

# DestinationImagiNation®

2008 Annual Report



# LETTER FROM THE MANAGEMENT TEAM

Destination ImagiNation's 25th anniversary year in 2007-2008 was by any measure a milestone of milestones!

It was a record-setting year: More than 12,000 teams of youth from around the world—led by some 45,000 adult volunteers—took part in local, Affiliate and Regional Challenges. And the DI Global Finals set the bar for participation higher than ever: more than 7,000 participants on 1,038 teams from across the United States and 12 foreign countries participated.

As we journey toward the future, it seems appropriate to reflect on how we got here. Destination ImagiNation's path can be traced back to the convergence of two like-minded institutions. Twenty-five years ago, OM Association, Inc. was organized to deliver creative problem solving programs. OM Association, Inc. conducted creativity programs for more than one million students by the end of the 1990s. At the same time in Chicago,

nearly 200 international volunteers came together to create their own creative problem solving program. Working intensely through the summer months of 1999, this dedicated team of volunteers built the Destination ImagiNation program and brand from scratch, and they released program materials and accepted participants in the fall. The program was an immediate success. The organization was pleased to have more than 100,000 students participating in the first year of the Destination Imagination program, and the organization welcomed 750 teams to its initial Global Finals in May 2000. Destination ImagiNation and OM Association, Inc. merged that same year. The name of the new organization officially became Destination ImagiNation, Inc., and its corporate headquarters remained in Glassboro, New Jersey.



More than 12,000 TEAMS of youth from around the world—led by some 45,000 adult volunteers—took part in local, Affiliate and Regional Challenges.

## CELEBRATING 25 YEARS OF CREATIVE PROBLEM SOLVING



In the years since the merger, Destination ImagiNation has maintained its solid foundation of hardworking volunteers and staff, and it has grown by tremendous bounds.

Today, Destination ImagiNation is the world's leading organization that offers participants real-world experience in creativity, teamwork and problem solving.

Our 25th anniversary year was a landmark year for our organization. We are proud of Destination ImagiNation's many achievements in 2007-2008, including:

- ★ Working with the Association of Equipment Manufacturers to design and conduct the first annual International Construction Challenge where high school students learned about careers in the construction industry;
- ★ Dlcor's growth and exciting international expansion; Wowing members of Congress who attended our DI Day on Capitol Hill;

- ★ Recognition from The National Center for Education and the Economy that our teamwork approach to problem solving should be integrated into American classrooms;
- ★ News that we had a \$22 million economic impact on Knoxville during Global Finals 2008;



- ★ A \$625,000 grant from The U.S. Department of Agriculture to the University of Tennessee to find out why DI'ers are so trim and fit; and
- ★ A special appearance by the Deputy Secretary of the U.S. Department of Education, who provided the keynote speech at Global Finals 2008.

With joy and gratitude, we thank the volunteers, sponsors and countless team members for their commitment to this program over the past quarter-century. As we eagerly anticipate our next 25 years, we take pride in knowing that our Board of Trustees, volunteers, sponsors and participants will continue to make the world a better place.

Sincerely,  
The DI Management Team

Rusty McCarty, President

Joe O'Brien, Controller

Linda Wayne, VP of Development

Roger Garroick, VP of Dlcor®

Andy Loftis, Board of Trustees Chair



It was the biggest Global Finals ever, with 1037 teams gathered in Knoxville, Tennessee to present their Challenge solutions to appreciative Appraisers and cheering audiences.

## Destination ImagiNation's 25th anniversary year was a year of Development.

The year began on a weekend in June 2007, when *Team Challenge* Development volunteers from around the world gathered in Knoxville, Tennessee. Many came as strangers, but by the end of the weekend they were united in their final product: a set of 2008-09 Challenges to intrigue, entertain and inspire our DI participants.

Late that same summer, the volunteer *Instant Challenge* Development team met to test the Challenges they had created throughout the year. Led by their International Challenge Master (ICM), they solved more than seventy-five *Instant Challenges* in one weekend, and they provided thoughtful insights that ensured the Challenges would be successful at Tournaments around the globe.

During the year, the volunteer ICMs worked to create Appraisal Packet materials for the implementation of the 2007-08 Challenges. In order to promote fairness and consistency at Tournaments around the world, the ICMs led their specific online Challenge Forums. The Forums provided secure places for the Regional and Affiliate Challenge Masters from around the world to gather and exchange Challenge information and ask questions. The Forums also allowed Tournament Directors to become more knowledgeable about

the Challenges and rules so their Tournaments would truly reflect the DI process, in which every team and solution is honored and celebrated. Throughout the year, the ICMs answered more than 1600 direct questions from teams in the Clarification system.

In the fall, DI Directors gathered at the Affiliate and Training Director Conference to learn new skills, share practices, and work towards consistency in training and Tournaments. The participants returned to their Affiliates after the Conference with new ideas, skills and energy. During the year, materials and resources were created to support Affiliate and Regional Training Directors. *The Tournament Guide* and *Tournament Essentials* provided them step-by-step Tournament support and tools.

As spring blossomed, Regional and Affiliate Tournaments were celebrated around the world. More international Affiliates than ever before were active in DI. This meant that more young people around the world were able to learn about teamwork, creativity and problem solving.

Global Finals 2008 was the exciting culmination of the Destination ImagiNation 25th anniversary year. It was the biggest Global Finals ever, with more than 1,037 teams gathered in Knoxville, Tennessee to present their Challenge solutions to appreciative Appraisers and cheering audiences. Several hundred international teams joined teams

from the US, and everyone had the opportunity to learn about different cultures and each other.

Our 25th year was also a year of growth. We expanded our group of Challenges to include the new project *OUTREACH Team Challenge*, which will be implemented for the first time within the DI *Team Challenge* program in September 2008. In this Challenge, teams will use their creativity, teamwork and problem solving skills to tackle real-world projects that positively impact their communities.

We also grew DI's catalogue of resources. A broad range of materials helped Team Managers and teams succeed throughout DI's 25th anniversary season. The lineup of resources within the DI Program Materials contained not only the *Rules of the Road*, *Team Challenges* and *Instant Challenges* but also the *Team Manager Guide*, the *Parent Guide*, and the *Coordinator Guide*. The Program Materials also included the *Instant Challenge Practice Set*, which offered teams ICs that have been used at Tournaments, and *Charting Your Course*, which provided guidance as teams worked toward their solutions.

# OUR PROGRAMS



Now in its sixth year of operation, Dlcor® (Destination ImagiNation Corporate Consulting) is the world's fastest growing Innovation Consulting organization. Dlcor's client base includes many of the Fortune 500/1000, plus numerous health care, government and military organizations. Some of Dlcor's more recognizable clients include GE, IBM, FedEx, Kellogg's, and Velcro USA, Inc.

Nearly 100 Associates now teach Dlcor Innovation Workshops globally, and all net proceeds go toward supporting the kids. In addition to delivering high quality Innovation training and consulting, one of Dlcor's key priorities is to help promote Destination ImagiNation throughout the international business world and enlist corporate support and volunteers.

A record number of engagements occurred during DI's 25th anniversary year, with new clients including:

- ★ Kodak
- ★ SAP/Business Objects
- ★ Dionex
- ★ Bayer
- ★ Capilano University
- ★ Hudson's Bay Company
- ★ University of Scranton
- ★ BC Government
- ★ Research in Motion (Blackberry)
- ★ Burger King International
- ★ LifePilot International
- ★ Sanderson and Neale
- ★ and many others.

In addition, engagements took place for the first time in England and France, and we have now certified our first Associate in Poland.



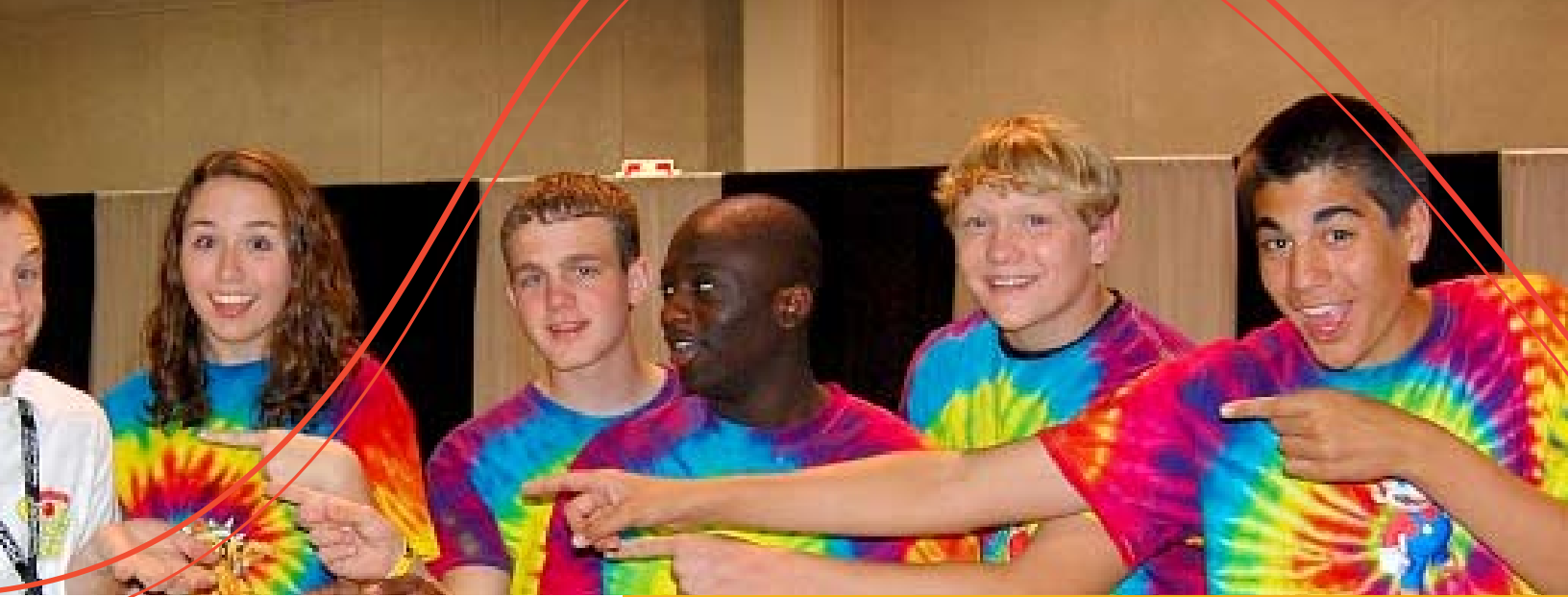
The construction industry is facing major workforce shortages due to escalating baby boomer retirements. The industry will need to fill 1,000,000 jobs by 2012. The Association of Equipment Manufacturers (AEM) came to Destination Imagination to help achieve that goal, and DI developed the Construction Challenge.

Destination Imagination's 25th anniversary year was the inaugural year for Construction Challenge, a program designed to raise awareness, change perceptions, and motivate students to choose a career in the multifaceted construction industry. On January 12, 2008, five Regional Rallies took place in Milwaukee, Cincinnati, Philadelphia, Atlanta and Dallas.

More than 140 high school teams arrived at the Regional Rallies to participate in the day-long event. Over the course of the day, teams took part in a competitive discussion about the relationship between infrastructure and its impact on our quality of life; competed against each other in the development of a new product; and implemented an infrastructure solution with team-designed equipment.

The 51 Regional Rally winners earned the right to compete at the Championships held March 10-14, 2008 at CONEXPO-CON/AGG in Las Vegas, NV, the largest tradeshow in the world, which attracted more than 125,000 attendees. AEM member companies sponsored the Rally winners at the Championships. Teams competed for prizes and scholarships by participating in an enhanced discussion, developing and building educational products to interest younger students in a construction career, and racing for points with their ramped-up, team-designed equipment.





## IMAGINATION 4LIFE

DI continues to develop and offer workshop and camp curricula, Challenge kits, CDs, skill workshops and other resource materials within the DI community and to others. School districts, PTAs, Recreation and Community Centers, individual teachers and many others build family creativity events and incorporate the Destination ImagiNation process to include teamwork, creativity and problem solving in their programs.

The Imagination-4-Life® "Accept the Challenge" summer camps continued to be successfully run in several communities again this year. These camp programs have had strong followings in their areas, raising general visibility for Destination ImagiNation and generating new DI teams from among camp participants. "Accept the Challenge" camp curricula will ultimately be available through ShopDI.

## Sci Fi VISIONS FOR TOMORROW

Destination ImagiNation is proud to partner with SCI FI's Visions for Tomorrow, a multi-faceted campaign to encourage individuals to have a significant and positive impact on the future. Through symposia, Web sites, educational curricula, advocacy-based public affairs efforts and on-air public service announcements, SCI FI is heralding a bold, new optimistic vision for tomorrow. DI supported Visions for Tomorrow by developing an engaging energy-based curriculum that encourages a variety of audiences to creatively and cooperatively approach our future energy exploration, conservation and consumption.



The Rising Stars! program continues to provide a fun and engaging introduction to teamwork, creativity and problem solving for our youngest learners. Children from 4 to 7 years old are provided with materials that help them generate unique, novel and original ideas. They learn how to focus and prioritize their ideas. As with other Destination ImagiNation programs, these lessons are learned through an exciting and interesting *Team Challenge* that gives them the structure in which to learn the creative problem solving process.

## GLOBAL FINALS 2008

### Risorgimento Award

Risorgimento is a word in current usage in English, Italian, Spanish and Portuguese that means "to rise again, be reborn, or rejuvenated." The Risorgimento Award recognizes an individual who changes the face of his/her field of endeavor through the influence of his/her creative touch, causing it to begin anew or experience a Renaissance. This year's recipient was former Tennessee Senator and U.S. Ambassador Howard H. Baker, Jr., who was recognized for his distinguished career in public service as well as his involvement in the Howard Baker Center for Public Policy in Knoxville, TN. The mission of the Baker Center is to further the public's knowledge of our system of governance and highlight the importance of public service.

### US Deputy Secretary of Education Keynotes Opening Ceremony

DI was proud to have the U.S. Deputy Secretary of Education, Raymond Simon, offer the Keynote Speech at the Global Finals Opening Ceremony. Mr. Simon got his start in education as a math teacher at North Little Rock High School in Arkansas in the early 1960s and now serves as the second-highest ranked education official in the United States. In his current position, he plays a pivotal role overseeing and managing the development of policies, recommendations, and initiatives that help define a broad, coherent vision for achieving the President's education priorities.



### Nutrition and Fitness Challenges Sponsored by National Dairy Council

This year's all-new Nutrition and Fitness Challenges, which were sponsored by the National Dairy Council (NDC), challenged the minds and bodies of participants. Over the course of three days, teams competed in Challenges designed to promote better health and eating habits. Each participant received limited-edition pins, and the winning team took home a \$1000 grand prize.





## CREATIVITY, TEAMWORK, & PROBLEM SOLVING



### Camps at Global Finals

Camps at Global Finals are designed to be a fun DIversion from the intensity of Globals competition. They include some over-the-top, unusual *Instant Challenges* that go well beyond popsicle sticks and toilet paper rolls and also feature other Challenges that are meant to be just plain fun. US teams get to interact with international participants and can even come to the special Family Camp session and team up with parents, siblings, Team Managers and grandparents! Camp counselors this year included many DI alumni, who returned to Global Finals, strengthened their long-term ties to DI and volunteering, and enjoyed the DI experience from a whole different angle. Camps at Globals are also a nice way to taste some of the fun, team-based, skill-building Challenges from Imagination-4-Life® workshops and summer camp curricula.

More than 540 children participated in camps at Global Finals 2008. There were four separate camp sessions offering more than 25 different challenges, plus Friday night's "Lookin' for Adventure" Family Camp, which was filled to capacity and included several teams of sponsors and special guests. Did you or your family go on Peanut Safari, battle the DI-Phoon, breeze Through the Hoops, help SAVE THE PENGUINS, tackle the infamous WALL, or maneuver through the DI-abolical Escape Maze? Perhaps you caught an improvisational performance during Family Camp about a newly designed tourist attraction, The Great Pyramid of Geezers!

### We Art DI®

Teams at Global Finals had the opportunity to take over the sidewalks at the University of Tennessee and show their DI pride. From Wednesday through Saturday of Global Finals, teams showed off their sidewalk chalk skills as they answered the question – "What does WE R DI mean to you?" This exciting addition to our largest event was sponsored by Zuma Fun Center.

### eXtreme Goes Over the Top

Now in its sixth year at Global Finals, DI eXtreme had no choice but to push the envelope even further! More than 30 high school and university teams took on four different Challenges: in the dark for an overnight photo shoot with the Darker Side of DI, in the mud during Muddy Mountain Madness, in the streets with Taking It to the Street, and in the ultimate ballgame with DI Dodge Ball.

### projectOUTREACH®

Our community service program made its third appearance at Global Finals in 2008 with teams showing off their ability to creatively make their communities better places to live. This exciting program now begins its transition to being a full-time part of the Destination ImagiNation *Team Challenge* offerings.

# B-A-D Day

## Cheddar Cheese Yogurt



## CORPORATE SPONSORS



Our sponsors are essential to our ability to grow and improve Destination ImagiNation.

By appearing at educational conferences, DI is able to give educators and marketers from around the world the opportunity to learn about DI and become aware of the great DI sponsors. During 2008, we exhibited at the following events:

- ★ National Parent Teacher Association (PTA)
- ★ National Education Association Convention
- ★ National Council for Workforce Education
- ★ Trades and Technology Exploration Conference for High School Girls
- ★ The Construction Users Roundtable
- ★ National Career Pathways Network Conference
- ★ National Middle School Conference
- ★ Association for Career and Technical Education
- ★ North Carolina Educational Technology Conference



### NATIONAL DAIRY COUNCIL® AMERICA'S DAIRY FARMERS

For twelve of Destination ImagiNation's twenty-five years, the NDC has helped us positively influence our participants in all parts of their lives. Together, we are helping children to develop healthy bodies by teaching them about proper nutrition and by promoting healthy and creative minds. The NDC and DI have a common goal: to help children reach and realize their true potential.



3M is a diverse company of scientists, engineers, inventors, marketers and business people of every kind. 3M has supported Destination ImagiNation for eleven years to promote creativity and innovation, two qualities that 3M hopes to see in its future employees. By teaching participants to be intelligent team players, project managers and budgeters, Destination ImagiNation is helping to build 3M's future workforce.



The Association of Equipment Manufacturers (AEM) is the leading international trade association focused on meeting the global business needs of equipment manufacturers and service providers operating worldwide in construction, agriculture, mining, forestry and utility fields. Due to current trends in the construction industry, AEM has partnered with Destination ImagiNation to develop a future workforce for its member organizations. This year, hundreds of students were introduced to many great careers available in the construction industry. Because of the success of this partnership, AEM and DI have teamed up for bigger and better things in the future.

## Destination Imagination, Inc. Board of Trustees

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Media Consultant

**Michelle Griffith**  
Media Consultant

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Governmental Affairs

**Kathy O'Holleran**  
Dcor Marketing Coordinator



# SCHOLARSHIPS

## 2008 DISC Scholarship Awardees

### Internet

\$2000

- ★ Heather Compton, Arlington, TX

\$2000

- ★ Ben White, Richmond VA

\$1000

- ★ Cydney Asher, Charlottesville, VA

### Presentation

\$750

- ★ Samantha Skinger, Indian Head, MD

\$750

- ★ Josh Garties, Chicago, IL

\$500

- ★ Jimmy Fontaine, Miamisburg, OH

\$250

- ★ Sarah Maresh, Raymond, NE

\$250

- ★ Hillary Nienhouse, Muskegon Heights, MI

### Essay

\$1000

- ★ Nicholas Vaz, Taunton, MA

\$500

- ★ Michael Korte, Centerville and Athens, OH

\$500

- ★ Travis Cole Cappel, Dallas, TX

\$500

- ★ Keith Kinsella, Carrollton, TX

## 2008 DISC Founders Award for Service and Participation

\$500

- ★ Andrew Whitmire, Winchester, VA

## British Columbia Derrick and Janice Booth Scholarship

- ★ Leandra Rhenisch

## BC Original Minds Association

- ★ Ethan Plato
- ★ Rebecca Purdy

## California California Creative Essay

\$500

- ★ Jacque Nat

## Justin Kissel Scholarship

\$500

- ★ Malik Darwish

## Colorado IDODI Appraiser Scholarship

\$750

- ★ Dominique Schoech

## Masters and Directors Scholarship

\$500

- ★ Kirstyn Dutton
- ★ Hugh Cunningham

## Illinois ILDI Scholarship

\$500

- ★ Trisha Thornton

## Georgia Georgia Enriches Minds

\$300

- ★ Chris Lohrmann

## The Donald Ridgeway Creativity in Maine

\$1000

- ★ Jordyn Allen
- ★ Taryn Peaslee

## Maryland Pat Swanson Scholarship

\$1,000

- ★ Michelle Rosen

## Rick Feutz Scholarship

\$1,000

- ★ Megan Wood

## Eric Dahl/Verizon Scholarship

\$1,000

- ★ Marina Overby

## Massachusetts Massachusetts DI

\$500

- ★ Katelyn Donaldson
- ★ Katharine Donohue
- ★ Matthew Galewski
- ★ Jill Moore
- ★ Danica Marie Page
- ★ Elisabeth Rask
- ★ Elizabeth Sellman
- ★ Katherine Wiklund
- ★ Nicholas Vaz

## The Jean Josie Scholarship

\$750

- ★ Chelsea Klein

## Nebraska Don Schrader Memorial

\$300

- ★ Sarah Maresh

## New Hampshire NHCC Board Endowed Scholarship

\$500

- ★ Laura Desmarais

## NHCC Scholarship Award

\$500

- ★ Kristin Johnson

## Montana Creativity Quest

\$500

- ★ Braydn Harsha

## South Dakota Watertown Optimists Club and South Dakota Creativity Association

- ★ Lorna Her Many Horses

## Texas The University of Texas at Dallas Four Year Scholarship (over \$40,000.00)

- ★ Lauren Marek

## Texas (cont.) TXCPSO Scholarships

\$1000.00

- ★ Sammy Wyder
- ★ Jeffrey Riddle
- ★ Christina Alvarez

## Central Region Scholarships

\$1000.00

- ★ Boerne High School
- ★ Briesemeister Middle School
- ★ Woodridge Elementary School

## East Texas CPSO Region's Earle Williams and Larry Austin Educational

\$500.00

- ★ Chloe Shofner
- ★ Sommer Short

## East Texas CPSO Region's Alumni

\$300.00

- ★ Andrew Panter

## Mid-Cities Creativity

\$500

- ★ Jonathan Smith

## NExT Region

\$1,000

- ★ Sammy Wyder

## SaYes to Creativity (West Texas Region)

\$500.00

- ★ Mark Witte
- ★ Kristiana Belles

## TVNC Regional

\$1000.00

- ★ Gregory Owen

## TVNC Regional

\$500.00

- ★ Rachel Adamo
- ★ Stephanie Bengé
- ★ Keith Kinsella

## Washington Washington Imagination Network

\$1000

- ★ Samuel Henager

INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Trustees of  
Destination ImagiNation, Inc.  
Glassboro, New Jersey 08028

We have audited the accompanying statements of financial position of Destination ImagiNation, Inc. (a nonprofit organization) as of September 30, 2008 and 2007, 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 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 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 audit provides 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, 2008 and 2007 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.

Certified Public Accountants  
November 21, 2008

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

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

	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,028,486	\$ 443,781
Short-term investments	-	25,000
Accounts receivable	277,468	495,107
Inventory and prepaid expenses	311,748	363,907
Property and equipment	179,502	165,258
Deposits	30,000	30,000
Long-term investments	<u>155,010</u>	<u>153,197</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,982,214</b></u>	<u><b>\$ 1,676,250</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 91,525	\$ 171,025
Accrued expenses	291,008	168,902
Loans & exchange	30,177	45,350
Deferred revenue	524,945	666,895
Note payable	<u>-</u>	<u>7,729</u>
<b>TOTAL LIABILITIES</b>	<u><b>937,655</b></u>	<u><b>1,059,901</b></u>
<b>NET ASSETS</b>		
Unrestricted net assets	994,559	431,349
Temporarily restricted net assets	<u>50,000</u>	<u>185,000</u>
<b>TOTAL NET ASSETS</b>	<u><b>1,044,559</b></u>	<u><b>616,349</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,982,214</b></u>	<u><b>\$ 1,676,250</b></u>

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

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

	2008			2007		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND GAINS</b>						
Contributions	\$ 143,585	\$ 50,000	\$ 193,585	\$ 280,460	\$ 296,100	\$ 576,560
Membership fees	730,455	-	730,455	775,670	-	775,670
Program revenue	6,764,681	-	6,764,681	5,390,582	-	5,390,582
Investment income	52,582	-	52,582	47,808	-	47,808
Net realized and unrealized gains (loss) on investments	(5,780)	-	(5,780)	877	-	877
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>7,685,523</u>	<u>50,000</u>	<u>7,735,523</u>	<u>6,495,397</u>	<u>296,100</u>	<u>6,791,497</u>
<b>EXPENSES</b>						
Program	6,598,077	185,000	6,783,077	6,122,403	111,100	6,233,503
Management and general	464,317	-	464,317	345,049	-	345,049
Fundraising	59,919	-	59,919	61,835	-	61,835
<b>TOTAL EXPENSES</b>	<u>7,122,313</u>	<u>185,000</u>	<u>7,307,313</u>	<u>6,529,287</u>	<u>111,100</u>	<u>6,640,387</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	563,210	(135,000)	428,210	(33,890)	185,000	151,110
<b>NET ASSETS, beginning of year</b>	<u>431,349</u>	<u>185,000</u>	<u>616,349</u>	<u>465,239</u>	<u>-</u>	<u>465,239</u>
<b>NET ASSETS, end of year</b>	<u>\$ 994,559</u>	<u>\$ 50,000</u>	<u>\$ 1,044,559</u>	<u>\$ 431,349</u>	<u>\$ 185,000</u>	<u>\$ 616,349</u>



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

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

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 428,210	\$ 151,110
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,028	22,666
Realized losses on investments	-	496
Bad debts	9,198	1,343
Unrealized (gains) losses on investments	5,780	(1,373)
Gain on sale of property and equipment	(2,778)	-
(Increase) decrease in:		
Accounts receivable	208,441	(395,364)
Inventory and prepaid expenses	52,159	(81,242)
Increase (decrease) in:		
Accounts payable	(79,500)	27,849
Accrued expenses	122,106	(2,339)
Loans and exchange	(15,173)	41,697
Deferred revenue	(141,950)	359,710
	<u>605,521</u>	<u>124,553</u>
<b>Net cash provided by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Short-term investments, net	25,000	(8,439)
Purchase of long-term investments	(7,593)	(7,440)
Proceeds from sale of property and equipment	8,500	-
Proceeds from sales of investments	-	8,745
Purchase of property and equipment	(38,994)	(33,091)
	<u>(13,087)</u>	<u>(40,225)</u>
<b>Net cash used by investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on note payable	(7,729)	(3,603)
	<u>(7,729)</u>	<u>(3,603)</u>
<b>Net cash used by financing activities</b>		
<b>Net increase in cash</b>	584,705	80,725
<b>Cash at beginning of year</b>	<u>443,781</u>	<u>363,056</u>
<b>Cash at end of year</b>	<u>\$ 1,028,486</u>	<u>\$ 443,781</u>
Supplemental disclosures of cash payments made:		
Interest	<u>\$ 408</u>	<u>\$ 184</u>

DESTINATION IMAGINATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>and GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Salaries	\$ 465,360	\$ 220,089	\$ 45,739	\$ 731,188
Employee benefits	18,949	6,654	2,503	28,106
Payroll taxes	<u>47,669</u>	<u>3,943</u>	<u>3,288</u>	<u>54,900</u>
<b>TOTAL SALARIES AND BENEFITS</b>	<u>531,978</u>	<u>230,686</u>	<u>51,530</u>	<u>814,194</u>
Advertising and exhibits	10,193	(59)	-	10,134
Bad debts	9,198	-	-	9,198
Board of directors expense	13,171	52,683	-	65,854
Conferences	1,605	-	-	1,605
Consulting fees	221,618	16,663	-	238,281
Global finals expense	4,658,973	-	-	4,658,973
Insurance	45,439	33,780	212	79,431
Interest expense	408	-	-	408
Occupancy	31,537	464	-	32,001
Office	76,643	61,300	148	138,091
Postage	69,164	955	269	70,388
Professional fees	80,879	47,580	4,589	133,048
Program development and design	-	-	-	-
Program expenses	256,384	61	-	256,445
Program support materials	113,575	-	77	113,652
Rebates	106,000	-	-	106,000
Software	2,275	-	-	2,275
Telephone	25,794	1,860	2,440	30,094
Travel	<u>518,470</u>	<u>9,089</u>	<u>654</u>	<u>528,213</u>
	<u>6,241,326</u>	<u>224,376</u>	<u>8,389</u>	<u>6,474,091</u>
Depreciation	<u>9,773</u>	<u>9,255</u>	<u>-</u>	<u>19,028</u>
<b>TOTAL EXPENSES</b>	<u>\$ 6,783,077</u>	<u>\$ 464,317</u>	<u>\$ 59,919</u>	<u>\$ 7,307,313</u>

DESTINATION IMAGINATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>and GENERAL</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u>
Salaries	\$ 531,629	\$ 167,861	\$ 45,459	\$ 744,949
Employee benefits	26,610	9,094	2,838	38,542
Payroll taxes	<u>46,121</u>	<u>10,796</u>	<u>3,565</u>	<u>60,482</u>
<b>TOTAL SALARIES AND BENEFITS</b>	<u>604,360</u>	<u>187,751</u>	<u>51,862</u>	<u>843,973</u>
Advertising and exhibits	21,718	212	-	21,930
Bad debts	1,343	-	-	1,343
Board of directors expense	11,416	45,665	-	57,081
Conferences	1,186	-	-	1,186
Consulting fees	194,452	5,300	-	199,752
Global finals expense	4,487,765	-	-	4,487,765
Insurance	59,107	28,746	232	88,085
Interest expense	184	-	-	184
Occupancy	30,611	3,917	107	34,635
Office	56,268	23,993	622	80,883
Postage	59,550	965	422	60,937
Professional fees	111,012	36,388	3,165	150,565
Program development and design	3,200	-	-	3,200
Program expenses	271,558	755	153	272,466
Program support materials	65,979	-	30	66,009
Rebates	100,781	-	-	100,781
Software	89	-	-	89
Telephone	22,259	1,522	2,263	26,044
Travel	<u>115,553</u>	<u>2,295</u>	<u>2,965</u>	<u>120,813</u>
	<u>5,614,031</u>	<u>149,758</u>	<u>9,959</u>	<u>5,773,748</u>
Depreciation	<u>15,112</u>	<u>7,540</u>	<u>14</u>	<u>22,666</u>
<b>TOTAL EXPENSES</b>	<u>\$ 6,233,503</u>	<u>\$ 345,049</u>	<u>\$ 61,835</u>	<u>\$ 6,640,387</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 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. The Organization has no permanently restricted net assets.

**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 years
Furniture, fixtures and equipment	5-8 years

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

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

**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.

Income from memberships 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.

**Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organization maintains cash balances at several financial institutions. Accounts at some institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2008, the Organization's uninsured account balances total \$579,601.

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

**LONG-TERM INVESTMENTS**

Long-term investments consisting of the following are presented in the financial statements in the aggregate at the fair value method. The values are based on quoted market prices.

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Equities	<u>\$ 166,302</u>	<u>\$ 155,010</u>	<u>\$ 158,709</u>	<u>\$ 153,197</u>

The relationship between carrying values and fair values of investments are as follows:

For the year ended September 30, 2008:

	Carrying Value	Fair Value	Excess of Cost over Fair Value
Balance at end of year	<u>\$ 166,302</u>	<u>\$ 155,010</u>	\$ (11,292)
Balance at beginning of year	<u>\$ 158,709</u>	<u>\$ 153,197</u>	<u>(5,512)</u>
Increase in unrealized loss			<u>\$ (5,780)</u>

For the year ended September 30, 2007:

	Carrying Value	Fair Value	Excess of Cost over Fair Value
Balance at end of year	<u>\$ 158,709</u>	<u>\$ 153,197</u>	\$ (5,512)
Balance at beginning of year	<u>\$ 160,510</u>	<u>\$ 153,625</u>	<u>(6,885)</u>
Decrease in unrealized loss			<u>\$ 1,373</u>

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

**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Land	\$ 44,814
Building	98,867
Building improvements	99,051
Furniture, fixtures and equipment	<u>227,962</u>
	470,694
Less: Accumulated depreciation	<u>291,192</u>
	<u>\$ 179,502</u>

**NOTE PAYABLE**

	2008	2007
Note payable to America Suzuki in 72 monthly payments of \$316, including interest at 1.9%. This note was secured by a vehicle and was paid in full October 2007.	\$ -	\$ 7,729
Less: Current portion	<u>-</u>	<u>3,672</u>
	<u>\$ -</u>	<u>\$ 4,057</u>

Total interest expense for the years ended September 30, 2008 and 2007 amounted to \$0 and \$184, respectively.

**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, 2008 and 2007 amounted to \$18,150 and \$26,643, respectively.

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 ended September 30, 2008 and 2007 are as follows:

	<b>2008</b>	<b>2007</b>
Revenues		
Housing and registration	\$ 5,503,011	\$ 4,782,887
Sponsorships and contributions	12,450	13,500
Souvenir sales	55,652	75,253
Special events and transfers	<u>142,222</u>	<u>125,297</u>
	<u>5,713,335</u>	<u>4,996,937</u>
Expenses		
Housing and registration	4,067,218	4,060,078
Awards	18,449	17,658
Consulting	14,300	1,500
Program and video expense	430,643	297,643
Special events and transfers	<u>128,543</u>	<u>110,886</u>
	4,659,153	4,487,765
Extra salary	<u>34,795</u>	<u>24,568</u>
	<u>4,693,948</u>	<u>4,512,333</u>
	<u>\$ 1,019,387</u>	<u>\$ 484,604</u>

**COMMITMENTS AND CONTINGENCIES**

The National Dairy Council agreed to become a sponsor for the Organization. Under the terms of this agreement, including amendments, the Council is to provide \$806,800 over a three-year period. This agreement, including renewal and termination rights, expires in July 2009. The Organization received \$306,800 and \$250,000 for the years ended September 30, 2008 and 2007, respectively.

The Organization has a \$125,000 working capital line of credit in place from The Bank of Gloucester County, requiring interest at the bank's prime. This line is secured by the land and building of the Organization.

The Organization has contracted to hold Global Finals through 2012 at the University of Tennessee. Either party can terminate these contracts. Under certain circumstances cancellation fees would apply.





# DestinationImagiNation®

2008 Annual Report



Destination ImagiNation, Inc.  
114 East High St  
Glassboro NJ 08028

Creativity ★ Teamwork ★ Problem Solving

