



CELEBRATING CREATIVITY TOGETHER

2014 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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Special Thanks

TO OUR CORPORATE SPONSORS



PCG *Education*

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FOUNDATION

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uTutor.me
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Letter From THE CEO & BOARD OF TRUSTEES CHAIR

Dear Friends and Destination Imagination Colleagues

The best part of my job is not just seeing youth creativity and innovation firsthand, but hearing from parents and team supporters about the positive changes they have seen in our participants. Being on the receiving end of hundreds of testimonials is incredibly rewarding, and I always look forward to receiving these notes as they fuel my passion toward

expanding our program around the world. If you would like to review some of these notes, visit our blog on the DI website. Our Board of Trustees and staff have contributed to this annual report to provide you with a high-level summary of this year's activities. Feel free to use this report as a yearbook or as a way of introducing DI to new constituencies.

Program Enhancements

This year we added project management principles and elevated Instant Challenge importance in our system of learning. The creative process from imagination to innovation follows the five process groups in Project Management Institute's (PMI) *PMBOK Guide*: initiating, planning, executing, monitoring and

controlling, and closing. There are more than 51 million project managers worldwide recognized in almost every industry in more than 120 countries. Currently, one million project manager jobs are unfilled, so we want our students and Team Managers to have opportunities to learn and practice project management principles as they navigate our program's Team Challenges. Our Instant Challenges are designed to develop "expert" intuition. We want students to be able to quickly and decisively know how to deal with challenges, problems and opportunities. Socrates is credited with saying, "Know thyself." Instant Challenges, along with our skill survey in Roadmap, are tools in our system of learning that enable students to identify their unique strengths and abilities and how to use these attributes in team settings.



Operational Results

Once again, we exceeded our bottom-line budget expectations, which were \$96,000 for this fiscal year. Our actual results were \$157,000 compared to \$159,000 the prior year. If you would like to read a more detailed financial summary, our audited financial statements are included in the back of this publication. Destination Imagination participation has steadily grown 20% over the past five years. International expansion has been the primary driver of this growth.

Global Finals

This was the largest event in the history of Destination Imagination with 1,412 team presentations (7,978 students) and more than 16,000 attendees. Performances by “America’s Got Talent” finalist, David Garibaldi, and “American Idol” star and DI alumna, Rachel Hale, were enjoyed by all at the Welcome Ceremony. 3M’s remarkable Explore the Uncharted rainforest exhibit, setting a Guinness World Record at the 3M Duct Tape Costume Ball, 75 skills workshop sessions, DI’s 10,000 square-foot souvenir sales floor, and the Innovation Expo were just some of the highlights of this remarkable event. More than 500 DI volunteers from around the world made this event possible.

New Partnerships and Sponsor Relationships

In June, DI signed a five-year Space Act Agreement with NASA Headquarters. This special Agreement will enable DI to work with NASA Education and NASA’s ten field offices to broaden our STEM-related content available for students to use in solving DI Challenges, as well as enable DI to introduce new NASA-related Challenges. DI partnered with the Mayo Clinic’s Center for Innovation. This relationship will enable DI students to have opportunities to learn and experience opportunities in Life Sciences.

Oracle Academy became a sponsor and through this relationship students will have the opportunity to learn coding and computer science skills. UTutor.me also became a partner offering DI a new training platform for video-based training, as well as offering a fundraising strategy for teams and Affiliates. Each of these new relationships was formed to provide students and our volunteers with access to learning opportunities that will prepare them for the emerging STEM economy.

Our Future

DI will continue to ensure that our Challenge program prepares students for the future workforce, college and life. Our leadership is involved with the Partnership for 21st Century Skills, the Project Learning Network, the Project Management Institute, American Chemical Society, AICPA, Society for Neuroscience, and many other organizations to ensure that our programming is meeting best practices for education and relevant for student success in the future workforce. We are committed to the training of our volunteers through DI University and through our Affiliate infrastructure so that our student participants master 21st century skills. Our Board of Trustees and staff hope that this annual report will allow you to reflect on this past year and recognize the significant contributions made by our volunteers and alumni, who are so important to our program’s success. Without their support, DI would not have the resources to expand throughout the world. This has been a great year and we can’t wait to see the student solutions to our Challenges for the next DI season.

Sincerely,
Dr. Charles R. Cadle

Ms. Pamela Schroeder

CHALLENGE *Program*

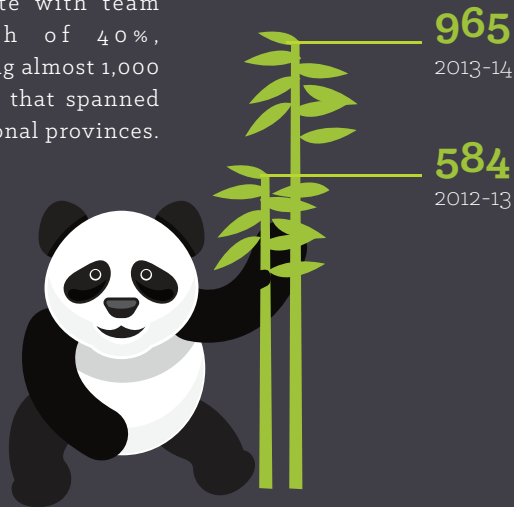


Each year, students from 48 U.S. states and 30 countries participate in the Destination Imagination program. After selecting one of six open-ended Destination Imagination Challenges in our Challenge program, teams work for months developing, practicing and perfecting a unique solution to their chosen 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.

In 2014, students all around the world participated in Destination Imagination.

CHINA

China remained the largest international Affiliate with team growth of 40%, reaching almost 1,000 teams that spanned 23 regional provinces.



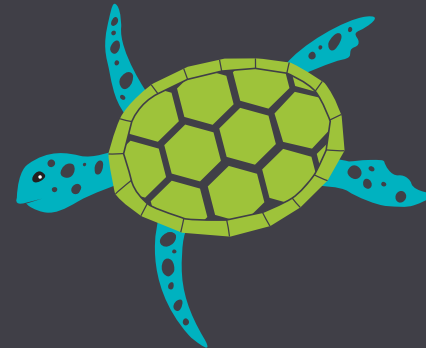
QATAR

Destination Imagination welcomed Qatar as a new Affiliate in the 2013-14 season.



CAYMAN ISLANDS

Destination Imagination welcomed teams from the Cayman Islands in the 2013-14 season.



Team Stats at a Glance

15,444

Teams Worldwide

26

Total Countries

11,835

US Teams

3,567

International Teams

47

US States

86,486

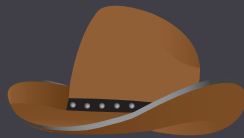
Annual Participants

Six U.S. Affiliates achieved team count growth over 25% from 2012-13 to 2013-14.



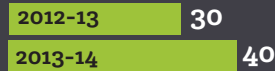
ARIZONA

73%



TEXAS

25%



NORTH CAROLINA

33%



KANSAS

54%



NEW YORK

31%



GEORGIA

61%

“Success has nothing to do with what you gain in life or accomplish for yourself. It’s what you do for others.”

-Danny Thomas

DI teams are making a difference in the lives of others.

DI's Service Learning Challenge (Project Outreach) empowers youth to make a positive impact on their communities. Each year, kindergarten through university level students select a community need and then work together to address that need. From preserving the stories of WWII veterans and Holocaust survivors to raising funds for cancer patients, take a look at some of the DI teams across the globe that worked together in 2014 to help make the world a better place.



Wisconsin Team Preserves Stories of WWII Veterans and Holocaust Survivors

For the S.A.V.E. team from Hartland, WI, the decision to preserve history by honoring WWII veterans and Holocaust survivors was an easy one. Throughout the past year, the team documented 15 veterans and 10 Holocaust survivors and compiled their stories into a 4-disc DVD set. The documentary series was originally distributed to schools and libraries in and around Hartland, but soon made its way into the U.S. National Archives and museums across the country, including the U.S. Holocaust Museum. At Global Finals 2014, the S.A.V.E. team received the Torchbearer award, which recognizes a team's extraordinary impact in and beyond their local communities.



Tennessee Team Fights to Eliminate Stereotyping

For the TSB Tigers team from the Tennessee School of the Blind in Nashville, Destination Imagination was the perfect way to show audiences how visually impaired persons are no different from anyone else. Throughout the school year, the TSB Tigers visited schools in the Nashville area and were interviewed by local media about their mission to raise awareness and eliminate stereotyping of the visually impaired. “There are a lot of stereotypes, and a lot of people can be very rude and hurtful,” said team member Alisha Whitehead. “Sometimes people look at you like you have cognitive issues even though you just have a sight problem.” At their first-ever Global Finals performance, the team members performed a scene in which a waitress did not know how to speak to a blind person, an issue that each team member has personally faced.



Colorado Team Joins Imagine Dragons in Battle to Slay Cancer

Team T.B.D. from Boulder, CO, raised more than \$7,000 for the Tyler Robinson Foundation to support a local child, Cade Humphreys, in his battle against cancer. The Tyler Robinson Foundation, which was founded by Grammy Award winning band, Imagine Dragons, and the Robinson family, assists families in battling the unseen costs of childhood cancer. In addition to local and online fundraising, the team held a “Clap for Cade” benefit in which they ran the games, emceed the event, and managed the volunteers. After being inspired by the team’s passion and hard work, team T.B.D. was treated to Imagine Dragons concert tickets and invited to deliver the check to the band backstage.

Destination Imagination team counts grew worldwide.



2012-13 22
2013-14 31

BRAZIL
41%



2012-13 584
2013-14 965

CHINA
65%



2012-13 230
2013-14 254

TURKEY
10%



2012-13 166
2013-14 206

MEXICO
24%



2012-13 36
2013-14 68

SINGAPORE
89%



2012-13 31
2013-14 50

POLAND
61%

Destination Imagination Program Materials were published in eight different languages this season!

imagine ENGLISH

imaginar SPANISH

düşünmek TURKISH

상상 KOREAN

imagina ROMANIAN

wyobrazic POLISH

تخيل ARABIC

想像 MANDARIN



GLOBAL *Finals*

“The highest levels of performance come to people who are centered, intuitive, creative and reflective - people who know to see a problem as an opportunity.”

-Deepak Chopra



Innovative Companies Share Their Cutting-Edge Technology, Products & Services with the DI Community

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 21 interactive exhibits where participants and attendees could test the latest and most innovative technology and products, including electronics, scientific devices and gadgets.



World-Renowned Organization Recognized by DI for Innovation in Health Care

This year's Risorgimento Award was presented to the Mayo Clinic and accepted by Dr. Doug Wood, Medical Director of the Mayo Clinic. 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 the Mayo Clinic has been a pioneer in serving humanity through hope and healing, including making significant contributions in the fields of medicine and science that have transformed the health care industry, for 150 years.



Students Don Duct Tape Attire to Set Guinness World Record

On May 22, 2014, hundreds of students fashioning duct tape outfits flooded Thompson-Boling Arena to help Destination Imagination set the Guinness World Record for the largest group of people wearing duct tape. To set the record, a minimum of 250 people wearing two articles of duct tape clothing was required. An adjudicator from the Guinness World Records was on hand to verify the record-setting 752 students who were dressed to the duct tape nines. Coverage of the event was featured nationally on ABCNews.com and broadcast on "ABC World News Now."



American Idol Finalist and DI Alumna Kicks off Global Finals 2014

Thousands of students and families from around the world gathered for the annual Welcome Ceremony to kick off the world's largest celebration of creativity with a celebrity performance by "American Idol" Season 12 finalist and DI alumna, Rachel Hale, who sang the national anthem. The country music singer began her journey with Destination Imagination as a teenager. "When I participated in my first Destination Imagination Global Finals, my life was forever changed." In addition to singing the national anthem, Hale hosted a songwriting workshop for students during the 4-day event.



Performance Painter David Garibaldi Brings Genius to Life

Global Finals participants had a front-row seat for the most creative event of the evening when renowned performance painter and "America's Got Talent" Season 7 finalist, David Garibaldi, combined his passion for painting, dance and performance to create an Albert Einstein masterpiece in under five minutes. Garibaldi is considered an innovator in the 21st century's growing genre of urban-contemporary artists who are revolutionizing the face of the art world, and Destination Imagination was proud to have such an incredible artist join us for our largest celebration of creativity yet.



Students and Parents Boost Their Expertise with First-Ever Skills Workshop Series

At Global Finals 2014, Destination Imagination hosted its first-ever Skills Workshops series. From hip-hop and Broadway dance to 3D printing and microcontrollers, students and parents had the opportunity to explore their curiosities and learn new skills in 20 different areas. With nearly every class sold out, the Skills Workshop series was a massive success.



DI Participants Use Their Duct Tape Skills for Greater Good

One of the main attractions at this year's Innovation Expo was the Duct Tape Bus. Hundreds of participants and family members helped cover a school bus entirely in 3M duct tape and then assembled school kits for children at the Boys & Girls Club of Tennessee. Destination Imagination and University of Tennessee staff members hand-delivered the school kits to the Boys & Girls Club of Tennessee via the Duct Tape Bus shortly after the event.



Students Experience Rainforest Adventure at Explore the Uncharted, Sponsored by 3M

3M Explore the Uncharted was an exhibit not to be missed at this year's Innovation Expo. Designed to teach students about the significance of rainforests, the exhibit took students on a simulated journey from the top of the rainforest canopy to the forest floor. This amazing 3M Explore the Uncharted adventure included three different Challenges in which participants had to gather supplies, free animals from poachers, and interact with their surroundings, all while testing their teamwork and critical thinking skills.



Families Showcase Their Duct Tape Skills at the 3M Duct Tape Playground

For Destination Imagination participants, duct tape isn't just about functionality; it's about fashion and art. At the 3M Duct Tape Playground, kids and teens flexed their creativity skills to craft a variety of duct tape artwork ranging from ties to wallets to gloves. Playground enthusiasts also participated in the Tape-by-Numbers mural, using duct tape to slowly reveal a hidden parrot on a gigantic 10' x 20' panel that was generously provided by 3M.



Cultures Come Together to Celebrate Creativity

Global Finals brings different cultures together to celebrate creativity. This year, international teams from 14 countries, including China, South Korea, Singapore, Turkey, Qatar, Canada, Guatemala and Brazil, traveled to Knoxville, TN, to participate in Global Finals. 28 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.



Long Lines Worth the Wait for Exclusive Global Finals 2014 Merchandise

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, ThinkFun, Laser Pegs, Citiblocs, DataWind, WABA Fun and Plano Pin.



Families Treated to Exclusive Screening of James Cameron's DEEPSEA CHALLENGE 3D

More than 5,000 students, parents and volunteers gathered at the annual "Movie Under the Stars" event at World's Fair Park for the exclusive screening of Academy Award winning director James Cameron's documentary, "DEEPSEA CHALLENGE 3D." Produced by Destination Imagination sponsor, National Geographic, "DEEPSEA CHALLENGE 3D" chronicles Cameron's epic journey to the bottom of the Mariana Trench. The exclusive screening, which was a record-breaking event, was courtesy of National Geographic and film distributor, DisruptiveLA.



Student Reporters Try Their Hand at Broadcasting to a Global Audience

Thanks to IBM, our DITV sponsor, Destination Imagination was able to provide its second-ever live streaming of the Welcome Ceremony and Closing Celebration at Global Finals 2014 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 DI student reporters and volunteers. Featured videos from Global Finals 2014, including interviews with Susan Currie, Educational Specialist at NASA Marshall Space Flight Center; Donny Dreyer, Operations Managers at the Mayo Clinic Center for Innovation; Kevin Wesolowski, COO of Partnership for 21st Century Skills, are available on the Destination Imagination YouTube channel for use in marketing and outreach.

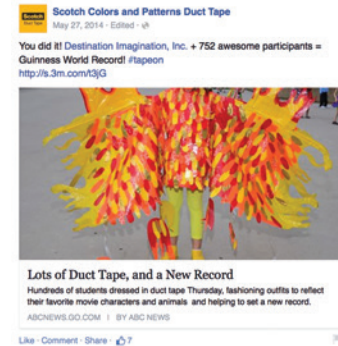


Selfie Scavenger Hunt a Huge Hit

Global Finals attendees were tasked with finding 10 different selfie spots scattered across the University of Tennessee campus and tagging them with the #gfselfiespot hashtag on Twitter for a chance to be featured on the jumbotron at the Closing Celebration. Hundreds of thousands of selfies were uploaded throughout the week, proving that kids, teens and adults can't resist a good selfie challenge.

Social Media at Global Finals

- Online Global Finals conversation reached an audience of more than 4.21 million people
- Global Finals photos had 1.74 million views in 4 days
- #GlobalFinals14 hashtag was used 4,448 times in the month of May



SPECIAL EVENTS *and Projects*



“Happiness lies in the joy
of achievement and the
thrill of creative effort.”

-Franklin D. Roosevelt



December 2013

DI China Launches the International Invitational

In December 2013, DI China welcomed teams from around the world to its first annual International Invitational. Dubbed as a mini Global Finals, the International Invitational was an exceptional opportunity for teams to showcase their Team Challenge solutions with 628 other DI teams, make new friends from around the world, pin trade and attend the official Opening and Closing Ceremonies. The tournament also featured a one-day Extreme Challenge, co-designed by Destination Imagination headquarters, National Geographic and Oracle. For the Extreme Challenge, teams were tasked creating a system that could photograph an animal while minimally impacting the animal and its environment.



March 2014

National Geographic & DI Team Up for Engineering Exploration Challenge

In March, Destination Imagination worked with National Geographic to co-design the Engineering Exploration Challenge, which was open to kids and teens worldwide. For the Engineering Exploration Challenge, students had to think like an engineer and develop a solution to one of three Challenges including designing, building and testing a wearable way to generate one watt of electricity without using an electrical outlet, creating a camera that could withstand an animal attack, and building a system that could raise a camera 10 feet in the air and return safely to the ground. The winning participants had the opportunity to discuss their design with National Geographic engineers in a live Google+ Hangout, which was broadcast from Global Finals 2014.



May 2014

Destination Imagination Joins Forces with Conrad Foundation

In May, Destination Imagination and the Conrad Foundation partnered for the annual Conrad Spirit of Innovation Challenge. Created by Nancy Conrad to honor the legacy of her late husband, NASA astronaut Charles “Pete” Conrad, the entrepreneurial program provides students with the opportunity to use their STEM and 21st century skills to develop sustainable, innovative products to help solve global and local problems. The top-tiered participants have the opportunity to attend the Conrad Foundation’s annual Innovation Summit to vie for seed grants, patent support and commercial opportunities.



June 2014

Destination Imagination Tasks Top Execs with Problem Solving Challenge

In June, the Destination Imagination staff was invited to present at Partnership for 21st Century Skills (P21). In true DI spirit, Destination Imagination headquarters invited AVAdventure to bring their hands-on Reset Council Challenge to the help showcase the skills students learn through the DI Challenge program. Representations from P21’s diverse membership, including business executives, education association, foundation and non-profit leaders, as well as education leaders from several of P21’s 10 state partners, were tasked with problem solving on behalf of citizens in the fictional city of Reset. After making decisions that directly affected the citizens, they had the opportunity to see their choices come to life in dramatic ways, including through news reports, personal testimonials, works of art, and reactions from local citizens.



Summer 2014

Mayo Clinic Center for Innovation & DI Team Up for Summer Challenge

This summer, Destination Imagination and the Mayo Clinic Center for Innovation teamed up for the Unlikely Superheroes Challenge to empower students to become superheroes and transform their communities through creative solutions. Teams were required to research and select a community health issue that affects or prevents a community from achieving good health, and then present a solution to resolve the community health issue. Team Alternate Understudies from Bellville, TX took first place and performed their winning solution at the Mayo Clinic's prestigious Transform Symposium in Minnesota, MN in September.



July 2014

Hundreds of Volunteers and Educators Convene for Ignite 2014: Innovation for Education

In July, 324 educators and Destination Imagination volunteers gathered in Dallas, TX for Destination Imagination's second annual Ignite conference. This year, Destination Imagination opened up Ignite 2014 to audiences outside of the program. The 3-day conference featured 63 sessions geared toward educators and DI volunteers who are who are passionate about 21st century learning, STEM principles, and the urgency to foster students with the skills necessary to succeed in today's world. Attendees were also treated to keynotes by award-winning philanthropist, Cheryl "Action" Jackson, and founder and CEO of 21st Century Learning Advisors, Bernie Trilling.

WHO We Are

NASA

NATIONAL GEOGRAPHIC

Exhibit Sponsors

Pineapple Pine Co.

PEARS

• <http://www.groupon.com/deals/bull-s-eye-saloon-and-restaurant>



“Alone we can do so little; together we can do so much.”

-Helen Keller

Our Board

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Max Kringen

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Dr. Chuck Cadle, CEO Ex-Officio

Non-Voting Board Member

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Administration*

*Brownie Mitchell
Director of U.S. Field Operations
and Associate Director for
Global Affiliate Strategy*

*Darlene Courter
Early Learning Coordinator
and Administrative Support for
Affiliate Operations*

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*Kate Grimes
Art Director & Director of
Brand Management*

*Christie Casselring
Graphic Designer*

*Tina Shaffer
Communications Coordinator
and Editor*

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Alberta

Susan Picard
Sue Williams

Arizona

Sylvia Maiorana

Arkansas

Mike Mitchell
Patti Thompson

Brazil

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Manitoba

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Maryland

Sally Gold

Massachusetts

Karin Knapik

Mexico

Erika Ugarte

Michigan

Ted Grossnickle

Minnesota

Pamela Schroeder

Mississippi

Joyce Ellison

Missouri

Chuck Good

Montana

Heather Geiger

Nebraska

Kim Bejot

New Brunswick

Stephanie Patterson

New Hampshire

Jill Schoonmaker

New Jersey

Carmine Liuzzi

New Mexico

Katy Hammel

New York

Sue Brailey

North Carolina

Cynthia and Tom Kirby

North Dakota

Max Kringen

Nova Scotia

Jerry Thibeau

Ohio

Cinda Weisgerber

Oklahoma

Clara Southerland

Ontario

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Oregon

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Mike Sernoffsky

Philippines

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Poland

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Qatar

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Nancy Lum
Vincent Lupien

Rhode Island

Katie Jones

Romania

Meghan Oliveira
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Saskatchewan

Randy Emerson

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Sandra Cheng

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Tennessee

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Texas

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Vermont

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Adam Law

Washington

Barbara Sailors

West Virginia

Ron Rogillio

Wisconsin

Mike Judkins

Wyoming

Marcia McChesney

Yukon

Johanne Koser

Financial STATEMENTS

**Faktorow, Barnett
& Brunner, LLC**

Certified Public Accountants

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 statements of financial position as of September 30, 2014 and 2013 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.

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Marlton, New Jersey 08053-4128

856-810-2160
FAX 856-810-2165
fbcpa.com

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, 2014 and 2013 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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



Certified Public Accountants
November 21, 2014

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

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

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 714,289	\$ 1,344,672
Accounts receivable	90,589	212,816
Inventory and prepaid expenses	480,026	386,947
Deposits	31,310	31,310
Loans and notes receivable	153,686	122,471
Property and equipment	<u>1,375,126</u>	<u>1,431,672</u>
TOTAL ASSETS	<u>\$ 2,845,026</u>	<u>\$ 3,529,888</u>
LIABILITIES AND NET ASSETS		
Mortgages payable	\$ -	\$ 663,925
Accounts payable	77,250	326,930
Accrued expenses	234,915	172,119
Other liabilities	56,093	8,590
Deferred revenue	<u>388,195</u>	<u>426,910</u>
TOTAL LIABILITIES	<u>756,453</u>	<u>1,598,474</u>
NET ASSETS		
Unrestricted net assets		
Unrestricted	1,972,953	1,741,527
Board designated	<u>44,711</u>	<u>34,744</u>
	2,017,664	1,776,271
Temporarily restricted net assets	<u>70,909</u>	<u>155,143</u>
TOTAL NET ASSETS	<u>2,088,573</u>	<u>1,931,414</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,845,026</u>	<u>\$ 3,529,888</u>

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

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

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT						
Team registrations	\$ 1,281,011	\$ -	\$ 1,281,011	\$ 1,214,685	\$ -	\$ 1,214,685
Affiliate license fee	9,400	-	9,400	9,100	-	9,100
Partnerships/Sponsors/Grants/Donations	504,431	119,265	623,696	142,446	410,460	552,906
Product sales	96,374	-	96,374	175,389	-	175,389
Global finals	9,163,905	-	9,163,905	7,975,276	-	7,975,276
Training/conferences	49,433	-	49,433	8,065	-	8,065
Investment income	2,391	-	2,391	2,119	-	2,119
Other	26,952	-	26,952	25,440	-	25,440
Gain on disposal of assets	-	-	-	53,285	-	53,285
Net assets released from restrictions	203,499	(203,499)	-	476,873	(476,873)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	11,337,396	(84,234)	11,253,162	10,082,678	(66,413)	10,016,265
EXPENSES						
Program	9,897,095	-	9,897,095	8,918,921	-	8,918,921
Management and general	821,152	-	821,152	757,668	-	757,668
Fundraising	377,756	-	377,756	180,893	-	180,893
TOTAL EXPENSES	11,096,003	-	11,096,003	9,857,482	-	9,857,482
INCREASE (DECREASE) IN NET ASSETS	241,393	(84,234)	157,159	225,196	(66,413)	158,783
NET ASSETS, beginning of year	1,776,271	155,143	1,931,414	1,551,075	221,556	1,772,631
NET ASSETS, end of year	\$ 2,017,664	\$ 70,909	\$ 2,088,573	\$ 1,776,271	\$ 155,143	\$ 1,931,414

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

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

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 157,159	\$ 158,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	72,293	80,646
Write off of loan receivable	45,366	-
Loss (gain) on disposition of property and equipment	2,753	(53,285)
(Increase) decrease in:		
Accounts receivable	76,861	(107,371)
Inventory and prepaid expenses	(93,079)	(78,081)
Deposits	-	1,227
Loans receivable	(31,215)	(45,764)
Increase (decrease) in:		
Accounts payable	(249,680)	293,645
Accrued expenses	62,796	(143,189)
Other liabilities	47,503	(48,211)
Deferred revenue	(38,715)	44,915
Net cash provided by operating activities	<u>52,042</u>	<u>103,315</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(18,700)	(80,810)
Proceeds from sale of property and equipment	200	190,611
Net cash (used) provided by investing activities	<u>(18,500)</u>	<u>109,801</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on mortgages payable	(663,925)	(22,574)
Net cash used by financing activities	<u>(663,925)</u>	<u>(22,574)</u>
Net (decrease) increase in cash and cash equivalents	(630,383)	190,542
Cash and cash equivalents at beginning of year	<u>1,344,672</u>	<u>1,154,130</u>
Cash and cash equivalents at end of year	<u>\$ 714,289</u>	<u>\$ 1,344,672</u>
Supplemental disclosures of cash payments made:		
Interest	\$ 18,485	\$ 27,888
Taxes	\$ -	\$ -

DESTINATION IMAGINATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

	PROGRAM SERVICES	MANAGEMENT and GENERAL	FUND RAISING	TOTAL
DIRECT COST				
Affiliate support and administration	\$ 96,203	\$ -	\$ 48,835	\$ 145,038
DI University	19,398	-	-	19,398
Licensee conference	215,971	-	-	215,971
Program materials/shipping/commissions	300,555	-	-	300,555
Creative Compass/other materials	35,362	-	-	35,362
Credit card fees	21,761	-	-	21,761
Conference & bulk mail reimbursement	9,746	-	-	9,746
Team challenges	36,363	-	-	36,363
QRP challenges	8,778	-	-	8,778
Instant challenges	12,182	-	-	12,182
Early learning - updates/phase II	8,186	-	-	8,186
Product cost	81,610	-	-	81,610
Events & other	27,458	-	-	27,458
Global fundraising networking	177,211	-	-	177,211
Global finals	7,340,430	-	-	7,340,430
TOTAL DIRECT COST	<u>8,391,214</u>	<u>-</u>	<u>48,835</u>	<u>8,440,049</u>
STAFF EXPENSE				
Staff salaries/commissions	834,202	492,928	208,261	1,535,391
Professional development	22,854	16,835	3,301	42,990
Employer cost	109,836	48,734	23,813	182,383
Retirement contribution	20,230	18,434	3,775	42,439
Employee expense	71,601	63,158	51,593	186,352
TOTAL STAFF EXPENSE	<u>1,058,723</u>	<u>640,089</u>	<u>290,743</u>	<u>1,989,555</u>
OTHER OPERATING EXPENSE				
Board of Trustees administration/travel	7,982	27,937	3,991	39,910
IT costs	94,091	23,523	-	117,614
Annual report/art	3,089	1,545	515	5,149
Audit & legal fees	55,174	38,868	1,571	95,613
Association memberships	4,839	14,517	29,034	48,390
Other shipping	6,761	751	-	7,512
Office supplies	42,185	10,546	-	52,731
Insurance	65,592	32,095	1,009	98,696
Building maintenance	52,612	5,233	982	58,827
Interest on mortgage	16,532	1,644	309	18,485
Miscellaneous	2,137	-	-	2,137
TOTAL OTHER OPERATING EXPENSE	<u>350,994</u>	<u>156,659</u>	<u>37,411</u>	<u>545,064</u>
Write off of loan receivable	45,366	-	-	45,366
Loss on disposal of assets	2,753	895	28	3,676
Depreciation/amortization	48,045	23,509	739	72,293
TOTAL EXPENSES	<u>\$ 9,897,095</u>	<u>\$ 821,152</u>	<u>\$ 377,756</u>	<u>\$ 11,096,003</u>

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.

	PROGRAM SERVICES	MANAGEMENT and GENERAL	FUND RAISING	TOTAL
DIRECT COST				
Affiliate support and administration	\$ 231,239	\$ -	\$ -	\$ 231,239
DI University	25,000	-	-	25,000
Licensee conference	126,752	-	-	126,752
Program materials/shipping/commissions	255,189	-	-	255,189
Creative Compass/other materials	11,184	-	-	11,184
Credit card fees	20,820	-	-	20,820
Conference & bulk mail reimbursement	11,593	-	-	11,593
Team challenges	65,518	-	-	65,518
QRP challenges	9,286	-	-	9,286
Instant challenges	4,964	-	-	4,964
Early learning - updates/phase II	207,838	-	-	207,838
Product cost	84,784	-	-	84,784
Events & other	-	-	-	-
Global fundraising networking	95,282	-	-	95,282
Global finals	6,425,601	-	-	6,425,601
TOTAL DIRECT COST	<u>7,575,050</u>	<u>-</u>	<u>-</u>	<u>7,575,050</u>
STAFF EXPENSE				
Staff salaries/commissions	768,989	451,970	155,356	1,376,315
Professional development	29,289	7,837	2,435	39,561
Employer cost	106,661	45,323	12,608	164,592
Retirement contribution	20,609	16,830	2,795	40,234
Employee expense	37,657	37,992	-	75,649
TOTAL STAFF EXPENSE	<u>963,205</u>	<u>559,952</u>	<u>173,194</u>	<u>1,696,351</u>
OTHER OPERATING EXPENSE				
Board of Trustees administration/travel	8,811	35,245	-	44,056
IT costs	54,430	17,562	-	71,992
Annual report/art	2,886	-	-	2,886
Audit & legal fees	34,365	61,153	3,547	99,065
Association memberships	25,417	-	-	25,417
Other shipping	1,861	548	-	2,409
Office supplies	67,045	23,714	362	91,121
Insurance	60,657	27,734	1,304	89,695
Building maintenance	46,123	3,480	981	50,584
Interest on mortgage	25,428	1,919	541	27,888
Miscellaneous	115	207	-	322
TOTAL OTHER OPERATING EXPENSE	<u>327,138</u>	<u>171,562</u>	<u>6,735</u>	<u>505,435</u>
Write off of loan receivable	-	-	-	-
Loss on disposal of assets	-	-	-	-
Depreciation/amortization	53,528	26,154	964	80,646
TOTAL EXPENSES	<u>\$ 8,918,921</u>	<u>\$ 757,668</u>	<u>\$ 180,893</u>	<u>\$ 9,857,482</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.

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

Depreciation expense for the years ended September 30, 2014 and 2013 amounted to \$67,980 and \$78,126, respectively.

Loan Fees

Loan fees relating to the mortgages were being amortized over the life of the related loans. Amortization for the years ending September 30, 2014 and 2013 amounted to \$4,313 and \$2,520, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Temporarily restricted net assets as of September 30, 2014 and 2013 consist of the following:

	2014	2013
3M Foundation	\$ -	\$ 60,000
Motorola Foundation	69,229	58,663
Caterpillar	-	34,800
Other	<u>1,680</u>	<u>1,680</u>
	<u>\$ 70,909</u>	<u>\$ 155,143</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:

	2014	2013
Land	\$ 178,000	\$ 178,000
Buildings	1,084,108	1,084,108
Building improvements	97,491	97,491
Furniture, fixtures and equipment	322,460	311,151
Vehicle	<u>32,521</u>	<u>32,521</u>
	1,714,580	1,703,271
Less: Accumulated depreciation	<u>339,454</u>	<u>271,599</u>
	<u>\$ 1,375,126</u>	<u>\$ 1,431,672</u>

LOANS AND NOTES RECEIVABLE

Loans and notes 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, 2014 and 2013 amounted to \$48,248 and \$40,234, respectively.

REVOLVING LINE OF CREDIT

The Organization has a \$200,000 unsecured revolving line of credit available from Fulton Bank of New Jersey. Advances 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, 2014 and 2013.

The Organization has a \$700,000 revolving line of credit available from Republic Bank. Advances on the line of credit are payable on demand and carry an interest rate of the Wall Street Prime rate with a 3.25% floor. The credit line is secured by the Organization's commercial office in Cherry Hill, NJ. There was no outstanding balance at September 30, 2014 and 2013.

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

MORTGAGES PAYABLE

The Organization was 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 2013 and consolidated into one monthly payment of \$4,160.13 due to Fulton Bank of New Jersey which included interest at 4.00% for the initial five year period. The underlying real estate served as collateral for this commercial mortgage which was paid in full April 2014.

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, 2014 and 2013 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, 2014 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, 2014, the statute of limitations for tax years 2011 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, 2014 and 2013 are as follows:

	2014	2013
Revenues		
Housing and registration	\$ 8,655,639	\$ 7,472,937
Sponsorships and contributions	59,240	61,400
Souvenir sales	264,237	283,539
Special events and transfers	<u>184,789</u>	<u>157,400</u>
	<u>9,163,905</u>	<u>7,975,276</u>
Expenses		
Awards	12,500	13,650
Consulting	10,000	12,500
Housing and registration	5,916,564	5,370,998
Program and video expense	1,080,766	720,443
Salaries - bonus and overtime	21,770	20,714
Souvenir purchases	132,363	146,310
Special events and transfers	<u>166,467</u>	<u>140,986</u>
	<u>7,340,430</u>	<u>6,425,601</u>
	<u>\$ 1,823,475</u>	<u>\$ 1,549,675</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.

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

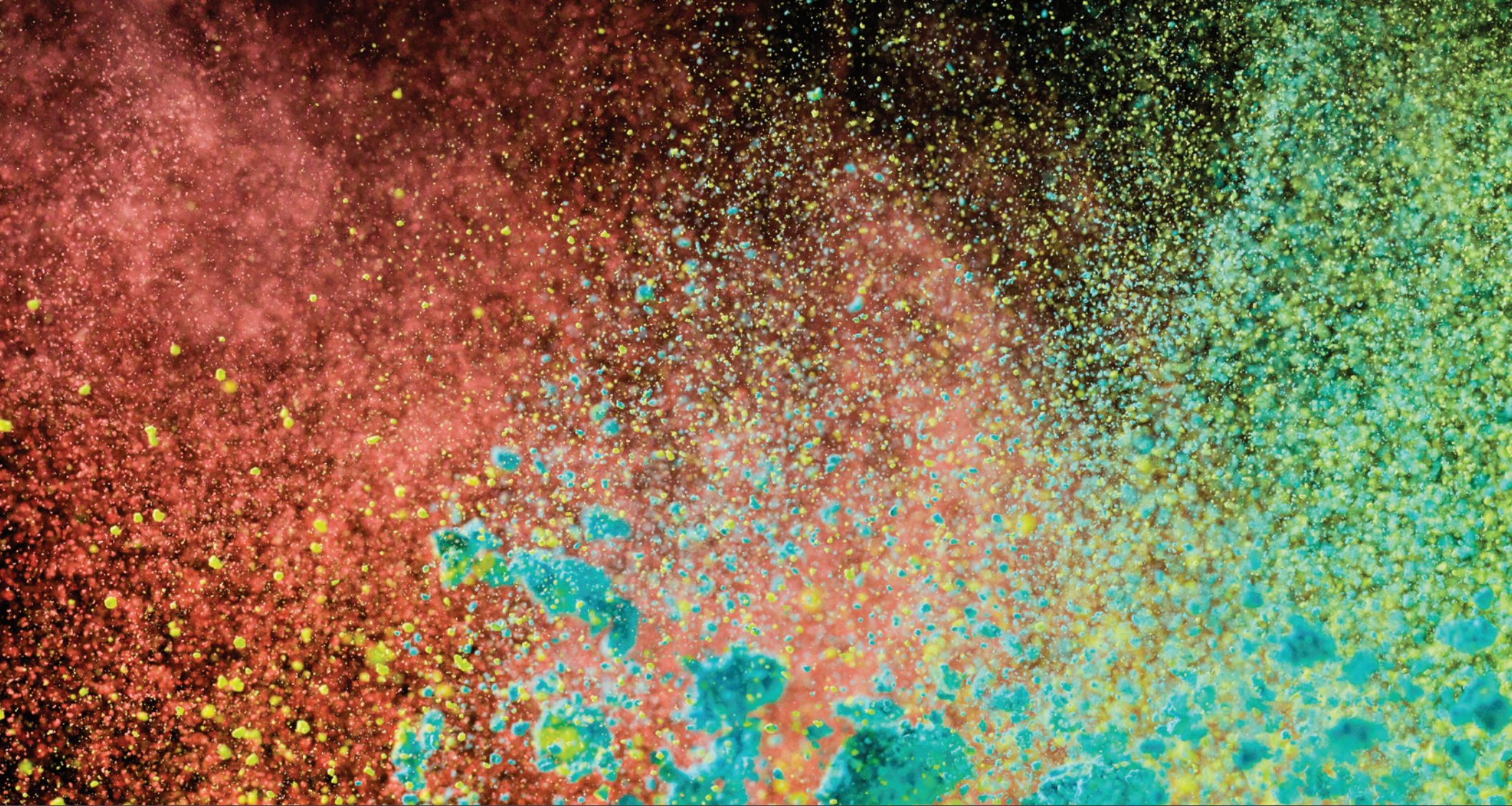
DESTINATION IMAGINATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2014 and 2013, the uninsured balance was \$131,447 and \$330,314 respectively.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2014, the date the financial statements were available to be issued.



**DESTINATION
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