

Destination ImagiNation, Incorporated

Policy Manual

October 13, 2009

Destination ImagiNation® Inc.

Preface

EXPLANATION OF TERMS USED IN THE POLICIES OF THE DESTINATION IMAGINATION, INC. BOARD OF TRUSTEES

- Destination ImagiNation, Inc. or DII refers to the corporation.
- Destination ImagiNation®, Destination ImagiNation, or DI refers to the program
- Board of Trustees, BOT, or Board refers to the Board of Trustees of the Destination ImagiNation, Inc. Corporation.
- Affiliate refers to the licensed state, province, or country organization that runs the DI program.
- Affiliate Director is the head of a licensed affiliate and the liaison to DII.
- Those policies, which call for an annual review by the BOT, shall be presented at the annual corporate meeting held at the beginning of the fiscal year.
- DIAD – Destination ImagiNation Affiliate Director Advisory Group
- Headquarters of DII is considered the principal office of the organization
- Trustee refers to any member of the Board of Trustees of DII.

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Section A: Corporate Business Policies

1.0 ETHICS POLICY

We, as board members and corporate employees of Destination ImagiNation, Inc., are dedicated to carrying out the mission of this organization. We will:

- 1.1 Recognize that the chief function of DII at all times is to serve the best interest of our constituency.
- 1.2. Accept as a personal duty the responsibility to keep up to date on emerging issues and to conduct ourselves with professional competence, fairness, impartiality, efficiency, and effectiveness.
- 1.3. Keep the community informed about issues affecting it.
- 1.4. Conduct our organizational and operational duties with positive leadership exemplified by open communication, creativity, dedication, and compassion.
- 1.5 Serve with respect, concern, courtesy, and responsiveness in carrying out the organization's mission.
- 1.6 Demonstrate the highest standards of personal integrity, truthfulness, honesty, and fortitude in all we do in order to inspire confidence and trust in our activities.

2.0 ANTI-DISCRIMINATION POLICY

- 2.1 Destination ImagiNation Inc. shall not discriminate because of race, color, age, sex, sexual orientation, marital status, disability, national origin or ancestry, religion, economic status, union membership or political affiliation. This covers all are of employment, recruitment, advertising, hiring, promotion, demotion, lateral reassignment, transfer, layoff, discharge, rates of pay or other compensation, training, or any other benefits. Employment will be based solely on the basis of merit or other qualifications.
- 2.2 DII shall comply with the intent of the Americans with Disabilities Act of 1990 and shall not knowingly discriminate against individuals with disabilities. DII will consider modifying schedules and other adjustments to reasonably accommodate employees with disabilities.
- 2.3 Any grievance regarding discrimination shall be handled through the Equal Employment Opportunity Commission officer (Chief Executive or designee) of DII and in consultation with the management committee of the BOT when appropriate. The complainant should contact the EEOC officer (Chief Executive or, if the complaint is against the Chief Executive, the chair of the management committee), who shall provide information and assistance on filing and pursuing the complaint.

3.0 RISK MANAGEMENT POLICY

Destination ImagiNation, Inc. is committed to protect its human, financial, and goodwill assets and resources through the practice of effective risk management. To this end, the board will ensure that Destination ImagiNation, Inc. has a risk management plan for the organization that is reviewed and updated and presented to the Board of Trustees on an annual basis.

4.0 SEXUAL HARASSMENT POLICY

Destination ImagiNation Inc. prohibits any employee, volunteer, or vendor from making sexual advances of a verbal or physical nature toward another employee or applicant for employment. Sexual harassment is viewed as a form of employee conduct that undermines the integrity of the employment relationship. All employees must be allowed to work in an environment free from unsolicited and unwelcome sexual overtures. Sexual harassment is a practice that demeans the individual being treated in such a manner. Consequently, DII will not tolerate sexual harassment of its applicants, employees, or volunteers by anyone. DII will, as necessary, take disciplinary action, up to and including termination, in accordance with this policy to ensure we meet our responsibilities to our employees and volunteers.

5.0 DRUG AND ALCOHOL CONSUMPTION

These policies apply to Regional, Affiliate, and Global Organizations:

- 5.1.1 The consumption of alcohol, or illegal drugs, or being under the influence of alcohol or illegal drugs by adults while they are responsible for minors participating in our program is not allowed.
- 5.1.2 Any adult under the influence of alcohol or illegal drugs while responsible for minors will be subject to disciplinary action, which may include prohibition against participating in future Destination ImagiNation, Inc. activities.
- 5.1.3 No Destination ImagiNation, Inc. funds may be used to purchase alcohol.
- 5.1.4 Alcohol, when available, may only be used in a controlled environment that is neither visible nor easily accessible to participants of any nearby Destination ImagiNation, Inc. youth activities.

6.0 Conflicting Employment Relationship Policy

6.1 Definitions:

- 6.1.1. “Conflicting Employment Relationship” means a DII employment-related relationship involving at least one Covered Person and at least one Conflicted Person that (1) results in an actual or perceived conflict of interest, or (2) unreasonably interferes with a Covered Person’s ability to objectively carry out the responsibilities of his or her position.

6.1.2 “Conflicted Person” includes a parent, sibling, spouse, fiancée (including a live-in significant other), child (including spouses of children), grandparent and grandchild. For purposes of this policy statement, “child” shall include adopted children, stepchildren and minor legal dependents. In addition, the DII Board of Trustees may expand, limit and clarify the definition of Conflicted Person to the extent reasonably necessary to carry out the stated purposes of this policy statement.

6.1.3 “Employment Opportunities” includes full and part-time employment, whether carried out directly through a common law employment relationship, or indirectly by way of consulting agreement, independent contractor relationship or third party employees leasing arrangement. Such term does not include volunteers (even if DII is reimbursing the individual for covered expenses) who receive only a de minimis amount of compensatory income from DII, whether under a “work-for-hire” agreement with DII or otherwise.

6.1.4 “Covered Person” includes a member of the DII Board of Trustees, a DII officer and any DII employee who would either be in a supervisory or subordinate position to the Conflicted Person.

6.1.5 “DII” means Destination ImagiNation, Inc., a New Jersey nonprofit corporation.

6.2 Conflicting Employment Relationship Policy:

6.2.1 Employment opportunities at DII may be limited to the extent necessary to avoid a Conflicting Employment Relationship. Conflicting Employment Relationships requiring particular scrutiny include those involving (1) members of the DII Board of Trustees, (2) DII corporate officers, and (3) a Covered Person who is, either directly or indirectly, in a supervisory or subordinate relationship with a Conflicted Person who earns more than a de minimis amount of compensatory income from DII.

6.2.2 While it is DII’s intention to limit, to the greatest extent possible, Conflicting employment Relationships, this policy is not to be read as a per se prohibition on all Conflicting Employment Relationships. DII recognizes that the nature of its business, the size of its paid staff and its reliance on volunteers may make the strict prohibition of Conflicting Employment Relationships not feasible from a business standpoint. DII’s Board of Trustees may, therefore, fashion a remedy that balances the threat to DII engendered by the conflicting Employment Relationship with the business needs of DII. In no event, however may either individual continue to hold a position that directly controls or influences the hiring, termination, promotion, transfer, evaluation, or salary administration of the other.

6.3 Procedures for Dealing with Conflicting Employment Relationships

6.3.1 The administration of this policy is the responsibility of DII’s CEO and its Board of Trustees. It is the responsibility of each Covered Person to disclose to DII’s CEO any Conflicting Employment Relationship or any arrangement that a reasonable person may conclude may constitute a Conflicting Employment Relationship. In the case of a Conflicting Employment Relationship that involves DII’s CEO, such Conflicting Employment Relationship must be disclosed to the Chair of DII’s Board of Trustees. Failure to timely disclose such Conflicting Employment Relationship may result in disciplinary action against the Covered Person, including termination of employment or removal from the Board of Trustees.

6.3.2 Once a real or perceived Conflicting Employment Relationship has been reported, the Management Committee of DI's Board of Trustees shall perform an investigation to determine whether, and to what extent, a Conflicting Employment Relationship actually exists. The Management Committee shall thereafter present its findings and recommendations to the full Board of Trustees for action. The determination of the Board of Trustees in this regard shall be conclusive. In making its recommendations and decision, the Management Committee and Board of Trustees, respectively, shall take care to avoid sex or age based discriminatory effects. Where a Conflicting Employment Relationship is established, neither gender nor age will have an impact if it is determined that the employment situation of either the Covered Person or the Conflicted Person is to be affected in any way. Rather, recommendations and decisions will be guided by the relative importance and requirements of the applicable positions, the qualifications of the affected individuals, and DII's legitimate business interests.

6.3.3 When a Conflicting Employment Relationship has been determined to exist and DII's Board of Trustees decides that such Conflicting Employment Relationship is sufficiently damaging to DII that it may not continue, the Covered Person and Conflicted Person will be counseled that the relationship requires that one (or both) of them be reassigned or terminated. If, within an appropriate period of time, a suitable remedy cannot be fashioned to mutually cure the unacceptable Conflicting Employment Relationship, DI's Board of Trustees shall impose one on the parties, which may include the termination of either individual.

7.0 Graphic Use Policy

Licensed Affiliates of Destination Imagination, Inc. are granted the use of all Destination ImagiNation, Inc. trademarked and registered graphics. These graphic(s) must be utilized in the format delivered and may not, in any fashion, be altered and/or transferred to anyone, group or entity. The policies enforced will be those that are attached as an addendum to the current affiliate License agreement.

8.0 Whistleblower Policy

8.1 General

Destination ImagiNation, Inc. (“Organization”) Code of Ethics and Conduct (“Code”) requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

8.1.1 Reporting Responsibility

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

8.1.2 No Retaliation

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

8.2 Reporting Violations

The Code addresses the Organization’s open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee’s supervisor is in the best position to address an area of concern. However, if an employee is not comfortable speaking with the supervisor or is not satisfied with the supervisor’s response, he/she is encouraged to speak with anyone in management whom the person is comfortable in approaching. Managers are required to report suspected violations. Of the Code of Conduct to the Organization’s Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when an employee is not satisfied or is uncomfortable with following the Organization’s open door policy, individuals should contact the Organization’s Compliance Officer directly. Should the employee not feel free to speak with any of the above mention individuals, he/she should speak with the Chair of the DII Board of Trustees.

8.2.1 Compliance Officer

The Organization’s Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his/her direction, shall advise the CEO and/or the Chair of the Board of Trustees. The Compliance Officer has direct access to the Chair of the Board of Trustees and is required to Report to the Chair of the Board of Trustees at least annually on

compliance activity. The Board of Trustees shall annually designate a DII Trustee as the Compliance Officer.

8.2.2 Accounting and Auditing Matters

The Chair of the Board of Trustees shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the Finance Committee of any such complaint and work with the committee until the matter is resolved.

8.2.3 Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

8.2.4 Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

8.2.5 Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate actions will be taken if warranted by the investigation.

8.3 Signing Requirements

Each employee will sign two copies of this policy as of (this date) or upon hire. One copy will be given to the employee. Another copy will be placed in the employee's personnel file at the Destination ImagiNation, Inc. Corporate offices located in Glassboro, New Jersey.

Compliance Officer: _____

Management Staff: _____

Employee: _____

9.0 Document Retention Policy

Destination ImagiNation, Inc. will adhere to the minimum documentation retention requirements as listed below.

Type of Document	Minimum Requirement
General Ledger	Permanently:
Accounts payable ledgers and schedules	7 years:
Accounts receivable ledger	7 years:
Audit reports	Permanently:
Bank Reconciliations	2 years:
Bank statements	3 years:
Checks (for important payments and purchases)	Permanently:
Contracts, mortgages, notes and leases (expired)	7 years:
Contracts (still in effect)	Permanently:
Correspondence (general)	2 years:
Correspondence (legal and important matters)	Permanently:
Correspondence (with customers and vendors)	2 years:
Deeds, mortgages, and bills of sale	Permanently:
Depreciation Schedules	Permanently:
Duplicate deposit slips	2 years:
Employment applications	3 years:
Expense Analyses/expense distribution schedules	7 years:
Year End Financial Statements	Permanently:
Insurance Policies (expired)	3 years:
Insurance records, current accident reports, claims, policies, etc.	Permanently:
Internal audit reports	3 years:
Inventories of products, materials, and supplies	7 years:
Invoices (to customers, from vendors)	7 years:
Minute books, bylaws and charter	Permanently:
Patents and related Papers	Permanently:
Payroll records and summaries W-2s, 1099s, 941s, etc.	7 years:
Personnel files (terminated employees)	7 years:
Retirement and pension records	Permanently:
Tax returns and worksheets	Permanently:
Timesheets	7 years:
Trademark registrations and copyrights	Permanently:
Equipment records	5 years (after disposition)
Withholding tax statements	7 years:

10.0 Purchasing Policy

The investment in physical inventory, supplies and capital equipment will be facilitated by the corporate purchasing agent consistent with established guidelines as developed.

Section B: DII Board Infrastructure

1.0 Board Authority and Responsibility

1.1 Officers of the Board:

The Board shall elect a Chair and a Vice-Chair at its summer face to face meeting. They shall assume their offices at the first meeting of the fiscal year. Terms of office are one year. The Board may elect other officers as it deems necessary.

- i. Anyone wishing to put his or her name in nomination for Chair or Vice Chair shall make known their intention to run, to the current Board of Trustees, no less than two weeks before the Board Meeting.
- ii. Contested elections shall be by secret ballot.

1.2 Public communication of the Board:

It is the policy of the Board of Trustees to encourage greater understanding between itself and the various constituencies it serves. The chair or designee will be directly responsible for disseminating all Board Communication to the media, DIAD, Allied Organizations, members, memberships, and staff.

1.3 Correspondence Definition:

In order to assure the orderly dissemination of information and facilitate communication, "correspondence" shall be defined as all communications to the Board including, but not limited to, Trustee Listserver, e-mail, standard mail, and communication during teleconferences.

1.4 Confidentiality:

Policies that deal with personnel and other confidential issues will not posted to the web for review.

2.0 Board Committee Policy

The Board of Trustees may use committees to achieve its responsibilities for governance of the corporation. In order to effectively fulfill the management responsibilities of the corporation, the CEO may use, at his discretion, operational committees.

2.1 Board Committees:

Committees of the Board of Trustees will report directly to the Board of Trustees. All Board committees are advisory and may not take action without formal approval from the Board of Trustees.

Board committees may be one of two types:

Standing Committees which are permanent committees of the Board of Trustees or Ad Hoc Committees which are set up by the Board of Trustees to deal with specific issues outside the realm of the standing committees. Ad Hoc committees will exist only for the duration of the charter set by the Board of Trustees. There will be no limit for the length of time these Ad Hoc committees can exist.

2.1.1 Standing Committees:

The Board of Trustees has established the following standing committees:

Finance
Development (includes strategic planning)
Governance
Management

2.1.2 Ad Hoc Committees:

Ad Hoc committees may be formed or disbanded as determined by the Board of Trustees.

2.2 Specific Requirements for Board Committees:

All committees of the Board of Trustees must comply with the following requirements:

- 1) Be chaired by a member of the Board of Trustees
- 2) Operate under a charter set by the Board of Trustees
- 3) Report directly and regularly to the Board of Trustees on a minimum quarterly basis.

2.3 Special requirements apply to a Board “Committee of the Whole.” They are:

- 1) All board members (and only Board members) are members of any “Committee of the Whole.”
- 2) Participation in a “Committee of the Whole” is not considered when calculating the number of committees on which a Board member may serve.

2.4 Committee Membership General Guidelines:

Members are chosen for Board Committees to provide the skills needed for the committee to achieve its charter. When forming new committees or modifying existing committees, membership of committees must follow the applicable policies of Destination ImagiNation, Inc.

2.5 Committee Chair Responsibility

It shall be the responsibility of each committee chair of the BOT to identify the charges and tasks from each meeting and send them to the BOT note taker so that they may be attached to the minutes of that meeting. In addition the chair shall update the board as to progress time the committee reports.

2.6 Policy Approval Process

2.6.1 The Chair of the Governance Committee will send to the Board of Trustees any Policies the Committee is recommending for approval no later than one (1) week before each scheduled Board of Trustees meeting.

2.6.2 Proposed Policies will be reviewed and voted on by the Board.

2.6.3 The Board will authorize an electronic vote on a policy where practical.

3.0 Board Code of Conduct

A fundamental factor in the successful operation of Destination ImagiNation, Inc. is the maintenance of sound and harmonious work relationships among Board members. These relationships are subjected daily to a variety of stresses. Conflict is inevitable and is a healthy and acceptable step in the process of testing and vetting ideas. Respect for the individual and the organization must always be at the forefront of all conversations. The Destination ImagiNation Board of Trustees developed this Code of Conduct based on the tools needed for teamwork as a guide for establishing sound relationships to help maintain an environment of trust, mutual respect and support.

3.1 Trust each other

It is important for all members of the Board to help and support each other in an atmosphere of trust. To do this, Board members must always keep confidential information confidential, be willing to admit and correct mistakes, be consistent and honest in our communications and be objective in our approach. An environment of fun and humor will encourage the growth of trust.

3.2 Establish common goals

The primary goal of the Board is to fully support the mission and vision of Destination ImagiNation, Inc. Board members are passionate about the program. That passion must always translate to positive actions that are in the best interest of the program. Board members must lead by example and believe we must be held to a higher standard than we expect from our employees, volunteers and participants. Therefore, we pledge to hold ourselves, as Board members, accountable to this Board Code of Conduct.

3.3 Respect each other

Board members will demonstrate respect for the team by exhibiting integrity, honesty, and common courtesy. Our behavior will at all times be fair to everyone within the Destination ImagiNation, Inc. community. As Board members, we will communicate clearly without rancor. We will be responsible and accountable to our teammates and ourselves.

3.4 Be willing to use the ideas of other team members

All Board members will be willing to ask tough questions and be receptive to opposing points of view in response.. We will communicate with all members of the team, sharing ideas as we make decisions that benefit the students, volunteers, staff, and program.

3.5 Make decisions together

Differing ideas can be healthy and necessary in reaching an objective and balanced decision. However, once a vote has been taken, a Board decision is final. All Board members shall support Board decisions and exercise maximum effort to implement such decisions, even though they may have been made without or against an individual member's recommendation/approval. The Board speaks with one united voice, but responsible dissent may be appropriate. Individual Board members are obligated to support all Board decisions.

3.6 Take pride in the team and its solution

We will take pride in our activities and our results. It is the responsibility of Board members to actively support the CEO and Board decisions. Every member will take an active role in activities in at least one program in the Destination ImagiNation, Inc. community.

3.7 Use the strength of others

The volunteers of Destination ImagiNation, Inc. have unlimited creative potential coupled with amazing skills. Whenever possible, the Board will engage a variety of volunteers to utilize their strengths for the organization. The dedicated staff of Destination ImagiNation provides the needed structure for many activities of the organization. Board members will understand and respect the duties and abilities of the DI staff and will appropriately support them in their work. The Board will actively solicit input from our Affiliate Directors and will maintain close links with the officers of DIAD.

3.8 Establish and use team roles

To accomplish all these things, it is essential that the Board define key roles to assure a clear and representative voice is used to provide communications to Board, to staff, and to membership. In addition to roles and duties defined in the bylaws, policies, and guidebooks:

- The Board Chair is the official Spokesperson for the Board
- Board Committee Chairs communicate for their committees with the Board.
- The CEO is the official spokesperson for all tactical areas under his responsibility.

3.9 Each Board member will sign a single copy of the Code of Conduct annually at the first board meeting of the year.

3.10 Failure to fulfill the responsibilities as a Trustee will be deemed as a resignation from the Board of Trustees.

4.0 Board of Trustee Meetings

The Destination ImagiNation Inc. Board of Trustees shall meet together a minimum of four times annually, one of which will be held at Global finals. In addition, monthly teleconference meetings will be held as needed.

4.1 Agendas:

Agendas for scheduled meetings, as per the bylaws, shall be sent to all Board Members Five (5) days prior to meetings. All other necessary materials required to conduct business will be made available to each board member at least five (5) days prior to each regularly scheduled meeting. A Tentative Agenda for the annual meeting will be posted to the DII website no later than three (3) days prior to the meeting.

4.2 Minutes of Meetings:

A record of all matters considered by the Board and actions taken by it shall be kept by the Board's Designated note taker and entered in the Minutes of the Board. Minutes shall be approved at the next Board Meeting.

- 4.2.1 The Secretary will take notes at the meetings and put them into minute form for posting, after approval by the Board.
- 4.2.2 The official Minutes of meetings of the Board of Trustees shall be posted to the organization's website upon approval. They shall be kept on file at the principal office of the organization as a permanent record of the official actions of the Board of Trustees.
- 4.2.3 The complete record of Board minutes shall be available to the membership at the Annual Membership Meeting

4.3 Minutes Open to the Public:

The Meeting of the Board of Trustees held at Global Finals shall be open to the public, inclusive of representatives of the press, Affiliate/Regional Directors, students, Team Managers, and parents subject to limitations of space. A request from an individual citizen for consideration of any matter at a regular meeting shall be received in writing by the Chair of the Board at least ten (10) calendar days before the meeting, in order to be placed on the agenda.

4.4 Executive Sessions Closed to the Public:

Although no formal action may be taken, the Board may conduct closed sessions for the following reasons:

1. Negotiations
2. Personnel
3. Litigation
4. Security and/or Safety
5. Appeals
6. Property
7. Disciplinary Procedures

The Board may adjourn to Closed Session for one or more of the purposes stated above upon the adoption of a proper motion. The Board shall adjourn the Closed Session and return to Open Session to take formal action, if any, on matters discussed during the Closed Session.

4.5 Annual Review of Required Policies:

The Agenda of the annual meeting of the corporation will include those reports that are required by policies to be reviewed annually, such as: Price list for vendors, Merchandise Policy, Business Plans Policy, Global Finals fees for International Teams, and Risk Management Policy.

4.6 Proxy votes will not be allowed at any Board of Trustee meeting.

5.0 Filming/Taping of Board Meetings:

- 5.1 Filming and/or Taping (either video or voice) of Board Meetings by members of the public or Trustees is not permitted.
- 5.2 The Secretary may tape (voice only) Meetings.

6.0 Board Expenses:

- 6.1 Reasonable expenses incurred by Trustees in the performance of their duties as well as travel expenses, room, and board for Board of Trustee Meetings will be paid or reimbursed. Destination ImagiNation, Inc. will not reimburse or pay for any alcoholic beverages.
- 6.2 A voucher will be placed in board members' folders at each meeting. The voucher should be filled out and returned to the Controller within 2 weeks of the meeting. Receipts or ticket stubs must accompany the voucher. A check will be sent to reimburse the Trustee.

7.0 Business Plans - Management

- 7.1 There shall be a business plan in place for all programs of Destination ImagiNation, Inc. The plans shall include, but are not limited to, current status, historical performance, and expectations for the next year including program cost, projections, and funding sources. Business plans will be reviewed annually by the Board of Trustees.
- 7.2 All unbudgeted program initiatives shall be presented to the Board of Trustees in a brief concept paper format, prior to preparations of a business plan, for approval.

8.0 Confidentiality Policy

It is the policy of Destination ImagiNation, Inc. that its trustees and employees may not disclose, divulge, or make accessible confidential information, including membership information and lists, belonging to or obtained through their affiliation with Destination ImagiNation, Inc. to any person other than those who have a legitimate need for such information or as authorized by Destination ImagiNation Inc. This policy is not intended to prevent disclosure that is required by law.

9.0 Chief Executive Officer Succession Plan

1.0 Introduction:

The intent of this policy is to delineate procedures that will be followed in order to fill a vacancy in the position of CEO, Destination Imagination, Inc. The policy is intended to address a planned succession with an orderly transition of responsibility. Modifications to a normal procedure required to address an immediate vacancy are also included in the Policy.

2.0 CEO Job Description:

- 2.1 Serves as the primary fund raiser for the organization with an emphasis on growing the program and bringing in external partners, generating fund raising opportunities and representing the organization in increasing financial contributions.
- 2.2 Serves as Chief Executive Officer, managing and directing operations to achieve objectives of the organization in accord with the strategic plan, policies, directives, bylaws and charter, personally or through subordinate staff.
- 2.3 Employee of Destination Imagination, Inc. and reports to the Board of Trustees. Develops and presents annual work plan and budget to carry out the strategic plan. Keeps Board of Trustees informed of progress toward achieving the mission, strategies, goals and objectives adopted by the Board in the strategic plan, as well as any other information they need to do their job well.

2.4 Essential Duties and Responsibilities:

- 2.4.1 Takes an active lead while working with the Board of Trustees in the development of the corporation's Strategic Plan.
- 2.4.2 Works with all corporate affiliated leaders and volunteers to ensure appropriate and effective communication.
- 2.4.3 Provides needed support for the work of the Board and its committees.
- 2.4.4 Provides the Board with the data and information it needs to make sound decisions.
- 2.4.5 Promotes collaborative problem solving and decision-making processes throughout the corporation.
- 2.4.6 Directs the development of a financial plan and annual budget, funding both continuing operations and new initiatives. Maintains good financial control systems and regularly reports on the organization's financial status.
- 2.4.7 Carries out supervisory responsibilities in accord with organization policies, applicable laws and sound practice.
- 2.4.8 Provides oversight of the office in the hiring, training, and evaluation of employees and the related functions and operations of the corporation.

- 2.4.9 Reviews reports and other data to determine status and progress in attaining objectives. Regularly reports to the Board, recommending revision to objectives, plans and activities as needed to deliver a continuously improving program. Initiates appropriate action to correct unsatisfactory results.
 - 2.4.10 Plans and develops public relations policies to carry out the strategic plan of the corporation.
 - 2.4.11 Presents the corporation in a positive manner to all stakeholders.
- 3.0 Chief Executive Officer Candidate Profile:
- 3.1 People Person—interacts easily with people of diverse backgrounds and ages.
 - 3.2 Global Thinker – sees and understands the long range implications, consequences, and benefits of decisions.
 - 3.3 Team Player – supports the entire work team whether paid or volunteer
 - 3.4 Problem Solver – uses a wide variety of formally recognized problem solving skills.
 - 3.5 Courageous – capable of making difficult and bold decisions, taking calculated risks and reformulating plans as needed.
 - 3.6 Goal Oriented – strives to achieve goals for self and the organization through objective evaluation.
 - 3.7 Articulate Communicator – effectively, openly, and clearly shares ideas with others.
 - 3.8 Supporter of Education – recognizes the value of life-long learning.
- 4.0 Appoint a Search Committee
- 4.1 The Chair of the Board, Destination Imagination, Inc. should appoint a Search Committee to direct the process of hiring a CEO. This Search Committee would assume responsibility for seeking and bringing appropriate candidates to the Board of Trustees for the position of CEO. The committee should be made up as follows:
 - Search Committee Make-up
 - Chair – Chair of the Destination Imagination, Inc. Board of Trustees
 - Vice Chair of the Destination Imagination, Inc. Board of Trustees
 - Three additional Board of Trustee members including DIAD President
 - Two members of DII senior staff
 - Two members of the DII community appointed by the Chair
 - One Member of the DI Alumni community appointed by the Chair

4.2 The Search Committee should convene within a week of notice to review hiring procedures and initiate a search for appropriate candidates for the position. This committee should remain active throughout the hiring process and remain in an advisory position for the first year after a new hire is in position. They should assist in the transition period and be available for support of the new CEO.

5.0 Soliciting Candidates

5.1 The search for candidates should include but not be limited to the following varied approaches to locate suitable candidates:

5.1.1 Announce the opening to the Destination Imagination community and request candidates from within the organization.

5.1.2 Consider selection of a professional placement agency to conduct a search for suitable candidates.

5.1.3 Advertise in Non Profit Journals.

5.1.4 Review the possibility of hiring an outside consultant to manage the solicitation and interview process.

5.2 The Search Committee should review resumes of candidates, recommendations from an Agency, or recommendations from a Consultant. Resumes that have been received should be reduced to include the top 10 potential candidates for the positions.

5.3 Status reports on the Solicitation process should be provided to the Board of Trustees weekly or in a timeframe determined by the Board. Time constraints may dictate the Solicitation and Interview processes to be conducted in parallel.

6.0 Interviewing of Candidates

6.1 The Selection Committee should designate a subcommittee to handle the interview process. This subcommittee should consider inclusion of additional interviewers. The exiting CEO, Senior Staff Members, or other concerned parties should be considered for inclusion in the process. Candidates selected for interview and designated interviewers should be brought to a central location. The Destination Imagination, Inc. office should be considered as the location of interviews but it may not be the best location due to financial or other circumstances. Efforts should be made to combine interviews in order to minimize travel cost and time but confidentiality of the process must be maintained.

6.2 The Interview Subcommittee should prepare a list of initial questions to be approved by the Search Committee and provided to the Board of Trustees for information. Board of Trustees and other interested parties may also recommend questions for consideration by the Search Committee. It should be understood that questions might vary dependant upon qualification and background of potential candidates. Questions should cover the complete scope of the Corporation and the Destination Imagination, Inc. Strategic Plan. Questions should be considered as guidelines, following all legal

interview and hiring laws. Interviewers should not be limited by the questions, should information gleaned from a previous question prompt interviews to pursue additional questions. Personal credit history as well as civil and criminal background checks (as allowed under law) should be considered as a part of the investigation of all candidates.

- 6.3 Results of interviews will be reported back to the Search Committee and summarized in regular reports to the Board of Trustees. The Search Committee will review the interview results and designate candidates to be considered for hire.

7.0 Presenting a Candidate for Hire

- 7.1 The Search Committee should review all Candidates that have been interviewed and select candidates to present to the Board of Trustees. The Selection Committee should make a recommendation for hire with a written basis for the recommendation of a single candidate but should present the top three candidates to the Board of Trustees for consideration.
- 7.2 The Board of Trustees shall review all candidates presented for consideration and the basis for the Search Committee recommendation for hire. The Board may elect to interview a single candidate or all candidates submitted for consideration. A list of suggested questions should be prepared, for the Board of Trustees, by the Search Committee reflecting information learned in previous interviews.
- 7.3 The Search Committee recommendation is not considered as a motion for hire to the Board of Trustees.

8.0 Board of Trustees Approval for Hire

- 8.1 After review of the candidates submitted for consideration and recommendation from the Search Committee the Board may elect to vote for authorization to hire a candidate by motion and second from the floor. Approval to hire will require a two-thirds majority of the voting Board of Trustees. The Board approval will provide authorization for the Board Chair to offer the position to the approved candidate. This authorization should also provide guidelines for salary and benefit negotiation required closing an approved Employment Contract. The Search Committee should then have the authority to finalize contract terms and execute an approved contract within those terms. Approval to go outside these pre-approved terms will require a majority vote of the Board of Trustees.
- 8.2 If a candidate fails to receive two-third majority of the vote of the Board of Trustees, they cannot be offered employment as CEO and the Search Committee shall be requested to continue solicitation of an acceptable candidate. The Search Committee shall also be requested to continue solicitation of an acceptable candidate if contract terms cannot be settled with an approved candidate.

9.0 Contract Terms and Conditions

- 9.1 The existing contract for the CEO should be reviewed by the Board of Trustees and used as a basis for establishing the contract for offer to an CEO new hire candidate. The Search Committee must be provided with the following information to effectively negotiate Contract Terms and Conditions.
 - 9.1.1 Legal input and participation in the negotiations will be required to finalize Contract Terms and Conditions.
 - 9.1.2 The Board of Trustees may elect to provide a consultant or other qualified individual to handle negotiations for the Search Committee.
 - 9.1.3 The term of the contract should be reviewed. The existing CEO Contract term is three years with automatic renewal and this may not be desirable
 - 9.1.4 for an initial contract. An acceptable duration range shall be provided to the Search Committee for negotiation with a candidate.
 - 9.1.5 Salary range must be established.
 - 9.1.6 Benefits to be provided in the employment package must also be reviewed and acceptable latitude provided.
 - 9.1.7 A signing bonus and/or relocation cost should be considered. If approved an amount or range should be established and the Search Committee empowered to off the bonus, if required.
 - 9.1.8 The Board of Trustees may determine that additional terms should be added for the initial contract depending on candidate qualifications. One example may be renewal options for a longer term after the first year.

10.0 Transition Period

- 10.1 A transition period should be instituted for the health of the Corporation. The duration of this transition period may vary depending on circumstances but optimally should consist of the following:
 - 10.1.1 Transition of Daily Operations – This should effectively be accomplished in the first thirty days. The outgoing CEO should pass information and responsibility of these areas to the CEO in an orderly and expeditious manner.

10.1.2 Transition of other Roles – The outgoing CEO should effectively transition responsibility in other roles to the new CEO as quickly as possible but the overall transition of knowledge and acceptance may be as much as a 100-day process (term to be determined by the Board of Trustees) with special attention provided to:

- Destination Imagination, Inc. Board of Trustees
- Program Leaders of Destination Imagination, Inc. programs
- Affiliate Directors of Destination Imagination
- Community Advisory Board
- Sponsors
- Other Stakeholders in Destination Imagination, Inc programs

10.1.3 Transitional Support during the first year – The Search Committee will remain intact through the initial year of employment to provide support to the CEO. This core group of people shall be a source of information for the CEO in all areas (corporate business, programmatic, and interpersonal). The Search Committee should be available to the CEO for consultation and endeavor to make the transition a success.

11.0 Immediate Vacancy

- 11.1 An immediate vacancy could result from termination, death, or medical emergency. A vacancy due to medical reasons may not initiate the search committee but would still require temporary succession plans to maintain corporate operations.
- 11.2 In the event of an immediate vacancy in the CEO position a team should assume temporary control of corporate operations. The Chair of the Board of Trustees would be the lead of this team. In addition to the Chair of the Board the team should consist of the following individuals:
- Senior management leaders (identified on Corporate Organizational Chart)
 - Designee of the Chair Board of Trustees, as required.
- 11.3 Until such time as the Board of Trustees names a temporary President or a new CEO is hired this team shall function to manage Destination Imagination, Inc. In the event of a medical emergency this team shall function until the CEO returns to work or until a point approved by the Board of Trustees. The team will report weekly and/or as so designated to the Board of Trustees..

10.0 Board of Trustees Selection Process

10.1 Trustee Selection Criteria

The following will be used as a guideline when considering whether an individual should be elected to the Board of Trustees. This is not intended to be an exhaustive list of qualifications the each individual must meet in order to elected. It is unlikely that an individual will meet each and every one of the items listed. There may and will be other considerations (unique to an individual / situation) taken into account when electing a Trustee.

Trustees Qualifications / Criteria:

- Can contribute to the financial health of the organization through direct or indirect contribution
- Knowledge of the Destination ImagiNation, Inc programs
- Passionate support for the mission and vision of Destination ImagiNation, Inc.
- Prior board experience
- Minimum twenty-one (21) years of age
- Minimum one year commitment or longer as indicated by the Board
- Attendance at Board Meetings
- Chair and or be a member of at least two Board Committees
- Willing to be a promoter of the Destination ImagiNation, Inc programs
- Relevant experience / qualifications to assist the Board in executing its goals in the short and or long term
- Be able to work successfully with the seated Board and organization

Information to be provided by individual applying:

- Full legal name
- Current address and contact information
- Previous address if not in current address two years or more
- Non Profit experience
- Board experience
- Other relevant experience
- Educational background
- A statement specifying why the individual wishes to be a Trustee and how their background, qualifications and experience will assist Destination ImagiNation, Inc. and its Board in fulfilling its vision, mission statement and goals
- Permission to allow Destination ImagiNation, Inc to do criminal and or background checks at their discretion
- Employment Experience

10.2 Board Member Selection Process

1. The Governance Committee will oversee the election process. The committee will:
 - i. Receive direction from the Board as to the number, terms and timing of the appointment of Trustees.
 - ii. Publish, through appropriate channels, the criteria, expectations and an invitation to apply to be a Trustee.
 - a. Current Trustees will be encouraged to recruit applicants.
 - iii. Receive from the chair the submitted applications
 - iv. Send to the candidates questions for written (online) responses by a set deadline.
 - v. Forward the written responses and applications to the interview team.
 - vi. Ensure the development and provision of standard questions to be used in addition to ones developed by the interviewers.
2. The interview team consisting of the Chair, Vice Chair, the Chair of Governance, and the Chair of Management or their designee will jointly conduct the interviews.
3. The interview team shall brief the Board concerning all candidates who have applied, but will bring forward only qualified candidates to the Board for consideration.
4. Interview team will prepare a packet of materials for each Board Member on all candidates on the slate, to include the complete candidate application and answers to the written questions submitted by the candidates.
5. If the election is uncontested, a voice vote will be held with a majority vote validating the election.
6. If more candidates are on the slate than seats available a secret ballot will be held. The procedure will be as follows:
 - i. Board members will be given a ballot with the names of all candidates listed.
 - ii. Board members may not vote for more candidates than the number of seats available. Any ballot marked with more than the number of candidates equal to the number of seats available will be disqualified and not counted.
 - iii. A board member may not vote for a candidate multiple times on a single ballot
 - iv. In the event of a tie for a seat a simple run off will be held.
7. Tabulation of results. There will be three tellers appointed by the chair, the CEO may act as auditor of the election. No vote totals will be announced. The head teller will give the names of those elected in writing to the chair to announce. If a tie occurs the head teller will place in writing the two candidates in the runoff for the chair to announce. All ballots and tabulation sheets will be collected and kept by the head teller.

8. The above Board Member selection procedures with the exception of the actual election procedures (5, 6 and 7) do not apply to the DIAD nominated candidates. DIAD will have its own procedure for selecting nominees to send to the Board for consideration.

- i. The Governance Chair will notify the President of DIAD when DIAD seats are up for nomination. This notification will include the number of seats available and the date that the nominations are to be delivered to Governance Chair.

11.0 Board of Trustees Roles and Responsibilities

11.1 Trustee Role:

To serve the mission of the Destination ImagiNation, Inc. organization by providing leadership in governance, establishing policy, planning strategically, serving actively as an ambassador of good will, adhering to the Code of Conduct and modeling respect for others.

11.2 Trustee Responsibilities:

11.2.1 Governance:

- Complete an annual statement of commitment of board service to the organization.
- Attend all meetings for the effective functioning of the Board. Board meetings are held a minimum of three times a year while teleconferences are scheduled once a month on an as needed basis. Missing more than three convened Board meetings is cause for discussion of resignation.
- Complete an annual assessment of Board service.
- Participate in the annual assessment of the CEO of the corporation
- Assist the Governance/Nominating Committee in identifying potential board members to fulfill organizational needs.
- Establish fiscal policy and boundaries, with budgets and financial controls.
- Execute strategic planning activities and fiduciary responsibilities.

11.2.2 Participation:

- Contribute meaningfully to the business at hand. Use personal or professional knowledge in support of Board programs and to advise the Chair and/or the CEO on any matters where specialized knowledge is pertinent.
- Serve on at least one standing Board committee and contribute to the work of the committee via various venues such as email and phone conferences.
- Assist in the evaluation and coordination of projects and programs of the Board.
- Model exemplary giving in time, energy and resources.
- Attend and support the Global Finals event and, as much as possible, regional and affiliate activities.

11.2.3 Development:

- Support the organization with either personal gifts or solicited gifts annually
- Participate in the solicitation of donations and refer potential resources as appropriate.
- Cultivate and solicit prospects for charitable giving.

11.3 Trustee Member Agreement

Trustee Member Agreement

As a Trustee of the Destination ImagiNation, Inc. Board, I am fully committed and dedicated to the mission and have pledged to carry out this mission. I understand that my duties and responsibilities include the following:

1. In concert with the other Trustees, I will demonstrate my fiscal responsibilities for this organization. I will know what our budget is and take an active part in reviewing, approving, and monitoring the budget and fund raising to meet the budget.
2. I know my legal responsibilities for this organization and those of my fellow Trustees. I am responsible to know and oversee the implementation of policies and programs.
3. I accept the bylaws and I understand that I am morally responsible for the health and well being of this organization.
4. I will make an annual financial donation to the organization. I may give this as a one-time donation each year or I may pledge to give a certain amount several times during the year.
5. I will actively engage in fund raising for this organization. This may include individual solicitation, undertaking special events, mail appeals, etc. I will make a good faith effort to do my best and to bring additional financial support to the organization..
6. I will actively promote Destination ImagiNation, Inc. and encourage and support its staff.
7. I will attend Board meetings, be available for phone consultation and serve on at least one standing committee. If I am not able to meet my obligations as a Trustee, I will offer my resignation.
8. I will respect the other members of the Board , the staff, the sponsors, the volunteers on all levels and the customers of Destination ImagiNation. The Trustee’s job is to ensure that the agency is well managed, not to manage the agency.
9. I consider myself a Trustee of the organization and will do my best to ensure that the agency is well maintained, financially secure, growing and operating in the best interests of our participants.

Signed _____ Date _____
Trustee
Signed _____ Date _____
BoT Chair

11.4 Board Member Self-Evaluation

Board Member:	Yes	No	Not Sure
1. Do I understand and support the mission of the organization?			
2. Am I knowledgeable about the organization's strategic plan and can evaluate progress toward goals and the programs and services offered?			
3. Do I follow trends and important developments related to this organization?			
4. Do I assist with fund raising and give or obtain funding annually to benefit the organization?			
5. Do I read and understand the organization's financial statements?			
6. Do I have a good working relationship with the CEO?			
7. Do I recommend individuals for service to this board?			
8. Do I prepare for, attend, and participate in Board meetings and committee meetings?			
9. Do I act as a good-will ambassador to the organization?			
10. Do I stay actively involved in the activities of the organization?			
11. Do I find serving on the Board to be a satisfying and rewarding experience?			

I could better serve the Board if:

Comments

12.0 Conflict of Interest Policy

Any director, officer, member, or key employee who has an interest in a contract or other transaction presented to the Board of Trustees or committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of his/her interest to the Board or committee prior to its acting on such contract or transaction, including the payment of compensation or other remuneration to such persons for services rendered to the organization. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction, which might reasonably be construed to be adverse to the corporation's interest. For purposes of this policy, a director, officer, member, or key employee is also considered to have an interest in a contract or other transaction if any member of his or her immediate family, or any party, group, or organization to which his or her immediate family or any party, group, or organization to which he or she or his or her immediate family has an allegiance has an interest in the contract or other transaction.

The body to which such disclosure is made shall thereupon determine, by a vote of seventy-five percent (75%) of the votes entitled to vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such interested person shall not vote on, nor use his/her personal influence on, nor participate (other than to present factual information or to respond to questions) in the discussions or deliberations with respect to such contract or transaction. Such person may be counted in determining whether a quorum is present but may not be counted when the Board or a committee of the Board takes action on the transaction. The minutes of the meeting shall reflect the disclosure made, the vote thereon, the abstention from voting and participation, and any information relied upon by the Board in reaching its determination regarding such contract or transaction.

12.1

Any director, officer or key employee who has a concern that another director, officer or key employee has a conflict of interest should make known that concern to the chair of the Board of Trustees.

Section C: Destination ImagiNation Program Policies

1.0 Sponsorship Policy:

The following policy is designed to provide direction for Destination ImagiNation, Inc. its Affiliates, Allied Organizations, and others in the selection of sponsorship partners in providing financial, in-kind, or human resource support for its programs.

- 1.1 Destination ImagiNation, Inc. will offer signature sponsorship opportunities for national sponsors of its programs. The board on a yearly basis will review these signature opportunities.
- 1.2 Destination ImagiNation, Inc. must have executed agreements with national sponsors for the various levels of signature opportunities and review the essentials of these with the board prior to execution.
- 1.3 Destination ImagiNation, Inc. will entertain proposals for sponsorship from companies and organizations whose corporate mission and history is consistent with the Destination ImagiNation, Inc. principles of good citizenship, teamwork, creative problem solving, cooperation, and contribution to an improved global quality of life. Direct sponsorship is prohibited from companies primarily involved in the production of alcohol, tobacco, promotion of violence in media, illegal drugs, or anything else detrimental to the good name and image of Destination ImagiNation, Inc.
- 1.4 To encourage increased marketing of the program by Affiliates and development of Affiliate national sponsorship leads, Destination ImagiNation, Inc. will establish a rebate fund for affiliates from national sponsors. This rebate will not be less than 10% of national sponsorship funds and will be separate from license fee rebates.
- 1.5 National sponsors will be encouraged by Destination ImagiNation to establish affiliate sponsorships on a local basis to the extent possible.
- 1.6 Destination ImagiNation, Inc. will develop contractual agreements in the best interest of Affiliates, Allied Organizations, and participants that will support the Destination ImagiNation, Inc. goals and objectives and reflect the market interests of corporate sponsors.

2.0 Destination ImagiNation Membership Fees

Destination ImagiNation® individual membership fees will be \$135, the five (5) pak will be \$390, and the thirty (30) pak will be \$2,250. Increases or decreases in membership fees must be approved by the Board of Trustees at the winter meeting prior to the next program year.

3.0 International Participation

3.1 Participation Fees

The CEO will establish, for Board approval, a pricing system for International participants that takes into account differences in currency values in comparison to the United States cost of products offered.

3.2 Global Finals Fees

International Teams, if feasible, will be offered an appropriate discounted room package at Global Finals at a percentage determined by the CEO on an annual basis.

4.0 Affiliate Event Insurance

Destination ImagiNation, Inc. will annually provide Liability Insurance for all Licensed Affiliate and Regional tournaments. Additional event insurance will be made available for a nominal fee. Licensed Affiliates are required to submit all the necessary insurance information.

5.0 Affiliate License Agreement

5.1 Each Affiliate providing Destination Imagination® will sign an Affiliate License agreement which may be renewed annually.

5.2 The CEO is authorized to enter into negotiations with an Affiliate, when required, to add an addendum to the standard License Agreement. All addenda to standard agreement must be pre-approved by the Board of Trustees prior to execution.

6.0 DI Teams Advancing to Global Finals

The Board of Trustees acknowledges the unique aspects of the global tournament and wishes to make its benefits available to the largest number of teams possible. Therefore, the CEO shall, in consultation with the Board, annually determine the number of teams affiliates may advance to the Global Tournament level.

6.1 Each sanctioned Affiliate may send at least one team per challenge and level to the Destination ImagiNation Global Finals Tournament. Normally this will be the first place team. Should a tie exist, all teams, which are tied for first place, may represent the Affiliate.

6.2 If an Affiliate's first place team is unable to attend, the Affiliate, at its discretion, may send another team. If an Affiliate Director wishes to deviate from this policy, he/she must seek approval from the CEO, whose decision will be final. The CEO will provide additional teams the opportunity to attend Global Finals when reasonably possible. Criteria will be established annually, and by January 1, of the program year. Affiliates meeting this criteria may plan to send the additional teams to the Global Tournament.

Section D: Finance Policies

1.0 General Policies

Destination ImagiNation, Inc., as a not-for-profit organization incorporated in the state of New Jersey, is entitled to exemption from federal and state income taxes under the provisions of Internal Revenue Service code, Section 501(c)(3).

The Board has both authority and responsibility for all activities of the Organization. Board policies apply to all activities. The Finance Committee reviews the Organization's financial policies annually and prepares appropriate recommendations for the Board. The Board must approve all additions or changes to financial policies.

The Organization's fiscal year begins October 1st and ends September 30.

2.0 Governance:

Board of Trustees

The Board will determine annually which activities and programs will be partially or fully funded. The CEO will recommend appropriate net revenue targets within the program business plans, depending on the nature of the program, its value to the DI Community, and the revenue potential of the program. Board decisions and priorities will be based on the strategic plan, long and short term objectives and on recommendation from the Finance Committee and CEO provided through the proposed budget.

The Board:

2.1 Approves changes to the employee benefits package upon recommendation of the CEO and the Management Committee after initial review by the Finance Committee.

2.2 Approves the annual average percentage increase in employee compensation based upon financial prudence and national and local cost of living indicators after initial review by the Finance Committee.

2.3 Shall subject its financial reports to an annual audit by an independent audit firm, chosen by the Finance Committee, and the firm will annually present its report to the Board.

2.4 Shall have written financial policies governing the following matters:

- (a) investment of the assets of the organization;
- (b) internal control procedures;
- (c) purchasing practices;
- (d) reserves. The financial objective of DI is to establish a financial reserve to provide for six months of operating income. The Board must authorize any disbursements from this fund. The surplus from operations or the net operating excess for each fiscal year will provide the funds for the reserve.
- (e) earned income.

2.5 Shall provide employees and volunteers with a confidential means to report suspected financial impropriety or misuse of organization resources.

3.0 The Finance Committee of the Board has been established with the following charges:

- 3.1 Review and modify the proposed annual budget before presentation to the Board.
- 3.2 Review current financial policies and trend data and propose revisions and additions for Board consideration.
- 3.3 Recommend to the Board the appointment of an auditor, and review the results of the annual audit.
- 3.4 Oversee all Organization funds including investment and insurance options and providers. The Finance Committee must review all proposed changes or additions to the Organization's financial policies and prepare appropriate recommendations for Board approval.

4.0 Controller:

The Controller is responsible for the stewardship of the Organization's funds, including:

- 4.1 Ensuring accurate and timely financial records – in conformance with Generally Accepted Accounting Principles.
- 4.2 Preparing accurate and meaningful financial reports- comprehensible, concise, all inclusive, timely and with a focal point for comparison (budget v amount spent, cash flow, etc.). Financial statements shall be provided monthly to the Finance Committee to include Balance Sheet, Statement of Operations, Statement of Changes and Net Assets, and Statement of Cash Flows, as well as a Management Discussion and Analysis, which identifies and explains any significant variances between actual and budgeted revenues and expenses. Quarterly financial statements shall be provided to the Finance Committee, including a Management Discussion and Analysis, which identifies and explains any significant variances between actual and budgeted revenues and expenses. The Chair of Finance shall forward the Quarterly statements to the entire board. Annually the IRS 990 shall be provided to the Finance Committee
- 4.3 Budgeting and anticipating financial problems – planning ahead for several years, and monitor social and economic trends and their influence on the organization.
- 4.4 Safeguarding and managing the organization's financial assets – ensuring adequate internal controls over assets and proper cash management to ensure maximum return.
- 4.5 Ensuring compliance with federal and state reporting requirements.
- 4.6 Issuing an annual report to the Board, which will include the audited financial statements.

5.0 CEO:

5.1 The CEO has the full and exclusive authority to oversee the operations of the Organization Headquarters.

5.2 In accordance with the policies of the organization, the CEO will act as a signing officer for banking purposes and for entering into contracts with third parties. Contracts in excess of \$25,000 require two authorized signatures.

5.3 All checks, bank transfers, and wires in excess of \$25,000 must be signed by more than one person. All signers must be authorized to sign on accounts upon which funds are drawn. In accordance with the policies of the organization, the Controller will act as the principal signing authority for banking purposes.

5.4 The CEO has full authorization to run the business within the budget. Any Financial Obligation in excess of \$25,000 that has not been approved as part of the annual budget must be presented to the BOT for approval, but any expenditure of less than \$25,000 is within the CEO's authority. In addition any significant (over 25,000) financial obligation that has not been approved as part of the annual budget process must be presented to the Board for consideration through issue of financial reports in advance of any meeting in which it will be considered.

5.5 The CEO will execute all personnel contracts as approved within the budget. Those contracts obligating the organization to more than \$25,000 shall be co-signed by the Controller.

6.0 Signing Authority:

All disbursements of organization funds to a third party must be signed or authorized by the Controller of the organization. Individual transactions or combinations of related transactions totaling \$25,000 or more must be signed and authorized by the CEO and the Controller of the organization.

7.0 Budget:

Destination ImagiNation, Inc. shall operate in accordance with an annual budget that has been developed by the Controller and CEO and approved by the Finance Committee and Board prior to the beginning of each fiscal year.

7.1 Budget Preparation:

7.1.1 The preliminary budget is prepared by the Controller with staff input and will be presented annually to the Finance Committee by mid-August.

7.1.2 Budgets for specific activities are developed by the Controller, CEO and staff. The deadline for budget requests will be announced annually to staff.

7.1.3 The Finance Committee reviews the budget assumptions and justifications.

7.1.4 The Finance Committee ensures the accuracy of all budget estimates.

7.1.5 The Finance Committee brings the budget recommendation to the Board.

7.2 Budget Approval:

Based on the recommendation from the Finance Committee, the Board approves the final budget ensuring:

7.2.1 The consistency of the budget with organization policies and strategic plan.

7.2.2 The organization should budget for a surplus until its reserve objectives are met.

7.2.3 That the proportional allocation of resources is consistent with Board priorities and objectives for the year.

7.2.4 If the budget is not approved as presented, it shall be returned to the Finance Committee with Board directions for revision and resubmission.

7.3 Administration of Donations to Affiliates under the 501c3 umbrella

all donations administered by HQ on behalf of an Affiliate will incur a 10% administrative fee. An Affiliate must send in a timely request for reimbursement with proper expense documentation in order for HQ to disburse funds.

8.0 Endowments

Endowment Vision

To provide an on-going source of funding through charitable donations and in-kind gifts to Destination Imagination, Inc. to ensure its continued viability in perpetuity.

Endowment Mission

To serve the members and friends of Destination ImagiNation, Inc. in providing a vehicle to remember and promote the principles of creative problem solving, teamwork, and lifelong learning. To provide supplemental funds from the proceeds of investments of the endowment to promote Destination ImagiNation, Inc. To provide a contingency fund from the principal of the endowment to maintain the financial viability of Destination ImagiNation, Inc. as determined by the Board of Trustee's only in a dire emergency.

The following types of gifts may be accepted as endowments.

- Cash, Stocks and Bonds, other investment instruments
- Land and Real Estate
- Trust and bequests in Wills
- Insurance Policies
- Retirement Plan Assets
- Cash donations not specifically designated
- Other as determined by the donor and Destination ImagiNation, Inc.

Endowment Purposes

- Unspecified – DI Inc. may use the gift for any worthy aspect of the program
- Program Scholarships – the funds are designated to provide scholarships to individuals wanting but unable to afford program costs for expenses involved in the program
- College Scholarships – the funds are used to award DI participants wanting to further their education specifically in creativity programs or general college studies.
- Promotion of Specific Requests–Donations may be designated by the individual for specific promotion of DI activities including capital building needs; program aspect promotion such as International development; support of state, regional, or local efforts to promote DI; etc. with the approval of the Board of Trustees.
- Research that advances the Mission of Destination ImagiNation, Inc.
- Any other legitimate purpose as jointly determined by the donor and DII.

8.1 Only the proceeds of the fund may be expended by the board for a donor-specified purpose or general use if specified by the donor. The principal shall be preserved in perpetuity except in special cases as specified by the donor.

8.2 All IRS regulations for disbursement of gains by the fund will be followed on an annual basis.

8.3 The Fund will be audited on a yearly basis by the independent audit firm that is hired to audit the Destination Imagination Inc. accounts.

8.4 Use of the principal of the fund can only be approved by the Board of Trustees in preserving the viability of DI, Inc. in the case of the severe, dire, and imminent financial emergency of the organization.

8.5 Donations will be accepted at the DI place of business.

8.6 The assets of the Endowment Fund will be placed in separate bank accounts or investment accounts and will not be commingled with any other funds of DI Inc.

8.7 Investment policy – since the purpose of the endowment fund is to retain the principal in perpetuity, the investment policy shall be conservative in an effort to ensure this. No less than 50% of the principal shall be invested in insured certificates of deposit, at least A-rated (Moody's or Standard & Poor's) preferred stocks or corporate or municipal bonds, or other similar instruments. The remainder of the funds may be invested in prudent stocks, bonds, real estate, etc.

8.8 Cash donations collected by DI, Inc. through direct mail or other campaigns that are not specifically designated by the donor for a special project or the Endowment Fund will be placed in the general fund.

8.9 Charitable donations may be pledged over a multi-year period

8.10 Endowment gifts in the form of stocks, land and other items may be accepted and the Destination Imagination Treasurer and the Financial Committee will advise the Board of Trustees how to manage these gifts.

9.0 Endowment Donor Acknowledgement

9.1 All individual donations beginning January, 2006, unless otherwise designated, must be put into the Endowment Fund.

9.2 Donor levels will be set as:

Bronze	\$1.00 - \$299.00
Silver	\$300.00 - \$400.00
Gold	\$500.00 - \$999.00
Platinum	\$1,000.00 and above

9.3 All donors at the conclusion of the fiscal year, unless they have declined to be acknowledged, will be listed by category in the Spring DImaginations, the Website, the Annual Report, the Global Finals Program Book and on a placard that can be hung at Global Finals annually.