Jersey requires 300 monthly payments of \$3,291.91 which include interest at 6.25% 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 one percent per annum over the Wall Street Journal Prime with a floor rate of 5%. Fulton Bank of New Jersey has the option to call this mortgage on each five year anniversary. If not called, it will mature September 2034. Within this mortgage are covenants which must be met by the Organization. The mortgage also stipulates penalties for prepayment of the obligation.

The mortgage obligation to the NJEDA requires 60 monthly payments of \$3,521.68 which includes interest at 3.43% and matures September 2014.

The underlying real estate serves as collateral for these commercial mortgages.

### Maturities of this note payable are as follows:

#### For the years ended September 30,

2012	\$5,359
2013	\$5,732
2014	\$6,132
2015	\$6,558
2016	\$7,015
Thereafter	\$150,933
<b>TOTAL</b>	<b>\$181,729</b>

### Maturities of these mortgages are as follows:

#### For the years ended September 30,

2012	\$36,881
2013	\$38,454
2014	\$400,437
2015	\$11,430
2016	\$12,176
Thereafter	\$424,873
<b>TOTAL</b>	<b>\$924,251</b>

# Notes to Financial Statements

## GLOBAL FINALS

The Organization holds an annual Global Finals tournament. Revenues and expenses of this tournament for the years ended September 30, 2011 and 2010 are as follows:

Revenues	2011	2010
Housing and Registration	\$6,500,733	\$5,754,965
Sponsorships and Contributions	\$21,825	\$24,000
Souvenir Sales	\$162,179	\$150,991
Special Events and Transfers	\$159,531	\$157,234
<b>TOTAL REVENUES</b>	<b>\$6,844,268</b>	<b>\$6,087,190</b>
Expenses		
Awards	\$25,635	\$44,903
Consulting	\$70,900	\$15,000
Housing and Registration	\$4,640,058	\$4,152,902
Program and Video Expense	\$678,774	\$700,328
Salaries-Bonus and Overtime	\$50,924	\$43,050
Souvenir Purchases	\$74,045	\$75,750
Special Events and Transfers	\$129,991	\$130,592
<b>TOTAL EXPENSES</b>	<b>\$5,670,327</b>	<b>\$5,162,525</b>
	<b>\$1,173,941</b>	<b>\$924,665</b>

## COMMITMENTS AND CONTINGENCIES

The National Dairy Council has agreed to become a sponsor for the Organization and provide additional monies for projects. Under the terms of this agreement, including amendments, the Council was to provide \$750,000 for sponsorship and \$444,050 for projects over a three-year period. The agreement was terminated one year early in July 2011. The Organization received \$250,000 and \$621,592 for the years ended September 30, 2011 and 2010, respectively.

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.

## 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 accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Non-interest bearing accounts are fully insured by the FDIC. As of September 30, 2011, there is no uninsured balance.

## SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2011, the date the financial statements were available to be issued.

