

Destination Imagination, Inc.

Financial Statements
Years Ended September 30, 2022 and 2021



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DESTINATION IMAGINATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Destination Imagination, Inc.

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Destination Imagination, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Destination Imagination, Inc. as of September 30, 2021, were audited by other auditors whose report dated June 21, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Destination Imagination, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Destination Imagination, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Destination Imagination, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BBD, LLP.

Philadelphia, Pennsylvania
November 8, 2023

DESTINATION IMAGINATION, INC.**STATEMENTS OF FINANCIAL POSITION****September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 322,054	\$ 97,790
Accounts receivable		
Grants receivable	-	192,000
Other	106,238	130,942
Prepaid expenses and other assets	64,613	150,102
Property and equipment, net	<u>8,164</u>	<u>899,974</u>
Total assets	<u>\$ 501,069</u>	<u>\$ 1,470,808</u>
LIABILITIES		
Line of credit	\$ -	\$ 350,000
Paycheck Protection Program loan payable	-	354,905
Accounts payable	139,959	48,912
Accrued expenses	109,656	92,879
Other liabilities	-	5,936
Deferred revenue	195,340	129,544
Due to affiliates	<u>41,305</u>	<u>58,400</u>
Total liabilities	<u>486,260</u>	<u>1,040,576</u>
NET ASSETS		
Without donor restrictions		
Undesignated	(58,624)	14,510
Board designated	<u>58,750</u>	<u>58,750</u>
	126	73,260
With donor restrictions	<u>14,683</u>	<u>356,972</u>
Total net assets	<u>14,809</u>	<u>430,232</u>
Total liabilities and net assets	<u>\$ 501,069</u>	<u>\$ 1,470,808</u>

See accompanying notes

DESTINATION IMAGINATION, INC.

STATEMENTS OF ACTIVITIES

Years ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Global Finals	\$ 2,626,438	\$ -	\$ 2,626,438	\$ 621,294	\$ -	\$ 621,294
Team registrations	464,042	-	464,042	271,825	-	271,825
Grants, contributions and sponsorships	697,519	200,000	897,519	341,636	81,900	423,536
Interest income	6,723	-	6,723	255	-	255
Other income	237,260	-	237,260	177,276	-	177,276
Net assets released from restrictions	542,289	(542,289)	-	252,986	(252,986)	-
Total revenue and support	4,574,271	(342,289)	4,231,982	1,665,272	(171,086)	1,494,186
EXPENSES						
Program services	3,863,706	-	3,863,706	1,863,789	-	1,863,789
Supporting services						
Management and general	946,530	-	946,530	1,030,350	-	1,030,350
Fundraising	147,890	-	147,890	154,027	-	154,027
Total expenses	4,958,126	-	4,958,126	3,048,166	-	3,048,166
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES	(383,855)	(342,289)	(726,144)	(1,382,894)	(171,086)	(1,553,980)
NONOPERATING ACTIVITIES						
Promotional sales - branded	31,998	-	31,998	50,511	-	50,511
Costs of branded promotional items	(32,003)	-	(32,003)	(50,361)	-	(50,361)
Paycheck Protection Program loan forgiveness	354,905	-	354,905	-	-	-
Loss on sale of property and equipment	(44,179)	-	(44,179)	-	-	-
Total nonoperating activities	310,721	-	310,721	150	-	150
CHANGE IN NET ASSETS	(73,134)	(342,289)	(415,423)	(1,382,744)	(171,086)	(1,553,830)
NET ASSETS						
Beginning of year	73,260	356,972	430,232	1,456,004	528,058	1,984,062
End of year	\$ 126	\$ 14,683	\$ 14,809	\$ 73,260	\$ 356,972	\$ 430,232

See accompanying notes

DESTINATION IMAGINATION, INC.**STATEMENT OF FUNCTIONAL EXPENSES**

Year ended September 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	1,036,040	367,781	91,686	1,495,507
Employee benefits and payroll taxes	<u>118,469</u>	<u>42,055</u>	<u>10,485</u>	<u>171,009</u>
	1,154,509	410,127	102,171	1,666,807
Audio visual expenses	178,487	-	-	178,487
Awards	27,402	-	-	27,402
Background checks	101,532	-	-	101,532
Bad debt expense	-	16,186	-	16,186
Bank and credit card fees	-	73,974	-	73,974
Catering	52,935	-	-	52,935
Commissions	103,658	-	-	103,658
Consultants	249,899	-	-	249,899
Contributions	99,404	126,845	20,640	246,889
Depreciation	-	32,288	-	32,288
Infrastructure	107,082	-	-	107,082
Insurance	5,531	65,370	481	71,382
Interest	-	15,510	-	15,510
Information technology	373,057	42,352	10,558	425,967
Marketing	2,752	12,198	4,639	19,589
Office supplies	2,161	10,188	2,417	14,766
Other Global Finals costs	126,506	-	-	126,506
Professional fees	1,348	48,328	6,960	56,636
Registration	209,723	-	-	209,723
Rental expense	960,315	7,770	-	968,085
Repairs and maintenance	-	20,919	-	20,919
Team challenge development costs	82,239	-	-	82,239
Travel	24,708	12,482	-	37,190
Utilities	-	40,140	-	40,140
Miscellaneous	<u>458</u>	<u>12,144</u>	<u>24</u>	<u>12,626</u>
Total expenses	<u>\$ 3,863,706</u>	<u>\$ 946,530</u>	<u>\$ 147,890</u>	<u>\$ 4,958,126</u>

See accompanying notes

DESTINATION IMAGINATION, INC.**STATEMENT OF FUNCTIONAL EXPENSES**

Year ended September 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expense				
Affiliate support and administration	\$ 230	\$ -	\$ -	\$ 230
Conference and bulk mail reimbursement	-	12,242	-	12,242
Creative Compass/other materials	-	-	10,870	10,870
Credit card fees	-	24,252	-	24,252
DI university	39,375	-	-	39,375
Global Finals	256,735	-	-	256,735
Program materials/shipping/commissions	123,956	-	-	123,956
Total direct expense	<u>420,296</u>	<u>36,494</u>	<u>10,870</u>	<u>467,660</u>
Staff expense				
Employee travel	-	5,157	-	5,157
Employee benefits and payroll taxes	117,709	46,025	11,376	175,110
Professional development	-	3,922	-	3,922
Salaries	968,638	378,746	93,608	1,440,992
Total staff expense	<u>1,086,347</u>	<u>433,850</u>	<u>104,984</u>	<u>1,625,181</u>
Other operating expense				
Association memberships	4,377	-	-	4,377
Audit and legal fees	-	57,715	-	57,715
Bad debt	-	3,615	-	3,615
Building maintenance	-	18,763	-	18,763
Consultants	101,595	87,478	17,178	206,251
Depreciation	-	40,035	-	40,035
Impairment	-	158,000	-	158,000
Fundraising	55,502	-	-	55,502
Insurance	7,830	71,143	757	79,730
Interest	-	6,581	-	6,581
IT costs	100,765	39,400	9,738	149,903
Miscellaneous	87,077	3,552	10,500	101,129
Office supplies	-	23,489	-	23,489
Other shipping	-	5,185	-	5,185
Utilities	-	45,050	-	45,050
Total other operating expense	<u>357,146</u>	<u>560,006</u>	<u>38,173</u>	<u>955,325</u>
Total expenses	<u>\$ 1,863,789</u>	<u>\$ 1,030,350</u>	<u>\$ 154,027</u>	<u>\$ 3,048,166</u>

See accompanying notes

DESTINATION IMAGINATION, INC.**STATEMENTS OF CASH FLOWS**

Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (415,423)	\$ (1,553,830)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	32,288	40,035
Impairment loss	-	158,000
Bad debt expense	16,186	-
Forgiveness of Paycheck Protection Program loan payable	(354,905)	-
Loss on sale of property and equipment	44,179	-
(Increase) decrease in		
Accounts receivable	200,518	(2,542)
Inventory	-	22,500
Prepaid expenses and other assets	85,489	167,549
Increase (decrease) in		
Accounts payable	91,047	(5,877)
Accrued expenses	16,777	(8,661)
Other liabilities	(5,936)	427
Deferred revenue	65,796	126,169
Due to affiliates	(17,095)	32,220
Net cash used for operating activities	<u>(241,079)</u>	<u>(1,024,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of property and equipment	<u>815,343</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	350,000
Proceeds from Paycheck Protection Program loan payable	-	354,905
Repayment of line of credit	<u>(350,000)</u>	<u>-</u>
Net cash provided by (used for) financing activities	<u>(350,000)</u>	<u>704,905</u>
Net change in cash	224,264	(319,105)
CASH		
Beginning of year	<u>97,790</u>	<u>416,895</u>
End of year	<u>\$ 322,054</u>	<u>\$ 97,790</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 15,510</u>	<u>\$ 6,581</u>

See accompanying notes

DESTINATION IMAGINATION, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(1) ORGANIZATION

Destination Imagination, Inc. (the "**Organization**") is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Through its activities, the Organization, a global educational nonprofit, inspires the next generation of innovators, leaders and creative problem solvers. The Organization's activities are conducted through school districts, state affiliates, community groups and international affiliates worldwide.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding their financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "**net assets released from restriction.**"

Also included in this category are net assets that are subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution. The Organization did not have any net assets that are required to be maintained indefinitely at September 30, 2022 and 2021.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Interest is not charged on outstanding balances.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and depreciated on the straight-line basis over the estimated useful lives of the assets. Acquisitions of property and equipment and expenditures for repairs and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized and the cost of maintenance and repairs is expensed as incurred. Listed below are the estimated useful lives of the asset classes:

DESTINATION IMAGINATION, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

Building	40 years
Building improvements	5 – 40 years
Furniture, fixtures and equipment	5 – 10 years

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable on an undiscounted basis. If such review were to indicate that the assets may be impaired, i.e. that the carrying amounts of the assets exceed the sum of their expected future cash flows on an undiscounted basis, the assets' carrying amounts are written down to updated estimated fair value. During the year ended September 30, 2021, the Organization recorded an impairment adjustment (**See Note 3**).

Due to Affiliate

Due to affiliate represents fees collected by the Organization on behalf of its affiliates. These funds will be applied to future team registration fees or other items or refunded to the affiliate. The affiliates represent registered teams that are a separate entity and do not share governance or management control with the Organization and are not considered a related party.

Board Designated Assets

The Organization's board has designated net assets without donor restrictions for scholarships for its programs.

Revenue Recognition

Global Finals revenue consists of team registration fees for the Global Finals event. The fixed fee allows the team the right to participate in the events of Global Finals. Teams from around the world may register for the event. The revenue is recognized upon receipt of registration form for the year in which the event is to be held. Payment of the registration fees is to be paid before the Global Finals event is held, which historically has been in May. In the event that teams are able to obtain sponsors to cover the team fees, the fees are refunded to the team at the time the Organization receives the sponsorship.

Team registration revenue represents revenue from the sale of challenge materials at a fixed fee. The challenge materials are provided in a digital format and the revenue is recognized at the point of sale, as the materials are immediately available for download during the challenge year. The revenue for the teams that register and pay prior to the upcoming challenge year of October 1, is deferred and the revenue is recognized in the subsequent year.

Contributions, Grants and Sponsorships

Contributions, grants and sponsorships received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions, grants and sponsorships whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions, grants and sponsorships are recognized as revenue when the related promise to give is received. Conditional contributions, grants and sponsorships are recognized as revenue when the conditions are satisfied. At September 30, 2022, the Organization had \$1,000,000 in conditional contributions, grants and sponsorships.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are performed by individuals with those skills, and would otherwise be purchased by the Organization. The Organization benefits from the many volunteers who provided services throughout the year that were not recognized as contributions in the financial statements because these services do not meet the recognition criteria.

DESTINATION IMAGINATION, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and employee benefits and payroll taxes which were allocated based on estimates of time and effort.

Concentrations of Credit Risk

Cash and accounts receivable are financial instruments which potentially subject the Association to concentrations of credit risk. The Association maintains cash deposits at various high-quality banks and financial institutions. At times, such deposits may exceed federally-insured limits. Accounts receivable which consist primarily of event registrations and hotel rebates were collected in 2023.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

(3) PROPERTY AND EQUIPMENT

Property and equipment at September 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ -	\$ 151,000
Buildings	-	967,108
Buildings and improvements	-	122,982
Furniture, fixtures and equipment	<u>376,012</u>	<u>376,012</u>
	376,012	1,617,102
Less accumulated depreciation	<u>(367,848)</u>	<u>(717,128)</u>
	<u>\$ 8,164</u>	<u>\$ 899,974</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$32,288 and \$40,035, respectively.

In 2021, the Organization's building was put up for sale. Due to the commercial real estate market in the area being depressed, the selling price was less than the carrying value. Accordingly, the Organization recognized an impairment loss of approximately \$158,000, which was included in general and administrative expenses in the Organization's statement of activities for the year ended September 30, 2021. The building along with the land and building improvements were sold in July 2022. The Organization incurred a loss on the sale of \$44,179 which is recorded in the Statement of Activities for the year ended September 30, 2022.

DESTINATION IMAGINATION, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(4) PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In 2021, the Organization received loan proceeds in the amount of \$354,905 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses.

In 2022, the Small Business Administration forgave the full amount of the loan and as a result, the Organization has recorded the forgiveness in the statement of activities for the year ended September 30, 2022.

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>Balance</u> <u>September 30, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30, 2022</u>
Subject to expenditure for specified purpose or periods				
DI - China	\$ 68,105	\$200,000	\$(265,870)	\$ 2,235
Lumens	226,900	-	(226,900)	-
Motorola Solutions Foundation	47,319	-	(47,319)	-
Other	<u>14,648</u>	<u>-</u>	<u>(2,200)</u>	<u>12,448</u>
	<u>\$356,972</u>	<u>\$200,000</u>	<u>\$(542,289)</u>	<u>\$ 14,683</u>
	<u>Balance</u> <u>September 30, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30, 2021</u>
Subject to expenditure for specified purpose or periods				
DI - China	\$144,185	\$ -	\$ (76,080)	\$ 68,105
Lumens	300,000	76,900	(150,000)	226,900
Motorola Solutions Foundation	64,590	5,000	(22,271)	47,319
Other	<u>19,283</u>	<u>-</u>	<u>(4,635)</u>	<u>14,648</u>
	<u>\$528,058</u>	<u>\$ 81,900</u>	<u>\$(252,986)</u>	<u>\$356,972</u>

(6) LINE OF CREDIT

The Organization had a \$750,000 line of credit agreement with a bank. The line of credit bears interest at the prime rate. The line of credit renews on an annual basis and was reduced to \$350,000 in the year ended September 30, 2022. The outstanding balance at September 30, 2021 was \$350,000. The line of credit was paid off and closed in 2022.

(7) COMMITMENTS AND CONTINGENCIES

Future contracts

The Organization has entered into various contracts with hotels and other companies for future Global Finals events to be held in 2023 and 2024.

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 has the discretion to contribute 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. The Organization made no contributions for the years ended September 30, 2022 and 2021.

DESTINATION IMAGINATION, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

(8) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, which have been reduced by financial assets not available within one year. Amounts available include cash and receivables.

	<u>2022</u>	<u>2021</u>
Cash	\$322,054	\$ 97,790
Accounts receivable	<u>106,238</u>	<u>322,942</u>
Total financial assets	429,180	420,732
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purpose or periods	(14,683)	(356,972)
Board designated	<u>(58,750)</u>	<u>(58,750)</u>
Total financial assets available within one year	<u>\$355,747</u>	<u>\$ 5,010</u>

Liquidity Management

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

(9) MANAGEMENT'S PLANS

The Organization's main source of revenue is its Global Finals event which is an in-person event that is held yearly. This event was not able to be held in person during 2020 and 2021 due to the COVID-19 pandemic and as a result, the Organization sustained losses. During 2022, the event was held in person and the Organization was able to reduce its loss from \$1,553,830 in 2021 to a loss of \$415,423 in 2022. In addition, the Organization is showing unaudited net income in 2023 of approximately \$80,000 at August 31, 2023.

Management plans to continue the Organization's progress toward financial stability through the increase in the number of team registration revenues, careful management of personnel and operating expenses, and new fundraising initiatives, including the implementation of fundraising campaigns throughout the year, as well as end of year solicitation of vendors.

(10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since September 30, 2022 that would require recognition or disclosure in the financial statements.