

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION

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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, 2008 and 2007, 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, 2008 and 2007, 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.

April 13, 2009

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2008	2007
ASSETS		
Cash and cash equivalents	\$ 298,428	\$ 402,192
Investments	1,070,598	-
Promises to give - net of discount of \$125,665 and \$188,859 and allowance of \$25,000 and \$0	1,698,718	2,154,884
Prepaid expenses	-	3,793
TOTAL ASSETS	\$ 3,067,744	\$ 2,560,869
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 13,405	\$ 4,578
Due to Project Management Institute	148,341	-
Total Liabilities	161,746	4,578
NET ASSETS		
Unrestricted net assets	849,390	984,713
Temporarily restricted net assets	816,808	534,842
Permanently restricted net assets	1,239,800	1,036,736
Total Net Assets	2,905,998	2,556,291
TOTAL LIABILITIES AND NET ASSETS	\$ 3,067,744	\$ 2,560,869

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUES				
Contributions	\$ 526,452	\$ 447,740	\$ 233,064	\$ 1,207,256
Investment income	19,108	12,289	-	31,397
Bad debt losses	-	(25,000)	-	(25,000)
Unrealized losses on investments	(172,055)	(125,313)	-	(297,368)
Net assets released from restriction	<u>57,750</u>	<u>(27,750)</u>	<u>(30,000)</u>	<u>-</u>
Total Revenues	<u>431,255</u>	<u>281,966</u>	<u>203,064</u>	<u>916,285</u>
EXPENSES				
Accounting	22,554	-	-	22,554
Awards/scholarships	60,397	-	-	60,397
Fundraising consultant fees	123,403	-	-	123,403
Management fee	121,589	-	-	121,589
Marketing/promotion	55,475	-	-	55,475
Miscellaneous	1,566	-	-	1,566
Office supplies and expenses	8,218	-	-	8,218
Printing and copying expenses	5,438	-	-	5,438
Program development	106,587	-	-	106,587
State registration fees	10,319	-	-	10,319
Meeting, travel and entertainment expenses	<u>51,032</u>	<u>-</u>	<u>-</u>	<u>51,032</u>
Total Expenses	<u>566,578</u>	<u>-</u>	<u>-</u>	<u>566,578</u>
CHANGE IN NET ASSETS	(135,323)	281,966	203,064	349,707
NET ASSETS - BEGINNING OF YEAR	<u>984,713</u>	<u>534,842</u>	<u>1,036,736</u>	<u>2,556,291</u>
NET ASSETS - END OF YEAR	<u>\$ 849,390</u>	<u>\$ 816,808</u>	<u>\$ 1,239,800</u>	<u>\$ 2,905,998</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, 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
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 349,707	\$ 1,609,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on sales of investments	9,966	-
Amortization of discount		
Unconditional promises to give restricted for long-term purposes	(68,964)	134,264
Other unconditional promises to give	5,770	54,595
Provision for uncollectible pledges - other unconditional promises to give	25,000	-
Change in unrealized losses on investments	297,368	-
(Increase) decrease in assets:		
Interest receivable	-	1,300
Other unconditional promises to give	397,215	(919,759)
Prepaid expenses	3,793	(3,793)
Increase (decrease) in liabilities:		
Accounts payable	8,827	(38,041)
Due to Project Management Institute	148,341	(21,002)
Net Adjustments	827,316	(792,436)
Net Cash Provided by Operating Activities	1,177,023	816,908
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,422,365)	-
Proceeds from sale of investments	44,433	-
Proceeds from the sale of certificate of deposit	-	351,183
Net Cash Provided by (Used in) Investing Activities	(1,377,932)	351,183
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	97,145	(771,784)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(103,764)	396,307
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	402,192	5,885
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 298,428	\$ 402,192

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, 2008 AND 2007

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.

Fair Value Measurements - The Foundation adopted SFAS No. 157, Fair Value Measurement (SFAS No. 157), as it pertains to its financial assets and liabilities, effective January 1, 2008. SFAS No. 157 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs include quoted market prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgements about the assumptions market participants would use in pricing the asset or liability.

All investments held by the Foundation are based on quoted market prices in active markets and are therefore considered as level 1 measurements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - Summary of Significant Accounting Policies - continued

Investments - The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities at fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

Investment Pools - The Foundation maintains master investment accounts for its donor-restricted endowment and board-designated investments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual accounts based on the relationship of the beginning cost value of each investment to the total cost value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Net investment income - Net investment income restricted by donors is reported as an increase in unrestricted net assets if the purpose restriction is met in the reporting period in which the net investment income is recognized.

Promises to Give - Unconditional promises to give are reported at the amounts management expects to collect on balances outstanding at year end. Changes in the allowance for uncollectible amounts are reported as bad debt losses or recoveries and changes in the amount of discount are netted against contributions, both in the statements of activities. Management closely monitors outstanding balances and writes off, as of year end, all balances that are not considered collectible. Unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits 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, 2008 and 2007, respectively, \$2,000 and \$- of 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, 2008 and 2007, no donated services have been recognized.

The Foundation invests in various marketable securities (corporate stocks, mutual equity funds). These investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the balances and the amounts reported in the statements of financial position and statements of activities.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - Summary of Significant Accounting Policies - continued

Recently Issued Accounting Standards - Management has elected to defer adoption of FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, as permitted by FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. This FSP defers the adoption of FIN 48 for eligible nonpublic entities for fiscal years beginning after December 15, 2008. The Company records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated.

On February 12, 2008, the FASB issued Staff Position 157-2, Effective Date of FASB 157, which deferred the provisions of SFAS No. 157 to annual periods beginning after November 15, 2008 for nonfinancial assets and liabilities. Management does not anticipate that the adoption of SFAS No. 157 as it relates to nonfinancial assets and liabilities will have a significant impact on its results of operations or financial position.

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 - Investments

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 940,923	\$ 700,266	\$ -	\$ -
Stocks	<u>427,043</u>	<u>370,332</u>	-	-
Total Investments	<u>\$1,367,966</u>	<u>\$ 1,070,598</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedules summarize the investment return and its classifications in the statements of activities for the years ended December 31, 2008 and 2007.

	<u>2008</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 23,330	\$ 18,033	\$ 41,363
Net realized and unrealized losses	<u>(176,277)</u>	<u>(131,057)</u>	<u>(307,334)</u>
Total Investment Loss	<u>(152,947)</u>	<u>\$ (113,024)</u>	<u>\$ (265,971)</u>

	<u>2007</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividend income	<u>\$ 7,544</u>	<u>\$ 10,292</u>	<u>\$ 17,836</u>

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE C - Promises to Give

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:

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
In one year or less	\$ 814,060	\$ 1,431,560
Between one year and five years	1,035,323	757,440
More than five years	-	154,743
	<u>1,849,383</u>	<u>2,343,743</u>
Less:		
Unamortized discount (ranging from 4.75% to 6.25%)	(125,665)	(188,859)
Allowance for uncollectible promises receivable	<u>(25,000)</u>	<u>-</u>
 Total Net Promises to Give	 <u>\$ 1,698,718</u>	 <u>\$ 2,154,884</u>

Additionally, the Foundation has received conditional promises to give (in-kind services and cash, primarily related to educational programs and scholarships) up to a value of \$2,857,500 million in connection with the Capital Campaign.

NOTE D - 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 E - Related Party Transactions

The Foundation receives administrative services from Project Management Institute. The costs for these administrative services were \$121,589 and \$51,710 for the years ended December 31, 2008 and 2007, respectively. Project Management Institute forgave debt due from the Foundation of \$186,951 in 2007. No amounts were forgiven in 2008. Debt forgiveness is reported as a component of unrestricted revenues in the statements of activities.

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. The third installment of \$500,000 is reported as unrestricted contributions on the statements of activities in 2008. As of December 31, 2008, \$1,500,000 of the gift had been collected and the remaining portion is included in promises to give at December 31, 2008.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE F - 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 in perpetuity. The income from these assets is to be used to provide scholarships and awards.