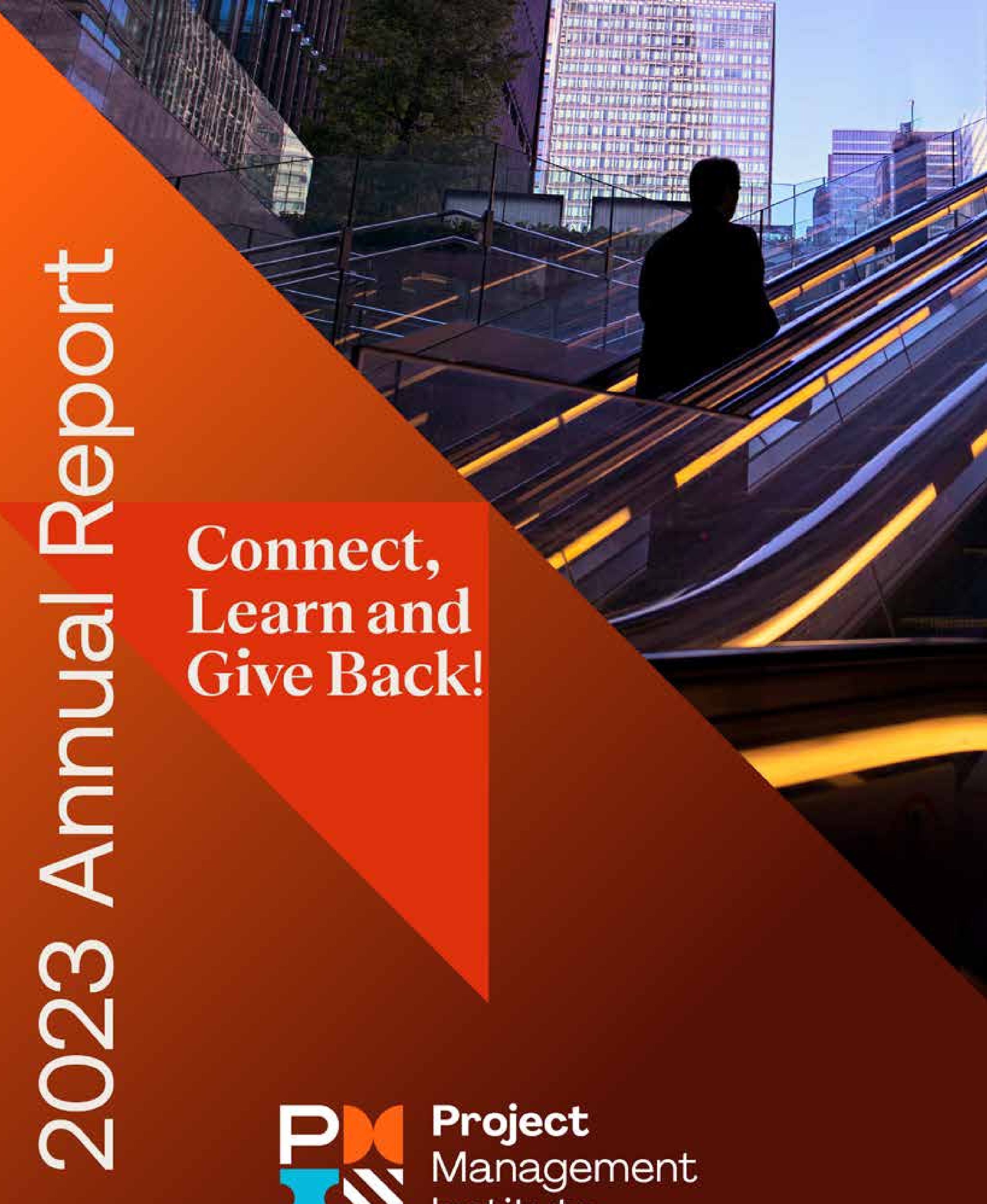


# 2023 Annual Report

## Connect, Learn and Give Back!

Project Management Institute

# Contents

Letter From the

# Board Chair

This year marks a remarkable milestone – PMI's 55th anniversary! It all began with a vision shared by five professionals who believed in the power of collaboration and volunteered to make this vision a reality. They saw the need for project managers to connect, share knowledge, and develop best practices for project success.

I am incredibly proud and thankful for the more than 10,500 volunteers who served PMI in 2023 to continue the legacy of our founders. And, I'm equally proud and thankful for PMI's growing global community of project professionals who support PMI's purpose by developing and sharing their knowledge and experience to advance the project management profession further.

The year 2023 was dedicated to thoughtful planning and developing our new strategy, PMI:NEXT, which serves as a springboard for taking PMI to the next level and providing our community with even more value.

Through learning, collaboration, and giving back to our communities, each of our 700,000+ valued members and 10,500+ volunteers are instrumental in transforming ideas into impactful results and creating lasting change. Your combined efforts across the globe propel our profession forward, benefiting individuals, businesses, society at large, and future generations.

The sheer breadth and depth of how you leverage your skills to make a positive difference in our profession, communities, and the world is truly remarkable. From educational initiatives for children to infrastructure improvement projects, your contributions are invaluable.

With the recent addition of PMOGA and Project Managers Without Borders, our community of project professionals has an even greater opportunity to learn across all stages of their career, develop new skills and make a positive impact on a much broader scale.

By lending a helping hand, we can empower others while also expanding and applying our own skills in support of our shared purpose: to maximize project success to elevate our world.

On behalf of the 2024 PMI Board of Directors, I extend my deepest gratitude for your dedication and unwavering commitment to advancing the project management profession. Your hard work is truly appreciated.

Looking ahead, I am incredibly excited about the future and confident in our long-term success. I am also grateful to my fellow Board members, our President and CEO Pierre Le Manh, and the entire PMI executive team for their leadership in developing the PMI:Next strategy and building the foundation for our continued success.

As we move forward into 2024 and beyond, I encourage you to continue fostering connections, learning from each other, and adding lasting value to our profession and the world. Build strong communities and friendships both locally and globally, develop new skills, and challenge yourselves to deliver enduring value through projects.

Thank you once again for your dedication and commitment.

LuAnn Piccard, PMP
Chair of the Board of Directors

Letter From the

# President & CEO

## All Organizations Must Transform to Stay Relevant and Thrive

As the world faces daunting challenges and technology disrupts the way we live, consume, and work, organizations are under accelerated pressure to reimagine themselves. They need to find and define their purpose and reinvent how they bring it to life.

What holds true for any organization also applies to PMI. In 2023, the Project Management Institute began a profound transformation driven by our new strategy – PMI:Next.

PMI:NEXT is rooted in our cultural values—Make it Easy, Aim Higher, Be Welcoming, Embrace Curiosity, and Together We Can—and is guided by our new purpose, our reason for being, which captures the ultimate goal of everything we are doing as a profession: making projects successful and recognizing the value of successful projects to society. Collectively, we maximize project success to elevate our world.

I am often asked if all projects truly matter. Absolutely! All projects, even the small ones, matter to at least someone. And together, directly or indirectly, they can make people's lives easier, make your organization successful, create jobs, transform a neighborhood, serve a community, benefit an economy, or provide breakthrough innovation that will benefit the world.

PMI:NEXT invites us all, as a community of professionals, to focus on and be accountable for project success because this is what matters most to the world. It focuses PMI on serving the people who are most critical to delivering our purpose: professionals who spend most of their time on project work.

PMI:Next leverages innovation and technology to multiply our reach, impact, relevance, and maintain our position as the leading global authority in project management. For example, PMIxAI is an initiative launched in 2023 to ensure that PMI, together with our global community, leads the transformation of project management through AI.

PMI:NEXT defines three areas, which we call the "three plays," where PMI's resources will be focused in the years to come. They leverage the unique strengths of PMI, stemming from a long heritage of knowledge, know-how, and grassroots presence in all industries and corners of the world:

**Community-Generated Knowledge Platforms and Resources**

Technology, particularly AI, enables us to leverage the accumulated, vetted knowledge of our global community to support project professionals in the execution of project work. A great example is PMI:Infinity, launched at the very end of 2023. PMI:Infinity is a GenAI-based co-pilot that supports project professionals in executing project work in a safe and vetted environment. It will progressively develop further through the addition of increasingly sophisticated modules and features, and broader vetted knowledge.

**Career Long Learning & Development**

We have the duty and the opportunity to support the continuous development of project professionals throughout their career and even beyond. Significant investments will be made to broaden our range of courses, the quality of our training partners, the reach of our accredited university programs, and, of course, the development opportunities provided by volunteering and our chapters, which we will strengthen.

Two acquisitions we completed in 2023 illustrate the direction we are taking. First, we acquired PMOGA, an organization that serves senior-level PMO practitioners and leaders. Then, we welcomed Project Managers Without Borders (PMWB) into the PMI family. PMWB will provide new opportunities for our members and chapters to grow by directly applying their project management skills to benefit NGOs around the globe.

**Gold Standard Professional Certifications**

Our certifications—including the PMP, which is celebrating its 40th anniversary in 2024—are an essential value provided by PMI to both project professionals and the organizations that employ them. In the next three years, we will increase the requirements that any PMI professional certification needs to meet in terms of professionally vetted content, accredited training ecosystem, continuous learning, support system, and exam integrity, so PMI remains the primary and most universally recognized broker of trust in our profession.

Our transformation is well underway. The reason we have been able to make such progress is because we've solidified—and even grown—our foundation.

Our year-over-year financial results, which are detailed near the end of this report, were very strong in 2023. Our revenues grew at double-digit rates in all regions of the world except Latam. We have built a strong and experienced senior leadership team, representing diverse voices from multiple industries, regions, and backgrounds, and strengthened our regional operating model to provide a more tailored experience to our community members, regardless of their locations.

And, importantly, our community has grown. We ended the year with a record number of more than 700,000 members. This global community—including our dedicated Board of Directors, our volunteers, our PMI employees, our corporate, government, academic, and nonprofit partners —makes PMI unique.

You are the heart and soul of this organization and the driving force behind our transformation, our success, and our efforts to elevate our world, together.

From the bottom of my heart, and on behalf of our entire senior leadership team, I thank you for all that you do for PMI and the project community around the world.

Pierre Le Manh, PMP
President and CEO
Project Management Institute

# PMI Board of Directors 2023

**Back row (left to right):**
Sarina Arcari, PMP, CDir; Lynn Shannon, E.Ed, Dip.Sp.Ed, DASSM, PMP, PMI-PBA; Lynn A. Keeys, Ph.D., MA, PMP; Matthew (Matt) D Tomlinson, PMP, PgMP, CSM; Agnieszka Maria Gasperini, ICF, ACC, PMP, PMI-ACP; Diane Alsing, D.Eng, PMP, PMI-ACP; Tom Bloemers, CMA, CSCA, SIP, BTM2, PMP

**Front row (left to right):**
Galen Townson, EMBA, MAPP, CDir, PMP, PMI-ACP, PMI-CP, DAC, DAVSC, Strategy Oversite Committee Chair; LuAnn Piccard, PMP, Compensation and Talent Committee Chair; Jennifer Tharp, PMP, CDir, Chair; Ike Nwankwo, MSc, MBA, MAPM, PMP, DASSM, Governance Committee Chair; Pablo Lledó, MSc, MBA, PMP, PMI-ACP, Audit and Risk Committee Chair

# 2023 PMI Wins

**724**
Employees

**10,500+**
Volunteers

**307**
Chapters

**700,000+**
PMI Members

**304,000+**
Chapter Members

**1.6 million+**
Active Certification Holders

**65+**
Global Council Organizations

*as of December 2023

All over the world, we came together to share stories, connect, and inspire one another. Our pursuit of connection was so impactful that we even hit an all-time high in PMI memberships!

# 2023 PMI Wins

## PMP® Certification Reaches New Heights

Our gold-standard certification—the PMP®—reached new heights this year, with 1,448,439 active PMPs as of 31 December 2023. This includes over 270,000 new PMP certifications earned. For perspective, we beat 2021's previous record of 191,000 by about 50%.

## PMI® Global Summit Breaks Attendance Record

This year, PMI® Global Summit hosted 3,700 project professionals from all over the world, making it the largest number of attendees at the event on record.

## PMI Community—More Empowered Than Ever

We also deepened our connection with project professionals through premier courses, events, and free content, which is well reflected in the 9.2 million enablements—touchpoints with our community.

## New CAPM® Exam and Prep Course Launches

In July 2023, we released a new and improved version of our Certified Associate in Project Management (CAPM)® certification. This current version includes a brand new CAPM prep course that prepares new project professionals for a successful future.

## Exciting PMOGA Acquisition Supports Lifelong Learning

This year, PMI acquired PMOGA, the largest global community of PMOs and PMO professionals across more than 125 countries. Through this partnership, we hope to fortify greater support for PMOs and strengthen our position with the most experienced, senior project professionals through an extensive catalog of learning and events, and PMOGA's professional certification, the PMO Certified Practitioner (PMO-CP).

## Student Clubs Launch in 7 Regions

PMI finished 2023 with eight Chapter Student Clubs in their pilot phases. These clubs—representing chapters across seven regions—have forged partnerships with 19 universities and reached 600 students. With the expansion of these clubs, we aim to bring project management students into our global community and support their success through every career stage

## Pay Local Makes Transactions Easier Globally

The PMI purchase experience was given a boost in 2023 with the launch of Pay Local. The program addressed member pricing based on a users' location, and dynamic pricing to ensure consistency across communications. It also included an objective review of transaction decline rates across the globe, and when implemented, enabled us to lessen decline rates and provide increased satisfaction and drive additional revenue for PMI.

# CONNECT

Community is at the heart of what we do at PMI. We never stop working to cultivate meaningful connections between project professionals every day.

This year, we forged exciting new partnerships, collaborated over the future of our profession, and got to the core of what it means to be a project manager in today's dynamic environment.

## Culture Sessions at LIM

# Building a Culture We're Proud Of

Fostering a strong sense of connection means fostering safety, inclusion and belonging. To facilitate this, we embarked on the Unite Phase of our culture journey in January 2023. In this phase, we engaged PMI employees and volunteers from across our community to co-create a new set of values and behaviors that will help PMI build the kind of culture that elevates our world.




**PMI Culture Values**

Aim Higher

Be Welcoming

Embrace Curiosity

Make It Easy

Together We Can

Celebrating

# Our Future 50 Honorees

**We amplified impactful projects and the exceptional people behind them with our 2023 Future 50 Honoree list, which celebrates the shared contributions of young professionals elevating our world.**

This year's Future 50 Honorees were selected for their work on projects that redefine project success and drive innovation across the globe. From breaking through language barriers and clearing a path for enhanced climate education to navigating the future of AI, our honorees are tackling the problems of our time and breaking ground for a brighter future through projects.

Our Honorees include:

**Johnnie Stark**, PMP, Project Manager at BP, is helping the energy industry find—and deliver—low-carbon solutions

NASA Jet Propulsion Laboratory Engineer, **Christine Gebara**, who is helping NASA explore how additive manufacturing can revolutionize spacecraft design

Executive Director of Amara Raja Batteries Ltd, **Harshavardhana Gourineni,** who is jumpstarting sustainability efforts at a legacy manufacturer in India

*"PMI remains committed to uplifting the voices of those project professionals who aim higher, drive impact on society, and transform the world."*

- Pierre Le Manh, President and CEO at PMI.

Galway, Ireland

Los Angeles, USA

# PMI Global Executive Council

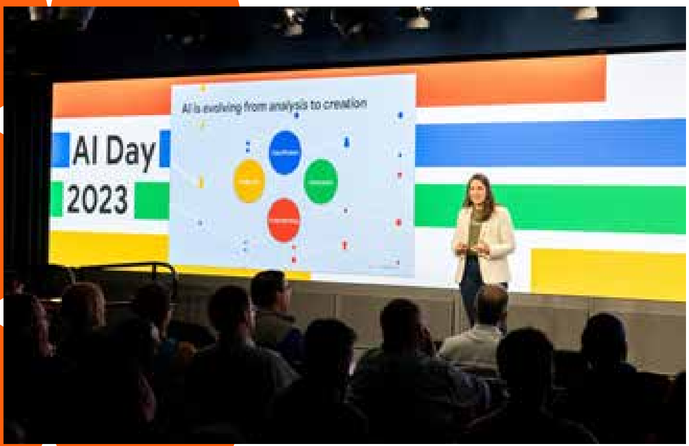
The PMI Global Executive Council is made up of 250 senior leaders and executives that collaborate closely with PMI to unite business leaders and achieve project excellence. They strive to amplify best practices and critical knowledge through interactive forums, networking, and thought leadership initiatives.

And in 2023, the PMI Global Executive Council demonstrated the profound impact of strategic program and portfolio management across the globe with a year of unprecedented success.

**Global Meetings in Galway, Ireland and Los Angeles, USA**

This year, the Council hosted global meetings in Galway, Ireland and Los Angeles, California, USA to exemplify its leadership and facilitate forward-thinking dialogues. These meetings focused on what organizations are doing to adapt in an era marked by rapid tech advancement and shifting business landscapes.

# Global Executive Council





## Key Session Topics:

- Courageous leadership, stepping outside comfort zones, and embracing risk in leadership roles
- Creating inclusive and emotionally intelligent workplaces
- Panel discussion on the role of generative AI in project management
- Council Conversations, which provided valuable insight on current trends, challenges, and successes in project management

# Regional Success: The Launch of the Africa Council

The council also saw tremendous regional success with 2023's inaugural launch of the Africa Council Meeting in Nairobi, Kenya. This hallmark event provided a comprehensive overview of strategic priorities for project management in Africa and underscored the council's commitment to elevate project management practices across the continent.

# Single Membership Launched in India

**After a year of collaboration with our 11 beloved local chapters in India, we launched a single membership for their members. This model means that PMI members in the region now have access to all the benefits of PMI membership, along with the advantages of belonging to a local chapter.**


This initiative is backed by research indicating our members stay engaged with us longer when they can learn in real-time, in real-life situations through involvement with our chapters. This initiative empowers our members with more tools, resources, and a stronger sense of community and we're excited to continue expanding it in years to come.

# LEARN

## At PMI, a huge part of our mission is developing and sharing knowledge through online learning, certifications, standards, publications, and events, emerging technologies, and more.

Equipping project professionals with the tools to navigate increasingly dynamic landscapes is crucial to the future of the profession and our world. We're proud to enable cutting-edge learning through our incredible resources and partnerships with professional and academic organizations, training companies, edtech platforms and cutting-edge AI-powered resources.

With PMI virtual and in-person events, project professionals have the opportunity to learn, earn PDUs, and connect with the global project management community.


# PMI Partners with Oracle

In June 2023, PMI and Oracle Construction and Engineering forged an exciting new collaboration. The focus of this collaboration is to pool our respective capabilities and integrate Oracle's expertise in construction software such as Primavera P6 and Aconex into the existing PMI-CP™ coursework. As of May 2024, approximately 10,000 courses have been completed since the program's inception.

Through this collaborative effort, construction professionals will be properly equipped to deliver better outcomes and transform the construction industry through enhanced project management practices.

**Project Management Institute (PMI) and Public Investment Fund (PIF) Strategic Alliance**

This year, PMI and PIF signed a strategic Memorandum of Understanding (MoU) in order to further develop the capabilities of PIF's project professionals and strengthen the cooperation between PMI and PIF.

Photos: Project Management Institute and PIF sign MoU (zawya.com)

# Paving the Way with AI

**The future of project management lies in merging human ingenuity with AI advancement. This year, we equipped project professionals with the knowledge, tools, and approaches they need to apply AI to their work, boost productivity, increase project success, and drive organizational value.**


- We launched a free course—"Generative AI Overview"—that provides project professionals with the foundational knowledge needed to master AI in project management.
- More than 100,000 users registered for the course by the end of 2023, clearly demonstrating the need for AI learning and resources throughout our community.
- The course provides practical AI knowledge that can be easily applied to projects. Plus, users earn 5 PDUs and a digital badge upon completion.
- In 2023 we also began testing PMI Infinity—an AI-based project management co-pilot.
- We dove deeper into PMIxAI at 2023 Global Summit with informative sessions like *Disruptive Uses of Generative Pre-Trained Transformer (GPT) to Automate Project Management.*
- PMI supported local chapters who stewarded a Community-led AI report and grew our AI community on projectmanagement.com.

And this is just the beginning—we will continue rolling out more AI tools and resources through PMIxAI to enrich our community and prepare project professionals for the exciting future of our profession.

# Virtual Experience Series—Bigger and Better than Ever

**In 2023, we welcomed project professionals worldwide to connect and learn through our premier virtual experience event series and the results were groundbreaking.**

This year we saw a staggering 132,000 registrations for March's PMXPO and June, with the virtual experience series culminating in 43,000 registered participants, 43% of which were registered to join us for our live event on June 15. In total, we exceeded last year's registration by 12,000 people, making this year's attendance the highest we've had at the virtual series.

# 2023 PMI Events

**This year, our events united project professionals worldwide and inspired us to connect, learn, and build the skills necessary to elevate our world and pave the way for a bright future in project management.**

**PMI® Global Summit 2023**

We held our annual PMI® Global Summit in Atlanta, Georgia, October 25-28, where a record-breaking 3,700 project professionals from all over the world gathered to learn from key industry players, earn PDUs, make impactful connections, and gain valuable knowledge.

This year's PMI Global Summit emphasized the importance of embracing AI as a new facet of the project profession through AI-focused sessions and exclusive learning opportunities. Through immersive activities, project professionals experimented with AI and imagined what's possible when they strike a balance between AI capability and human ingenuity.


*"...With the right combination of how to best use AI on projects and the project manager's human touch, you can do more than ever to meet every challenge that comes your way..."*

### 2023 PMI® Awards

At PMI Global Summit 2023, we upheld a decades old tradition of honoring project professionals, PMI chapters, and stellar published works that advance the project profession. These incredible honorees were awarded for using their passion, talent, and expertise to drive project management forward.

### PMIEF Fundraiser

This year, we made history at the first-ever PMIEF Fundraiser. We hosted 120 attendees, which is both a huge achievement for PMIEF and a crucial steppingstone in the Foundation's mission to empower aspiring project professionals with the knowledge and skills they need to be successful throughout their careers.


*"This year's PMI® Award honorees model the qualities that drive the world forward. They turn challenges into opportunities. We must continue to honor and celebrate this excellence because it advances the field and our world."*

- Pierre Le Manh, President and Chief Executive Officer of PMI

**Leadership Institute Meetings (LIMs)**

Chapter leaders gathered at LIMs to share meaningful experiences, gain valuable insights, and sharpen leadership skills to ensure success and strategic alignment in their local chapters. With hundreds of leaders from all over the world in attendance, and a satisfaction rate of at least 92% across the board, this year's meetings were a huge success.



## 2023 LIMs

| 13-16 April | 3-6 June | 8-10 June | 27-30 July | 7-9 September | 1-4 December |
|---|---|---|---|---|---|
| North America LIM, San Diego | Latin America LIM, Cancun, Mexico | MENA LIM, Beirut, Lebanon | Asia Pacific/South Asia LIM, Bali, Indonesia | Sub-Saharan Africa LIM, Nairobi, Kenya | Europe LIM, Lisbon, Portugal |

# Recognizing Our Authorized Training Partners

**This year, our Authorized Training Partner Program focused on upgrading infrastructure to better support our partner administration and content delivery. A huge part of this effort was building our new partner platform, where corporate, training partners and resellers can self-administer access to certifications, memberships, and courses for employees and learners.**

- We exceeded the total PMI Authorized Training Partner revenue budget by 2% and the previous year's revenue by 5.8%
- Our reseller program hit 280 resellers this year and achieved a revenue growth of 150% from the previous year
- We expanded the Authorized Training Partner membership base by 4.7% year on year
- We retained 93% of Authorized Training Partner members and grew our instructor-led offerings
- We trained 500 new Authorized Training Partner instructors and launched PMP® v3.2 instructor-led content in French, Spanish, and Brazilian Portuguese
- We seamlessly transitioned to fair pricing globally and introduced self-service hub for Authorized Training Partners
- We delivered 6 bi-monthly webinars to our Authorized Training Partners
- We went live with our B2B platform and onboarded 59 reseller organizations by year's end
- We trained and impacted over 108,000 learners globally—a 17% increase from the previous year

# GIVE BACK

**Our world is filled with increasingly complex problems that project managers are uniquely qualified to solve. That's why we're always looking for opportunities to give back and make an impact with their skills and expertise.**

**PMI Educational Foundation Forges New Partnerships**

We know the future of project management is in the hands of youth. And we put so much stock into helping young people worldwide invest in the education and resources they need to succeed as project professionals in today's dynamic world.

This year, the PMI Educational Foundation (PMIEF) expanded its crucial partnerships with the F1 in Schools® program and the African Leadership Academy. The foundation also took steps to empower more young people by forging new partnerships with leading youth-serving organizations.

We've provided over $5 million worth of grants to youth-serving nonprofit organizations, enabling them to bring the power of project management to an additional 2.6 million youth this year. In forging these partnerships, we're empowering the next generation of project trailblazers to approach their careers in organized, strategic and collaborative ways.

"These organizations have an impressive record of positively impacting young lives and helping them chart their own courses and adding exposure to project management skills will help further this impact,"

—Olivier Lazar,
Chief Operating Officer at PMIEF and
Vice President for Community & Social Impact at PMI

"The organizations we partner with allow us to embed project management into bespoke offerings in over 20 languages in 130 countries, showing the global nature of not just project management, but PMI."

—Ashley Forsyth,
Executive Director, PMIEF

# 2023 PMIEF Grantees

PMIEF awards a limited number of grants each year to nonprofit organizations, supporting the incorporation of project management skills into their programs as well as internal capacity-building. In 2023, PMIEF provided grants to the nonprofit organizations shown below to invest in the development of young people by advancing project management knowledge, and establishing innovative models and delivery mechanisms to enable youth success through project management.

**INJAZ Jordan:**

INJAZ-Jordan is a leading solutions provider bridging the gap between education and the dynamic needs of the labor market. They intend to use their PMIEF grant to continue supporting the integration of project management principles into their programs and training, which educates over 200,000 youth, 200 teachers and 3,800 volunteers.

**Junior Achievement (JA):**

Recently nominated a second time for a Nobel Peace Prize, JA delivers hands on learning in work readiness to over 15 million students across 115 countries. With its broad reach and the support of our partnership, JA is uniquely positioned to help increase the number of young people exposed to project management training through JA Africa, INJAZ Al-Arab, JA Europe, JA Asia Pacific, JA Americas and JA Worldwide.

**Future Problem-Solving Program International (FPSPI)™:**

FPSPI™ empowers young people to imagine and achieve positive outcomes for the future with problem-solving and critical thinking skills. With support from PMIEF's grant, FPSPI will expose over 20,000 young people to foundational project management knowledge and skills.

# 2023 PMIEF Grantees

**Special Olympics International (SOI) Ukraine:**

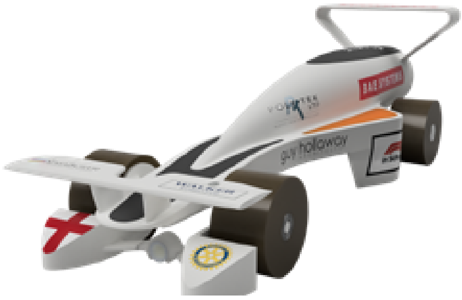
Special Olympics Ukraine's strong regional network structures enabled them to reach more than 15,000 youth, athletes, and volunteers nationwide. But because of the war, Ukraine has since dismantled these regional structures. Through its partnership with PMIEF, Special Olympics Ukraine will collaborate with the organization Reigniting Inclusion Across Ukraine to rebuild youth programming across the country and retrain staff, coaches, and athletes on program management.

Special Olympics Ukraine

**F1 in Schools®:**

Through its previous grant with PMIEF, project management has become an integral part of the F1 in Schools® global competition. With their new grant, the competition will continue to build on previous work by introducing more students to project management through the global competition, a new e-learning platform, and F1 in Schools® primary classes for ages 9-11.

F1 in Schools®



**African Leadership Academy (ALA):**

PMIEF's partnership with ALA introduces brilliant youth across Africa to project management through their Build-in-a-Box curriculum. The boxes teach students fundamental project management training and challenges them to apply it by leading entrepreneurial bootcamps in their communities.

AFRICAN LEADERSHIP ACADEMY (ALA) WHERE EXCELLENCE MEETS PERFECTION

# 2023 PMIEF Grantees

**Aflatoun:**

Aflatoun International is an NGO with 16 years of experience in financial education programs operating in 108 countries. PMIEF is partnering with Aflatoun to integrate project management content within the life skills and financial literacy curriculum, reaching 190,000 youth.

**Destination Imagination:**

This collaboration is advancing project management by creating a digital learning platform to improve the experiences of participants and team managers, and developing project management learning modules for participants and team managers and measuring the impact.

**DiscoverE:**

PMIEF is continuing to build upon and safeguard DiscoverE's Future City, the preeminent engineering design competition for middle school-age youth, by creating an online learning management system that supports the virtual delivery of Future City and youth engagement, and developing project management-framed youth resources..

# Committing Our Expertise to Make an Impact

**We're deeply committed to volunteering our time and expertise in ways that elevate our world, protect the planet, and improve lives across the globe. One of the many ways we do this is through Hours for Impact—a program that facilitates impactful project management initiatives worldwide and aligned to the United Nations SDGs. In 2023, 50,336 volunteers have claimed 721,896 Hours for Impact within 858 service activities.**

## Turkey & Syria Relief

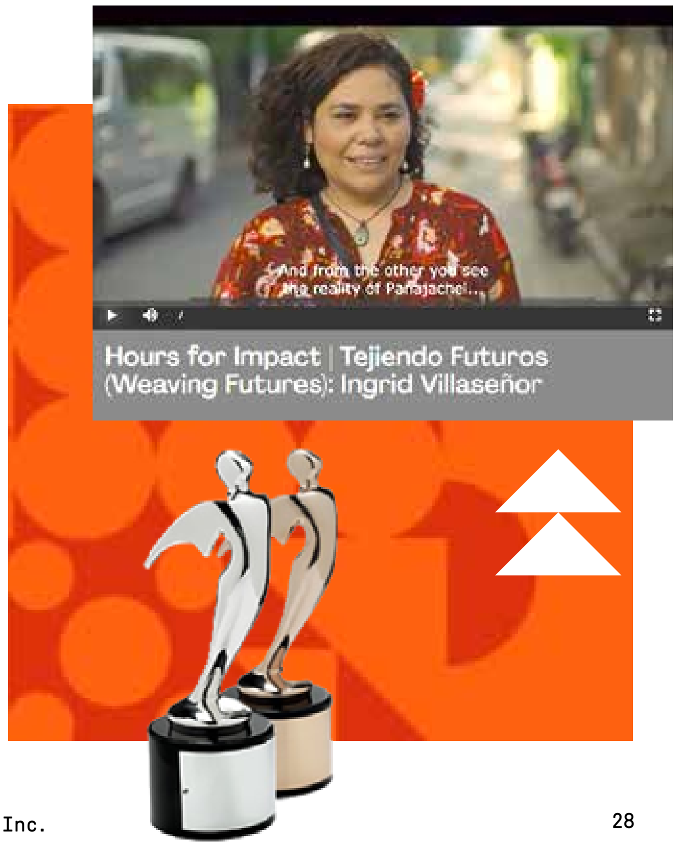
One of our proudest Hours for Impact initiatives of 2023 was the disaster relief our community brought to Turkey and Syria following a major earthquake that devastated the two regions. Some PMI chapters rallied and raised funds for humanitarian aid. Others engaged with NGOs and highlighted activities to support our community of project professionals in the affected areas.

The PMI Turkey chapter also organized two disaster coordination groups to assist in both civil society and construction recovery efforts, which focused on strategies for building more disaster-resilient communities and cities.

## Americas—Telly Awards

Our Hours for Impact program also made waves at the North American Telly Awards with our video for an organization called Tejiendo Futuros (Weaving Futures).

The award-winning video tells the story of a Guatemalan woman named Ingrid Villasenor who manages Tejiendo Futuros and runs a network of programs to provide care to vulnerable families. The video—created as part of our Hours for Impact initiative—earned two Gold Awards in the categories of Social Video General—Social Impact, and Social Video Craft—Directing.

## Supporting Our Friends at Special Olympics Ukraine

We're proud to announce that our PMI Educational Foundation—in addition to its other wonderful work—signed a declaration of support for the Special Olympics Ukraine. This declaration was signed at a special ceremony that took place at the Special Olympics World Games in June 2023 in Berlin, Germany.

We always support the Special Olympics by showing up with our project management skills, expertise and willingness to help. 2023 was particularly special. We teamed up to rebuild the strength and capability of the Special Olympics in Ukraine after it was dismantled by the war.

# Financial Statements

Project Management Institute and Subsidiaries

## Consolidated Statements of Financial Position
## 31 December 2023 and 2022

**All monetary figures in the consolidated financial statements are in U.S. dollars.*

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets:** | | | | |
| Cash and cash equivalents | $ | 43,490,241 | $ | 28,639,250 |
| Investments (Notes 2 and 3) | | 575,615,242 | | 532,890,090 |
| Accounts and other receivables, net | | 24,271,591 | | 18,051,777 |
| Prepaid expenses and other current assets | | 8,933,249 | | 7,572,680 |
| Inventory, net | | 960,905 | | 993,959 |
| TOTAL CURRENT ASSETS | $ | 653,271,228 | $ | 588,147,756 |
| **Long-term assets:** | | | | |
| Property and equipment, net (Note 4) | | 1,538,226 | | 3,781,197 |
| Operating lease right-of-use assets (Note 17) | | 1,308,457 | | 1,853,019 |
| Deposits and other assets | | 1,486,444 | | 1,177,718 |
| Investments—long-term (Notes 2 and 3) | | 24,657,073 | | 16,669,074 |
| Capitalized implementation costs, net (Note 5) | | - | | 2,001,868 |
| Intangible assets, net (Note 6) | | 2,591,381 | | 2,826,380 |
| Goodwill (Note 6) | | 6,554,249 | | 7,716,592 |
| Deferred tax asset—long-term (Note 15) | | 356,119 | | 310,427 |
| TOTAL LONG-TERM ASSETS | $ | 38,491,949 | $ | 36,336,275 |
| TOTAL ASSETS | $ | 691,763,177 | $ | 624,484,031 |

Project Management Institute and Subsidiaries

## Consolidated Statements of Financial Position
## 31 December 2023 and 2022
(CONTINUED)

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Liabilities and Net Assets** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable (Note 7) | $ | 10,675,643 | $ | 12,101,573 |
| Current portion of operating lease liabilities (Note 17) | | 541,622 | | 622,470 |
| Unearned revenue (Note 8) | | 76,135,505 | | 68,195,047 |
| Accrued expenses | | 23,024,219 | | 34,761,613 |
| Accrued salaries and payroll taxes—current | | 18,737,947 | | 13,142,172 |
| Other tax liability—current | | 605,649 | | 777,836 |
| Grants payable—current (Note 9) | | 223,850 | | 3,367,319 |
| TOTAL CURRENT LIABILITIES | $ | 129,944,435 | $ | 132,968,030 |
| **Long-term liabilities:** | | | | |
| Operating lease liabilities, net of current portion (Note 17) | | 758,714 | | 1,240,647 |
| Other liability | | 38,269 | | - |
| TOTAL LONG-TERM LIABILITIES | $ | 796,983 | | 1,240,647 |
| TOTAL LIABILITIES | $ | 130,741,418 | | 134,208,677 |
| Commitments and contingencies (Note 18) | | | | |
| **Net assets (Notes 10 and 11):** | | | | |
| Without donor restrictions | | 559,162,357 | | 488,597,377 |
| With donor restrictions | | 1,859,402 | | 1,677,977 |
| TOTAL NET ASSETS | $ | 561,021,759 | | 490,275,354 |
| TOTAL LIABILITIES AND NET ASSETS | $ | 691,763,177 | | 624,484,031 |

See notes to consolidated financial statements.

Project Management Institute and Subsidiaries

## Consolidated Statements of Activities
## 31 December 2023 and 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Changes in net assets without donor restrictions:** | | | | |
| **Revenue and support:** | | | | |
| Dues and professional examination fees | **$** | **319,174,627** | $ | $224,485,983 |
| Conferences, seminars and professional development | | **44,454,099** | | 36,194,218 |
| Book sales and advertising | | **7,188,847** | | 8,513,999 |
| Other | | **1,182,051** | | 989,989 |
| Contributions | | **332,297** | | 6,784,920 |
| Net assets released from restrictions (Note 10) | | **44,533** | | 64,000 |
| **TOTAL REVENUE AND SUPPORT** | **$** | **372,376,454** | $ | 277,033,109 |
| **Expenses:** | | | | |
| Program expenses: | | | | |
| Certification | | **142,404,911** | | 91,606,191 |
| Membership | | **24,756,611** | | 25,586,059 |
| Other programs | | **103,814,287** | | 111,979,730 |
| PMI Educational Foundation | | **6,089,871** | | 5,223,835 |
| **TOTAL PROGRAM EXPENSES** | **$** | **277,065,680** | $ | 234,395,815 |
| **Supporting expenses:** | | | | |
| Management and general | | **77,649,247** | | 88,051,013 |
| Transformation | | **3,259,675** | | 9,280,846 |
| **TOTAL SUPPORTING EXPENSES** | **$** | **80,908,922** | $ | 97,331,859 |
| **TOTAL EXPENSES** | **$** | **357,974,602** | $ | 331,727,674 |
| **CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NONOPERATING GAINS (LOSSES)** | **$** | **14,401,852** | $ | (54,694,565) |

Project Management Institute and Subsidiaries

## Consolidated Statements of Activities
## 31 December 2023 and 2022
(CONTINUED)

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Nonoperating gains (losses):** | | | | |
| Net investment return (loss) | | **56,163,128** | | (58,870,756) |
| Change in net assets without donor restrictions | **$** | **70,564,980** | $ | (113,565,321) |
| **Changes in net assets with donor restrictions:** | | | | |
| Endowment funds returned to donors | | **(21,152)** | | - |
| Net assets released from restrictions | | **(44,533)** | | (64,000) |
| Net investment return (loss) | | **247,110** | | (330,703) |
| Change in net assets with donor restrictions | **$** | **181,425** | $ | (394,703) |
| **CHANGE IN NET ASSETS** | | **70,746,405** | | (113,960,024) |
| **Net assets:** | | | | |
| Beginning | **$** | **490,275,354** | $ | 604,235,378 |
| Ending | **$** | **561,021,759** | $ | 490,275,354 |

See notes to consolidated financial statements.

Project Management Institute and Subsidiaries

# Consolidated Statements of Cash Flows
# 31 December 2023 and 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Change in net assets | **$** | **70,746,405** | $ | (113,960,024) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | | **2,918,109** | | 5,172,134 |
| Amortization of goodwill and intangible assets | | **1,522,342** | | 1,521,647 |
| Amortization of capitalized implementation costs | | **2,001,868** | | 3,431,775 |
| Realized and unrealized (gain) loss on investments | | **(40,003,234)** | | 76,868,313 |
| Loss on abandonment of property and equipment | | **6,759** | | 385,872 |
| Allowance for credit losses | | **2,481,678** | | 1,509,862 |
| Provision for inventory obsolescence | | **188,000** | | 229,625 |
| Noncash operating lease expense | | **-** | | (234,611) |
| Deferred tax benefit | | **(45,692)** | | (106,587) |
| Gain on translation adjustments | | **(1,759)** | | (174,400) |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in assets: | | | | |
| Accounts and other receivables | | **(8,727,068)** | | (9,771,267) |
| Inventory | | **(155,200)** | | (290,411) |
| Prepaid expenses and other current assets | | **(1,385,428)** | | (609,506) |
| Deposits and other assets | | **(308,302)** | | 875,346 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | | **(1,448,164)** | | (6,641,814) |
| Unearned revenue | | **7,942,539** | | 10,193,300 |
| Accrued expenses | | **(11,649,950)** | | 20,926,926 |
| Accrued salaries and payroll taxes | | **5,330,057** | | 1,550,136 |
| Grants payable | | **(3,143,469)** | | 1,606,508 |
| Operating lease liability | | **(524,306)** | | - |
| Other tax liability | | **(171,920)** | | 162,728 |
| Other liability | | **38,269** | | - |
| **NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | **$** | **25,611,534** | $ | (7,354,448) |

Project Management Institute and Subsidiaries

## Consolidated Statements of Cash Flows
## 31 December 2023 and 2022
(CONTINUED)

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Cash flows from investing activities:** | | | | |
| Purchase of investments | | **(108,602,683)** | | (328,002,444) |
| Proceeds from sale of investments | | **97,668,055** | | 332,724,171 |
| Purchase of intangible assets | | **(125,000)** | | - |
| Proceeds from sale of property and equipment | | **-** | | 9,751 |
| Purchase of property and equipment | | **(172,305)** | | (781,954) |
| **NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES** | **$** | **(11,231,933)** | $ | 3,949,524 |
| Effect on unrealized exchange rate changes on cash and cash equivalents | **$** | **471,390** | $ | (315,790) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **14,850,991** | | **(3,720,714)** |
| **Cash and cash equivalents:** | | | | |
| Beginning | **$** | **28,639,250** | $ | 32,359,964 |
| Ending | **$** | **$43,490,241** | $ | $28,639,250 |
| **Supplemental disclosure of cash flow information:** | | | | |
| Cash paid for income taxes | **$** | **$561,375** | $ | $305,869 |
| **Supplemental schedules of noncash investing activity:** | | | | |
| Property and equipment written off | **$** | **-** | $ | $1,642,050 |
| Accumulated depreciation written off | **$** | **-** | $ | (1,246,427) |

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

**Note 1.**
Nature of Activities and Significant Accounting Policies

**Nature of activities:** Project Management Institute, Inc. (the Institute) is the world's leading nonprofit professional organization for the project management profession, with more than 707,000 members and 1,734,000 credential holders in over 200 countries. The Institute's worldwide advocacy for project management is supported by its globally recognized standards and credentials, its extensive research program, and its professional development opportunities. Its products and services are the basis of greater recognition and acceptance of project management's successful role in governments, organizations, academia and industries. Primary sources of revenue include dues, professional examination fees, conferences and seminars, and book sales and advertising. The Institute's headquarters are located in Newtown Square, Pennsylvania. In addition, the Institute operates internationally through contract service centers located in Dundalk, Ireland, New Delhi, India and Singapore that provide local customer care services, as well as through subsidiaries located in Beijing, Brussels, Dubai, London, Mumbai and Singapore that provide local marketing services, conduct advocacy programs with regional organizations and academia and foster regional chapter development activities. The Institute is affiliated with domestic and international chapters. Chapters are separate, independent operating entities and, therefore, the consolidated financial statements do not include the accounts of these operating entities. In December 2023, the Institute acquired Project Management Office Global Alliance via asset purchase agreement and also absorbed Project Managers Without Borders a 501(c)(3) foundation supporting project professionals connecting global communities.

A summary of the Institute's significant accounting policies follows:

**Basis of accounting:** The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received; revenue is recognized when earned and expenses are recognized when incurred

**Basis of presentation:** The Institute reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Unconditional contributions are recognized as support in the period received. All contributions are available for use without donor restrictions unless specifically restricted by the donor. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**Principles of consolidation:** The consolidated financial statements include the accounts of Project Management Institute Educational Foundation (PMI Educational Foundation or the Foundation), PMI Organization Centre Private Ltd, a majority-owned subsidiary in Mumbai, Republic of India (PMI India); PMI (Beijing) Project

**Note 1.**
Nature of Activities and Significant Accounting Policies (**Continued**)

Management Technology Co., Ltd, a wholly owned foreign enterprise in Beijing, People's Republic of China (PMI China), which has a limited contractual obligation of 20 years; Project Management Institute Australasia PTY LTD (PMI Australasia), a proprietary limited company in Sydney, Australia and subsidiary, Project Management Institute Khaleeji FZ-LLC (PMI Khaleeji), in Dubai, United Arab Emirates; PMI Europe Limited and subsidiaries (PEL), a wholly owned subsidiary in the United Kingdom with subsidiaries in the United Kingdom and Australia; PMI Management Singapore Pte. Ltd, (PMI Singapore), a wholly owned subsidiary in Singapore; PMI Management Europe (PMI Belgium), a wholly owned subsidiary in Brussels, Belgium; PMI Canada, a wholly owned subsidiary in Vancouver, Canada; and Project Managers Without Borders. All significant intercompany transactions and balances have been eliminated in consolidation.

**Foreign currency translation:** The functional currencies of the Institute's foreign subsidiaries are their local currencies, Indian rupees, Chinese renminbi, British pounds, United Arab Emirates dirham, Australian dollars, Singapore dollars, Canadian dollars and the euro. All statements of financial position accounts have been translated using the exchange rate in effect at the statements of financial position dates. Statements of activities amounts have been translated using a monthly average exchange rate prevailing during the respective period.

**Use of estimates:** The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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 the purpose of the consolidated statements of cash flows, cash equivalents include all highly liquid investments with an initial maturity of three months or less that are not held in a brokerage account for reinvestment.

**Investments:** The Institute carries all investments in marketable securities at fair value measured as more fully described in Note 3. The Institute measures one of its mutual funds and its alternative investments using net asset value (NAV) per share (or its equivalent) as a practical expedient for fair value. Net investment return consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses. Net investment return is reported in the consolidated statements of activities as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or law. All marketable securities at 31 December 2023 and 2022, are managed by an investment advisor.

**Accounts and other receivables and allowance for credit losses and recent accounting pronouncement—adopted:** Effective 1 January, 2023, the Institute adopted ASU 2016 13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost, using a modified retrospective approach for its financial assets in the scope of ASC 326. ASC 326 requires measurement and recognition of expected credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses, for financial assets held. Estimating credit losses based on risk characteristics requires significant judgment by the Institute. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Institute's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Institute reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Accounts and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. The carrying amount of accounts receivable is reduced by an allowance for credit losses. The allowance for credit losses is the Institute's best estimate of the amount of probable credit losses in the Institute's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for uncollectible accounts was $3,595,348 and $1,331,768 at 31 December 2023 and 2022, respectively.

**Inventory:** Inventory consists of Institute and Foundation publications and commercial publications held for sale and paper stock for future production of Institute publications. Inventory is stated at the lower of cost or net realizable value, with cost being determined by the average cost method. The carrying amount of inventory is reduced by a reserve for obsolescence that reflects management's best estimate of inventory that may be obsolete and may not be sold. Based on management's reserve policy, an estimate is recorded at varying percentages of the value of inventory on hand in excess of one year's sales based on the age of the inventory and historical obsolescence percentages. The reserve for inventory obsolescence was $483,046 and $360,539 at 31 December 2023 and 2022, respectively.

**Property and equipment:** Property and equipment is stated at cost less accumulated depreciation. The Institute capitalizes all expenditures for property in excess of $25,000 with useful lives greater than one year. The Institute capitalizes all expenditures for equipment in excess of $5,000 with useful lives greater than one year. Maintenance, repairs and minor improvements are charged to operations as incurred. Depreciation is provided over the estimated useful lives of the assets by the straight-line method. The estimated useful lives are as follows: buildings and improvements five to 40 years; office furniture and equipment five years; computer equipment three to five years; and leasehold improvements to the lesser of five to 10 years or the term of the lease.

**Capitalized implementation costs:** Capitalized implementation costs are stated at cost less accumulated amortization. The Institute capitalizes expenditures related to cloud computing arrangements, which are hosting arrangements that include internet access to software on a subscription basis. Such costs include costs to develop or obtain software for a cloud computing arrangement, coding

**Note 1.**
Nature of Activities and Significant Accounting Policies (**Continued**)

and testing activities in the application development stage, external direct costs of materials and services to configure the solution, travel expense incurred by third parties involved with the implementation and payroll and related compensation costs for employees associated with implementation based on actual rates. Capitalized implementation costs are amortized over the estimated useful life of three years.

**Software development costs:** The Institute expenses costs associated with the planning phase as well as costs related to the operating phase that do not significantly enhance the software. Costs incurred during the development stage are capitalized and are included in property and equipment. The costs are amortized over three years. Computer software and equipment includes capitalized software development costs in process which were $300,000 and $168,570 at 31 December 2023 and 2022, respectively. Software development in process includes capitalized software development costs not yet placed into service.

**Leases:** The Institute elected the package of practical expedients under the transition guidance within Topic 842, in which the Institute does not reassess: (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases or (3) the initial direct costs for any existing leases. The Institute has not elected to adopt the hindsight practical expedient and, therefore, will measure the right-of-use (ROU) asset and lease liability using the remaining portion of the lease term upon adoption of Accounting Standards Codification (ASC) 842 on 1 January 2022.

The Institute determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Institute obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Institute also considers whether its service arrangements include the right to control the use of an asset.

The Institute made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or 1 January 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Institute made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease

**Note 1.**
Nature of Activities and Significant Accounting Policies (**Continued**)

expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Institute has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to the Institute, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

**Goodwill and intangible assets:** The Institute elected the Private Company Council (PCC) election and adopt the accounting alternatives for nonprofit companies for Topic 350 and Topic 805. The Institute adopted the PCC election as described in Accounting Standards Update (ASU) 2019-06. This election was originally issued as ASU 2014-18 but excluded nonprofit companies. ASU 2019-06 extended the original guidance to not-for-profit entities and provides additional clarification. All goodwill is amortized over 10 years, see Note 6.

Intangible assets with finite lives are amortized on a straight-line basis over the estimated residual life of the asset. The estimated useful lives of intangible assets are reviewed annually to determine if events or circumstances warrant a change in the remaining useful life of an asset. In addition, intangible assets are reviewed for impairment when events or circumstances indicate their carrying amount may not be recoverable. During 2023 and 2022, the Institute recognized no losses related to the impairment of goodwill and intangible assets.

**Impairments of long-lived assets:** If facts and circumstances indicate that the carrying value of property and equipment or other noncurrent assets may be impaired, an evaluation of recoverability is performed in order to determine if impairment exists. If an evaluation is required, the Institute estimates future undiscounted cash flows associated with the asset. If the total expected future undiscounted cash flows are less than the carrying value for the asset, an impairment loss would be recognized. The impairment loss would be measured by the amount that the carrying value of the asset exceeds its fair value. During 2023 and 2022, the Institute recognized no losses related to impairment of long-lived assets.

**Grants payable:** Unconditional grants are recorded as expense in the year of approval. Conditional grants are those with a measurable performance or barrier, and a right of return, and are not recognized as grant expense and grant payable until the conditions on which they depend have been substantially met.

Grants payable within one year are recorded at fair value. Grants payable in more than one year are recorded at the present value of the future cash outflows using a risk-free rate of return.

**Unearned revenue:** Unearned revenue represents gross membership and other fees less the amount earned by the Institute under normal revenue recognition procedures.

**Note 1.**
Nature of Activities and Significant Accounting Policies (**Continued**)

**Revenue recognition:** The Institute follows ASC 606, Revenue from Contracts with Customers (ASC 606) in accordance with U.S. GAAP. The core principle of ASC 606 is that an organization recognizes revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration the Institute expects to be entitled in exchange for those goods or services. The Institute recognizes revenue according to the following five-step model: (1) identify the contract with the customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when the performance obligation is satisfied.

Dues and professional exam fees on the consolidated statements of activities include memberships and certifications. Membership dues and application fees generally have a term of one year and provides various instructional tools, such as PMBOK guides, events and webinars to members. These are generally satisfied over the membership term and considered one performance obligation. Application fees are nonrefundable. Both membership dues and application fees are recognized ratably over time on the input method based on the applicable membership period as the benefits are typically provided evenly over the term of the membership. Payment is due upon purchase.

Certification revenues include fees for applying for eligibility to sit for a certification exam. Application processing fees are nonrefundable. Certification exam fees are charged for taking the certification exams. Both certification application and exam fees are considered one performance obligation and revenue is recognized at a point in time when the applicant sits for the exam or if a no-show for the exam after 12 months from the date of the application. Payment is due upon the customer's registration for the certification exam. Revenues for continuing certification requirement are recognized at a point in time when the applicant renews its certification.

Dues and professional examination fees include certification revenue (new and renewals) recognized at a point in time, whereas memberships are recognized over time. Total revenue recognized at a point in time and over time was as follows for the years ended 31 December:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Revenue recognized at a point in time | $ | 238,643,959 | $ | 145,305,361 |
| Revenue recognized over time | | 80,530,668 | | 79,180,622 |
| | $ | 319,174,627 | $ | 224,485,983 |

Book sales and advertising include any hardcopy publications and advertising related to any institute requesting to reach the Institute's diverse global audience for print or digital avenues. Book sales and advertising are recognized at the point in time when a customer takes delivery of the publication or service. Revenue is recorded net of sales tax.

**Note 1.**
Nature of Activities and Significant Accounting Policies (**Continued**)

Conferences, seminars and professional development include registrations for various events or access to the Institute's eLearning website. Performance obligations are generally satisfied for these revenue streams at a point in time when such events occur or services provided. Payment is due upon registration or application acceptance.

**Contributions:** Conditional promises to give, that is, those with a barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. During the year ended 31 December 2022, the Institute met the conditions under the Employee Retention Credit (ERC), which included satisfying the eligibility requirements of ERC and the incurrence of allowable qualifying expenses. During the year ended 31 December 2022, the Institute recognized another receivable and corresponding contribution revenue of $6,554,857 for amounts owed to the Institute under the ERC which was received in 2023.

**Advertising:** The Institute uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended 31 December 2023 and 2022, was $3,998,174 and $4,774,822, respectively.

**Income taxes:** The Institute is exempt from U.S. federal income taxes under Section 501(c)(6) Internal Revenue Code (IRC) and exempt from Pennsylvania income taxes. The Institute is required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS) annually. In addition, entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Revenue generated from the Institute's advertising and sales of membership mailing lists are not considered program activity revenue by the Internal Revenue Service and classified as unrelated business income and may be subject to income tax. The Institute files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Foundation and Project Managers without Borders are exempt from federal income taxes under the provisions of Section 501(c)(3) of the IRC and generally exempt from federal and state taxes. The Foundation is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS annually. The Foundation had no net unrelated business income for the years ended 31 December 2023 and 2022.

Management evaluated the Institute's and Foundation's tax positions and concluded that the Institute and Foundation had taken no uncertain tax positions that require adjustment to the consolidated financial statements. Consequently, no accrual for interest and penalties was deemed necessary for the years ended 31 December 2023 and 2022. The Institute and Foundation file tax returns in the U.S. federal jurisdiction. Generally, the Institute and Foundation are no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2020.

The Institute's for-profit subsidiaries that are subject to income taxes include provisions for income tax expense and deferred tax assets and liabilities which are calculated using management's best assessment of estimated future taxes to be

**Note 1.**
Nature of Activities and Significant Accounting Policies
(**Continued**)

paid. As part of the process of preparing the consolidated financial statements, the Institute is required to estimate income taxes in each of the tax jurisdictions in which it operates. This process involves estimating the actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes. These temporary differences result in noncurrent deferred tax assets and liabilities, which are included within the consolidated statements of financial position. The Institute then assesses the likelihood that the deferred tax assets will be recovered from future taxable income. The Institute recognizes deferred tax assets to the extent that the Institute believes these assets are more likely than not to be realized. In making such a determination, the Institute considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and results of recent operations. Actual results could differ from this assessment if adequate taxable income is not generated in future periods.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on the Institute's results of operations, cash flows or financial position.

The Institute considers the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States based on estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and the Institute's specific plans for reinvestment of those subsidiary earnings. Should the Institute decide to repatriate the foreign earnings, the Institute would need to adjust the income tax provision in the period that it was determined that the earnings will no longer be indefinitely invested outside the United States.

**Note 2.**
Investments

## Investments

At 31 December 2023, investments consist of the following:

| | | Cost | | Fair Value/Net Asset Value |
|---|---|---|---|---|
| Certificates of deposit | **$** | **1,629,182** | $ | 1,629,182 |
| U.S. common stocks | | **28,391,388** | | 35,391,741 |
| Mutual funds | | **351,230,303** | | 351,785,143 |
| Investment fund at NAV | | **52,449,891** | | 49,099,858 |
| Alternative investments (a) | | **123,536,261** | | 162,366,391 |
| **TOTAL** | **$** | **557,237,025** | $ | 600,272,315 |
| Investments | **$** | **534,488,568** | $ | 575,615,242 |
| Investments—long-term | | **22,748,457** | | 24,657,073 |
| **TOTAL** | **$** | **557,237,025** | $ | 600,272,315 |

(a) Alternative investments are measured using NAV as a practical expedient to fair value.

The following schedule summarizes the asset classes of investments as of 3 December 2023:

| | |
|---|---|
| U.S. equities mutual funds | 14% |
| International equities mutual funds | 14% |
| U.S. common stocks | 6% |
| Fixed-income mutual funds and certificates of deposit | 31% |
| Investment fund at NAV | 8% |
| Alternative investments | 27% |
| | 100% |

**Note 2.**
Investments
(**Continued**)

At 31 December 2022, investments consist of the following:

| | | Cost | | Fair Value/Net Asset Value |
|---|---|---|---|---|
| Certificates of deposit | **$** | **871,426** | $ | 871,426 |
| U.S. common stocks | | **30,271,624** | | 32,051,897 |
| Mutual funds | | **341,822,593** | | 321,223,912 |
| Investment fund at NAV | | **52,802,893** | | 45,285,396 |
| Alternative investments (a) | | **119,373,031** | | 150,126,533 |
| **TOTAL** | **$** | **545,141,567** | $ | 549,559,164 |
| Investments | **$** | **529,559,339** | $ | 532,890,090 |
| Investments—long-term | | **15,582,228** | | 16,669,074 |
| **TOTAL** | **$** | **545,141,567** | $ | 549,559,164 |

The following schedule summarizes the asset classes of investments as of 31 December 2022:

| | |
|---|---|
| U.S. equities mutual funds | 14% |
| International equities mutual funds | 14% |
| U.S. common stocks | 6% |
| Fixed-income mutual funds and certificates of deposit | 31% |
| Investment fund at NAV | 8% |
| Alternative investments | 27% |
| | 100% |

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 amounts reported in the consolidated statements of financial position.

**Note 3.**
Fair Value Measurements

**Valuation of investments:** The fair value of each investment is determined at the consolidated statements of financial position date in accordance with Financial Accounting Standards Board (FASB) ASC Topic 820, Fair Value Measurements. Accordingly, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting organization transacts and fair value measurements are separately disclosed by level within the fair value hierarchy. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Investments measured at net asset value:** The Institute measures one investment fund and its alternative investments using NAV per share (or its equivalent) as a practical expedient for fair value, and as such, the alternative investments have been excluded from the fair value hierarchy.

The following is a description of the valuation methodologies used for instruments measured at fair value. These valuation methodologies were applied to all the Institute's financial assets that are carried at fair value as of 31 December 2023 and 2022.

**Note 3.**
Fair Value Measurements
(**Continued**)

**Fair value on a recurring basis:** The tables below present the balance of assets measured at fair value on a recurring basis as of 31 December::

## 2023

| | Total | Level 1 | Level 2 | Level 3 | Investments Valued at NAV |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Certificates of deposit | $ 1,629,182 | $ - | $ 1,629,182 | $ - | $ - |
| Common stocks | 35,391,741 | 35,391,741 | - | - | - |
| Mutual funds | 351,785,143 | 351,785,143 | - | - | - |
| Investment fund at NAV* | 49,099,858 | - | - | - | 49,099,858 |
| Alternative investments | 162,366,391 | - | - | - | 162,366,391 |
| **TOTAL INVESTMENTS** | $ 600,272,315 | $ 387,176,884 | $ 1,629,182 | $ - | $ 211,466,249 |

## 2022

| | Total | Level 1 | Level 2 | Level 3 | Investments Valued at NAV |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Certificates of deposit | $ 871,426 | $ - | $ 871,426 | $ - | $ - |
| Common stocks | 32,051,897 | 32,051,897 | - | - | - |
| Mutual funds | 321,223,912 | 321,223,912 | - | - | - |
| Investment fund at NAV* | 45,285,396 | - | - | - | 45,285,396 |
| Alternative investments | 150,126,533 | - | - | - | 150,126,533 |
| **TOTAL INVESTMENTS** | $ 549,559,164 | $ 353,275,809 | $ 871,426 | $ - | $ 195,411,929 |

There was no change in the valuation techniques used to measure fair value of investments in the years ended 31 December 2023 and 2022.

*Investment fund valued at NAV (Fund) represents an investment in a fixed income strategy fund that invests in global and U.S. investment grade, high yield and emerging market bonds, while addressing environmental, social and governance objectives. At 31 December 2023 and 2022, the Institute held 53% of the shares of the Fund's Class B shares. The Institute's shares represents approximately 40% of the Fund at 31 December 2023 and 2022. An unaffiliated shareholder owns the Fund's remaining Class A shares. The redemption frequency is daily; however, the Fund may hold back up to 10% of the withdrawal proceeds pending the completion of the Fund's audit for any withdrawals in excess of 90%. Redemption is allowable with redemption notice of 10 days. The Fund's Investment Manager may temporarily suspend the determination of the net asset value of the Fund and issuance and redemption of the Fund's shares, and may postpone the date of payment of redemption proceeds when it is not reasonably practical for the Fund's Investment Manager to fairly determine the value of the Fund's net assets. There were no unfunded commitments as of 31 December 2023 or 2022.

**Note 3.**
Fair Value Measurements
(**Continued**)

Alternative investments represent the following as of 31 December 2023 and 2022:

| | 2023 Net Asset Value | 2022 Net Asset Value | Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|---|
| Offshore Opportunity Fund (a) | $ 32,981,200 | $ 30,723,503 | $ - | Quarterly | 95 days |
| Energy Debt Fund (b) | 2,777,808 | 6,252,603 | - | Semiannual | 95 days |
| Structured Credit Segregated Fund (c) | 26,020,668 | 21,503,636 | - | Quarterly | 65 days |
| Core Property Fund (d) | 22,230,263 | 24,498,245 | - | Quarterly | 95 days |
| Global Private Assets V (e) | 12,457,474 | 9,237,056 | - | N/A | N/A |
| Vista Fund, LTD (f) | 21,743,234 | 21,362,680 | - | Quarterly | 95 days |
| Global Private Assets Vi (g) | 1,619,069 | 692,187 | - | N/A | N/A |
| Secondary Opportunities Fund (h) | 7,720,301 | 4,156,246 | - | N/A | N/A |
| Special Situations Fund (i) | 34,816,374 | 31,700,377 | - | Semiannual | 95 days |
| **TOTAL** | $ 162,366,391 | $ 150,126,533 | $ - | | |

(**a**) Investment fund investing in a fund of hedge funds that invest in equity hedge, global macro, relative value and event-driven strategies. There are no restrictions on redemption of the investment as of 31 December 2023 or 2022; however, if the Institute were to redeem its investment, 10% of the value of the redemption may be held in escrow until the completion of the fund's audit.

(**b**) A U.S. limited partnership that invests in bonds and debt securities of U.S. and international energy companies. The investments in this class could not be redeemed because the investments included restrictions that did not allow for redemption for the first three years after acquisition, which ended in 2022. There are no restrictions on redemption of the investment as of 31 December 2023 or 2022.

(**c**) Investment fund investing primarily in equity and debt securities of collateralized debt obligations and other structured credit investments. There are no restrictions on redemption of the investment as of 31 December 2023 or 2022; however, if the Institute were to redeem its investment, 10% of the value of the redemption may be held in escrow until the completion of the fund's audit.

(**d**) A U.S. limited partnership that invests in real estate funds of U.S. commercial real estate, including the office, multi-family, retail and industrial sectors. There are no restrictions on redemption of the investment as of 31 December 2023 and 2022; however, if the Institute were to redeem its investment, 10% of the value of the redemption may be held in escrow until the completion of the fund's audit.

**Note 3.**
Fair Value
Measurements
(**Continued**)

(**e**) A U.S. limited partnership that invests in privately held companies in venture capital, buyouts, debt, real estate and real estate/infrastructure strategies. The Institute cannot request redemption; therefore, the investment is reflected as long-term as of 31 December 2023 and 2022.

(**f**) A U.S. limited partnership that invest in global macro thematic investments. There are no restrictions on redemption of the investment as of 31 December 2023 and 2022; however, if the Institute were to redeem its investment, 10% of the value of the redemption may be held in escrow until the completion of the fund's audit.

(**g**) A U.S. limited partnership that invests in privately held companies in venture capital, buyouts, debt, real estate and real estate/infrastructure strategies. The Institute cannot request redemption; therefore, the investment is reflected as long-term as of 31 December 2023 and 2022.

(**h**) A U.S. limited partnership that invests in privately held companies in venture capital, buyouts, debt, real estate and real estate/infrastructure strategies. The Institute cannot request redemption; therefore, the investment is reflected as long-term as of 31 December 2023 and 2022.

(**i**) Investment fund investing in a fund of hedge funds that invest in specialist hedge funds, credit, distressed debt, global macro, equity long/short and private equity funds. There are no restrictions on redemption of the investment as of 31 December 2023 or 2022; however, if the Institute were to redeem its investment, 10% of the value of the redemption may be held in escrow until the completion of the fund's audit.

**Note 4.**
Property and
Equipment

Property and equipment at 31 December is as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Leasehold improvements | **$** | **199,678** | $ | 874,787 |
| Office furniture and equipment | | **197,843** | | 191,175 |
| Computer software and equipment | | **14,280,234** | | 16,167,493 |
| Software development in process | | **300,000** | | 168,570 |
| | **$** | **14,977,755** | $ | 17,402,025 |
| Less accumulated depreciation and amortization | | **(13,439,529)** | | (13,620,828) |
| **NET PROPERTY AND EQUIPMENT** | **$** | **1,538,226** | $ | 3,781,197 |

The Institute recorded losses of $6,759 and $385,872 from abandonment of property and equipment in 2023 and 2022, respectively, which is included in management and general expenses on the consolidated statements of activities.

**Note 5.**
Capitalized Implementation Costs

Capitalized implementation costs at 31 December are as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Capitalized implementation costs | $ | 10,295,323 | $ | 10,295,323 |
| Less accumulated amortization | | (10,295,323) | | (8,293,455) |
| CAPITALIZED IMPLEMENTATION COSTS, NET | $ | - | $ | 2,001,868 |

**Note 6.**
Goodwill and Other Intangible Assets

The gross carrying amount and accumulated amortization of goodwill at 31 December are as follows:

| 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Gross Assets | | Accumulated Amortization | | Net Book Value | Useful Life |
| Goodwill | $ | 11,623,428 | $ | 5,069,179 | $ | 6,554,249 | 10 years |

| 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Gross Assets | | Accumulated Amortization | | Net Book Value | Useful Life |
| Goodwill | $ | 11,623,428 | $ | 3,906,836 | $ | 7,716,592 | 10 years |

**Note 6.**
Goodwill and Other Intangible Assets (**Continued**)

The gross carrying amount and accumulated amortization of intangible assets at 31 December are as follows:

| 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Gross Assets | | Accumulated Amortization | | Net Book Value | Useful Life |
| Advertiser relationships | $ | 1,170,643 | $ | 1,170,643 | $ | - | 7 years |
| Trademarks/trade names | | 1,666,100 | | 675,450 | | 990,650 | 15-20 years |
| Intellectual property | | 2,758,000 | | 1,157,269 | | 1,600,731 | 10 years |
| | $ | 5,594,743 | $ | 3,003,362 | $ | 2,591,381 | |

| 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Gross Assets | | Accumulated Amortization | | Net Book Value | Useful Life |
| Advertiser relationships | $ | 1,170,643 | $ | 1,170,643 | $ | - | 7 years |
| Trademarks/trade names | | 1,666,100 | | 579,445 | | 1,086,655 | 15-20 years |
| Intellectual property | | 2,633,000 | | 893,275 | | 1,739,725 | 10 years |
| | $ | 5,469,743 | $ | 2,643,363 | $ | 2,826,380 | |

Estimated aggregate amortization expense for goodwill of $6,554,249 and the remaining identified intangible assets of $2,591,381 is as follows for the years ending 31 December:

| | |
|---|---|
| 2024 | $ 1,529,981 |
| 2025 | 1,529,981 |
| 2026 | 1,529,981 |
| 2027 | 1,529,981 |
| 2028 | 1,529,981 |
| Thereafter | 1,495,725 |
| | $ 9,145,630 |

Aggregate amortization expense for the years ended 31 December 2023 and 2022, was $1,522,342 and $1,521,647, respectively.

**Note 7.**
Chapter Dues Payable

Accounts payable include amounts due to local chapters for dues collected by the Institute on their behalf. Amounts due to chapters as of 31 December 2023 and 2022, were $2,019,238 and $1,698,998, respectively.

**Note 8.**
Unearned Revenue

Unearned revenues at 31 December are as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Unearned membership dues | $ | **47,613,028** | $ | 42,022,628 |
| Unearned professional examination fees | | **22,473,642** | | 21,285,943 |
| Unearned registered education provider membership dues | | **3,490,906** | | 3,234,451 |
| Advance seminar registration fees, booth sales and others | | **2,557,929** | | 1,652,025 |
| | $ | **76,135,505** | $ | 68,195,047 |

**Note 9.**
Grants Payable

Grants payable include amounts that will be paid more than one year after the date of the consolidated financial statements, which are discounted to present value using a discount rate equal to the risk-free rate of return on the date of grant approval. Grants payable at 31 December are as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Payable in one year or less | $ | **223,850** | $ | 3,367,319 |
| **TOTAL GRANTS PAYABLE** | $ | **223,850** | $ | 3,367,319 |

The Foundation has three conditional grants payable whereby grantees must meet specific performance barriers, in order to receive future years' payments. These conditional grants payable total $5,173,093 and $8,080,752 and are not recorded as of 31 December 2023 and 2022, respectively.

**Note 10.**
Net Assets

Net assets without donor restrictions at 31 December consist of the following:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Undesignated | $ | **290,555,872** | $ | 238,768,570 |
| Board-designated: | | | | |
| Required reserve funds | | **266,152,153** | | 248,122,419 |
| Restricted foreign earnings | | **309,127** | | 320,820 |
| Endowment fund (Note 11) | | **960,268** | | 823,143 |
| Opportunity reserve (board-designated endowment) (Note 11) | | **48,737** | | 126,741 |
| Operating reserve | | **952,667** | | 410,492 |
| Professional development | | **183,533** | | 25,192 |
| | | **268,606,485** | | 249,828,807 |
| | $ | **559,162,357** | | 488,597,377 |

**Required reserve funds:** The Institute maintains required reserve funds to assist in the event of an unanticipated major crisis, catastrophic loss or severe economic shortfall or for opportunity building. The board-designated reserve fund is calculated as 85% of the three-year average of operating expenses, comprised of the previous two years' actual operating expenses and the current year budgeted operating expenses.

**Restricted foreign earnings:** The Institute's wholly owned foreign enterprise in Beijing, China is required to appropriate not less than 10% of its profit after tax for employee welfare benefit usage according to foreign invested enterprises law in the People's Republic of China. Annual appropriation of earnings is required until the accumulated restricted earnings balance is at least 50% of the registered capital of the Institute. Net assets appropriated under this rule were $309,127 and $320,820 as of 31 December 2023 and 2022, respectively, and are included in net assets without restrictions in the consolidated statements of financial position.

**Operating reserve:** The Foundation's operating reserve is intended to be used in situations of financial shortfall, with the long-term target to supply funding for up to one year of ongoing operation of the Foundation. Certain accounts are board designated as the initial funding for the operating reserve. The targeted reserve amount is to supply funding for up to one year of limited operations of the Foundation, particularly to assure the Foundation can meet its outstanding grant commitments and commitments for endowed scholarships. The targeted reserve amount is calculated at a percentage of three years' average operating expenses augmented by anticipated budget growth plus total outstanding grant liabilities. The operating reserve plans to be funded at the discretion of the Foundation's Board of Directors beginning 2022. Thereafter, the reserve will be funded as determined by the Foundation's Board of Directors with the expectation that contributions to the reserve will fully fund the target reserve amount in no more than 15 years.

**Note 10.**
Net Assets
(**Continued**)

**Opportunity reserve:** The Foundation's opportunity reserve is intended to provide additional funds for unexpected opportunities to build the Foundation's reputation or capability to deliver its mission. The opportunity reserve is to be used to fund innovative growth and expansion in a way that does not create large disruptions in normal operating budgets. The quasi-endowment balance is board-designated as the initial funding for the opportunity reserve. The minimum target of the opportunity reserve is $500,000; however, there will be no further funding of the opportunity reserve until the operating reserve is fully funded. The opportunity reserve will be tracked and invested as part of the endowment fund until such time as further funding begins, at which point it will be maintained in a separate investment account, governed by specific direction to be created at that time.

**Board-designated for professional development:** The Foundation's Board approved the creation of the PMI Educational Foundation Professional Development Scholarship, an endowed fund for professional development scholarships.

Net assets with donor restrictions at 31 December consist of the following:

| | **2023** | 2022 |
|---|---|---|
| Subject to expenditure for specified purpose: | | |
| Scholarships and awards | **$ 72,447** | $ 61,230 |
| Endowments: | | |
| Subject to appropriation and expenditure when a specified event occurs: | | |
| Restricted by donors for scholarships and awards | **457,914** | 287,706 |
| Subject to endowment spending policy and appropriation: | | |
| Endowments for scholarships and awards | **1,329,041** | 1,329,041 |
| **TOTAL ENDOWMENTS** | **1,786,955** | 1,616,747 |
| | **$ 1,859,402** | $ 1,677,977 |

Net assets with restrictions contain endowment fund assets to be held in perpetuity. The income from these assets is to be used to provide scholarships and awards.

Net assets were released from restrictions by satisfying purpose restrictions during the years ended 31 December as follows:

| | **2022** | 2021 |
|---|---|---|
| Purpose release: | | |
| Scholarships and awards | **$ 44,533** | $ 64,000 |

**Note 11.**
Endowment Funds

Accounting standards for the classification and disclosure of endowments of nonprofit organizations provide guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and disclosures about an organization's endowment funds. As of 31 December 2023, Pennsylvania has not adopted UPMIFA.

The endowment of the Foundation consists of approximately 20 funds established for various purposes (donor-restricted endowment funds) and a board-designated fund that was established in 2015 to support general operations. As required by U.S. GAAP, 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.

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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions for endowment: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 net assets with donor restrictions for endowment is classified as net assets with donor restrictions for scholarships and awards or net assets without donor restrictions, based on the existence of donor restrictions or by law. Net assets with donor restrictions for scholarships and awards are classified as such, 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 deciding to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of the investments
- Other resources of the Foundation
- The investment policies of the Foundation

**Note 11.**
Endowment Funds
(**Continued**)

**Composition of endowment net assets:** Endowment funds as of 31 December 2023, and changes therein during the year then ended are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 1,786,955 | $ 1,786,955 |
| Board-designated endowment funds: | | | |
| Opportunity reserve | 48,737 | - | 48,737 |
| Other | 960,268 | - | 960,268 |
| | $ 1,009,005 | $ 1,786,955 | $ 2,795,960 |

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ 949,884 | $ 1,616,747 | $ 2,566,631 |
| Contributions | 3,133 | - | 3,133 |
| Net investment return | 155,988 | 247,110 | 403,098 |
| Amounts appropriated for expenditure | (100,000) | (55,750) | (155,750) |
| Endowment funds returned to donors | - | (21,152) | (21,152) |
| Endowment net assets, end of year | $ 1,009,005 | $ 1,786,955 | $ 2,795,960 |

**Note 11.**
Endowment Funds
(**Continued**)

Endowment funds as of 31 December 2022, and changes therein during the year then ended are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 1,616,747 | $ 1,616,747 |
| Board-designated endowment funds: | | | |
| Opportunity reserve | 126,741 | - | 126,741 |
| Other | 823,143 | - | 823,143 |
| | $ 949,884 | $ 1,616,747 | $ 2,566,631 |

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ 1,158,742 | $ 2,011,450 | $ 3,170,192 |
| Net investment (loss) | (208,858) | (330,703) | (539,561) |
| Amounts appropriated for expenditure | - | (64,000) | (64,000) |
| Endowment net assets, end of year | $ 949,884 | $ 1,616,747 | $ 2,566,631 |

The Foundation's endowment consists of contributions from chapters for the Foundation's endowment. During the year ended 31 December 2023, the Foundation entered into Amended and Restated Agreements with some chapters to return endowment amounts of $21,152, which are reflected as decreases of net assets with donor restrictions on the consolidated statement of activities.

**Funds with donor restrictions 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.

There were no deficiencies of this nature at 31 December 2023 or 2022. 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 management. The Foundation's investment and spending policy permits management to assess prudent spending from

**Note 11.**
Endowment Funds
(**Continued**)

underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. In the event of significant anticipated underwater endowments due to continued appropriation for certain programs, the Foundation would pay out scholarships through funding from general operations.

**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 with and without restrictions, before gifts. This objective should be achieved over a three- to five-year period.

**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 5.6%.

**Spending policy and how the investment objectives relate to spending policy:** The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund's average value over the prior three years 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 12.**
Liquidity and Availability of Financial Assets

Financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Cash and cash equivalents | $ | 43,490,241 | $ | 28,639,250 |
| Investment balances, short-term | | 575,615,242 | | 532,890,090 |
| Receivables without donor restrictions due in one year or less | | 24,271,591 | | 18,051,777 |
| Endowment spending-rate distributions and appropriations | | 94,962 | | 92,070 |
| Less appropriations required under foreign law | | (309,127) | | (320,820) |
| Less required reserve funds not available for general expenditures | | (266,152,153) | | (248,122,419) |
| **FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR** | $ | 377,010,756 | $ | 331,229,948 |

Financial assets of the Institute were reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions and board designations. As described in Note 11, the endowment fund has a spending policy of 4%. Appropriations as of 31 December 2023 and 2022, from the endowment fund will be available within the next 12 months and are included in financial assets available above.

The Institute regularly monitors its cash available to meet its operating needs and other contractual commitments. The Institute has various sources of liquidity at its disposal, including cash and cash equivalents, marketable mutual funds and certificates of deposit. The Institute maintains reserve funds to assist in the event of an unanticipated major crisis, catastrophic loss, or severe economic shortfall or for opportunity building. If the Institute has surplus reserve funds, use of these funds may be authorized by the Board of Directors in support of a written business plan. In 2023 and 2022, the Board of Directors approved the use of surplus reserve funds for the following year's spending for coalition building and updated strategic plan.

**Note 13.**
Concentration of Credit Risk

The Institute maintains cash and cash equivalent balances at financial institutions in accounts insured by the Federal Deposit Insurance Corporation (FDIC insured) to $250,000 per account. The Institute also holds cash at overseas locations which are not subject to FDIC insurance, but which in some cases may be partially covered by local country deposit protection schemes. As of 31 December 2023 and 2022, uninsured balances were approximately $41,050,000 and $23,008,000, respectively. The Institute has not experienced any loss in such accounts. The Institute's management believes it is not exposed to any significant credit risk on its cash and cash equivalents and its investment balances.

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**Note 14.**
Non-U.S. Operations and Assets

Operations outside the United States are currently conducted by subsidiaries in Beijing, China; Brussels, Belgium; Dubai, UAE; London, United Kingdom; Mumbai, India; Singapore and Sydney, Australia. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls and restrictions on currency exchange. Currency exchange controls and restrictions on the export of currency by certain countries may negatively impact the cash flows of the Institute. For example, there are currently existing currency exchange controls and restrictions on the RMB, the currency of China. Net assets of foreign subsidiaries are less than 2.1% of the Institute's total net assets and consist mainly of cash, accounts receivable, property and equipment, and deferred tax assets, less accounts payable, accrued expenses, and accrued salaries and payroll taxes. As of 31 December 2023 and 2022, total non-U.S. assets equaled approximately $17,000,000 and $14,000,000 respectively, which represented less than 2.4% and 2.25%, respectively, of the Institute's total assets.

The wholly owned foreign subsidiary (WOFE) in China has a requirement to fund $650,000 USD in registered capital and is included in net assets without donor restrictions. As the funding requirement was satisfied in previous years, no further funding is required as of 31 December 2023 or 2022.

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**Note 15.**
Income Taxes

The Institute has a 99.9% interest in a foreign for-profit subsidiary, PMI Organization Centre Private Ltd, Mumbai, India. In addition, the Institute has a wholly owned foreign enterprise, PMI Project Management Technology Co., Ltd, Beijing, China; Project Management Institute Australasia PTY LTD, a proprietary limited company in Sydney, Australia; Project Management Institute Khaleeji FZ LLC, a limited liability company in Dubai, UAE; PMI Management Singapore, a private limited company in Singapore; and PMI Management Europe, a private limited company in Brussels, Belgium. The Institute has elected to treat these foreign subsidiaries as pass-through entities for U.S. income tax purposes. The earnings from the investments in the subsidiaries are included in taxable income in a manner consistent with the financial reporting results. The majority of the earnings of the subsidiaries are derived through a cost-plus-fee arrangement with the Institute. The terms of the fee arrangements were established

**Note 15.**
Income Taxes
(**Continued**)

by independent transfer pricing studies. All of the earnings are wholly related to the tax-exempt purpose of the Institute and are, therefore, not subject to unrelated business income tax in the United States.

The Institute has 100% interest in a foreign for-profit subsidiary, PMI Europe Limited (PEL), London, United Kingdom. PEL is treated as a controlled foreign corporation for United States income tax purposes.

As of 31 December 2023, the Institute has federal income tax net operating loss (NOL) carryforwards of $641,345, which have no expiration date. The Institute's foreign subsidiaries have NOL carryforwards that will expire at various dates from 2032 through 2039. The current provision reflects a deferred benefit and corresponding deferred tax asset of $356,119 related to such NOLs.

As of 31 December 2022, the Institute has federal income tax net operating loss (NOL) carryforwards of $545,422, which have no expiration date. The Institute's foreign subsidiaries have NOL carryforwards that will expire at various dates from 2031 through 2038. The current provision reflects a deferred benefit and corresponding deferred tax asset of $310,427 related to such NOLs.

The provision for taxes on income earned in Australia, Belgium, China, India, Singapore, the United Kingdom, and the United States for the years ended 31 December were as follows:

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Current provision | **$** | **698,902** | $ | 1,127,561 |
| Deferred benefit | | **(45,692)** | | (106,587) |
| **INCOME TAX PROVISION, NET** | **$** | **653,210** | $ | 1,020,974 |

The net deferred tax assets are reported in the consolidated statements of financial position at 31 December as follows:

| | | **2023** | | 2021 |
|---|---|---|---|---|
| Deferred tax assets | **$** | **356,119** | $ | 310,427 |
| Valuation allowance | | **-** | | - |
| **NET DEFERRED TAX ASSETS** | | **356,119** | | 310,427 |
| Deferred tax liabilities | | **-** | | - |
| **TOTAL NET DEFERRED TAX ASSETS** | **$** | **356,119** | $ | 310,427 |

Deferred income taxes result from transactions which are recognized in different periods for financial and tax reporting purposes and relate primarily to differences in the bad debts written off for tax purposes, the period of deduction for goodwill and intangible assets, certain accrued expenses and different depreciation methods. Deferred income taxes are recognized for the tax consequences of these differences by applying enacted statutory rates expected to be in effect when taxes are actually paid or recovered.

**Note 15.**
Income Taxes
(**Continued**)

Cash paid for foreign income taxes for the years ended 31 December 2023 and 2022, were $561,375 and $305,869, respectively.

**Note 16.**
Foreign Currency Translation Adjustments

Foreign currency translation adjustments associated with consolidating the accounts of the Institute's majority owned for-profit subsidiaries are reported in the consolidated statements of activities. The amount of accumulated translation adjustments is included in net assets without restrictions in the consolidated statements of financial position.

The accumulated foreign currency translation adjustments are as follows for the years ended 31 December:

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Balance, beginning of year | **$** | **(202,912)** | $ | (377,312) |
| Foreign currency translation adjustments | | **1,759** | | 174,400 |
| **BALANCE, END OF YEAR** | **$** | **(201,153)** | $ | (202,912) |

**Note 17.**
Leases

The Institute leases real estate for office space located in Newtown Square, Pennsylvania, USA; Beijing, Shenzhen and Shanghai, China; Mumbai, New Delhi and Bangalore, India; Dubai, UAE; Singapore and Belgium, Brussels under operating lease agreements that have initial terms ranging from one to seven years. Some leases include one or more options to renew, generally at the Institute's sole discretion, with renewal terms that can extend the lease term up to 10 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Institute, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Institute will exercise that option. The Institute's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The operating lease cost for the year ended 31 December 2023 and 2022, were $498,819 and $1,948,977, respectively.

**Note 17.**
Leases
(**Continued**)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the consolidated statement of financial position are as follows as of 31 December 2023:

Years ending 31 December:

| | | |
|---|---|---|
| 2024 | $ | 541,622 |
| 2025 | | 188,085 |
| 2026 | | 189,247 |
| 2027 | | 190,163 |
| 2028 | | 166,783 |
| Thereafter | | 154,515 |
| Total lease payments | | 1,430,415 |
| Less Imputed Interest | | (130,079) |
| **TOTAL PRESENT VALUE OF LEASE LIABILITIES** | $ | 1,300,336 |

The weighted-average remaining lease term and discount rate were 4.43 years and 3.23%, respectively, as of 31 December 2023.

Supplemental cash flow information related to leases is as follows for the year ended 31 December 2022:

| | 2023 | 2022 |
|---|---|---|
| Cash paid for amounts included in measurement of lease liabilities: | | |
| Operating cash outflows—payments on operating leases | $ 842,743 | $ 2,268,472 |
| Right-of-use assets obtained in exchange for new lease obligations: | | |
| Operating lease | - | $ 2,908,000 |
| Lease liabilities: | | |
| Operating lease | - | $ 2,964,000 |
| Deferred rent liability prior year | - | $ 186,360 |

 

**Note 18.**
Commitments and Contingencies

The Institute has certain claims and legal proceedings incident to the course of business. The Institute's management, after consulting with legal counsel, believes the ultimate resolution of the proceedings will not have a material adverse effect on the Institute's consolidated financial position or changes in net assets.

The Institute settled a decision under a legal proceeding resulting in a payment of $3,365,432 in 2023 which has been accrued for in prior year.

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**Note 19.**
Retirement Plans

The Institute has a defined contribution savings plan for the benefit of its employees. Under the plan, a contribution based on compensation is made for each covered employee. The plan allows employees to make elective salary deferrals and the Institute will make matching contributions based on the employees' elective salary deferrals. For the years ended 31 December 2023 and 2022, the Institute contributed $5,520,600 and $4,753,476, respectively, to the plan.

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**Note 20.**
Subsequent Events

In preparing these consolidated financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 5, 2024, the date the consolidated financial statements were available to be issued.

Honoring the Life of

# James R. Snyder—The Father of PMI

James R. Snyder

1938 - 2024

In February 2024, PMI mourned the loss of our visionary leader, founder and beloved friend, Mr. James R. Snyder. He was the last living co-founder of Project Management Institute and the most illustrious of them. So much so, that we affectionately called him “The Father of PMI”.

Jim played a pivotal role in establishing PMI as the premier project management organization worldwide and he dedicated his career to fostering collaboration, education, and innovation in the profession he loved. During his 55-year tenure, Jim’s leadership, strategic insight, and innovative initiatives pushed PMI to reinvent itself as the leading authority in project management across the globe.

His work guided millions of project professionals across various industries to upskill, reskill, and make an impact. At his core, Jim was a devoted volunteer and his crucial contributions to PMI were parallel to the achievements he made in his remarkable 37-year career at GlaxoSmithKline.

Beyond his amazing professional achievements, Jim will undoubtedly be remembered for his kindness, generosity and mentorship. He will be celebrated for the countless lives he touched with his compassion, wisdom, and integrity and the indelible mark he’s left on the project management profession. As we bid farewell to Jim, we honor his remarkable life, contributions, and enduring legacy that helped elevate our profession and our world. Rest in peace, Jim—your impact will transcend generations.

Project Management Institute

PMI.org

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