

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Project Management Institute Educational Foundation
Newtown Square, Pennsylvania

We have audited the accompanying statements of financial position of Project Management Institute Educational Foundation as of December 31, 2007 and 2006, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Management Institute Educational Foundation as of December 31, 2007 and 2006, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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April 4, 2008

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PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2007	2006
ASSETS		
Cash	\$ 402,192	\$ 5,885
Certificate of deposit	-	351,183
Interest receivable	-	1,300
Contributions receivable	2,154,884	652,200
Prepaid expenses	3,793	-
TOTAL ASSETS	\$ 2,560,869	\$ 1,010,568
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 4,578	\$ 42,619
Due to Project Management Institute	-	21,002
Total Liabilities	4,578	63,621
NET ASSETS		
Unrestricted net assets	984,713	580,232
Temporarily restricted net assets	534,842	115,715
Permanently restricted net assets	1,036,736	251,000
Total Net Assets	2,556,291	946,947
TOTAL LIABILITIES AND NET ASSETS	\$ 2,560,869	\$ 1,010,568

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUES				
Contributions	\$ 888,954	\$ 438,260	\$ 785,736	\$ 2,112,950
Investment income	7,544	10,292	-	17,836
Forgiveness of debt	186,951	-	-	186,951
Net assets released from restriction	<u>29,425</u>	<u>(29,425)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,112,874</u>	<u>419,127</u>	<u>785,736</u>	<u>2,317,737</u>
EXPENSES				
Accounting	13,345	-	-	13,345
Awards/scholarships	30,955	-	-	30,955
Fundraising consultant fees	372,735	-	-	372,735
Management fee	51,710	-	-	51,710
Marketing/promotion	62,550	-	-	62,550
Miscellaneous	4,849	-	-	4,849
Office supplies and expenses	6,893	-	-	6,893
Printing and copying expenses	986	-	-	986
Program development	45,938	-	-	45,938
State registration fees	11,411	-	-	11,411
Meeting, travel and entertainment expenses	<u>107,021</u>	<u>-</u>	<u>-</u>	<u>107,021</u>
Total Expenses	<u>708,393</u>	<u>-</u>	<u>-</u>	<u>708,393</u>
CHANGE IN NET ASSETS	404,481	419,127	785,736	1,609,344
NET ASSETS - BEGINNING OF YEAR	<u>580,232</u>	<u>115,715</u>	<u>251,000</u>	<u>946,947</u>
NET ASSETS - END OF YEAR	<u>\$ 984,713</u>	<u>\$ 534,842</u>	<u>\$ 1,036,736</u>	<u>\$ 2,556,291</u>

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUES				
Contributions	\$ 1,034,454	\$ 13,500	\$ -	\$ 1,047,954
Investment income	8,995	8,442	-	17,437
Net assets released from restriction	22,034	(22,034)	-	-
Total Revenues	<u>1,065,483</u>	<u>(92)</u>	<u>-</u>	<u>1,065,391</u>
EXPENSES				
Accounting	6,040	-	-	6,040
Awards/scholarships	24,500	-	-	24,500
Fundraising consultant fees	304,533	-	-	304,533
Management fee	48,772	-	-	48,772
Marketing/promotion	23,533	-	-	23,533
Miscellaneous	8,092	-	-	8,092
Office supplies and expenses	1,469	-	-	1,469
Printing and copying expenses	2,366	-	-	2,366
State registration fees	3,172	-	-	3,172
Meeting, travel and entertainment expenses	64,559	-	-	64,559
Total Expenses	<u>487,036</u>	<u>-</u>	<u>-</u>	<u>487,036</u>
CHANGE IN NET ASSETS	578,447	(92)	-	578,355
NET ASSETS - BEGINNING OF YEAR	<u>1,785</u>	<u>115,807</u>	<u>251,000</u>	<u>368,592</u>
NET ASSETS - END OF YEAR	<u>\$ 580,232</u>	<u>\$ 115,715</u>	<u>\$ 251,000</u>	<u>\$ 946,947</u>

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,609,344	\$ 578,355
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in interest receivable	1,300	(753)
Increase (decrease) in due to/from Project Management Institute	(21,002)	17,271
Increase in contributions receivable	(1,502,684)	(652,200)
(Increase) decrease in prepaid expenses	(3,793)	1,722
Increase (decrease) in accounts payable	(38,041)	42,619
Net Adjustments	(1,564,220)	(591,341)
Net Cash Provided by (Used in) Operating Activities	45,124	(12,986)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of certificate of deposit	351,183	-
Reinvested interest income	-	(1,183)
Net Cash Provided by (Used in) Investing Activities	351,183	(1,183)
NET INCREASE (DECREASE) IN CASH	396,307	(14,169)
CASH - BEGINNING OF YEAR	5,885	20,054
CASH - END OF YEAR	\$ 402,192	\$ 5,885

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE A - Summary of Significant Accounting Policies

Nature of Organization - The Project Management Institute Educational Foundation (the "Foundation") was created by Project Management Institute to provide resources to foster the development and advancement of project management knowledge. The Foundation conducts workshops and other educational programs that provide education and training for persons interested in project management. They also conduct scholarship programs related to project management to provide financial support to students interested in project management. The Board of Directors of the Foundation is independent of Project Management Institute.

Basis of Presentation - The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support that is restricted by the donor is reported as an increase in *unrestricted net assets* if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Foundation considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificate of Deposit - The Foundation reported a certificate of deposit at cost which approximated fair value. The certificate of deposit had a maturity in excess of three months.

Contribution Receivable - Unconditional promises to give are recognized as revenue when the promise is received. Conditional promises to give are not recognized until they become unconditional; that is, in the period in which the conditions on which they depend are substantially met.

In-Kind Contributions - The Foundation records the value of contributed goods when there is an objective basis available to measure their value. Contributed materials and equipment are reported as revenue in the accompanying statements at their estimated values at date of receipt. Management's estimates and assumptions affect the reported contributed revenues and corresponding expenses. For the years ended December 31, 2007 and 2006, no contributed goods have been recorded.

The Foundation recognizes donated services, if any, that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended December 31, 2007 and 2006, no amounts have been reported in the statements for contributed services.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE A - Summary of Significant Accounting Policies - continued

Concentration of Credit Risk - The Foundation's funds are held by one financial institution. The amounts on deposit in the financial institution at December 31, 2007 and 2006 exceeded the \$100,000 federally insured limit.

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

NOTE B - Contribution Receivable

In 2006, the Board of Directors authorized a capital campaign for the purpose of raising funds for educational programs, scholarships and the proposed Center for Disaster Reconstruction. The goal of the campaign is to raise approximately \$10 million from individual and corporate contributions and pledges.

Pledges are expected to be realized in the following periods:

	December 31,	
	2007	2006
In one year or less	\$1,431,560	\$ 652,200
Between one year and five years	757,440	-
More than five years	154,743	-
	<u>2,343,743</u>	<u>652,200</u>
Less:		
Unamortized discount (ranging from 4.75% to 6.25%)	<u>(188,859)</u>	<u>-</u>
Total contributions receivable net of discount	<u><u>\$2,154,884</u></u>	<u><u>\$ 652,200</u></u>

NOTE C - Income Taxes

The Foundation is exempt from federal and state income taxes under provisions of Section 501(c) (3) of the Internal Revenue Code.

NOTE D - Related Party Transactions

The Foundation receives administrative services from Project Management Institute. A management fee of \$51,710 and \$48,772 was charged for these services for the years ended December 31, 2007 and 2006, respectively. Project Management Institute forgave debt due from the Foundation of \$186,951 in 2007. No amounts were forgiven in 2006. Debt forgiveness is reported as a component of unrestricted revenues in the statements of activities.

In 2006, Project Management Institute donated \$240,000 that is reported as an unrestricted contribution in the statements of activities.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE D - Related Party Transactions - continued

In 2006, the Project Management Institute Board of Directors approved a \$2,000,000 leadership gift payable in three installments to the Foundation. The first and second installments of \$750,000 and \$750,000, were reported as unrestricted contributions on the statements of activities in 2007 and 2006, respectively. As of December 31, 2007, \$350,000 of the gift had been collected and the remaining portion is included in contributions receivable at December 31, 2007. The third installment of \$500,000 is conditioned on the Foundation being able to obtain an additional \$2,000,000 in commitments.

NOTE E - Net Assets

Temporarily restricted net assets are available to provide scholarships, awards, and board approved educational initiatives.

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from these assets is to be used to provide scholarships and awards.