2010 ANNUAL REPORT

BUILDING & STRENGTHENING OUR GLOBAL COMMUNITY
Contents

Stakeholder Letter .......................................................... 1
Strengthening Our Global Community ................................. 2
2010 PMI Global Leadership ............................................. 12
Financial Statements ...................................................... pocket
It’s not always easy for project management practitioners—immersed in the day-to-day responsibilities within their own organizations—to recognize the extraordinary developments taking place in the global project management community. We at PMI are in a unique position to witness the collective achievements of project professionals and project management-minded organizations across the globe. The project management world is poised to help organizations succeed like never before.

For project professionals, companies, consultancies, government organizations and not-for-profits alike, 2010 was truly a year of strengthening and expanding the global project management community. Organizations in all sectors, from all corners of the earth, are making standardized project management a priority.

That commitment is evident in the involvement of the 51 organizations in the PMI Global Executive Council, formed in 2010. Through the Council, these large multinational and government organizations are identifying opportunities for process improvements, exchanging best practices and increasing the number of successful projects.

Project practitioners at every level also did their part to elevate the profession. The finalists for the 2010 PMI Project of the Year Award are just three remarkable examples of project management at its best. Yet they were hardly alone. Hundreds of thousands of other projects delivered outstanding business results in 2010 because of a commitment to excellence in project management.

SUPPORTING THE GROWTH
PMI continues its pledge to help sustain the growth of the profession. That pledge, of course, can only be fulfilled with constant, generous support from our volunteers—the lifeline of the Institute.

Along with championing project management and working to improve project results at their own organizations, these volunteers put in extra hours, whether it’s helping develop standards or serving as a mentor. That’s because they see the bigger picture: a stronger global project management community with a power that transcends any one organization, region or sector.

With the support of our enthusiastic, hard-working volunteers, in 2010 PMI:
- Opened a new office in Australasia and a second office in China to support regional governments and local organizations
- Launched 10 new chapters around the world to enable enhanced networking and knowledge-sharing at the local level
- Published the Practice Standard for Project Estimating, in addition to many other publications

And there’s no doubt that PMI will continue to be the premier global advocate for our profession under the leadership of new president and CEO Mark A. Langley, who successfully transitioned to the role upon the retirement of Gregory Balestrero in 2010.

THE OUTLOOK
Strengthening and expanding the global project management community wasn’t simply a goal for 2010 alone. If it were, our work would be done. On the contrary, our efforts will carry over into 2011 and beyond. We in the global project management community are not at the peak of a mountain, nor are we at the finish line of a race. Instead, we find ourselves on a steady incline, constantly and collectively enhancing our knowledge, experience and relationships.

At PMI, we see a future where organizations advance by successfully completing their most important initiatives. And as the profession continues to grow and mature, PMI will strive to support organizations, our members and certification holders worldwide as they rely on project management to deliver a competitive edge.

Eugene (Gene) Bounds, PMP
Chair, 2010 PMI Board of Directors
OVER THE YEARS, the project management profession has come together to achieve a collective purpose. The goal: expand and strengthen the global project management community—not for the benefit of one industry or one geographic region, but to inspire organizations around the world so they embrace, value and utilize project management and attribute their success to it.

Organizations of all types and individual practitioners from every sector kept this goal front and center in 2010. Through collaboration, knowledge sharing and a focus on education, training and certification, the global community continues to ensure project management is understood, recognized and respected worldwide.

There was no better time for such a significant and distinguished goal, as organizations and individuals transition from recession to recovery.

With more than half a million members and credential holders around the world, PMI has provided resources, support and advocacy to help organizations, governments and practitioners maintain their momentum. And for those individuals who continued to struggle, PMI waived membership fees for its unemployed members.

This spirit of giving was evident across the project management community as well. Volunteerism was a top priority, with members helping develop standards, serving on the Board, leading chapters and contributing to the PMI communities of practice.

PMI has done—and continues to do—its part as a responsible member of the community through support of the PMI Educational Foundation, which promotes economic, educational, cultural and social advancement through project management. The Foundation awards scholarships, confers honorary awards, undertakes research, prepares and disseminates project management-related educational information, and offers financial grants to support project management life skills-related projects.

As we move into the new decade, there will be no limit to what project professionals, companies, consultancies, government organizations and not-for-profits can achieve together.

ORGANIZATIONS FORTIFY THEIR COMMITMENT TO PROJECT MANAGEMENT

In 2010, businesses and governments across the globe saw the value of project, program and portfolio management—and reinforced their commitment to it. They realize project management is more than a tactical competency focused primarily on process. Whether large or small, and regardless of sector, organizations understand the profession delivers a competitive advantage by producing
positive outcomes, including increased efficiencies, organizational alignment, stakeholder satisfaction and improved decision making.

Part of the understanding comes from data showcasing the value of project management and its best practices. To that end, PMI maintained its focus on project management research in 2010.

Since 1997, the PMI Research Program has invested more than US$16 million in research dedicated to the profession. These academic research projects, conference papers, symposia, poster presentations and surveys not only inform the practice of project management, the real-world applications of the results by organizations around the world spark further research as well.

PMI’s academic research, along with PMI’s ongoing market studies, such as the Pulse of the Profession report, is starting to demonstrate exactly how much project management, in all its forms, can deliver to organizations.

The Pulse of the Profession study, now conducted annually, continued to point to the value of project management as a strategic business driver for organizations that use it effectively.

The research showed that three-fifths of organizations now have a PMO, and the activities of PMOs are becoming...
PMI Global Executive Council

PMI and members of the influential Global Executive Council believe that project, program and portfolio management deliver a strategic advantage that helps organizations do more with less, meet their strategic objectives and avoid costly project failures.

This community of elite organizations works together to direct the future of the project management profession, and ensure its continued growth and success. In 2010, members included:

- Accenture
- BAE Systems
- Bank of America
- Barclays
- BASF
- Boeing
- Booz Allen
- Hamilton
- Boston University
- Citi (O&T)
- Credit Suisse
- CSC
- Dell
- Deloitte UK
- Deloitte US
- EMC2
- Ericsson
- Fujitsu
- GE Energy
- HP
- Huawei
- IBM
- ICF International
- Infosys
- IIL
- Microsoft
- NASA
- Nokia
- Oracle
- Pioneer Hi-Bred
- PWC
- P&G
- Raytheon
- Ricardo
- Rio Tinto
- SAP
- Siemens
- U.S. Department of Energy
- U.S. Federal Aviation Administration
- Wells Fargo
- ZTE

Seventy percent of organizations, with or without a PMO, use the PMBOK® Guide as a baseline standard. And mature organizations—those that have PMOs, provide ongoing training for their project management teams and use standard practices—perform better than their counterparts who don’t. Analysis of the data shows that low-performing organizations risk 72 percent of their project budgets on efforts that fail to meet objectives; high-performing organizations risk only 8 percent, representing a difference of US$2.7 million at risk per average size project.

Another PMI study, Successful Program Management in the U.S. Federal Government, which evaluated success factors in 40 programs across government agencies, showed that investing in project management yielded measurable results.

One specific example from The U.S. Army Corps of Engineers attributed cost reductions of 20 to 30 percent to using trained program managers and a more systematic approach to managing projects and programs.

The study identified four common factors in successful programs:

- active high-level executive support
- comprehensive communication
- stakeholder engagement and
- agility.
PMI’s study showed that creating a culture of project management, combined with a foundation of technical expertise, drives program success.

Organizations continue to value the opportunity to learn from their colleagues. In 2010, 40 large multinational and government organizations from across the globe came together as part of PMI’s new Global Executive Council. Through the Council, senior leaders responsible for project, program and portfolio management network and share with other leading decision makers. By exchanging best practices and lessons learned, they’re not only helping their own organizations achieve a competitive advantage, they’re contributing to a stronger global project management community.

This increased collaboration is steadily helping organizations become more sophisticated in their project management practices. According to the 2010 Pulse of the Profession study, 19 percent of organizations report high maturity, up from 14 percent in 2008 and 11 percent in 2006.

Many organizations have even incorporated the role of chief project officer into their executive ranks, including Brazilian civil construction firm Clip Engenharia, U.S. research database provider LexusNexus and Austrian advertising company Out There Media. By adding CPO to the ranks of CEO, COO and CIO, organizations

**Growth of the Project Management Office**

Companies from around the world and across sectors have increasingly embraced the project or program management office (PMO) to build their project management prowess. According to the 2010 Pulse of the Profession study, 63 percent of global organizations now have a PMO.

“The PMO is being recognized by a larger number of organizations to be a project management business function structure of increasing importance,” Rogério de Mello Pires, PMP, corporate PMO, portfolio and program manager at Itaú Unibanco in São Paulo, Brazil told *PM Network* in 2010.

As more companies adopt PMOs, their roles are also becoming better defined. According to the Pulse of the Profession study:

- 79 percent of PMOs are responsible for project management standardization.
- 70 percent monitor project success metrics.
- 61 percent are responsible for program management.

For organizations such as the U.S. National Institutes of Health, the PMO serves as a powerful force driving organizational strategy down into the trenches. There, monthly PMO reports map how recently completed projects meet the agency’s objectives.

At Brazilian mining company Vale, the PMO acts as a bridge between executives and project managers and their teams.

To help organizations looking to introduce a PMO, PMI published *The Project Management Office: A Quest for Understanding* in 2010. This title offers valuable insight on how to structure a PMO and the functions it should serve.

Interactions and knowledge sharing that occur in many of PMI’s Communities of Practice, including the PMO Community, also help bridge the critical organizational gap between delivery and strategy.
Since the mid-1990s, the U.S. Department of Energy (DOE) has been on a mission to harness nuclear fusion as a clean, safe energy source. Yet, while nuclear reactions occur frequently in active stars, mirroring such a reaction in a lab would require nothing short of “building a star on earth.”

The National Ignition Facility & Photon Science Directorate (NIF), located in Livermore, California, USA, gets them one giant step closer to doing just that.

But merely opening the facility took nearly 13 years, more than US$3.5 billion and a massive restructuring of the project plan.

Two years into construction, the project team forecasted major scheduling delays and cost overruns. Casting a fresh eye on the size and complexity of the task, a new senior management team was established, the formal risk posture was reassessed and a revised contingency level was derived.

To ensure the new plan could be executed, outside scientific and technical reviews of the NIF’s cost and schedule risk were conducted. The reviews found that the new project baseline was sound, and that an earned value system of cost and schedule management had been established and was maturing.

With methodology woes addressed, the project team could focus on building the world’s highest-energy laser and largest optical instrument. By the NIF’s official dedication in May 2009, the project team had revolutionized the manufacturing of precision large optics, producing 1-meter (3.3-foot) plates of laser glass that could be manufactured 20 percent faster, five times cheaper and with higher quality. The team also developed pulsed-power electronics, innovative integrated computer control systems and advanced manufacturing capabilities.

Construction, assembly and installation of the special equipment was completed US$2 million under budget and three weeks ahead of schedule, which earned the project high praise on the executive level.

U.S. Deputy Secretary of Energy Daniel Poneman called the NIF “an amazing accomplishment.”

“Just about every aspect of this project was unprecedented in scope, scale and complexity,” he says. “It required groundbreaking technological achievement every step of the way.”
help the rest of the executive suite prioritize projects and ensure strategic alignment.

It is no surprise, then, that organizational demand for strong project management practices continued to amplify over the last year. To meet this demand, PMI further expanded and updated its standards to ensure organizations’ project management frameworks are current and consistently applied. In the fourth quarter of 2010, PMI released the *Practice Standard for Project Estimating*, detailing the aspects of assessing resources, durations and costs, and explaining the concept of progressive elaboration.

In addition, PMI established a core team to begin work on the fifth edition of *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*, the enduring standard framework for organizations using various project management methodologies. Published in 12 languages and with more than three million copies in circulation, it ranks as one of the best-selling project management business titles in history.

**PRACTITIONERS BUILD THEIR SKILLS AND ENRICH THE COMMUNITY**

PMI membership increased by more than 7 percent in 2010 to create a global community of more than 334,000 practitioners. Together, these members committed themselves to the profession through extensive volunteer efforts and a dedication to professional development and knowledge sharing.

More than 6,000 volunteers were instrumental in bringing to life new programs and offerings that provide value to their fellow practitioners. Among their very important roles:

- Serving as PMI chapter leaders
- Building Stronger Ties with Technology

Technology continues to play a vital role in connecting the global project management community, with much more to come from PMI. It doesn't just facilitate communication and collaboration among practitioners around the globe. It also enables practitioners—tasked with ever-expanding responsibilities and expectations—to work more efficiently and effectively from home, at the office or anywhere else in the world.

With the introduction of project management mobile apps, for instance, practitioners are no longer tied to their desks or even laptops. In 2010, PMI launched its *PM Network* app, enabling project professionals to access the latest trends, best practices and case studies on their mobile devices.

Also this year, PMI introduced automatic professional development unit (PDU) reporting at global congresses, making it even easier and more convenient for practitioners to catalog their professional development as they expand their knowledge base.
and resources to help practitioners empower their careers in project management, whether they’re new professionals or have decades of experience.

The year saw a considerable push for increased communication and collaboration among practitioners—not just between team members, but also amongst the global project management community. Modern practitioners don’t view sharing best practices and lessons learned as losing a competitive advantage. Instead, they see open lines of communication as the key to strengthening and expanding the profession.

Increasingly, practitioners are leveraging technology platforms to do so. According to PMI’s 2010 Pulse of the Profession study, 76 percent use some form of online networking/collaboration to manage projects. What’s more, 73 percent belong to an online PMI community, including 53 percent at PMI.org.
To support that knowledge sharing, PMI launched 36 online communities of practice in 2010—helping connect members who share an interest in a specific industry or area of specialty, be it aerospace and defense, agile, troubled projects or utility. Additionally, 10 new chapters were founded. Today, PMI offers more than 250 chapters in 72 countries, enabling practitioners around the world to network and collaborate either virtually or face-to-face.

An increasing number of practitioners also took advantage of the more than 3,300 institutions around the world that teach 5,700 courses centered on project management principles and content. To ensure the knowledge they gain is even more relevant, many opted for specialized degree programs as a way to gain a focused edge in both the workplace and the job market.

The Dallas Cowboys of the National Football League (NFL) set a lofty goal: Create the ultimate fan experience with an ultra-luxurious new stadium.

Manhattan Construction Company of Dallas, Texas, USA, was tasked with constructing the 100,000-seat capacity, US$1.1 billion, state-of-the-art facility that would house the franchise. The project team faced ever-expanding scope creep while managing more than 100 subcontractors, 2,200 employees and vendors in 12 countries. The team was also contending with one very engaged stakeholder: team owner Jerry Jones.

Only with meticulous planning and adherence to project management principles was the team able to keep the stadium construction on track. Early on, Manhattan Construction built significant lead-time into each step in the schedule—with good reason. The original design of the stadium went through 300 revisions, with 5,500 clarifications made to the drawings. Scope creep pushed the project budget up by US$450 million during its lifetime and increased the workload by 60 percent.

The team held weekly review meetings to coordinate every aspect of the project and assess the impact of any change to the original plan or scope. “The key to managing a project like this is communication,” says Jack Hill, stadium general manager and director of stadium construction at Cowboys Stadium. “We spent a lot of time in meetings [because] we wanted to anticipate any cost or scheduling issues before they occurred.”

Juggling a multitude of tasks and workers required a disciplined approach to project management. To ensure the project team didn’t depart from its fundamental project management practices, a rigid monitoring and controlling process was implemented. Weekly meetings were held on the job site to review progress reports of various systems. Additionally, senior management reviewed the entire project on a monthly basis.

In the end, the project team delivered as promised—satisfying Mr. Jones as well as hundreds of thousands of fans.
Schools are showing commitment to addressing this burgeoning demand for project management higher education. In 2010, the PMI Global Accreditation Center for Project Management Education Programs (GAC) accredited five additional programs to ensure practitioners receive quality education:

- The Master of Project Management program at the University of Sydney, Sydney, Australia
- The Master of Project Management program at the Kemmy Business School, University of Limerick, Limerick, Ireland
- The Master of Science in Information Technology program at the University of Maryland University College, Adelphi, Maryland, USA
- The Master of Science in Technology Management program at the University of Maryland University College, Adelphi, Maryland, USA
- The Master of Science in Management program at the University of Maryland University College, Adelphi, Maryland, USA

They joined a list of 69 GAC-accredited project management degree programs at 29 universities in 11 countries.

Practitioners in 2010 also made obtaining and maintaining project management certifications a high priority.

**PROJECT MANAGEMENT IN ACTION**

**Norton Brownsboro Hospital, PMI 2010 Project of the Year Finalist**

It had been 25 years since a new hospital was constructed in Louisville, Kentucky, USA. But after the eastern part of Jefferson County experienced rapid growth, it was clear the area desperately needed one.

And it wasn’t going to be just another hospital. Norton Healthcare budgeted US$146.3 million for an entirely new-concept 298,000-square-foot (27,685-square-meter) facility—with no traditional designs, programs or work processes allowed.

One big change was the emphasis on peace and quiet throughout the facility. Wireless communication devices replaced the traditional overhead paging system. In addition, the facility was equipped with a state-of-the-art IT system that connected to other parts of the Norton network.

To help prepare the staff to serve patients on day one, the project team built mock rooms that allowed employees to become familiar with the equipment and layout.

For all the pieces to come together, effective communication and trust had to be established from the start. “From our very first meeting, we talked about how we work together as a team,” says Janice Weaver, PMP, associate vice president of Norton Healthcare’s enterprise program management office.

Mandatory, weekly project-integration meetings were implemented for all 15-plus members of the project leadership team. As the project lead, Ms. Weaver offered support and made herself available to the entire team. “Project managers knew that they could come to me to be a resource in case they hit a roadblock that they could not resolve on their own,” she says.

With consistent communication among team members and project leaders, the Norton Brownsboro Hospital was delivered on time and US$2.9 million under budget.

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Practitioners in 2010 also made obtaining and maintaining project management certifications a high priority.
To maintain our current positive trajectory, we must remain united in our efforts as a global community.

PMI certifications at every level experienced significant growth, including:

- **Project Management Professional (PMP)**: Increased 14.2 percent
- **Certified Associate in Project Management (CAPM)**: Increased 29.3 percent
- **Program Management Professional (PgMP)**: Increased 30 percent

To support the expanding group of certification holders—as well as other project professionals—193 new PMI Registered Education Providers (R.E.P.s) were approved in 2010. Together, more than 1,400 R.E.P.s enhance the ongoing professional development and credential maintenance for the global project management community.

**A STRONGER, BRIGHTER FUTURE FOR ALL**

As we proceed through 2011, we can collectively reflect on our achievements and progress toward advancing and strengthening the global project management profession. But now we are challenged with striking a balance between enjoying the fruits of our labor and focusing on continuing improvements well into the future.

As both a global thought leader and knowledge resource for the profession, PMI will continue to advance project management by enabling individuals and organizations to deliver expected benefits and value.

Rest assured, PMI will lend its support to practitioners and organizations alike, debuting new certifications, offering innovative products, fostering collaboration and more. To maintain our current positive trajectory, we must remain united in our efforts as a global community. PMI transcends sectors and geographic boundaries, with the aim of advancing the profession and truly proving that project management is indispensable to business results.
2010 PMI Board of Directors and Executive Management Group

2010 PMI Board of Directors

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Frederick A. Arnold, PMP, PMI Fellow
Yaping Chen, MD, PhD, PMP
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Deanna Landers, MBA, PMP
Louis J. Mercenon, MBA, PMP, PMI Fellow
Jon Mihalic, PMP
William Moylan, PhD, PMP
Frank Parth, MS, MSSM, MBA, PMP
Vijay Prasad, MS, PMP
Kathleen Romero, MBA, PMP
Ricardo Triana, PMP

Executive Management Group

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John Doyle, MBA, Vice President, Finance & Administration
Steven Fahrenkrog, MS, PMP, Vice President, Regional Development
Lew Gedansky, PhD, Vice President, Governance & Executive Programs
Dorothy McElvy, MA, SPHR, Vice President, Organization Resources & Development
William Scarborough, JD, Vice President & General Counsel
Frank Schettini, MBA, Vice President, Information Technology
Harry Stefanou, PhD, Vice President, Market & Business Development
Brian Weiss, MBA, Vice President, Product Management
# Table of Contents

**INDEPENDENT AUDITORS’ REPORT**  
1

**CONSOLIDATED FINANCIAL STATEMENTS**

- Statements of Financial Position 2
- Statements of Activities 3
- Statements of Cash Flows 4
- Notes to Consolidated Financial Statements 5 - 9
Board of Directors  
Project Management Institute  
Newtown Square, Pennsylvania

We have audited the accompanying consolidated statements of financial position of Project Management Institute and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of activities, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Institute’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of PMI Organization Centre Private Ltd, a majority-owned subsidiary in Mumbai, India, or PMI Project Management Technology Co., Ltd, a wholly-owned foreign enterprise in Beijing, China, which statements report total assets of $1,524,270 and $539,256 as of December 31, 2010 and 2009, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for PMI Organization Centre Private Ltd., and Project Management Technology Co., Ltd, are based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Project Management Institute and subsidiaries as of December 31, 2010 and 2009, and the consolidated results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Elko & Associates Ltd  
April 13, 2011
# Project Management Institute and Subsidiaries
## Consolidated Statements of Financial Position

### DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<td><strong>CURRENT ASSETS</strong></td>
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<td>Cash and cash equivalents</td>
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<td>Investments</td>
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<td>Accounts receivable – net</td>
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<td>Prepaid expenses</td>
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<td>1,666,490</td>
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<td>Inventory</td>
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<td>843,714</td>
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<td>Due from related party</td>
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<td><strong>Total Current Assets</strong></td>
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<td><strong>133,991,872</strong></td>
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<td><strong>PROPERTY AND EQUIPMENT</strong></td>
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<td>Land</td>
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<td>Buildings and improvements</td>
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<td>Leasehold improvements</td>
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<td>Office furniture and equipment</td>
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<td>3,900,105</td>
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<td>Computer software and equipment</td>
<td>33,965,484</td>
<td>33,473,325</td>
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<td>Software development in process</td>
<td>602,243</td>
<td>261,612</td>
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<td><strong>Subtotal</strong></td>
<td><strong>49,185,526</strong></td>
<td><strong>48,873,857</strong></td>
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<td>Less accumulated depreciation and amortization</td>
<td>(30,417,081)</td>
<td>(26,534,196)</td>
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<td><strong>Net Property and Equipment</strong></td>
<td><strong>18,768,445</strong></td>
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<td><strong>LONG-TERM ASSETS</strong></td>
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<td>Investments – long-term fund</td>
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<td>Deposits and other assets</td>
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<td><strong>Total Long-Term Assets</strong></td>
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<td><strong>LIABILITIES AND NET ASSETS</strong></td>
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<td><strong>CURRENT LIABILITIES</strong></td>
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<td>Accounts payable</td>
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<td>Unearned revenue</td>
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<td>Accrued expenses</td>
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<td>Accrued salaries and payroll taxes</td>
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<td>2,560,195</td>
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<td>Deferred compensation</td>
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<td><strong>Total Current Liabilities</strong></td>
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<td><strong>35,774,622</strong></td>
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<td><strong>LONG-TERM LIABILITIES</strong></td>
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<td>Deferred rent liability</td>
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<td>2,960,734</td>
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<tr>
<td>Deferred compensation – long-term</td>
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<td>1,336,565</td>
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<td><strong>Total Long-Term Liabilities</strong></td>
<td><strong>2,778,917</strong></td>
<td><strong>4,297,299</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>42,444,006</strong></td>
<td><strong>40,071,921</strong></td>
</tr>
<tr>
<td><strong>NET ASSETS – UNRESTRICTED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$202,224,264</strong></td>
<td><strong>$159,676,757</strong></td>
</tr>
</tbody>
</table>

The accompanying Notes are an integral part of these statements.
### Consolidated Statements of Activities

**For the Years Ended December 31,**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Management</td>
<td>$13,187,980</td>
<td>$13,430,008</td>
</tr>
<tr>
<td>Product Management</td>
<td>64,655,295</td>
<td>67,641,031</td>
</tr>
<tr>
<td>Regional Development</td>
<td>172,267</td>
<td>180,924</td>
</tr>
<tr>
<td>Market and Business Development</td>
<td>40,054,940</td>
<td>38,210,456</td>
</tr>
<tr>
<td>Finance and Administration</td>
<td>18,913,047</td>
<td>21,603,036</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>136,983,529</td>
<td>141,065,455</td>
</tr>
<tr>
<td><strong>Program Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Management</td>
<td>20,282,606</td>
<td>22,587,090</td>
</tr>
<tr>
<td>Product Management</td>
<td>39,054,108</td>
<td>38,024,585</td>
</tr>
<tr>
<td>Information Technology</td>
<td>404,066</td>
<td>608,026</td>
</tr>
<tr>
<td>Regional Development</td>
<td>3,960,754</td>
<td>3,747,850</td>
</tr>
<tr>
<td>Market and Business Development</td>
<td>22,919,048</td>
<td>18,432,706</td>
</tr>
<tr>
<td>Finance and Administration</td>
<td>6,260,674</td>
<td>9,632,684</td>
</tr>
<tr>
<td><strong>Total Program Expenses</strong></td>
<td>92,881,256</td>
<td>93,032,941</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>1,042,153</td>
<td>1,149,392</td>
</tr>
<tr>
<td><strong>Executive</strong></td>
<td>2,884,698</td>
<td>3,640,062</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>96,808,107</td>
<td>97,822,395</td>
</tr>
<tr>
<td><strong>Change in Unrestricted Net Assets</strong></td>
<td>40,175,422</td>
<td>43,243,060</td>
</tr>
<tr>
<td><strong>Net Assets – Beginning of Year</strong></td>
<td>119,604,836</td>
<td>76,361,776</td>
</tr>
<tr>
<td><strong>Net Assets – End of Year</strong></td>
<td>$159,780,258</td>
<td>$119,604,836</td>
</tr>
</tbody>
</table>

The accompanying Notes are an integral part of these statements.
### Project Management Institute and Subsidiaries

**Consolidated Statements of Cash Flows**

For the Years Ended December 31, 2010 and 2009

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in unrestricted net assets</td>
<td>$40,175,422</td>
<td>$43,243,060</td>
</tr>
<tr>
<td>Adjustments to reconcile change in unrestricted net assets to net cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>7,724,613</td>
<td>7,917,536</td>
</tr>
<tr>
<td>Realized (gain) loss on investments</td>
<td>(2,121,066)</td>
<td>2,530,956</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>(11,644,869)</td>
<td>(19,895,420)</td>
</tr>
<tr>
<td>Loss and (recovery) of sales and abandonment of property and equipment</td>
<td>891,939</td>
<td>(51,082)</td>
</tr>
<tr>
<td>Recovery of provision for uncollectible accounts</td>
<td>(187,978)</td>
<td>(10,146)</td>
</tr>
<tr>
<td>Deferred rent liability</td>
<td>(237,855)</td>
<td>(203,080)</td>
</tr>
<tr>
<td>Gain on translation adjustments</td>
<td>(23,239)</td>
<td>(11,972)</td>
</tr>
<tr>
<td>(Increase) decrease in assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(77,942)</td>
<td>934,165</td>
</tr>
<tr>
<td>Inventory</td>
<td>183,113</td>
<td>(129,029)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>13,266</td>
<td>722,456</td>
</tr>
<tr>
<td>Deposits and other assets</td>
<td>121,807</td>
<td>(66,881)</td>
</tr>
<tr>
<td>Due from related party</td>
<td>33,115</td>
<td>107,345</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,385,149</td>
<td>(2,161,895)</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>2,884,212</td>
<td>610,884</td>
</tr>
<tr>
<td>Accrued salaries and payroll taxes</td>
<td>(499,571)</td>
<td>294,901</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(1,905,163)</td>
<td>(725,501)</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>726,620</td>
<td>402,514</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>37,441,573</td>
<td>33,508,811</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Investing Activities</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(96,215,476)</td>
<td>(47,299,937)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>60,781,176</td>
<td>29,117,143</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(5,071,869)</td>
<td>(5,094,450)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>26,533</td>
<td>28,075</td>
</tr>
<tr>
<td><strong>Net Cash Used in Investing Activities</strong></td>
<td>(40,479,636)</td>
<td>(23,249,169)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effect of Unrealized Exchange Rate Changes on Cash and Cash Equivalents</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,071</td>
<td>11,986</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net (Decrease) Increase in Cash and Cash Equivalents</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3,017,992)</td>
<td>10,271,628</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents – Beginning of Year</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,130,396</td>
<td>4,858,768</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents – End of Year</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$12,112,404</td>
<td>$15,130,396</td>
</tr>
</tbody>
</table>

The accompanying Notes are an integral part of these statements.
NOTE A – Summary of Significant Accounting Policies

Business Activity — Project Management Institute (the “Institute”) is a global association working to improve project and program performance by serving a wide range of stakeholders (project managers, team members, constituents, students and educators) in all applications, areas and cultures. The Institute’s headquarters are located in Pennsylvania. In addition, the Institute operates internationally through contract service centers located in Brussels, Delhi and Singapore as well as subsidiaries located in Mumbai, Sydney, and Beijing. Project Management Institute is affiliated with domestic and international chapters, specific interest groups and colleges. Chapters, specific interest groups and colleges are all separate, independent operating entities, and therefore, the financial statements do not include the accounts of these operating entities.

Principles of Consolidation — The consolidated financial statements include accounts of PMI Organization Centre Private Ltd, a majority-owned subsidiary in Mumbai, Republic of India (“India”); PMI (Beijing) Project Management Technology Co., Ltd, a wholly-owned foreign enterprise in Beijing, People’s Republic of China (“China”), which has a limited contractual obligation of twenty years; and Project Management Institute Australasia PTY LTD, a proprietary limited company in Sydney, Australia. 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 and Australian Dollars. 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.

Basis of Presentation — The Institute reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. 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 Company. Net assets restricted under this rule were $35,363 and $51,756 as of December 31, 2010 and 2009, respectively, and have not been reflected as either temporarily or permanently restricted net assets because such amounts are not material to the financial statements.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements — Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1: 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: Inputs that are not observable in the market and reflect management’s judgment about the assumptions that market participants would use in pricing the asset or liability.

Cash and Cash Equivalents — For the purpose of the 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. The carrying amounts approximate fair value because of the short maturity of those financial instruments.

Investments — The Institute carries all investments in marketable securities at fair value, based on quoted prices in active markets (Level 1 measurements), in the statements of financial position. Unrealized gains and losses are reported in the change in net assets. All marketable securities at December 31, 2010 and 2009 are managed by an investment advisor.

Accounts Receivable — Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management’s assessment of the credit history and current relationships with customers having outstanding balances, it has concluded that losses on balances outstanding at year end will be immaterial. The allowance for uncollectible accounts was $126,877 and $314,854 at December 31, 2010 and 2009, respectively.

Inventory — Inventory consists of Institute publications, commercial publications and gift items held for sale. Inventory is stated at the lower of cost or market, average cost method.

Property and Equipment — Capital additions are stated at cost. Maintenance, repairs and minor renewals 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 buildings and improvements 5 to 40 years; office furniture and equipment 5 years; computer equipment 3 to 5 years and leasehold improvements 5 to 10 years, over the term of the lease.

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 amortized over three years. Capitalized software development costs at December 31, 2010 and 2009 were $26,481,761 and $25,139,813, respectively.

Revenue Recognition — Membership dues are recorded in income commensurate with the term of the membership. Certification fee revenue is recognized as services are provided. Advertising revenues are recognized as income in the period of
publication. Revenues are reported net of sales taxes.

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 December 31, 2010 and 2009 was $562,560 and $597,635, respectively.

Income Taxes — The Institute is exempt from U.S. federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Institute is also exempt from Pennsylvania income taxes. Revenue generated from advertising and sales of membership mailing lists are not considered program activity revenue by the Internal Revenue Service. This type of income is classified as unrelated business income and may be subject to income tax. For the years ended December 31, 2010 and 2009, there was no net income and no unrelated business income tax due.

The federal income tax returns of the Institute for 2007, 2008 and 2009 are subject to examination by the federal, state and local taxing jurisdictions, generally for three years after they were filed.

Concentration of Credit Risk — As of December 31, 2010 and 2009, the Institute held checking accounts and money market funds in excess of federally insured limits. The Institute has not experienced any loss in these accounts. As of December 31, 2010 and 2009, the uninsured balance was $13,800,000 and $16,500,000, respectively. Management believes it is not exposed to any significant credit risk on its cash balances.

Functional Classification of Expenses — The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, the expenses directly related to the program are combined with allocations of certain common costs of the Institute which have been allocated based on estimates made by management. Program activities include Brand Management, Product Management, Regional Development and Market and Business Development. Supporting services include Information Technology, Finance and Administration, Governance and Executive.

Reclassifications — Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE B — Investments

At December 31, 2010, all investments are stated at fair value based on quoted market prices in active markets for identical securities (Level 1 measurements) and are summarized as follows:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$4,387,512</td>
<td>$4,387,512</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>135,816</td>
<td>135,816</td>
</tr>
<tr>
<td>Stocks</td>
<td>37,101,724</td>
<td>43,723,172</td>
</tr>
<tr>
<td>Government Bonds</td>
<td>14,564,551</td>
<td>14,798,475</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>98,349,413</td>
<td>104,030,390</td>
</tr>
<tr>
<td>Total</td>
<td>$154,539,016</td>
<td>$167,075,366</td>
</tr>
</tbody>
</table>

The following schedule summarizes investments as of December 31, 2010:

- US Equities: 36%
- International Equities: 11%
- Fixed Income: 43%
- Real Estate Investment Trust: 2%
- Cash and Equivalents: 4%
- Other: 4%

At December 31, 2009, all investments are stated at fair value based on quoted market prices in active markets for identical securities (Level 1 measurements) and are summarized as follows:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$1,859,632</td>
<td>$1,859,632</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>103,285</td>
<td>103,285</td>
</tr>
<tr>
<td>Stocks</td>
<td>25,545,353</td>
<td>28,268,934</td>
</tr>
<tr>
<td>Government Bonds</td>
<td>9,318,115</td>
<td>9,737,925</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>80,152,749</td>
<td>77,900,839</td>
</tr>
<tr>
<td>Total</td>
<td>$116,979,134</td>
<td>$117,870,615</td>
</tr>
</tbody>
</table>

Long-term assets reported in the statements of financial position include government bonds of $9,845,028 and $2,838,688 as of December 31, 2010 and 2009, respectively, with maturity dates in excess of one year, and are included in the detail of investments stated at fair value shown above.

The following schedule summarizes the components of investment return which are contained in Finance and Administration revenues reported in the statements of activities:

<table>
<thead>
<tr>
<th>For the Years Ended December 31,</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>$4,611,939</td>
<td>$3,639,571</td>
</tr>
<tr>
<td>Net unrealized gain</td>
<td>11,644,869</td>
<td>19,895,420</td>
</tr>
<tr>
<td>Net realized gain (loss)</td>
<td>2,121,066</td>
<td>(2,530,956)</td>
</tr>
<tr>
<td>Total Investment Income</td>
<td>$18,377,874</td>
<td>$21,004,035</td>
</tr>
</tbody>
</table>

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 statement of financial position.

NOTE C — Accounts Payable

Accounts payable include amounts due to local chapters for dues collected by the Institute on their behalf. Amounts due to chapters as of December 31, 2010 and 2009 were $791,194 and $891,487, respectively.

Accounts payable also include amounts due to specific interest groups (SIGs) and colleges for dues collected by the Institute on their behalf. Amounts due to these groups as of December 31, 2010 and 2009 were $21,993 and $61,899, respectively.
NOTE D – Unearned Revenue

December 31, 2010 2009
Unearned membership dues $19,774,369 $17,977,917
Unearned certification test fees 6,145,050 5,524,850
Unearned registered education provider fees 931,354 908,160
Advance seminar registration fees, booth sales and others 1,213,064 768,698
Total $28,063,837 $25,179,625

NOTE E – Financial Instruments

Generally Accepted Accounting Principles requires disclosure of an estimate of fair value of certain financial instruments. The Institute’s significant financial instruments are cash and cash equivalents, accounts receivable, investments, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

NOTE F – Non U.S. Operations

Operations outside the United States are currently conducted by subsidiaries in Mumbai, India, Beijing, China 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. Net assets of foreign subsidiaries are less than 1% of the Institute’s total net assets and consist mainly of cash and property and equipment less accounts payable and accrued expenses.

The wholly-owned foreign subsidiary (WOFE) in China initially had a requirement to fund $2,500,000 USD in registered capital. Approximately $650,000 of capital was paid during 2009 with the remaining balance due no later than November 28, 2010. During 2010, the Institute filed an application with the local business license administration authorities to reduce the original registered capital requirement to $650,000. The application was accepted in 2010, and as a result, no further funding is required.

NOTE G – 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; and Project Management Institute Australasia PTY LTD a proprietary limited company in Sydney, Australia. The Institute has elected to treat the foreign subsidiaries as pass-through entities for US 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 by two 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 provision for taxes on income earned in India and China are reported in the accompanying consolidated statements of activities in Regional Development program expenses and consists of the following:

For the Years Ended December 31, 2010 2009
Current provision $191,363 $123,058
Deferred benefit (7,220) (9,322)
Provision for Income Taxes $184,143 $113,736

The net deferred tax assets are reported in the accompanying consolidated statements of financial position in deposits and other assets and include the following components:

December 31, 2010 2009
Current deferred tax asset $18,044 $12,654
Noncurrent deferred tax asset (liability) 1,746 (520)
Total Deferred Tax Assets $19,790 $12,134

Deferred income taxes result from transactions which are recognized in different periods for financial and tax reporting purposes and relate primarily to the period of deduction for 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. Cash paid for foreign income taxes for the years ended December 31, 2010 and 2009 were $201,266 and $77,097, respectively.

NOTE H – 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 are included in unrestricted net assets in the consolidated statements of financial position. The accumulated foreign currency translation adjustments are as follows:

For the Years Ended December 31, 2010 2009
Balance at beginning of year $(48,181) $(60,153)
Foreign currency translation adjustments gain 23,239 11,972
Balance at end of year $(24,942) $(48,181)

NOTE I – Related Party Transactions

The Institute contracts with individual members of the Institute to...
The Institute provides administrative services to the PMI Educational Foundation (PMIEF) and charges a management fee for these administrative services. The fee was $342,446 and $319,832 for the years ended December 31, 2010 and 2009, respectively. The Institute also gives in kind donations to PMIEF. The in kind donations for facilities, information technology and human resource costs were $124,000 and $0 for the years ended December 31, 2010 and 2009, respectively.

As of December 31, 2010 and 2009, the net amount due from the PMIEF for expenses paid less monies collected on behalf of the PMIEF were $0 and $33,115, respectively, and reported as Due From Related Party in the consolidated statements of financial position.

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

The Institute is in the process of dissolving its Specific Interest Groups (SIGs) and Colleges. These entities, which are separately incorporated and chartered, are being transitioned into the Institute’s operations. Charters for the majority of these entities were retired as of December 31, 2010. Effective for 2011, the Institute will assume responsibility for providing core operational support services for these communities, which will operate primarily in a virtual environment. Volunteers will continue to provide leadership and support by assessing the knowledge needs of these virtual communities and assist in delivering this knowledge and content to the users.

NOTE J – Commitments and Contingencies

The Institute has operating lease agreements for office space located in Pennsylvania, USA, Beijing, China, Sydney, Australia, Mumbai and New Delhi, India and Washington DC which obligations end between 2011 and 2018.

In prior years, the Institute entered into a 10-year lease for new office space for total lease payments of approximately $18,600,000 with annual minimum lease payments increasing annually from $1,700,000 to $2,000,000 per year. The lease agreement included a rent holiday of three months and provision for renewal periods at the Institute’s option. The Institute recorded amounts related to rent holiday periods, scheduled rent increases and a tenant improvement allowance of $2,150,000 as deferred rent liability. The Institute amortizes the deferred rent on a straight-line basis over the lease term beginning with the date the Institute took possession of the leased space.

Additionally, the Institute has lease agreements for various office equipment.

The primary component of the Institute’s future obligations summarized below is the office rent expense for GOC headquarters located in Newtown Square, Pennsylvania. The summary of the minimum future obligations related to the office space and office equipment leases for each of the fiscal years ending December 31 is presented below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$2,263,940</td>
<td>2015</td>
<td>$1,969,090</td>
</tr>
<tr>
<td>2012</td>
<td>1,937,392</td>
<td>2016</td>
<td>1,979,049</td>
</tr>
<tr>
<td>2013</td>
<td>1,917,338</td>
<td>2017</td>
<td>2,013,820</td>
</tr>
<tr>
<td>2014</td>
<td>1,942,589</td>
<td>2018</td>
<td>168,060</td>
</tr>
</tbody>
</table>

Rent expense for office space and equipment was $1,907,940 and $2,132,862 for the years ended December 31, 2010 and 2009, respectively.

The Institute enters into contracts with various hotels for blocks of rooms for future events. The commitments require the Institute to pay an attrition fee if the actual number of room nights used by the Institute is less than an agreed-upon percentage of the initial room occupancy. The attrition fee represents the hotel’s exclusive remedy for the Institute’s failure to generate the agreed-upon room block revenue and shall only be paid after management’s review and approval.

NOTE K – Leasing Activities

The Institute leases office space to a tenant under a noncancelable operating lease. Rental income for December 31, 2010 and 2009 totaled $615,065 and $573,170, respectively.

The following is a schedule, by year, of future minimum rentals under the lease as of December 31, 2010:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$531,838</td>
</tr>
<tr>
<td>2012</td>
<td>517,833</td>
</tr>
<tr>
<td>2013</td>
<td>175,267</td>
</tr>
<tr>
<td>Total</td>
<td>$1,224,938</td>
</tr>
</tbody>
</table>

NOTE L – Loss on Abandonment

During 2010, management determined that certain developed software for online communities was obsolete based on recent functionality deployed for the organization’s new Communities of Practice. In accordance with “Accounting for the Impairment or Disposal of Long-Lived Assets”, the Institute recognized an impairment loss of approximately $809,000. The impairment loss is included in Market and Business Development expenses in the statement of activities.
NOTE M – Retirement Plans
The Institute has a defined contribution pension 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 December 31, 2010 and 2009, the Institute contributed $1,179,235 and $1,041,004, respectively, to the plan.

The Institute has deferred compensation plans for its Emeritus President & Chief Executive Officer (CEO) and its current President & CEO which vest on September 30, 2015 and October 31, 2011, respectively, conditional on their continuous employment through that date. The liability for this benefit is $1,955,816 and $1,256,365 at December 31, 2010 and 2009, respectively. In 2010 and 2009, the Institute recognized $699,451 and $313,816, respectively, in compensation expense related to the plan.

The Emeritus CEO employment agreement terminated on January 15, 2011. As a result, benefits under the plan vested and the final deferred compensation amount was recalculated on the basis of his length of service at termination. This final benefit amount of $1,258,489 is included in the liability at December 31, 2010, and was paid in the form of a lump sum distribution on February 18, 2011.

NOTE N – Subsequent Events
In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 13, 2011, the date the financial statements were available to be issued.

2010 REVENUE / 2010 DUES EXPENSE

2010 REVENUE

Knowledge & Delivery: 9%
- Publications, K&W Center, Standards

Member & Organizations: 32%
- Membership

2010 DUES EXPENSE

Publications: 18%
- PM Network®, Project Management Journal®, PMI Today®

Research: 5%

Membership Services: 17%
- Application Processing, Member Organization O/H

Member Benefits: 4%
- PMBOK® Guide – Fourth Edition, Member Attrition and Retention Studies

Advocacy: 18%
- Media Outreach, Policy Audits, Business Roundtables

Component Support: 18%
- Leadership Meetings, Leadership Institute, Leadership Development, Staff Salaries, Benefits and Travel

Indirect Expenses: 20%
- Research (Business Development), Governance, Standards, Knowledge & Wisdom