PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Celko & Associates Ltd

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, 2010 and 2009, 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, 2010 and 2009, 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.

Elko & Associates Ltd

June 16, 2011

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PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31, 2010	DECEMBER 31, 2009
ASSETS		
Cash and cash equivalents	$ 274,081	$ 92,272
Investments	1,670,650	1,544,717
Promises to give - net of discount of $70,776 and $83,018	862,182	1,389,805
TOTAL ASSETS	$ 2,806,913	$ 3,026,794
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 26,255	$ 10,398
Due to Project Management Institute	-	33,115
Total Liabilities	26,255	43,513
NET ASSETS		
Unrestricted net assets	564,402	664,301
Temporarily restricted net assets	852,522	992,304
Permanently restricted net assets	1,363,734	1,326,676
Total Net Assets	2,780,658	2,983,281
TOTAL LIABILITIES AND NET ASSETS	$ 2,806,913	$ 3,026,794

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES				
Contributions	$ 681,938	$ 79,460	$ 37,058	$ 798,456
Investment income	25,639	21,146	-	46,785
Net realized and unrealized gains on investments	93,241	64,431	-	157,672
Net assets released from restriction	304,819	(304,819)	-	-
Total Revenues	1,105,637	(139,782)	37,058	1,002,913
EXPENSES				
Accounting	23,774	-	-	23,774
Awards/scholarships	393,786	-	-	393,786
Consultant fees	19,000	-	-	19,000
Management fee	466,446	-	-	466,446
Marketing/promotion	79,350	-	-	79,350
Miscellaneous	3,551	-	-	3,551
Office supplies and expenses	11,712	-	-	11,712
Printing and copying expenses	822	-	-	822
Program development	146,886	-	-	146,886
State registration fees	14,126	-	-	14,126
Travel, meeting and entertainment expenses	46,083	-	-	46,083
Total Expenses	1,205,536	-	-	1,205,536
CHANGE IN NET ASSETS	(99,899)	(139,782)	37,058	(202,623)
NET ASSETS - BEGINNING OF YEAR	664,301	992,304	1,326,676	2,983,281
NET ASSETS - END OF YEAR	$ 564,402	$ 852,522	$ 1,363,734	$ 2,780,658

The accompanying Notes are an integral part of these statements.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES				
Contributions	$ 339,965	$ 389,706	$ 86,876	$ 816,547
Investment income	24,070	16,306	-	40,376
Uncollectible losses	-	(225,000)	-	(225,000)
Net realized and unrealized gains on investments	146,463	95,293	-	241,756
Net assets released from restriction	100,809	(100,809)	-	-
Total Revenues	611,307	175,496	86,876	873,679
EXPENSES				
Accounting	22,680	-	-	22,680
Awards/scholarships	208,589	-	-	208,589
Management fee	319,832	-	-	319,832
Marketing/promotion	38,633	-	-	38,633
Miscellaneous	11,403	-	-	11,403
Office supplies and expenses	7,922	-	-	7,922
Printing and copying expenses	2,046	-	-	2,046
Program development	156,072	-	-	156,072
State registration fees	15,436	-	-	15,436
Travel, meeting and entertainment expenses	13,783	-	-	13,783
Total Expenses	796,396	-	-	796,396
CHANGE IN NET ASSETS	(185,089)	175,496	86,876	77,283
NET ASSETS - BEGINNING OF YEAR	849,390	816,808	1,239,800	2,905,998
NET ASSETS - END OF YEAR	$ 664,301	$ 992,304	$ 1,326,676	$ 2,983,281

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, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (202,623)	$ 77,283
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Gain (loss) on sales of investments	(1,324)	6,752
Amortization of discount		
Unconditional promises to give restricted for long-term purposes	(6,158)	(26,576)
Other unconditional promises to give	(6,084)	(16,071)
Provision for uncollectible pledges - other unconditional promises to give	-	227,200
Change in unrealized gains on investments	(156,348)	(248,508)
(Increase) decrease in assets:		
Other unconditional promises to give	408,720	(22,785)
Increase (decrease) in liabilities:		
Accounts payable	15,857	(3,007)
Due to Project Management Institute	(33,115)	(115,226)
Net Adjustments	221,548	(198,221)
Net Cash Provided by (Used in) Operating Activities	18,925	(120,938)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(426,079)	(355,793)
Proceeds from sale of investments	457,818	123,430
Net Cash Provided by (Used in) Investing Activities	31,739	(232,363)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	131,145	147,145
NET CHANGE IN CASH AND CASH EQUIVALENTS	181,809	(206,156)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	92,272	298,428
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 274,081	$ 92,272

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE A - Summary of Significant Accounting Policies

Nature of Organization - The Project Management Institute Educational Foundation ("Foundation") is organized and operated exclusively as an independent nonprofit charitable "supporting organization" of the Project Management Institute ("PMI") within the meaning of Section 501(c)(3) and Section 509(a)(3) of the United States of America Internal Revenue Code. The Foundation carries out the charitable purposes of PMI and fosters project management research, education and application throughout society on a global basis by providing educational resources, grants, scholarships and awards. The Board of Directors of the Foundation functions independently from PMI.

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.

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 - Management adopted the accounting rule requiring assets and liabilities to be stated at fair value. The rule defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, 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 judgments 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, 2010 AND 2009

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.

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.

Investment Pools - The Foundation maintains master investment accounts for its donor-restricted endowment 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 uncollectible 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. No allowance was required at December 31, 2010 and 2009.

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, 2010 and 2009, contributed goods of $420,691 and $140,480, respectively, 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, 2010 and 2009, no donated services have been recognized.

NOTE A - Summary of Significant Accounting Policies - continued

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, the expenses directly related to the program are combined with allocations of certain common costs of the Foundation which have been allocated based on estimates made by management. These costs were allocated as follows:

	2010	2009
Program	$ 824,503	$ 527,575
Fund raising	248,514	157,418
Management and general	132,519	111,403
	$ 1,205,536	$ 796,396

Advertising Costs - The Foundation expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2010 and 2009 totaled $53,582 and $36,385, respectively.

NOTE B - Investments

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	$ 1,313,905	$ 1,413,050	$ 1,193,948	$ 1,161,470
Stocks	249,257	257,600	399,629	383,247
Total Investments	$ 1,563,162	$ 1,670,650	$ 1,593,577	$ 1,544,717

The following schedule summarizes the mutual funds by strategy and the stocks by industry as of December 31, 2010.

Mutual Funds	
Asset allocation funds	43.63 %
Stock funds	38.90
Real estate investment trust	6.65
Tactical asset allocation	6.30
Emerging markets	4.52
Total Mutual funds	100.00 %
Stocks	
Financials	20.30 %
Industrials	11.91
Information technology	11.63
Energy	10.44
Consumer services	10.40
Consumer goods	9.90
Health care	9.48
Materials	7.25
Telecom services	4.21
Utilities	4.15
Other	0.33
Total Stocks	100.00 %

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE B - Investments - continued

The following schedules summarize the investment return and its classifications in the statements of activities for the years ended December 31, 2010 and 2009.

	2010		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 25,639	$ 21,146	$ 46,785
Net realized and unrealized gains	93,241	64,431	157,672
Total Investment Gain	$ 118,880	$ 85,577	$ 204,457

	2009		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 24,070	$ 16,306	$ 40,376
Net realized and unrealized losses	146,463	95,293	241,756
Total Investment Gain	$ 170,533	$ 111,599	$ 282,132

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 was to raise approximately $10 million from individual and corporate contributions and pledges.

Pledges are expected to be realized in the following periods:

	December 31,	
	2010	2009
In one year or less	$ 411,855	$ 671,860
Between one year and five years	521,103	800,963
	932,958	1,472,823
Less:		
Unamortized discount (5.75%)	(70,776)	(83,018)
Total Net Promises to Give	$ 862,182	$ 1,389,805

Additionally, the Foundation has received conditional promises to give (in-kind services, primarily related to educational programs and scholarships) up to a value of $3,025,000 in connection with the capital campaign. The promises are conditional upon obtaining the required enrollment for the scholarships.

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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.

The Foundation's federal and state income tax returns for 2007, 2008 and 2009 are subject to examination by federal, state and local taxing authorities, generally for three years after they are filed.

NOTE E - Related Party Transactions

The Foundation receives administrative services from Project Management Institute. The costs for these administrative services were $342,446 and $319,832 for the years ended December 31, 2010 and 2009, respectively. The Foundation also receives in-kind donations from Project Management Institute. The in-kind donations for facilities, information technology and human resource costs were $124,000 and $- for the years ended December 31, 2010 and 2009, respectively.

In 2006, the Project Management Institute Board of Directors approved a $2,000,000 leadership gift payable in three installments to the Foundation. In 2009, the Project Management Institute Board of Directors approved a $100,000 gift for the Building Better Futures Campaign payable in 2010. In 2010, the Project Management Institute Board of Directors approved a $150,000 unrestricted donation payable by 2011. As of December 31, 2010, $2,235,905 of the gifts have been collected and the remaining portion of $14,095 is included in promises to give at December 31, 2010.

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.

NOTE G - Endowment Fund

In August 2008, new accounting standards for the classification and disclosure of endowments of not-for-profit organizations were issued. The standards provide, among other things, guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization’s endowment funds.

As of December 31, 2010, Pennsylvania has not adopted the UPMIFA. The following disclosures are made as required by the new accounting standards. The endowment of the Foundation consists of approximately 25 funds established for various purposes. Its endowment includes donor restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

NOTE G - Endowment Fund - continued

Management has interpreted Pennsylvania law for investment of trust funds (PA Law) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment fund's absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment that is not classified in permanently restricted assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by PA law. In accordance with PA Law, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(1) the duration and preservation of the fund

(2) the purposes of the Foundation and the donor restricted endowment fund

(3) general economic conditions

(4) the possible effect of inflation and deflation

(5) the expected total return from income and the appreciation of the investments

(6) other resources of the Foundation

(7) the investment policies of the Foundation

Composition of Endowment Net Assets

Endowment net assets composition by type of fund at December 31, 2010 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 417,713	$ 999,953	$ 1,417,666

Changes in endowment net assets for the year ended December 31, 2010 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 469,326	$ 837,908	$ 1,307,234
Contributions	115,715	162,045	277,760
Investment income	21,146	-	21,146
Net realized and unrealized appreciation	64,431	-	64,431
Amounts appropriated for expenditure	(252,905)	-	(252,905)
Endowment net assets, end of year	$ 417,713	$ 999,953	$ 1,417,666

PROJECT MANAGEMENT INSTITUTE EDUCATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE G - Endowment Fund - continued

Endowment net assets composition by type of fund at December 31, 2009 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 469,326	$ 837,908	$ 1,307,234

Changes in endowment net assets for the year ended December 31, 2009 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 233,220	$ 630,463	$ 863,683
Contributions	191,465	207,445	398,910
Investment income	16,306	-	16,306
Net realized and unrealized appreciation	95,293	-	95,293
Amounts appropriated for expenditure	(66,958)	-	(66,958)
Endowment net assets, end of year	$ 469,326	$ 837,908	$ 1,307,234

Permanently Restricted Funds with Deficiencies

At times, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level that the donor or PA Law requires the Foundation to retain as a fund of perpetual duration.

Deficiencies of this nature are reported in temporarily restricted net assets, which were zero as of December 31, 2010 and 2009. Deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a source of funding for specific program activities of the Foundation, including Scholarships and Awards, while attempting to maintain the purchasing power of the endowment assets. Endowment assets include those assets that the Foundation must hold in perpetuity or for a donor-specified period of time. The primary long-term management objective is to preserve the real (inflation adjusted) purchasing power of the endowment, both restricted and unrestricted, before gifts. This objective should be achieved over a 3-5 year period.

NOTE G - Endowment Fund - continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The primary investment objective of the endowment is to earn an average real total return of 8.3%.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considers the long-term expected return on its endowment.

The target spending rate is that which, as part of the total return, satisfies these conditions – (a) Permits reinvestment of enough total return to preserve the real purchasing power of current funds (b) Permits a level of consistency and stability in the scholarship, academic and humanitarian programs of the Foundation (c) Is sustainable over time regardless of periodic variations in the levels required to satisfy (a) and (d) Recognizes that circumstances may preclude achievement of all three objectives in any one year.

NOTE H - Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 16, 2011, the date the financial statements were available to be issued.