

**EISNERAMPER**

**DESTINATION IMAGINATION, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018 AND 2017**  
**(with supplementary information)**



# DESTINATION IMAGINATION, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Destination Imagination, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Destination Imagination, Inc., which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for each of 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits 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 auditor's 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 auditor considers 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.

#### *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, 2018 and 2017, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.



**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses shown on pages 13 and 14 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*EisnerAmper LLP*

EISNERAMPER LLP  
Philadelphia, Pennsylvania  
April 3, 2019

EISNERAMPER  
LLP

**DESTINATION IMAGINATION, INC.****Statements of Financial Position**

	<b>September 30</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash	\$ 949,148	\$ 1,519,808
Accounts receivable	178,970	38,737
Other receivables	-	52,340
Inventory	43,563	42,519
Prepaid expenses	260,757	372,763
Restricted cash	202,600	179,029
Property and equipment, net	<u>1,191,163</u>	<u>1,245,107</u>
	<u><b>\$ 2,826,201</b></u>	<u><b>\$ 3,450,303</b></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 150,494	\$ 123,371
Accrued expenses	239,664	691,587
Other liabilities	21,404	15,310
Deferred revenue	2,090	380,040
Due to affiliate	<u>202,600</u>	<u>179,029</u>
Total liabilities	<u><b>616,252</b></u>	<u><b>1,389,337</b></u>
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted net assets:		
Undesignated	2,035,414	1,884,480
Board designated	<u>58,750</u>	<u>65,750</u>
	<b>2,094,164</b>	<b>1,950,230</b>
Temporarily restricted net assets	<u><b>115,785</b></u>	<u><b>110,736</b></u>
Total net assets	<u><b>2,209,949</b></u>	<u><b>2,060,966</b></u>
	<u><b>\$ 2,826,201</b></u>	<u><b>\$ 3,450,303</b></u>

**DESTINATION IMAGINATION, INC.**

**Statements of Activities and Changes in Net Assets**

	Year Ended September 30					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue, gains and other support:</b>						
Global finals	\$ 9,817,005	\$ -	\$ 9,817,005	\$ 9,977,283	\$ -	\$ 9,977,283
Team registrations	1,851,994	-	1,851,994	1,437,845	-	1,437,845
Grants, contributions and sponsorships	224,107	65,785	289,892	611,105	110,000	721,105
Product sales	18,921	-	18,921	34,662	-	34,662
Affiliate license fee	20,050	-	20,050	14,300	-	14,300
Training and conferences	4,779	-	4,779	3,300	-	3,300
Interest income	4,004	-	4,004	5,847	-	5,847
Other	20,787	-	20,787	19,144	-	19,144
Net assets released from restrictions	60,736	(60,736)	-	132,490	(132,490)	-
	<b>12,022,383</b>	<b>5,049</b>	<b>12,027,432</b>	12,235,976	(22,490)	12,213,486
<b>Expenses:</b>						
Program services	10,761,704	-	10,761,704	10,801,350	-	10,801,350
Supporting services:						
Management and general	942,313	-	942,313	976,267	-	976,267
Fundraising	142,468	-	142,468	335,272	-	335,272
	<b>11,846,485</b>	<b>-</b>	<b>11,846,485</b>	12,112,889	<b>-</b>	12,112,889
<b>Change in net assets from operating activities</b>	<b>175,898</b>	<b>5,049</b>	<b>180,947</b>	123,087	(22,490)	100,597
<b>Nonoperating - restructuring costs</b>	<b>(31,964)</b>	<b>-</b>	<b>(31,964)</b>	(464,603)	<b>-</b>	(464,603)
<b>Change in net assets</b>	<b>143,934</b>	<b>5,049</b>	<b>148,983</b>	(341,516)	(22,490)	(364,006)
<b>Net assets at beginning of year</b>	<b>1,950,230</b>	<b>110,736</b>	<b>2,060,966</b>	2,291,746	133,226	2,424,972
<b>Net assets at end of year</b>	<b>\$ 2,094,164</b>	<b>\$ 115,785</b>	<b>\$ 2,209,949</b>	<b>\$ 1,950,230</b>	<b>\$ 110,736</b>	<b>\$ 2,060,966</b>

See notes to financial statements

# DESTINATION IMAGINATION, INC.

## Statements of Cash Flows

	<u>Year Ended September 30</u>	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 148,983	\$ (364,006)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	59,944	59,495
(Increase) decrease in assets:		
Accounts receivable	(140,233)	56,978
Other receivables	52,340	1,509
Inventory	(1,044)	40,151
Prepaid expenses	112,006	27,452
Restricted cash	(23,571)	42,541
Increase (decrease) in liabilities:		
Accounts payable	27,123	32,650
Accrued expenses	(451,923)	395,947
Other liabilities	6,094	1,788
Deferred revenue	(377,950)	(73,475)
Due to affiliate	23,571	(42,541)
	<u>(564,660)</u>	<u>178,489</u>
Net cash provided by (used in) operating activities		
	(564,660)	178,489
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(6,000)</u>	<u>(6,224)</u>
<b>Net increase (decrease) in cash</b>	<b>(570,660)</b>	<b>172,265</b>
<b>Cash at beginning of year</b>	<b><u>1,519,808</u></b>	<b><u>1,347,543</u></b>
<b>Cash at end of year</b>	<b><u>\$ 949,148</u></b>	<b><u>\$ 1,519,808</u></b>

## DESTINATION IMAGINATION, INC.

### Notes to Financial Statements September 30, 2018 and 2017

#### NOTE A - DESCRIPTION OF ORGANIZATION

Destination Imagination, Inc. (the "Organization") is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization 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 credits to members who are educational institutions, state affiliations, community groups, or foreign affiliates located worldwide.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### [1] Basis of accounting:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

The net assets of the Organization are classified as follows:

- ***Unrestricted***

Unrestricted net assets represent resources that are not subject to donor-imposed restrictions. The Board of Trustees of the Organization has designated \$58,750 and \$65,750 of unrestricted net assets as of September 30, 2018 and 2017, respectively, for scholarships.

- ***Temporarily restricted***

Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

- ***Permanently restricted***

Permanently restricted net assets represent those resources subject to donor-imposed stipulations that the corpus be invested in perpetuity and that only the investment income be made available for operations in accordance with donor restrictions. There were no permanently restricted net assets as of September 30, 2018 or 2017.

##### [2] Concentration of credit risk:

The Organization maintains cash balances at several financial institutions in both interest-bearing and noninterest-bearing accounts. At times, these amounts may exceed the federally insured limit. The Organization has not experienced any losses in these accounts, and believes it is not exposed to any significant credit risk.



**DESTINATION IMAGINATION, INC.**

**Notes to Financial Statements  
September 30, 2018 and 2017**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[3] Receivables:**

Receivables are periodically reviewed by management for collectability. Bad debts are provided for on the allowance method based on historical experience and management’s evaluation of outstanding receivables. Outstanding receivable balances are written off when they are deemed uncollectible. Management has determined that an allowance is not deemed necessary as of September 30, 2018 or 2017.

**[4] Inventory:**

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

**[5] Property and equipment:**

Property and equipment are stated at cost less accumulated depreciation. Acquisitions of property and equipment and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized. Depreciation is provided for using the straight-line method over the assets’ estimated useful lives, as follows:

Building	40 years
Building improvements	10 - 40 years
Furniture, fixtures and equipment	5 - 8 years

Depreciation for the years ended September 30, 2018 and 2017 amounted to \$59,944 and \$59,495, respectively.

The Organization reviews the carrying value of the property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable on an undiscounted basis. If such review indicates that the assets may be impaired, i.e. that the carrying amounts of the assets exceed the sum of their expected future cash flows on an undiscounted basis, the assets’ carrying amounts are written down to fair value. No impairment adjustments have been made during either of the years ended September 30, 2018 or 2017 as a result of this review process.

**[6] Revenue recognition:**

Grants, contributions and sponsorships are recorded when received as unrestricted revenue or temporarily restricted net assets depending on the absence or existence of any donor or sponsor restrictions. Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when conditions on which they depend are substantially met and the promises become unconditional.

Team registration revenue represents revenue from the sale of challenge materials. During the year ended September 30, 2017, physical copies of the challenge materials were mailed out and the revenue was recognized once the materials were shipped. During the year ended September 30, 2018, the challenge materials were provided in a digital format and the revenue recognized at the point of sale, as the materials were immediately available for download.

## **DESTINATION IMAGINATION, INC.**

### **Notes to Financial Statements September 30, 2018 and 2017**

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[6] Revenue recognition (continued):**

Product sales revenue is recognized at the point of sale or, if ordered, when shipped.

Global Finals' revenue (see Note H) consists of housing costs, sponsorships, contributions and product sales for Global Finals. The housing costs are recognized when the Global Finals' event that they represent takes place. Revenue for Global Finals' sponsorships, contributions and product sales is recognized in the same manner as described above.

##### **[7] Due to affiliate:**

Due to affiliate represents corporate grant funding received by the Organization in which it is acting as an agent on behalf of one of its affiliates. These funds are also designated as restricted cash.

##### **[8] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP 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.

##### **[9] Advertising:**

The Organization follows the policy of charging the costs of advertising, sponsorships and exhibits to expense as incurred. These expenses totaled \$72,722 and \$68,476 during the years ended September 30, 2018 and 2017, respectively.

##### **[10] Contributed and volunteered services:**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Approximately 35,000 volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

##### **[11] Functional expenses:**

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

## DESTINATION IMAGINATION, INC.

### Notes to Financial Statements September 30, 2018 and 2017

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [12] Federal tax status:

The Organization has been classified by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code ("Code") and is exempt from federal income taxes under Section 501(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of September 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of management and general expenses. There were no income tax related interest and penalties recorded for either of the years ended September 30, 2018 or 2017.

##### [13] New accounting pronouncements:

In August 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. The new standard will be effective for fiscal years beginning after December 15, 2017, which will be the year beginning on October 1, 2018 for the Organization. The adoption of ASU 2016-14 will require reclassification of net asset classes and additional disclosures related to liquidity and availability of resources.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance concerning, 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) determining whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. Management is currently evaluating the effect that the new standard will have on its financial statements and related disclosures.

##### [14] Reclassifications:

Certain amounts in the 2017 financial statements have been reclassified to conform to the current year presentation.

## DESTINATION IMAGINATION, INC.

### Notes to Financial Statements September 30, 2018 and 2017

#### NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 178,000	\$ 178,000
Buildings	1,084,108	1,084,108
Building improvements	126,666	126,666
Furniture, fixtures and equipment	<u>369,269</u>	<u>363,269</u>
	1,758,043	1,752,043
Less accumulated depreciation	<u>566,880</u>	<u>506,936</u>
	<u>\$ 1,191,163</u>	<u>\$ 1,245,107</u>

#### NOTE D - 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. The Organization's contributions for the years ended September 30, 2018 and 2017 amounted to \$45,564 and \$64,702, respectively.

#### NOTE E - LINE-OF-CREDIT

The Organization has a \$900,000 revolving line-of-credit available from Fulton Bank of New Jersey. Advances are payable on demand and carry an interest rate equal to the prime rate (prime was 5.25% and 4.25% as of September 30, 2018 and 2017, respectively). This line-of-credit matures on October 1, 2019 and is collateralized by property and equipment of the Organization. There was no outstanding balance as of September 30, 2018 or 2017.

#### NOTE F - TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2018 and 2017, temporarily restricted net assets consisted of grants and contributions restricted for Global Finals and scholarships from the following donors:

	<u>2018</u>	<u>2017</u>
3M Foundation	\$ -	\$ 60,000
Motorola Foundation	91,110	50,000
Destination Imagination Scholarships	23,250	-
Other	<u>1,425</u>	<u>736</u>
	<u>\$ 115,785</u>	<u>\$ 110,736</u>

## DESTINATION IMAGINATION, INC.

### Notes to Financial Statements September 30, 2018 and 2017

#### NOTE G - COMMITMENTS AND CONTINGENCIES

The Organization has contracted to hold Global Finals through 2020 at the Kansas City Convention Center (see Note J). Either party can terminate this contract. Under certain circumstances, cancellation fees would apply.

The Organization entered into an eight-year agreement with Public Consulting Group, Inc. ("PCGI"). In October 2014, PCGI was granted exclusive rights within the United States to use and adapt content already created by Destination Imagination, Inc. Under terms of this agreement, PCGI will pay a minimum of \$640,000 as follows: commencing in October 2014, \$60,000 per year through October 2017, followed by \$100,000 per year through October 2021. For the third and fourth years of the agreement, the licensee shall pay 3% of net revenue for the prior year if it is greater than the \$60,000 due for those years. For the fifth year and each subsequent year thereafter, the licensee shall pay 5% of net revenue for the prior year if it is greater than the \$100,000 due for those years. In January 2019, the Organization and PCGI mutually agreed to terminate this agreement effective after the October 2016 payment. The Organization received \$-0- and \$60,000 for the years ended September 30, 2018 and 2017, respectively, under this agreement.

#### NOTE H - GLOBAL FINALS

Each May, the Organization holds an annual tournament named Global Finals. Direct revenues and expenses of this tournament included in program services for the years ended September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Revenues:		
Housing	\$ 9,336,980	\$ 9,521,109
Sponsorships and contributions	6,625	5,600
Souvenir/product sales	327,715	310,770
Special events and transfers	145,685	139,804
	<u>9,817,005</u>	<u>9,977,283</u>
Expenses:		
Awards	19,160	74,064
Housing and registration	6,089,094	6,139,354
Program and video expense	1,375,205	1,090,761
Staff travel	107,687	52,300
Souvenir/product purchases	189,698	165,029
Special events and transfers	192,375	190,178
Other	129,394	254,911
	<u>8,102,613</u>	<u>7,966,597</u>
	<u>\$ 1,714,392</u>	<u>\$ 2,010,686</u>

## **DESTINATION IMAGINATION, INC.**

### **Notes to Financial Statements September 30, 2018 and 2017**

#### **NOTE I - NONOPERATING ACTIVITIES - RESTRUCTURING COSTS**

During the years ended September 30, 2018 and 2017, the Organization incurred nonrecurring charges of \$31,964 and \$464,603, respectively, related to organization restructuring, which included costs associated with the finalization of employment agreements, professional fees and associated legal fees. As of September 30, 2018 and 2017, \$93,163 and \$442,952, respectively, of these costs were included in accrued expenses on the statements of financial position.

#### **NOTE J - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 3, 2019, which is the date the financial statements were available to be issued.

In August 2018, the Organization entered into an agreement to have Global Finals 2020 and 2019 to be held in Kansas City, Missouri (see Note G). As a result, the Organization's Global Finals revenues and related expenses will be significantly reduced in fiscal year 2019, as the Organization will no longer offer housing options.

**DESTINATION IMAGINATION, INC.**

**Schedule of Functional Expenses  
Year Ended September 30, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Direct cost:</b>				
Affiliate support and administration	\$ 42,410	\$ -	\$ -	\$ 42,410
DI University	60,000	-	-	60,000
Licensee conference	10,708	-	-	10,708
Program materials/shipping/commissions	396,066	-	-	396,066
Creative Compass/other materials	44,324	-	-	44,324
Credit card fees	97,375	-	-	97,375
Conference and bulk mail reimbursement	39,246	-	-	39,246
Team challenges	44,473	-	-	44,473
QRP challenges	11,243	-	-	11,243
Instant challenges	19,654	-	-	19,654
Product cost	3,234	-	-	3,234
Cost of grants	46,522	-	-	46,522
Global Finals	8,102,613	-	-	8,102,613
	<u>8,917,868</u>	<u>-</u>	<u>-</u>	<u>8,917,868</u>
<b>Staff expense:</b>				
Salaries	1,086,261	222,737	61,235	1,370,233
Professional development	10,539	4,030	1,108	15,677
Employer cost	167,521	33,266	9,145	209,932
Retirement contribution	39,391	4,842	1,331	45,564
Employee expense - Outreach	18,542	7,071	1,944	27,557
Employee expense	80,959	21,119	5,806	107,884
	<u>1,403,213</u>	<u>293,065</u>	<u>80,569</u>	<u>1,776,847</u>
<b>Other operating expense:</b>				
Board of Trustees administration/travel	-	52,250	-	52,250
IT costs	9,394	142,618	-	152,012
Audit and legal fees	520	76,910	-	77,430
Association memberships	-	27,739	-	27,739
Other shipping	18,001	-	-	18,001
Office supplies	53,982	14,874	4,089	72,945
Consultants	141,449	262,587	56,917	460,953
Insurance	102,617	7,100	362	110,079
Building maintenance	17,442	1,414	72	18,928
Utilities	35,583	3,480	177	39,240
Contributions/donations	7,500	-	-	7,500
Miscellaneous	-	924	-	924
	<u>386,488</u>	<u>589,896</u>	<u>61,617</u>	<u>1,038,001</u>
<b>Bad debts written off</b>	-	53,825	-	53,825
<b>Depreciation</b>	54,135	5,527	282	59,944
	<u>\$ 10,761,704</u>	<u>\$ 942,313</u>	<u>\$ 142,468</u>	<u>\$ 11,846,485</u>

**DESTINATION IMAGINATION, INC.**

**Schedule of Functional Expenses  
Year Ended September 30, 2017**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Direct cost:</b>				
Affiliate support and administration	\$ 4,858	\$ -	\$ -	\$ 4,858
DI University	13,924	-	-	13,924
Licensee conference	78,485	-	-	78,485
Program materials/shipping/commissions	362,193	-	-	362,193
Creative Compass/other materials	68,476	-	-	68,476
Credit card fees	28,444	-	-	28,444
Conference and bulk mail reimbursement	39,761	-	-	39,761
Team challenges	44,164	-	-	44,164
QRP challenges	9,843	-	-	9,843
Instant challenges	12,843	-	-	12,843
Product cost	64,370	-	-	64,370
Events and other	5,375	-	-	5,375
Release of restrictions	250	-	-	250
International invitation tournament	19,651	-	-	19,651
Cost of grants	37,486	-	-	37,486
Global Finals	7,966,597	-	-	7,966,597
	<u>8,756,720</u>	<u>-</u>	<u>-</u>	<u>8,756,720</u>
<b>Staff expense:</b>				
Salaries	1,207,739	589,289	203,379	2,000,407
Salary commissions	1,178	575	198	1,951
Professional development	8,507	4,151	1,433	14,091
Employer cost	135,074	65,907	22,746	223,727
Retirement contribution	39,064	19,060	6,578	64,702
Employee expense - Outreach	49,654	24,228	8,362	82,244
Employee expense	113,122	55,195	19,050	187,367
	<u>1,554,338</u>	<u>758,405</u>	<u>261,746</u>	<u>2,574,489</u>
<b>Other operating expense:</b>				
Board of Trustees administration/travel	36,011	17,571	6,064	59,646
IT costs	120,338	58,716	20,265	199,319
Annual report/art	1,057	516	178	1,751
Audit and legal fees	44,414	21,671	7,479	73,564
Association memberships	21,498	10,490	3,620	35,608
Other shipping	5,453	2,661	918	9,032
Office supplies	46,665	22,770	7,858	77,293
Consultants	56,242	27,445	9,474	93,161
Insurance	64,888	31,661	10,927	107,476
Building maintenance	8,860	4,321	1,490	14,671
Utilities	24,645	12,027	4,152	40,824
Contributions/donations	4,830	2,357	813	8,000
	<u>434,901</u>	<u>212,206</u>	<u>73,238</u>	<u>720,345</u>
<b>Bad debts written off</b>	1,661	170	9	1,840
<b>Depreciation</b>	53,730	5,486	279	59,495
	<u>\$ 10,801,350</u>	<u>\$ 976,267</u>	<u>\$ 335,272</u>	<u>\$ 12,112,889</u>