

2010
**ANNUAL
REPORT**

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

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

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1111 S. Union Ave. Cherry Hill, NJ 08002

Dear Reader,

In my first year as Chief Executive Officer, I have witnessed an exciting transformation within our organization. Our staff and volunteers embraced the launch of a worldwide Start a Team initiative and successfully increased the number of team registrations. In addition, our staff delivered a better-than-budgeted return on our business plan. We had budgeted a loss of \$212,000, but we ended the year slightly better than breakeven. New funding sources, and our special projects, also helped our growth and allowed us to purchase a new headquarters. The building has enhanced our brand image, enables us to consolidate our storage space, and has ample room for us to create and assemble new products and kits.

Our organization's transformation is reminiscent of stories told by those involved with the Destination ImagiNation program, which prepares students for facing a new world of challenges. As more educators and practitioners come to understand the value of integrating life-skill training in creativity, teamwork and problem solving with academic curriculum, we will continue to see our organization thrive long into the future. Keith Sawyer, a recognized authority in creativity and innovation, recognizes the need for what we do. In his "Educating for Innovation" article, Sawyer wrote:

Because innovation is a group phenomenon, understanding the connection between education and the knowledge society requires analysis at not only the psychological level, but also at a social group and institutional level. The key challenge is for schools to connect individual learning for creativity to social and organizational creativity and learning. To do this, schools have to provide students with opportunities for collaborative knowledge building, for group creation in improvisational teams.

Dr. Sawyer's challenge is realized through the Destination ImagiNation program, and we have the success stories to prove it. Each story tells of a life-changing experience that a child or volunteer has undergone. I have read hundreds of these inspirational stories and use them often to transfer knowledge about Destination ImagiNation to new constituencies.

I would like to thank our sponsors for their continued support as we continue to inspire more stories of success and transformation. I also welcome our new supporters, the GE Foundation and Ameresco. GE donated a capacity-building grant that enabled us to make needed improvements to our new headquarters. Ameresco has signed a three-year sponsorship for the Scientific Team Challenge.

As we look forward to this next fiscal year, I want to personally congratulate everyone involved for their effort to deliver on the promise of our mission and vision.

Start a Team!

A handwritten signature in black ink that reads "Chuck Cadle".

Chuck Cadle
Chief Executive Officer



Destination ImagiNation 2010



Executive Summary

In 2010, Destination ImagiNation, Inc. took great strategic strides to increase worldwide participation in its programs worldwide. Among the organization's key efforts were a revamped marketing campaign, the addition of new staff members, a new headquarters and the incorporation of an Innovation Expo at Global Finals.

Destination ImagiNation, Inc. is an extraordinary global non-profit organization that produces educational and cause-based programs for students to learn and experience creativity, teamwork and problem solving. Every year, we reach 100,000 students across the U.S. and in more than 30 countries. Destination ImagiNation, Inc. is a 501(c)(3) non-profit organization with more than 1.3 million alumni and a global network of 35,000 volunteers.



Our New Home

In order to support organizational growth and an increasing number of staff members, Destination ImagiNation, Inc. purchased a new, larger headquarters during the 2010 fiscal year. Located in Cherry Hill, N.J., the new headquarters is more easily accessible for visitors, features a sizeable warehouse and offers a modern office setting.



Building a Core Staff

In 2010, Destination ImagiNation, Inc. worked hard to develop and align its core staff. The current staff has a wide skill set and functions in a variety of contexts—from live events to strategy and behind-the-scenes logistics. Our goal is to cultivate cross-disciplinary personnel that are capable of supporting each other to great effect.



Destination ImagiNation, Inc.

Our family of staff and consultants are dedicated to providing the highest level of service and programming.

Staff

Management

Chuck Cadle | *Chief Executive Officer*
Rusty McCarty | *Chief Operating Officer/Creative Director*
Joe O'Brien | *Controller*
Maureen Donovan | *Director of Human Resources*

Programming

Emily Panasowich | *International Coordinator*
Brittany Dyer | *Program Coordinator*
Sheila Swanson | *DI Program Director*
Andrew Whitmrie | *Custom Programming Director*

Recruiting

Roger Garriock | *Director of Canada Operations*
Peggy Middendorf | *Program Coordinator*
Ginger Green | *Domestic Affiliate Program Coordinator*
Marcea Gustafson | *Director of European Operations*

Information Technology

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

Service

Jennifer Batchelor | *Service Director*
Darlene Courter | *Service Leader*
Mike Marcasciano | *Shipping/Warehouse*
Delilah Passero | *Data Entry Operator*

Marketing & Public Relations

Drew Coburn | *Branding Consultant*
Ann Watson | *Expo Sales Consultant*

Finance

Kevin McDonough | *Project Analyst/Purchasing*
JoAnne Quinn | *Bookkeeper*
Steven Flaa | *Assistant Controller*

Creative

Justin Billek | *Creative Developer/Product Coordinator*
George Jacob | *Communications Coordinator*
Kate Wise | *Art Director*
Christie Casseling | *Production Assistant*
Brendon Luci | *Technical/Graphic Designer*

Development

Rosemary Becchi | *Relationship Development*
Kathy Hamor | *Sponsor/Partner Development*

Board of Trustees

Board of Trustees Chair:

Brownie Mitchell

Board of Trustees Vice-Chair:

Pamela Schroeder

Board Members

John Maloney
Karen Anderson
Rosemary Bognar Pinney
Valerie Conroy
Michael Kelly
Susan Oclassen
***Rick Rand**
***Nina Schwenk**
David Thomason
Bruce Urban
Johnny Wells
Nancy Wingenbach
Eric Wolff
Charles R. Cadle, CEO

**Term begins October 2010*

Thanks to Our Sponsors

International Sponsor



NATIONAL DAIRY COUNCIL

The International Sponsorship of the National Dairy Council has helped the Destination ImagiNation program grow around the world. For eleven years, Destination ImagiNation, Inc. and the National Dairy Council have partnered to help children develop and nurture their creativity so they can realize their true potential.

Challenge Sponsors



Structural Challenge

For 10 years, 3M has been a member of the Destination ImagiNation, Inc. team. Their sponsorship has helped Destination ImagiNation grow and reach thousands of innovative children.



Technical Challenge

This will be AEM and Volvo Construction Equipment's second year as Challenge sponsors. They have partnered with Destination ImagiNation to engage and introduce students to all the opportunities the construction industry has to offer.



Scientific Challenge

In 2010, Ameresco, Inc. became an official sponsor of the Destination ImagiNation program by sponsoring the 2010-11 Scientific Team Challenge. Ameresco, Inc. is an independent energy solutions company delivering long-term customer value through innovative systems, strategies and technologies.

Country Marketing Partner



IBM Canada's support of the Destination ImagiNation program has thus far resulted in the introduction of Destination ImagiNation to more than half of Canadian school Superintendents/Directors, and the program now being offered in 9 of Canada's 10 Provinces and the Northwest Territories.

Grants



motorola
foundation

The Motorola Foundation awarded three grants to Destination ImagiNation in 2010:

- To develop a mobile event that engages American students in science, technology, engineering and math.
- To perform an Impact Study for Creativity Education in selected countries.
- To teach innovation skills to youth in underserved areas in Chicago and its vicinity.



In 2010, GE provided a Capacity Building Grant to help Destination ImagiNation improve its operational and support capabilities.

Destination ImagiNation 2010

Destination ImagiNation is an educational program in which student teams solve open-ended Challenges and present their solutions at Tournaments. 13,357 Team Numbers were issued for the 2009-10 program season, and 15,000 teams are expected for the 2010-11 season.



Marketing

In 2010, Destination ImagiNation, Inc. increased its marketing budget for the Destination ImagiNation program. Key efforts included hundreds of billboards placed across the U.S., advertising placements in *The School Administrator* and radio commercials in strategic markets. Additionally, an animated public service announcement produced by the organization received three Telly Awards.

Inspired by 3M

Continuing its long-term sponsorship of the Destination ImagiNation program, 3M sponsored the 2009-10 Structural Team Challenge. 3M has sponsored Destination ImagiNation, Inc. efforts for more than a decade.





Constructing a Challenge

Construction Challenge, a career education initiative geared at developing the future construction workforce, sponsored the 2009-10 Technical Team Challenge. Construction Challenge is produced by Destination ImagiNation, Inc., the Association of Equipment Manufacturers and presenting sponsor Volvo Construction Equipment.



Mae Rocks

For the 2009-10 season, Destination ImagiNation partnered with MAE, an independent rock band from Norfolk, Va., to present projectOUTREACH – our Service-Learning Team Challenge. The partnership cultivated 135 projectOUTREACH teams, who presented solutions that creatively incorporated music to help improve their communities.

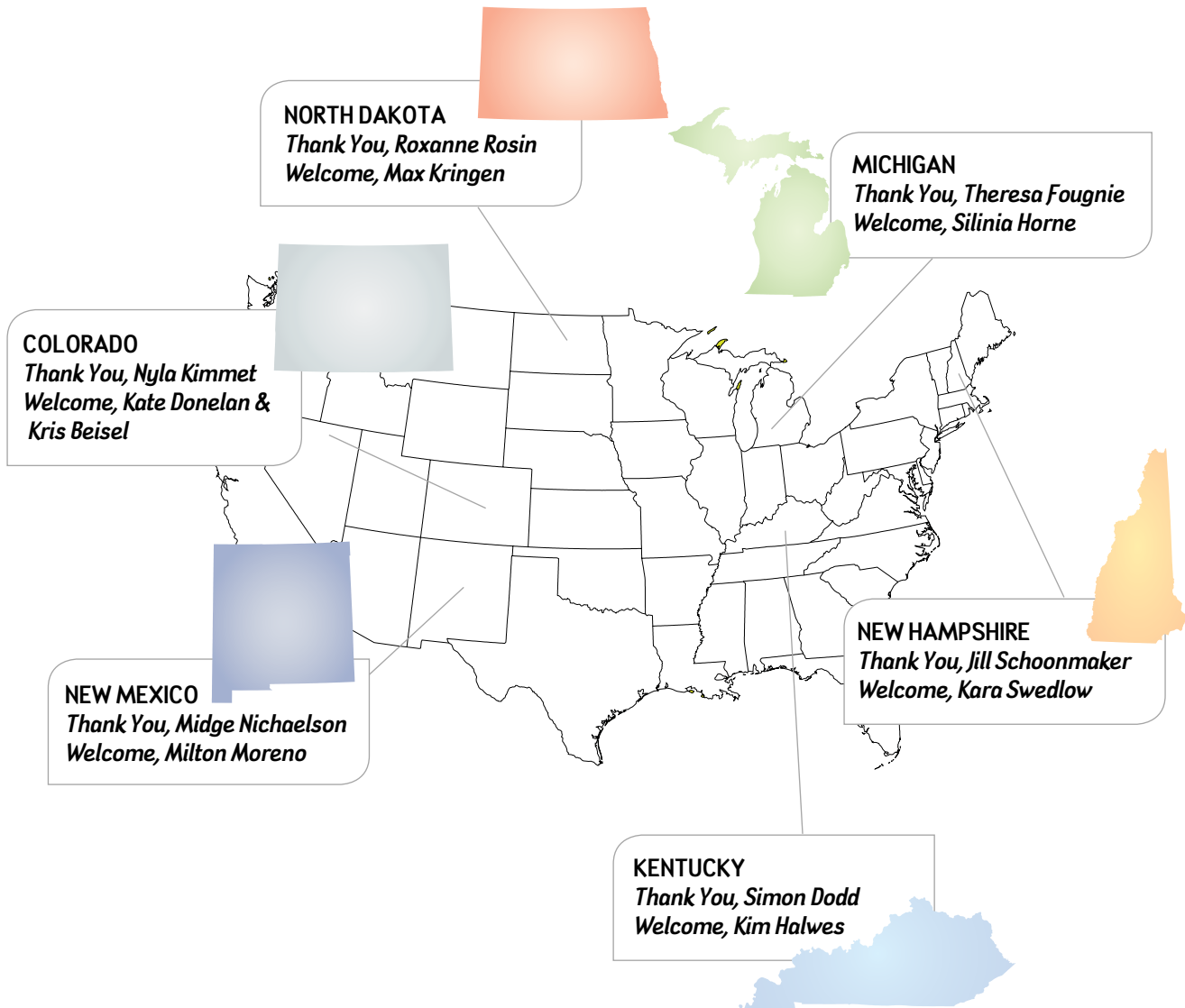


Growing in Canada

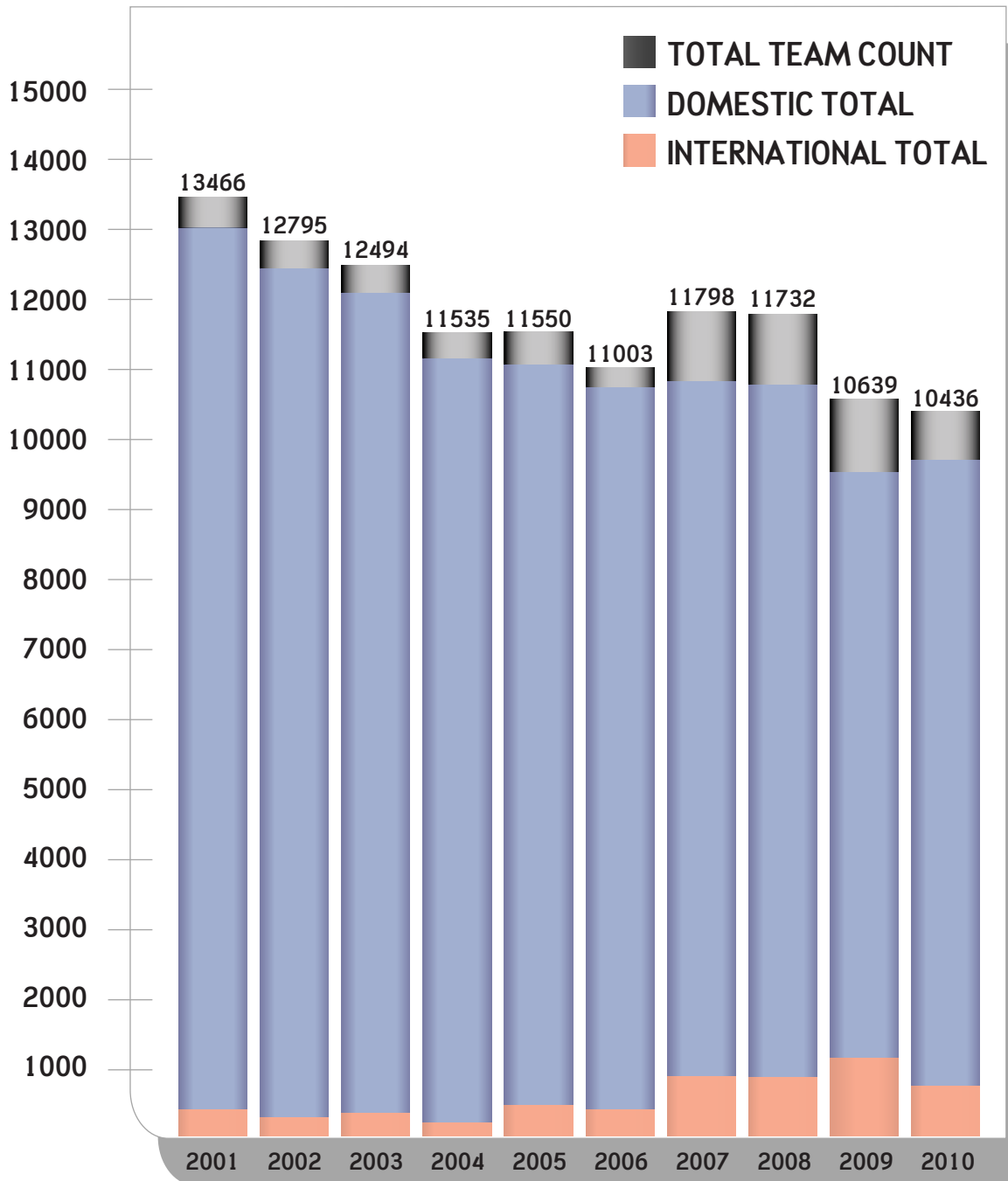
In 2010, Destination ImagiNation increased its efforts to build a presence in Canada. Roger Garriock was seated as the Director of Destination ImagiNation Canada. 554 Canadian teams participated in the 2009-10 season, and more than 1,800 are expected for the 2010-11 season.

Affiliate Changes

Destination ImagiNation exists because of its devoted community of volunteers. Affiliate Directors are our highest-level volunteers who operate the Destination ImagiNation program within specific states, countries and provinces. We would like to celebrate the Affiliate Directors who retired in 2010 and welcome the volunteers who have taken on their roles.



Team Count Totals



Scholarships

British Columbia

Zoe Cilliers - \$500
Nigel Morgan - \$500

California

Justin Kissel Scholarship for Community Service - Scott Campbell

California Creativity Essay Scholarship for "Creative Essay" - Caryn DeFrees

Colorado

Megan Morgenthaler - Tom Camerlo Scholarship - \$750

Ryan Davis - Masters and Directors Scholarship \$500

DIVA

Lindsey Bauserman - \$500
Robert Hudson - \$500

Iowa

Stephanie Choquette - Kitch-Eilerts Memorial Scholarship

Mary Emily Berge - Students for a Creative Iowa Student Scholarship

New Jersey

Laura Williams
Julie Verbrugge

New York

Rebecca Cherkia - \$250
Shannon O'Connor - \$250

Maine

Jason Aube - \$2,000
Jedidiah Allen - \$2,000
Kelsey Jipson - \$2,000

Maryland

Christopher Robeck - \$1,000
Jesse Schwarz - \$1,000
Linda Seymour - \$1,000
Jeffrey Scott Knutzen
Carl Junction, MO

Massachusetts

Lauren Elizabeth Brodeur - \$500
Michael P. Collins, Jr. - \$500
Anna Lynn Audyki - \$1,000
Sarah Mary Donovan - \$500
Caralyn Marie Vaz - \$500
Sarah Marie Dors - \$500
Patricia A Woodburya - \$2,000

Michigan

Dillon Burns - \$2,000
Amanda Wickens - \$1,000
David Moldenhauer - \$1,000

Missouri

Zackary Martin
BreAnna Newman

2008 MudDI Waters

Lorna Her Many Horses - SD
Alexandra McGregor - MI
Amy Chatelaine - MN

2009 MudDI Waters

Andrew Deckert - WI
Megan Kinneberg - MN

2010 MudDI Waters - \$500

Jeffery Knutzen - MO
Jessilyn Marth - WI

Oregon

Teija Stearns - \$50

South Dakota

Tom Caron - \$300

Texas

Chris Winkler - \$400
James Miliam - \$400
Kelsey Brown - \$500
Autumn Keiss - \$500
Heather Johnson - \$500
Nia Freeman - \$1,000
Allison Funkhouser - \$1,000
Amanda Stomp - \$1,000
Anna Epps - \$1,000
Jessi Hank - \$1,000
Matt King - \$1,000
Chris Winkler - \$1,000
Chris Compton - \$1,000
James Miliam - \$1,000
Stephanie Marek - \$50,500

WIDI

Andy Deckert - \$500
Cassandra Schmeider - \$500
Jessilyn Marth - \$500
Jeffrey Knutzen - \$500

Wyoming

Jennifer Tillard Memorial Award
Megan Kolf - \$300
Beth Butler - \$300
Breanna Bredthauer - \$300

W.A.C.Y. Awards

Young Wang - \$200
Mikeal Leibrich - \$200
Dominique Schoech - \$200

DISC

Destination ImagiNation Support Committee

Kristen Alldredge - \$500
Michael Lindeborg - \$500
Michael Lindeborg - \$750
Christopher Compton - \$1,500
Kristen Alldredge - \$750
Megan Kinneberg - \$500
Michael Korte - \$500
Andy Deckert - \$500
Megan Kinneberg - \$500
Adriana Garties - \$500
Robert Kubiak - \$500
Jenna Caputo - \$500
Meghan Kolf - \$500
Kayla Lutz - \$250
Ryan Davis - \$250
Alex Friedman - \$250

Success Stories

Maelle Ricker Wins Gold

The world saw Maelle on the podium with her gold medal in the snowboard cross event, becoming the first Canadian woman to win gold at home in the 2010 Winter Olympics. She learned competition, teamwork and goal setting at a young age as a Destination ImagiNation team member from British Columbia.

Maelle remembers, "DI was not only a great way to make lifelong friendships and have tons of fun, but also helped me build self-confidence to pursue my dreams, including stepping on top of the podium at the winter games in Vancouver."



Simon Dodd Volunteers

Lexmark's 2010 Worldwide Volunteer of the Year directly credits his creative approach, leadership skills and "can do" attitude to his years and experiences in DI. Simon adds, "DI taught me that nothing was impossible. In addition to solving problems creatively, I can light the spark with my colleagues and help them transform the theoretical into reality. Our team's drive to excel not only gets solutions implemented, but also helps us resolve issues above and beyond anyone's expectations."

Simon holds 26 patents, is an M.I.T. graduate and dedicates his time as a DI volunteer and Team Manager for his son's team.



projectOUTREACH Teams Make a Difference

A team from Trophy Club, Texas, created a fundraising campaign that supplied more than 500 MP3 players to two children's hospitals in their community for music therapy programs.

The Wilson Word Wrappers team from the Neal Math and Science Academy in North Chicago, Ill., taught themselves how to read and then created a rap song to teach their friends and schoolmates how to read too.



Roadmap to a Tournament

Our new *Roadmap* is changing the way new and veteran Team Managers present Destination ImagiNation.

creativity@teamwork@problem solving

BETA DestinationImagiNation

ROADMAP

- 1 understanding the challenge
- 2 generating and incubating ideas, research, inquiry
- 3 focusing, preparing for action, putting it all together
- 4 ready, set, go! preparing for your tournament
- 5 celebrate with your team

a guidebook to help you navigate your team to a tournament

2010-11

For the 2010-11 Destination ImagiNation season, the organization released the beta version of *Roadmap*, a guidebook designed to help Destination ImagiNation (DI) Team Managers navigate their teams to a Tournament through 16 team sessions. *Roadmap* was designed for new Team Managers, but the guidebook has been popular with experienced Destination ImagiNation volunteers and recruiters as well. Following the success of *Roadmap*, the organization looks forward to continued development to allow easier access to our program.

Our Largest Global Finals Ever

Global Finals is where the top-scoring Destination ImagiNation teams from around the world gather to showcase their Challenge solutions. Global Finals 2010 was held at the University of Tennessee in Knoxville and was the largest Global Finals ever—1,032 Destination ImagiNation teams, and more than 14,000 attendees, took part in the event.



Soundtrack by Mae

projectOUTREACH partner MAE performed live at Opening Ceremonies, headlined the “Midnight Madness” concert and showed their support of Destination ImagiNation teams!



Earth-Shaking Event

Global Finals 2010 featured “Aftershock,” a special event sponsored by 3M. Participants used innovation and problem solving to complete Challenges as they navigated through a simulated post-earthquake environment. 2,300 youth participated in the 3M-sponsored event.

Online Registration

Destination ImagiNation, Inc. implemented an online registration system for Global Finals 2010. The system was successful in registering more than 14,000 attendees. The organization looks forward to continued use of the online registration system, and it is currently developing a complementary event management tool.



Exhibiting Innovation

Global Finals 2010 featured the first-ever Innovation Expo, in which exhibitors and Destination ImagiNation, Inc. sponsors interacted with Global Finals attendees. The organization hopes to continue the success of the Innovation Expo and involve more exhibitors in the future.



Backpacks for Haiti

Global Finals attendees were invited to donate school supplies to help support the survivors of the 2010 Haiti earthquake. The "Backpacks for Haiti" initiative, which was conducted by the University of Tennessee and Destination ImagiNation, Inc., resulted in 1,000 backpacks reaching Haitian students in their time of need.



Activating Youth

In 2009, the National Dairy Council and the NFL partnered to create Fuel Up to Play 60, a nationwide movement focused on childhood fitness. In the Fuel Up to Play 60 "Activation Exchange" at Global Finals 2010, more than 2,100 attendees participated in physical and nutritional activities in the Activation Exchange; discussed the movement in the Discussion Lounge; recorded confessionals in the Commitment Booth; and exercised in the HOPSports Station.

Destination ImagiNation Special Projects

U.S. Air Force Summer Camps

In 2010, Destination ImagiNation Special Projects partnered with the U.S. Air Force to present summer camps at 42 Air Force bases in the U.S., Europe and Asia. Destination ImagiNation program alumni were recruited to conduct the week-long “Accept the Challenge” camps, and 1,000 youth ranging from 8 to 14 years old took part in the camps worldwide.



SEED

Destination ImagiNation Special Projects partnered with the University of Tennessee to present SEED (an acronym for “Share. Explore. Experience. Do.”). The 20-week program uses activities centered on creativity, teamwork and problem solving to prepare youth for an ever-changing world. More than 150 youth, from 30 teams in the state of Tennessee, have taken part in SEED.



Fuel Up to Play 60

In 2010, Destination ImagiNation Special Projects supported Fuel Up to Play 60, a youth program led by the National Dairy Council and the NFL. Destination ImagiNation Special Projects offered its support by presenting the Fuel Up to Play 60 Activation Exchange at Global Finals 2010, as well as creating and maintaining the Fuel Up to Play 60 Student Ambassador program in partnership with program sponsors.



REACH

The Capital Area REACH Program is committed to helping young people in the Northern Virginia, Maryland and Washington, D.C., metropolitan area become successful in school, work and the community. In its second year of collaboration with REACH, Destination ImagiNation Special Projects conducted daylong sessions, offered professional guidance and held a summer retreat to help prepare REACH youth for summer internships and future careers.



Looking Forward

In 2011, Destination ImagiNation Special Projects looks forward to continued partnerships. Motorola has also provided a grant to develop an event to engage students in science, technology, engineering and math (STEM). Additionally, Destination ImagiNation looks forward to assisting AEM in raising awareness of future workforce needs in the construction industry with projects such as Construction Challenge. Construction Challenge Regional Rallies took place in nine cities across North America, and the top-scoring student teams will compete at CONEXPO-CON/AGG, the largest trade show in the world.

Destination ImagiNation Products

Destination ImagiNation Products designs products and resources to educate our core audience and external audiences about creativity, teamwork and problem solving.



Schema

Schema was created for players to experience creative problem solving. The mechanics of the game promote fun gameplay, discussion, creativity, teamwork, problem solving and reflection. And best of all, Schema was designed to be a different experience every time!



Who's tHAT?

Who's tHAT? was designed to teach teams the basics of characterization. The kit offers activities and materials to help teams improve their performances by helping them make believable characters.



Instant Challenge Spectrum

Instant Challenge Spectrum was created to sharpen minds and Instant Challenge skills. The full set includes six tubes of color-themed Challenges featuring 18 intense, never-before-seen Instant Challenges.

Looking Forward

For 2011, Destination ImagiNation Products is developing a variety of updated and new kit-based resources. The resources include: Dynamic Materials, for exploring properties of Instant Challenge materials; AscenDIng, for building with Instant Challenge materials; and Team Up, for improving teamwork.



Independent Auditor's Report

***Faktorow, Barnett
& Brunner, LLC***

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Destination ImagiNation, Inc. (a nonprofit organization) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destination ImagiNation, Inc. as of September 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Certified Public Accountants
November 17, 2010

Statements of Financial Position

ASSETS	2010	2009
Cash and Cash Equivalents	1,046,992	801,080
Cash-Restricted Cash Pledged to Bank	100,014	0
Investments	172,842	161,869
Accounts Receivable	223,396	129,462
Inventory and Prepaid Expenses	307,311	356,925
Deposits	32,925	30,000
Property and Equipment	1,577,683	1,263,443
TOTAL ASSETS	3,461,163	2,742,779

LIABILITIES AND NET ASSETS	2010	2009
Note Payable	186,581	0
Mortgages Payable	959,392	990,000
Accounts Payable	69,866	108,883
Accrued Expenses	344,877	289,671
Other Liabilities	60,671	49,678
Deferred Revenue	571,194	291,754
TOTAL LIABILITIES	2,192,581	1,729,986

NET ASSETS	2010	2009
Unrestricted Net Assets	896,599	999,213
Temporarily Restricted Assets	371,983	13,580
TOTAL NET ASSETS	1,268,582	1,012,793

TOTAL LIABILITIES AND NET ASSETS	3,461,163	2,742,779
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Statements of Activities

REVENUES, GAINS AND OTHER SUPPORT								
	2010	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	2009	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Contributions		156,413	8,363	164,776		67,497	100	67,597
Grants		200,000	618,459	818,459		200,000	140,000	340,000
Team Fees		1,038,818	0	1,038,818		1,062,988	0	1,062,988
Global Finals		6,087,190	0	6,087,190		5,136,586	0	5,136,586
Product Revenue		147,308	0	147,308		130,239	0	130,239
Custom Programming		1,268,134	0	1,268,134		700,145	0	700,145
Other Revenue		5,430	0	5,430		22,099	0	22,099
Investment Income		14,504	0	14,504		30,725	0	30,725
Net Realized and Unrealized Gain on Investments		5,441	0	5,441		6,713	0	6,713
TOTAL REVENUES, GAINS AND OTHER SUPPORT		8,923,238	626,822	9,550,060		7,356,992	140,100	7,497,092

EXPENSES								
	2010	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	2009	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Program		8,172,502	268,419	8,440,921		6,697,079	176,520	6,873,599
Management & General		769,259	0	769,259		603,764	0	603,764
Fundraising		84,091	0	84,091		51,495	0	51,495
TOTAL EXPENSES		9,025,852	268,419	9,294,271		7,352,338	176,520	7,528,858
INCREASE (DECREASE) IN NET ASSETS		(102,614)	358,403	255,789		4,654	(36,420)	(31,766)
NET ASSETS (beginning of year)		999,213	13,580	1,012,793		994,559	50,000	1,044,559
NET ASSETS (end of year)		896,599	371,983	1,268,582		999,213	13,580	1,012,793

Statement of 2010 Functional Expenses

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

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

Statement of 2009 Functional Expenses

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Salaries	738,214	191,909	40,220	970,343
Employee Benefits	29,466	4,872	2,001	36,339
Payroll Taxes	72,166	9,475	2,322	83,963
TOTAL SALARIES AND BENEFITS	839,846	206,256	44,543	1,090,645

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Advertising and Exhibits	20,942	6,165	0	27,107
Bad Debts	9,991	0	0	9,991
Board of Directors Expense	8,750	35,002	0	43,752
Chief Executive Officer Search	5,327	21,306	0	26,633
Conferences	1,962	0	0	1,962
Consulting Fees	260,681	166,088	0	426,769
Global Finals Direct Expenses	4,181,838	0	0	4,181,838
Insurance	40,663	39,463	237	80,363
Interest Expense	516	0	0	516
Occupancy	38,468	2,408	200	41,076
Office	155,655	29,484	295	185,434
Postage	126,589	1,173	132	127,894
Professional Fees	97,207	40,058	1,858	139,123
Program Development and Design	479	0	0	479
Program Expenses	242,510	2,796	0	245,306
Program Support Materials	286,832	271	0	287,103
Rebates	138,663	0	0	138,663
Software	4,153	0	0	4,153
Telephone	27,952	2,083	2,292	32,327
Travel	374,398	36,276	1,914	412,588
TOTALS	6,023,576	382,573	6,928	6,413,077
Loss on Disposal of Assets	1,886	210		2,096
Depreciation	8,291	14,725	24	23,040
Amortization	0	0	0	0
TOTAL EXPENSES	6,873,599	603,764	51,495	7,528,858

Statements of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES:	2010	2009
Change in Net Assets	255,789	(31,766)
Adjustments to Reconcile Change in Net Assets to Net Cash provided by Operating Activities:		
Depreciation and Amortization	47,680	23,040
Realized Losses on Investments	0	2,067
Bad Debts	0	9,991
Unrealized Gains on Investments	(5,441)	(8,779)
Loss on Disposition of Property and Equipment (Increase) and Decrease in:	348	2,096
(Increase) decrease in:		
Accounts Receivable	(93,934)	138,015
Inventory and Prepaid Expenses	48,645	(45,177)
Deposits	(2,925)	0
Increase (decrease) in:		
Accounts Payable	(39,017)	17,358
Accrued Expenses	55,206	(1,337)
Other Liabilities	10,993	19,501
Deferred Revenue	279,440	(233,191)
Net cash provided (used) by Operating Activities	556,784	(108,182)

CASH FLOWS FROM INVESTING ACTIVITIES:	2010	2009
Purchase of Long-Term Investments	(5,532)	(7,702)
Proceeds from Sales of Investments	0	7,555
Purchase of Property and Equipment	(361,299)	(1,109,077)
Net Cash used by Investing Activities	(366,831)	(1,109,224)

CASH FLOWS FROM FINANCING ACTIVITIES:	2010	2009
Proceeds from Note Payable	190,000	0
Payments from Note Payable	(3,419)	0
Proceeds of Long-Term Borrowings	0	990,000
Payments on Long-Term Borrowings	(30,608)	0
Increase in Restricted Cash	(100,014)	0
Net Cash Provided by Financing Activities	55,959	990,000
Net Increase (decrease) in cash and cash equivalents	245,912	(227,406)
Cash and cash equivalents at beginning of year	801,080	1,028,486
Cash and cash equivalents at end of year	1,046,992	801,080
Supplemental Disclosures of Cash Payments Made:	0	0
Interest	59,576	516
Taxes	0	0

Notes to Financial Statements

NATURE OF ACTIVITIES AND CREDIT AND CONCENTRATION

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounts Receivable

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

Affiliates

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

Inventory

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

Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed. Renewals and betterments that materially extend the life of the assets are capitalized. Asset impairments are recorded when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Depreciation is provided for using the straight-line method for financial reporting purposes. The estimated useful lives of the assets are as follows:

Building	40 Years
Building Improvements	10-40 Years
Furniture, Fixtures and Equipment	5-8 Years

Loan Fees

Loan fees relating to the mortgages are being amortized over the life of the related loan. Amortization for the years ended September 30, 2010 and 2009 is \$969 and \$0, respectively.

Notes to Financial Statements

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.

Temporary restricted net assets as of September 30, 2010 consist of the following:	
3M Foundation	60,000
Motorola Foundation	250,700
Ameresco Canada, Inc.	50,000
Other	11,283
TOTAL	371,983

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

Use of Estimates

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

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred.

Cash and Cash Equivalents

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

Contributed Services

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

Notes to Financial Statements

FAIR VALUE MEASUREMENTS

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

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

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

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

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

Fair values of assets measured on a recurring basis at September 30, 2010 and 2009 are:

Fair values of assets measured on a recurring basis at September 30, 2010 and 2009 are:				
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2010 Mutual Funds	172,842	172,842	0	0
September 30, 2009 Mutual Funds	161,869	161,869	0	0

INVESTMENTS

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.

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	169,913	172,842	164,382	161,869

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the years ended September 30, 2010 and 2009 are reported in net appreciation in fair value of investments.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following:	
Land	222,814
Buildings	1,182,975
Building improvements	113,752
Furniture, fixtures and equipment	261,928
TOTAL	1,781,469
Less: Accumulated depreciation	203,786
TOTAL	1,577,683

Notes to Financial Statements

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, 2010 and 2009 amounted to \$29,834 and \$26,255, respectively.

NOTE PAYABLE

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

Maturities of this note payable are as follows:	
For the years ended September 30,	
2011	14,010
2012	14,985
2013	16,029
2014	17,145
2015	18,339
Thereafter	106,073
TOTAL	186,581

MORTGAGES PAYABLE

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

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

Maturities of these mortgages are as follows:	
For the years ended September 30,	
2011	35,379
2012	36,881
2013	38,454
2014	400,437
2015	11,430
Thereafter	436,811
TOTAL	959,392

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

The underlying real estate serves as collateral for these commercial mortgages. In addition, a bank account has also been pledged as collateral for these mortgages.

Notes to Financial Statements

GLOBAL FINALS

The Organization holds an annual Global Finals tournament. Revenues and expenses of this tournament for the years ended September 30, 2010 and 2009 are as follows:

Revenues	2010	2009
Housing and Registration	5,754,965	4,863,623
Sponsorships and Contributions	24,000	8,000
Souvenir Sales	150,991	127,156
Special Events and Transfers	157,234	137,807
TOTAL REVENUES	6,087,190	5,136,586

Expenses	2010	2009
Awards	44,903	27,874
Consulting	15,000	50,000
Housing and Registration	4,152,902	3,382,672
Program and Video Expense	700,328	498,652
Salaries-Bonus and Overtime	43,050	34,275
Souvenir Purchases	75,750	68,115
Special Events and Transfers	130,592	120,250
TOTAL EXPENSES	5,162,525	4,181,838
	924,665	954,748

In 2009 housing and registration includes \$163,560 of Construction Challenge revenue.

COMMITMENTS AND CONTINGENCIES

The National Dairy Council has agreed to become a sponsor for the Organization and provide additional monies for projects. Under the old terms of this agreement, including amendments, the Council was to provide \$750,000 for sponsorship and \$201,300 for projects over a three-year period that expired July 2009. Under the new terms of this agreement, including amendments, the Council is to provide \$750,000 for sponsorship and \$444,050 for projects over a three year period. This agreement, including renewal and termination rights, expires July 2012. The Organization received \$621,592 and \$394,500 for the years ended September 30, 2010 and 2009, respectively, under this agreement.

The Organization has contracted to hold Global Finals through 2014 at the University of Tennessee. Either party can terminate these contracts. Under certain circumstances cancellation fees would apply.

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

The Organization maintains cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2010, the uninsured balance was \$147,123.

RECLASSIFICATIONS

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 17, 2010, the date the financial statements were available to be issued.

creativity@teamwork@problem solving

