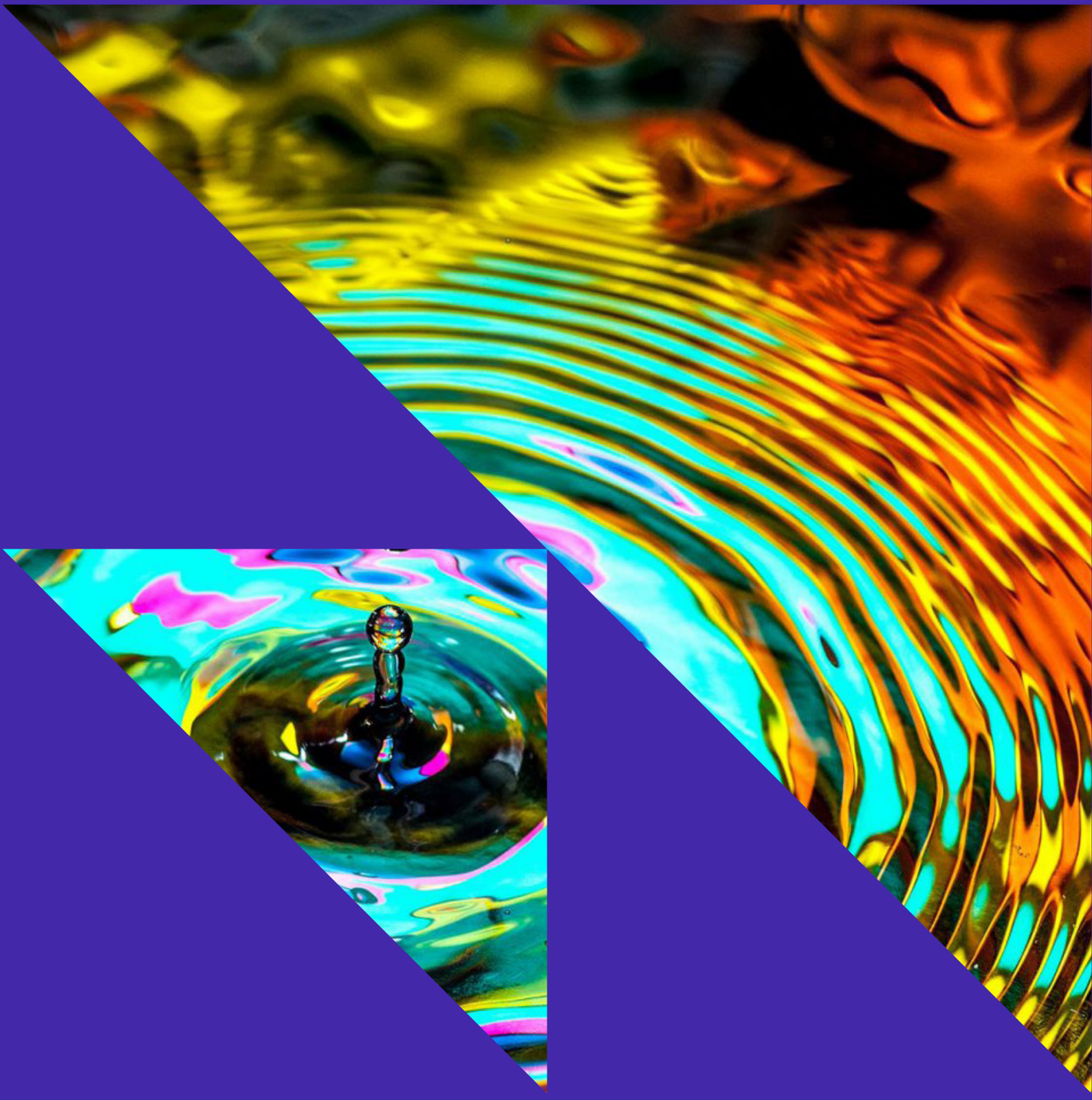
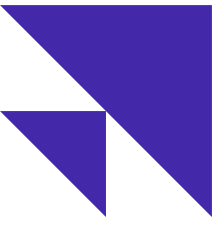


2021 Annual Report

# Year of Impact





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# Empowering people to make ideas a reality

2021 was a year of impact for PMI. During this time, we developed a wide range of new offerings designed to enable our global community of project professionals and changemakers to turn bold ideas into reality. In our 2021 Annual Report, you'll find highlights from the year as PMI continued to broaden our reach, extend our impact, and build lasting relationships.

In 2021, PMI's [Megatrends](#) research identified five pressing, long-term trends reshaping the world around us, from the ongoing climate crisis to the rise of artificial intelligence. The rapidly evolving nature of these trends requires project practitioners and leaders to acquire and apply a mix of technical know-how, business acumen and power skills like empathy, creativity and inspirational leadership to deliver meaningful and impactful outcomes.

PMI provides unique value in meeting this need with our globally recognized certifications, courses, tools and insights. In 2021 we launched over 20 new offerings across our product portfolio, helping practitioners and leaders expand their toolkits to include practices like citizen development, organizational transformation, complex problem-solving and more.

Over the past 5 decades, we have established ourselves as the global authority on project management. This reputation was made possible by the thousands of volunteers who have and continue to contribute their expertise, time and passion to the profession. This community continued to grow in 2021; it is the heartbeat of our organization.

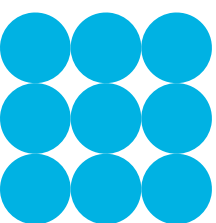
I'm especially proud that our community continued to drive impact on meaningful projects in virtually every corner of the globe, pledging over 100,000 hours of volunteer service through our Hours for Impact initiative, with service hours supporting the 17 Sustainable Development Goals established by the United Nations.

As we move forward, PMI continues to partner with industry professionals, thought leaders and experts to understand how the profession is evolving, and what organizations and individual practitioners need in terms of the knowledge, practices, tools and capabilities to ensure their long-term relevancy.

Throughout many periods of tumultuous change, PMI has served as a global catalyst to bring people together to tackle problems. While the future is impossible to predict, what we do know is that PMI will be there every step of the way to support our stakeholders in driving projects forward and making ideas a reality.



Mike DePrisco  
Interim President and CEO  
Chief Operating Officer (COO)



# 2021 PMI Board of Directors



Tony Appleby



Randy Black



Agnieszka Maria  
Gasperini



Tejas Sura



Pablo Lledó



Beth A. Partleton



LuAnn Piccard



Anca E. Slușanschi



Matt Tomlinson



Ike Nwankwo



Roberto Toledo

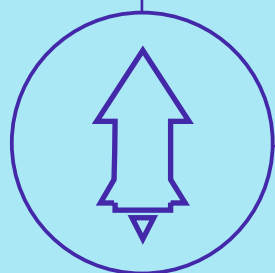


Galen Townson



KEY

# Accomplishments:



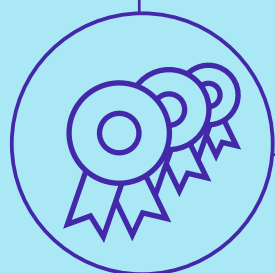
**21 new products**

launched



**1.4 million**

certification holders



**Over 225,000**

certifications earned



**Gained 500,000**

new social media followers



Reached

**over 680,000 members**



Enabled **over 1 million** young people  
via PMIEF grantmaking and  
other initiatives



Pledged **over 100,000 hours**

of volunteer service in

support of the United Nations 17  
Sustainable Development Goals



# PMI Hours for Impact

As a for-purpose organization, PMI is dedicated to enabling changemakers worldwide to elevate their positive impact on society. We believe that protecting our planet and improving the lives of people worldwide is essential for creating peace and prosperity.

Our [Hours for Impact](#) initiative supports the United Nations 17 Sustainable Development Goals (SDGs) to improve people's lives and the planet, now and in the future.

In 2021, we surpassed our goal for our global community to pledge 100,000 hours of service to advance the SDGs. But we're not done yet. In 2022, we are committed to building upon our hard work and success from 2021 and challenging ourselves to do even more.

## GOAL SURPASSED

## 100,000+ HOURS PLEDGED

### The PMI Trivandrum, Kerala Chapter: Audio Books for Visually Challenged College Students



**Number of Hours Pledged: 300**

The PMI Trivandrum, Kerala Chapter initiated a project of developing audio versions of reference books for visually challenged college students.

### Co-Shamba Project



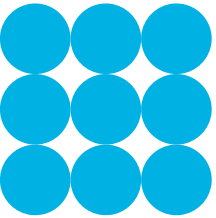
**Number of Hours Pledged: 500**

The Co-Shamba project is a digital platform that aims to connect youth from various regions within Africa to empower climate change and COVID-19 recovery and resilience efforts among them.



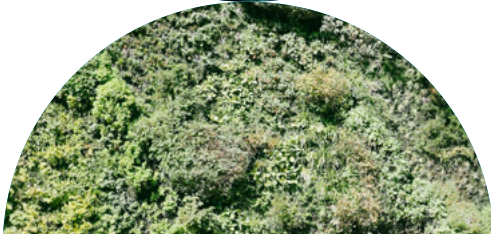
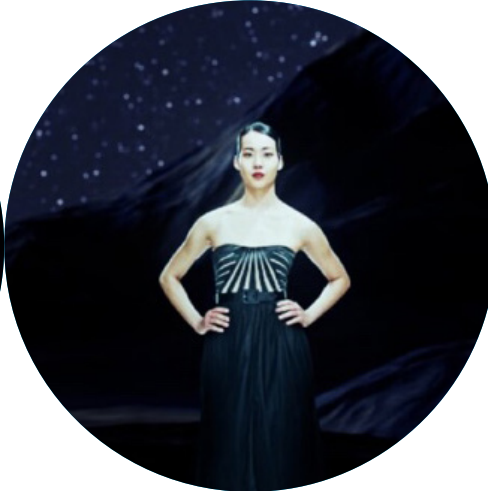
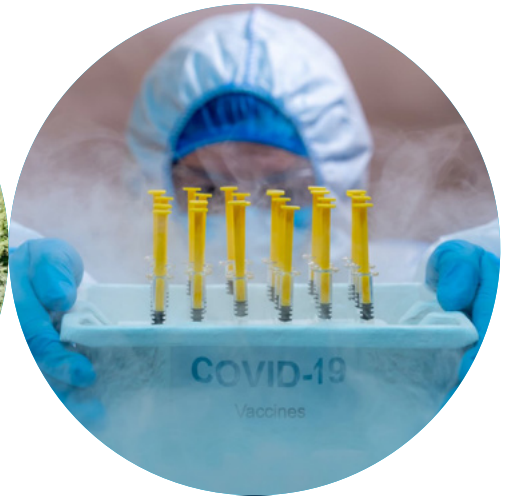
# Broadening Our Reach

As an organization, we embraced the opportunity to reach out to new audiences.



## Make Reality virtual hub launch

PMI launched the [Make Reality](#) virtual hub, designed to inspire and support changemakers as they drive transformation and create positive social impact around the world while navigating the COVID-19 pandemic. Telling the unique stories of changemakers — those at the forefront of driving change, personally and professionally — as they created impact in today's project-centered world, the virtual hub empowers changemakers to get started on their next project or see a project through to the finish line that was left on hold.





# Future 50

The uncertainty of a global pandemic didn't deter this year's [Future 50](#) — it inspired them to push forward on big ideas and bold initiatives to make the world a better place.

Future 50 project leaders represent rising generations of changemakers dedicated to forging a better tomorrow. The individuals celebrated are leveraging new technologies, fighting disease and taking on climate change. They're developing more sustainable sources of food and energy, building residential and commercial spaces with lasting benefits, accelerating efficiency and unleashing new creativity across organizations and communities.

This year's Future 50 embody the inclusive, user-centric, forward-focused mindset needed in The Project Economy.

## Mohamed Baly

For enabling remote work while emphasizing the human factor

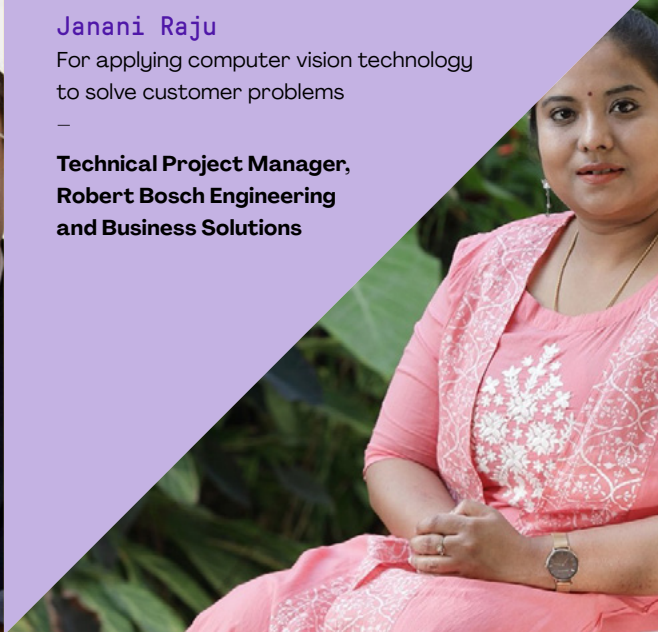
—  
**Director, Project Management  
Center of Excellence, Orange  
Business Services**



## Janani Raju

For applying computer vision technology to solve customer problems

—  
**Technical Project Manager,  
Robert Bosch Engineering  
and Business Solutions**



## Ackee Ngwenya

For embracing — and creating — inclusive design

—  
**Co-founder, REFRAMD**



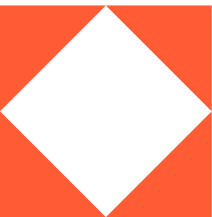
## Cassie Richardson, PMP

For securing remote work and fighting for diversity of thought

—  
**Director of Security Product  
and Program Management,  
Electronic Arts Inc.**





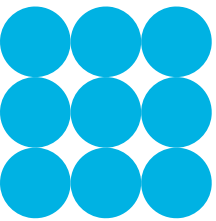


# Most Influential Projects

This year's edition of Most Influential Projects came at a time of unprecedented change — as the world comes together to build a new future. From lifesaving vaccines to bold new energy infrastructure, these projects demonstrate many pivots born of the global pandemic, but also showcase the drive to explore and conquer new dimensions. Beyond the global list of the 50 Most Influential Projects, we compiled 30 top 10 lists that highlight the best of the best across industry sectors and geographic regions.

The result? A collection of nearly 250 projects that together create an emerging playbook for companies looking to make a difference in their own businesses — and the world at large.





# Expanded focus on DE&I and youth

PMI continued to generate greater awareness of our work in diversity, equity and inclusion through research opportunities, content, trainings, roundtables and panel discussions for staff, volunteers, chapter leaders and the community at large.



*There are three reasons why the diversity dividend is a competitive advantage for any organization. It matters to the bottom line. More diversity in leadership leads to better innovation. And lastly, it matters to customers and how they spend their money.*



**Srini Srinivasan**  
**Managing Director**  
PMI South Asia

## **Organizational Statement on Diversity, Equity & Inclusion:**

As a global leader enabling individuals to create a positive impact through projects, PMI champions a diverse, inclusive and equitable community — one that serves our millions of stakeholders, including staff, volunteers, members, certification holders and the profession at large.

We embrace and celebrate our differences, and work to create an environment of respect, trust, integrity and fairness in our words and actions.

We commit ourselves to empower individuals to do their best work. We aspire to act as a catalyst to bridge cultures, geographies and differences, and to enable people and organizations to positively impact society.

PMI also continues to engage young professionals, establishing a regional youth leader in all regions and increasing student membership by 28% in 2021.



## **Make Reality Challenge Global Student Hackathon**

The [Make Reality Challenge](#) Global Student Hackathon empowered students to bring their ideas to life using project management skills and low-code/no-code tools, all while making social impact. The hackathon focused on enabling rising leaders to unleash their passion, bring ideas to life and change the world.

Congratulations to all of the teams, including the first-place winner Team Tech Era from African Leadership University in Rwanda for the development of their app UbuzimaPrivacy, an innovative platform to help hospitals record patient data online, including testing, results, prescriptions and illness trajectory, while maintaining the privacy of medical records.

## FULLY ACTIVATED REGIONAL MODEL

# How did your region drive impact in 2021?



**Grace Najjar**  
MENA

Two of the most innovative events that took place in the region in 2021 were the Dubai Expo and the Forbes Middle East Sustainable Innovation Summit. Both events were great opportunities to grow PMI's visibility and outreach as a trusted partner on topics like digital transformation and sustainability. Engaging with regional leaders across government, technology, healthcare, real estate and construction, PMI played a critical role in highlighting the shifts underway from a consumption-based paradigm to a knowledge-based Project Economy.



**Ricardo Triana**  
Latin America

Throughout 2021, our team was focused on creating enablements for changemakers, especially for our youth. We held several events impacting children ages 8–12, teenagers, students and entrepreneurs — for example, teaching project management skills to children ages 8–12, along with English skills. We also partnered with Unidos pela Vacina Brazil for a hackathon with 1,000+ young influencers supporting COVID-19 vaccination.



**Ben Breen**  
Asia Pacific

2021 was a tough year for many people. Our team was able to work closely with chapters and volunteers to help people who lost their jobs find new ones. Our community grew even stronger, which has seen memberships grow by more than 10%.



**Bob Chen**  
China

Records were broken and history made, as up to 137,000 people took the Project Management Professional (PMP)<sup>®</sup> certification exam in nearly 50 cities at more than 2,550 test sites across China. The win was made possible thanks to PMI's long-term partnership with the China International Talent Exchange Foundation (CITEF).



**Brantlee Underhill**  
North America

PMI partnered with Grow with Google to deliver an entry-level project management course to help members of underserved communities become upskilled and job ready.



**Srini Srinivasan**  
South Asia

Our team pivoted our focus by launching the ETP Accelerator Campaign PMI Game-a-Thon, which impacted more than 4,500 students and has emerged as a benchmark for ongoing global campaigns like the Make Reality Challenge.



**Ashwini Bakshi**  
Europe  
Sub-Saharan Africa

In Europe, PMI continued to engage with a range of global organizations — including companies like AstraZeneca (who helped meet the global need for COVID-19 vaccines by leveraging PMI standards), public sector institutions in the United Kingdom, universities in Italy and Switzerland and United Nations entities across Europe and Africa. All of these partnerships have enabled us to continue highlighting the importance of project management, upskilling the workforce and equipping future generations to prepare for tomorrow's challenges.

In Africa, we continued to grow and expand our impact, including the launch of two new chapters, one in Numidia and one in Mozambique, which contributed to our region growing chapter membership by over 20%. We also formed new long-term partnerships with major regional companies, including Airtel Africa and Dangote.



# Extending Our Impact

PMI helps individuals grow their capabilities and their skills — a necessity in today's disruptive world of work. PMI continues to invest in new products and offerings to help individuals and their teams to deliver their most impactful work.

Our first industry-specific solution, the **Construction Professional in Built Environment Projects (CPBEP)™** online learning and micro-credential series

## The Organizational Transformation

Series, developed from our Brightline® Initiative, launched OT: Implementation and piloted OT: Orchestration

## Career Navigator,

PMI's career assessment tool, which reached over 100,000 participants in just a few months

## Wicked Problem Solving®,

a first-of-its-kind offering that leverages collaboration and visualization to solve complex problems

**Kickoff™**, a free, 45-minute experience that provides changemakers with basic project techniques and tools they can use to drive change forward using either agile or traditional approaches; 60% of its total users were new to PMI

## The PMI Citizen Developer™

practitioner course and micro-credential, and B2B-focused partner program, adding to our Foundation course and *Citizen Development: The Handbook for Creators and Changemakers*

## PMI Picks™,

a new membership and subscription benefit, formerly known as Snippets, that has almost 15,000 users to date

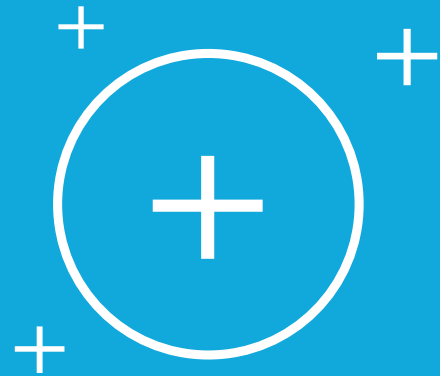
PMI micro-credentials like **Agile Hybrid Project Pro™**, as quick learning solutions to meet our stakeholders' needs

**Holistic Product Portfolio**  
**21**  
**NEW PRODUCTS IN**  
**'21**

We also revitalized some of our foremost solutions and products.

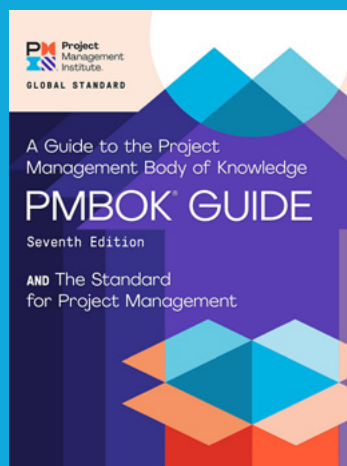


PMI adapted the Disciplined Agile® Scrum Master (DASM) and Disciplined Agile® Senior Scrum Master (DASSM) into online, self-paced courses.



## PMIstandards+™

PMI added content to PMIstandards+™, such as facilities management content, so practitioners can access our standards and practice guides on the job.



**55,000+**  
Sold in 2021

# Building Lasting Relationships

PMI continues to forge long-term relationships with partners around the globe while strengthening the bonds of our global community.

## Strengthening Relationships With Chapters

In 2021, PMI developed and funded a program to address challenges faced by chapters globally. Early accomplishments of this program included:

- Reimbursement for costs relating to virtual meeting tools
- Initiation of a new technology program to replace the current Chapter Reporting System (CRS), improving the user experience as well as the quality and consistency of data for chapter leaders globally



## Highlights

### Membership Model Redesign

PMI began testing its first monthly subscription offering, Digital Toolkit, last year.

We also started testing PMI's lower-priced membership level, Associate, across all regional markets.

These products were the results of 19 qualitative and quantitative research studies across seven regions with more than 5,000 participants.

The changes to PMI's membership model will provide more optionality and varied benefits at flexible price points for members across regions. Changemakers will also have opportunities to use PMI benefits through a free trial and experience them before choosing paid membership offerings.







The Council includes industry-leading organizations from around the globe. Representatives from each organization share best and emerging project management practices. In partnership with PMI, council members create meaningful opportunities for learning and networking through engaging experiences and events featuring influential thought leaders. Our goal is simple: to shape the future of the profession in a rapidly changing world, creating positive change.

**In 2021** | the Council added these new members:

kyndryl™



Ministry  
of Justice



## A Growing Community of Disciplined Agilists and Citizen Developers

# Citizen Developer

Forrester estimates that by 2024, the United States alone will have a deficit of 500,000 software developers. Gartner also estimates the number of active citizen developers will be four times that of professional developers by 2023.

Citizen development has democratized the building of software solutions and enables a general workforce without extensive or previous coding knowledge to easily create applications that solve a wide range of business problems.

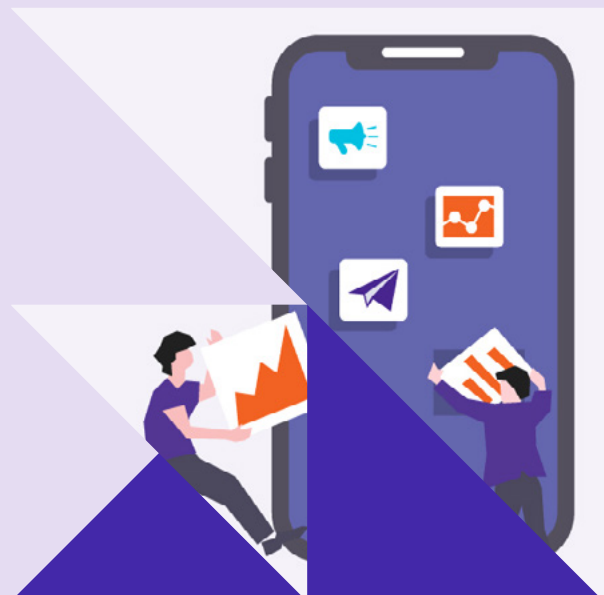
PMI Citizen Developer is the industry's first platform-agnostic educational resource suite for professionals and businesses, providing the industry standards, guardrails and best practices to allow them to benefit from this global revolution in a safe and scalable way.

In 2021, we launched the PMI Citizen Developer Partner Program — a global exclusive ecosystem of low-code and no-code technology vendors and delivery organizations that align with PMI's global vendor-agnostic standards and best practices. We have welcomed a wide range of partners, from global tech conglomerates to startups.



# Disciplined Agile

In 2021, the Disciplined Agile® (DA™) team achieved 100,000 enablements coming predominantly from our existing PMI ecosystem. We launched a full certification product suite, including offerings like the Disciplined Agile® Scrum Master (DASM), Disciplined Agile® Senior Scrum Master (DASSM), Disciplined Agile® Coach (DAC), Disciplined Agile® Value Stream Consultant (DAVSC) and a wide range of thought leadership offerings. We continued to provide our DA tool kit to both individuals and enterprises, who continue to seek engagement with the DA PMI brand.



# Financial Statements

## Project Management Institute and Subsidiaries Consolidated Statements of Financial Position 31 December 2021 and 2020

	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 32,359,964	\$ 29,045,113
Investments (Notes 2 and 3)	622,494,645	558,107,085
Accounts and other receivables, net	9,616,018	25,798,867
Prepaid expenses and other current assets	7,145,602	6,972,634
Inventory, net	931,635	971,451
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 672,547,864</b>	<b>\$ 620,895,150</b>
Property and equipment, net (Note 4)	\$ 8,315,582	\$ 11,558,113
<b>Long-term assets:</b>		
Deposits and other assets	2,048,213	400,787
Investments—long-term (Notes 2 and 3)	8,518,637	21,546,438
Capitalized implementation costs, net (Note 5)	5,433,643	8,865,417
Intangible assets, net (Note 6)	3,185,685	3,544,990
Goodwill (Note 6)	8,878,936	10,041,278
Deferred tax asset—long-term (Note 15)	203,840	395,429
<b>TOTAL LONG-TERM ASSETS</b>	<b>\$ 28,268,954</b>	<b>\$ 44,794,339</b>
<b>TOTAL ASSETS</b>	<b>\$ 709,132,400</b>	<b>\$ 677,247,602</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable (Note 7)	\$ 18,830,335	\$ 15,731,275
Unearned revenue (Note 8)	58,004,562	69,165,575
Accrued expenses	13,853,866	36,446,789
Accrued salaries and payroll taxes—current	11,655,439	12,093,380
Grants payable—current (Note 9)	1,706,320	1,562,839
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 104,050,522</b>	<b>\$ 134,999,858</b>



Project Management Institute and Subsidiaries  
**Consolidated Statements of Financial Position**  
**31 December 2021 and 2020**

(CONTINUED)

	2021	2020
Long-term liabilities:		
Grants payable—long-term (Note 9)	54,491	639,590
Accrued payroll taxes—long-term	-	935,805
Deferred rent liability	186,360	325,353
Other tax liability—long-term, net	605,649	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 846,500</b>	<b>\$ 1,900,748</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 104,897,022</b>	<b>\$ 136,900,606</b>
Commitments and contingencies (Note 17)		
Net assets (Notes 10 and 11):		
Without donor restrictions	602,162,698	537,508,615
With donor restrictions	2,072,680	2,838,381
<b>TOTAL NET ASSETS</b>	<b>\$ 604,235,378</b>	<b>\$ 540,346,996</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 709,132,400</b>	<b>\$ 677,247,602</b>

See notes to consolidated financial statements.

Project Management Institute and Subsidiaries  
**Consolidated Statements of Activities**  
**Years Ended 31 December 2021 and 2020**

	2021	2020
Changes in net assets without donor restrictions:		
Revenue and support:		
Dues and professional examination fees	\$ 247,206,953	\$ 241,292,570
Conferences, seminars and professional development	31,919,910	16,854,072
Book sales and advertising	10,467,942	8,907,818
Other	1,218,599	1,143,006
Net investment return	52,004,827	49,540,861
Contributions	297,995	411,421
Net assets released from restrictions	90,150	221,993
<b>TOTAL REVENUE AND SUPPORT</b>	<b>\$ 343,206,376</b>	<b>\$ 318,371,741</b>
Expenses:		
Program expenses:		
Certification	95,617,043	92,576,880
Membership	20,704,106	21,362,146
Other programs	86,501,068	75,662,424
PMI Educational Foundation	2,999,474	3,741,290
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 205,821,691</b>	<b>\$ 193,342,740</b>
Supporting expenses:		
Management and general	64,617,094	56,119,999
Transformation	8,113,508	16,875,725
<b>TOTAL SUPPORTING EXPENSES</b>	<b>\$ 72,730,602</b>	<b>\$ 72,995,724</b>
<b>TOTAL EXPENSES</b>	<b>\$ 278,552,293</b>	<b>\$ 266,338,464</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ 64,654,083</b>	<b>\$ 52,033,277</b>

Project Management Institute and Subsidiaries

**Consolidated Statements of Activities**

**Years Ended 31 December 2021 and 2020**

**(CONTINUED)**

	2021	2020
Changes in net assets with donor restrictions:		
Contributions	-	56,900
Endowment funds returned to donors	(1,057,553)	-
Net assets released from restrictions	(90,150)	(221,993)
Net investment return	382,002	435,984
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ (765,701)</b>	<b>\$ 270,891</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 63,888,382</b>	<b>\$ 52,304,168</b>
Net assets:		
Beginning	<b>\$ 540,346,996</b>	<b>\$ 488,042,828</b>
Ending	<b>\$ 604,235,378</b>	<b>\$ 540,346,996</b>

See notes to consolidated financial statements.



Project Management Institute and Subsidiaries  
**Consolidated Statements of Cash Flows**  
**Years Ended 31 December 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 63,888,382	\$ 52,304,168
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,525,021	4,030,534
Amortization of goodwill and intangible assets	1,521,647	1,588,948
Amortization of capitalized implementation costs	3,431,774	1,429,906
Realized and unrealized gains on investments	(24,268,776)	(33,645,160)
Loss on abandonment of property and equipment	72,535	1,434,736
Provision for uncollectible accounts	454,282	455,769
Provision for inventory obsolescence	120,913	76,053
Deferred rent liability	(157,061)	(195,667)
Deferred tax expense	190,699	18,419
(Gain) loss on translation adjustments	59,001	(209,873)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts and other receivables	15,825,216	(7,785,238)
Inventory	(81,485)	355,727
Prepaid expenses and other current assets	(281,092)	(149,641)
Deposits and other assets	(1,646,956)	891,637
Increase (decrease) in liabilities:		
Accounts payable	3,103,573	(5,607,200)
Unearned revenue	(11,162,607)	13,821,083
Accrued expenses	(22,603,366)	(1,773,080)
Accrued salaries and payroll taxes	(1,335,525)	5,982,024
Grants payable	(441,618)	(447,359)
Other tax liability	605,649	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 31,820,206</b>	<b>\$ 32,575,786</b>

Project Management Institute and Subsidiaries

**Consolidated Statements of Cash Flows**  
**Years Ended 31 December 2021 and 2020**

(CONTINUED)

	2021	2020
Cash flows from investing activities:		
Purchase of investments	(89,730,081)	(140,762,615)
Proceeds from sale of investments	62,721,557	136,185,258
Purchase of capitalized implementation costs	-	(10,295,323)
Purchase of property and equipment	\$ (1,591,852)	\$ (8,626,985)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>\$ (28,600,376)</b>	<b>\$ (23,499,665)</b>
Effect on unrealized exchange rate changes on cash and cash equivalents	\$ 95,021	\$ 250,869
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 3,314,851</b>	<b>\$ 9,326,990</b>
Cash and cash equivalents:		
Beginning	\$ 29,045,113	\$ 19,718,123
Ending	\$ 32,359,964	\$ 29,045,113
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 432,808	\$ \$202,071
Supplemental schedule of noncash investing activity:		
Property and equipment written off	\$ 139,611	\$ 39,947,810
Accumulated depreciation written off	\$ (67,076)	\$ (38,513,074)

See notes to consolidated financial statements.

## Project Management Institute and Subsidiaries

### 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 not-for-profit membership association for the project management profession, with more than 686,000 members and 1,383,000 certification holders in over 200 countries. The Institute's worldwide advocacy for project management is supported by its globally recognized standards and certifications, 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, USA. 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.

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 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.

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 restriction. 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 accounts of the 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 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



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

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; and PMI Canada, a wholly owned subsidiary in Vancouver, Canada. 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 2021 and 2020 are managed by an investment advisor.

**Accounts and other receivables:** 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 that reflects management's best estimate of the amounts that will not be collected. Each customer balance is individually reviewed when all or a portion of the balance exceeds 90 days from the invoice date. Based on management's reserve policy, an estimate is made of 50% of outstanding balances between 91 and 120 days and 100% of outstanding balances over 120 days of the balance that will not be collected. The allowance for uncollectible accounts was US\$821,906 and US\$367,623 on 31 December 2021 and 2020, respectively.

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

**Inventory:** Inventory consists of Institute and Foundation publications and commercial publications held for sale and paper stock for future production of Institute and Foundation 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 US\$120,913 and US\$167,647 at 31 December 2021 and 2020, respectively.

**Property and equipment:** Property and equipment are stated at cost less accumulated depreciation. The Institute capitalizes all expenditures for property in excess of US\$25,000 with useful lives greater than one year. The Institute capitalizes all expenditures for equipment in excess of US\$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 over 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 and testing activities in the application development stage, external direct costs of materials and services to configure the solution, travel expenses incurred by third parties involved with 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, which were US\$1,559,315 and US\$2,730,918 at 31 December 2021 and 2020, respectively. Software development in process includes capitalized software development costs not yet placed into service.

**Goodwill and intangible assets:** The Institute elected the Private Company Counsel (PCC) election and adopted 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

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

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. Estimated asset lives are as follows: advertiser relationships — seven years; and trademarks and trade names — 20 years to indefinite. 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 2021 and 2020, 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.

**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, 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.

**Revenue recognition:** The Institute follows Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (ASC 606 or the New Revenue Standard) in accordance with U.S. GAAP. The core principle of the new revenue standard is that an entity recognizes revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. The new standard 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.

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

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 provide various instructional tools, such as the *PMBOK® Guide*, 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 requirements are recognized at a point in time when the applicant renews their 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:

	2021		2020	
Revenue recognized at a point in time	\$	168,255,853	\$	166,746,612
Revenue recognized over time		78,951,100		74,545,958
	\$	247,206,953	\$	241,292,570

Book sales and advertising include any hard copy publications and advertising related to any entity 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.

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.



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

**Advertising:** The Institute uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses for the years ended 31 December 2021 and 2020, were US\$6,514,664 and US\$5,969,411, 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 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 is 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 2021 and 2020, respectively.

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 2021 and 2020, respectively. 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 2018.

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 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.

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

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.

**Accrued payroll taxes—long-term:** The Institute has deferred payroll taxes through 2022.

**Functional classification of expenses:** Costs of providing the Institute's various programs and other activities have been summarized on a functional basis. Accordingly, the expenses directly related to the programs are combined with certain common costs of the Institute, which have been allocated based on estimates made by management. Rent and utilities and other expenses are allocated to program and supporting services benefited based on headcount. Allocated information technology expenses, consulting and other professional services and software and technology and depreciation and amortization are allocated to program and supporting services benefited based on headcount and the related revenue. Business-value-added taxes are considered program expenses based on related revenue. Activities include the following major program areas:

**Certification:** Certification costs include those supporting delivery of examinations for the 10 (14 including DA certification) certifications offered by the Institute that recognize knowledge and competency for delivery of a wide range of professional development offerings; for global accreditation programs for organizations that offer training in project management and issue professional development units (PDUs) needed by the Institute's certification holders to meet continuing education requirements; for the most extensive research program in the field that advances the science, practice and profession of project management and expands project management's body of knowledge; and to conduct worldwide outreach programs to promote the academic value of project management.

**Membership:** Membership management costs include the core operating cost to maintain existing members and add new members to the Institute.

**Other programs:** Other program costs include: those for development of global standards for project, program and portfolio management; for publication of monthly periodicals for the members of the Institute related to the practice; bookstore publications, eLearning, advertising, event registration and advancement of project management and current developments in the project management community for Institute-published and other project management titles offered through the Institute's online marketplace; and for providing comprehensive access to knowledge resources, tools, networks and broader perspectives to project, program and portfolio managers worldwide through thought leadership publications, the Institute's PMI.org and ProjectManagement.com websites and authorized training

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

centers. Additionally, this element of cost includes coalition-building cost and events to conduct professional and academic research and strategy costs that related to the Institute's elite community of government project directors and thought leaders who influence and advance the project and program management professions and to conduct worldwide advocacy programs that promote the strategic organizational value of project management.

**PMI Educational Foundation:** PMI Educational Foundation costs include those related to carrying out the charitable purposes of the Institute and fostering project management research, education and application throughout society on a global basis by providing educational resources, grants, scholarships and awards.

**Recent accounting pronouncements—not yet adopted:** In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase by the lessee. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessor accounting is mostly unchanged from the current model but updated to align with certain changes to the lessee accounting model and the new revenue recognition standard. The ASU is effective for annual reporting periods beginning after 15 December 2021, with early adoption permitted. The impact of adopting ASU on the Institute's consolidated financial statements for subsequent periods has not yet been determined.

In June 2016, the FASB issued 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. The ASU requires financial assets measured at amortized cost (including trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statements of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after 15 December 2022. The Institute is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting

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

unit. The ASU also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. ASU 2017-04 will be effective for the Institute beginning on 1 January 2023. ASU 2017-04 must be applied prospectively with early adoption permitted. The Institute is currently evaluating the impact of the adoption of this guidance on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. For each category of nonfinancial assets additional footnote disclosures are required, as defined. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after 15 June 2021, and interim periods within annual periods beginning after 15 June 2022, with early adoption permitted. The impact of adopting this guidance on the Institute's financial statements for subsequent periods has not yet been determined.

**Reclassifications:** Certain reclassifications were made to the 2020 consolidated financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or net assets previously reported.

**Note 2.**

## Investments

At 31 December 2021, investments consist of the following:

		Cost		Fair Value/ Net Asset Value
Certificates of deposit	\$	735,504	\$	735,504
U.S. common stocks		34,450,465		45,404,932
Mutual funds		397,083,375		414,672,409
Investment fund at NAV		51,008,844		50,532,487
Alternative investments (a)		94,579,954		119,667,950
Total	\$	577,858,142	\$	631,013,282
Investments	\$	570,810,517	\$	622,494,645
Investments—long-term		7,047,625		8,518,637
Total	\$	577,858,142	\$	631,013,282



**Note 2.**  
Investments  
(Continued)

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

The following schedule summarizes the asset classes of investments as of 31 December 2021:

U.S. equities mutual funds	14%
International equities mutual funds	11%
U.S. common stocks	7%
Fixed income mutual funds and certificates of deposit	41%
Investment fund at NAV	8%
Alternative investments	19%
	<u>100%</u>

At 31 December 2020, investments consist of the following:

	Cost	Fair Value/ Net Asset Value
Certificates of deposit	\$ 1,571,772	\$ 1,571,772
U.S. common stocks	41,389,260	43,307,557
Mutual funds	378,500,961	404,704,452
Investment fund at NAV	48,796,991	49,044,012
Alternative investments (a)	73,257,048	81,025,730
Total	<u>\$ 543,516,032</u>	<u>\$ 579,653,523</u>
Investments	\$ 519,803,989	\$ 558,107,085
Investments—long-term	23,712,043	21,546,438
Total	<u>\$ 543,516,032</u>	<u>\$ 579,653,523</u>

The following schedule summarizes the asset classes of investments as of 31 December 2020:

U.S. equities mutual funds	15%
International equities mutual funds	11%
U.S. common stocks	8%
Fixed income mutual funds and certificates of deposit	44%
Investment fund at NAV	8%
Alternative investments	14%
	<u>100%</u>

**Note 2.**  
Investments  
(Continued)

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 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 entity 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 2021 and 2020, respectively.

**Investments:** The fair value of securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers (Level 1). When listed prices or quotes are not available, fair value is based upon quoted market prices for similar or identical assets or other observable inputs (Level 2) or significant management judgment or estimation based upon unobservable inputs due to limited or no market activity of the instrument (Level 3).

**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 2021:

2021					
	Total	Level 1	Level 2	Level 3	Investments Valued at NAV
Assets:					
Certificates of deposit	\$ 735,504	\$ -	\$ 735,504	\$ -	\$ -
Common stocks	45,404,932	45,404,932	-	-	-
Mutual funds	414,672,409	414,672,409	-	-	-
Investment fund at NAV*	50,532,487	-	-	-	50,532,487
Alternative investments	119,667,950	-	-	-	119,667,950
Total investments	\$ 631,013,282	\$ 460,077,341	\$ 735,504	\$ -	\$ 170,200,437

\*Investment fund valued at NAV 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. The Insitute owns all the shares of the Fund's Class B shares, which represents approximately 60% and 57% of the Fund at 31 December 2021 and 2020, respectively. An unaffiliated shareholder owns the remaining Fund's 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 2021 or 2020, respectively.

**Note 3.**

## Fair Value Measurements

**(Continued)****2020**

						Investments Valued at NAV
	Total	Level 1	Level 2	Level 3		
Assets:						
Certificates of deposit	\$ 1,571,772	\$ -	\$ 1,571,772	\$ -	\$ -	
Common stocks	43,307,557	43,307,557	-	-	-	
Mutual funds	404,704,452	404,704,452	-	-	-	
Investment fund at NAV*	49,044,012	-	-	-		49,044,012
Alternative investments	81,025,730	-	-	-		81,025,730
Total investments	\$ 579,653,523	\$ 448,012,009	\$ 1,571,772	\$ -	\$ -	130,069,742

There was no change in the valuation techniques used to measure fair value of investments in the years ended 31 December 2021 and 2020, respectively.

Alternative investments represent the following as of 31 December 2021 and 2020, respectively:

	2021 Net Asset Value	2020 Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Offshore Opportunity Fund (a)	\$ 29,494,178	\$ 28,024,806	\$ -	quarterly	95 days
Energy Debt Fund (b)	22,450,675	16,602,875	-	semi-annual	95 days
Structured Credit Segregated Fund (c)	22,208,180	17,864,741	-	quarterly	65 days
Core Property Fund (d)	22,101,953	17,609,070	-	quarterly	95 days
Global Private Assets (e )	5,332,209	924,238	-	n/a	n/a
Vista Fund, LTD (f)	18,080,755	-	-	quarterly	95 days
Total	\$ 119,667,950	\$ 81,025,730	\$ -		



**Note 4.**

## Property and Equipment

- (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 2021 or 2020, respectively; 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. There are no restrictions on redemption of the investment as of 31 December 2021. However, at 31 December 2020, the restriction period for these investments was greater than one year and reflected as long-term investments.
- (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 2021 or 2020, respectively; 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, multifamily, retail and industrial sectors. There are no restrictions on redemption of the investment as of 31 December 2021 and 2020, respectively; 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.
- (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 2021 and 2020, respectively.
- (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 2021 and 2020, respectively; 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.

	2021		2020	
Leasehold improvements	\$	863,427	\$	837,441
Office furniture and equipment		430,792		548,122
Computer software and equipment		15,694,259		13,220,792
Software development in process		1,559,315		2,730,918
		18,547,793		17,337,273
Less accumulated depreciation and amortization		(10,232,211)		(5,779,160)
Net property and equipment	\$	8,315,582	\$	11,558,113

**Note 4.**  
Property and Equipment  
(Continued)

The Institute recorded losses of US\$72,535 and US\$1,434,736 from abandonment of property and equipment in 2021 and 2020, 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 2021 and 2020, respectively, are as follows:

	2021		2020	
Capitalized implementation costs	\$	10,295,323	\$	10,295,323
Less accumulated amortization		(4,861,680)		(1,429,906)
Capitalized implementation costs, net	\$	5,433,643	\$	8,865,417

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

The gross carrying amount and accumulated amortization of goodwill at 31 December 2021 and 2020, respectively, are as follows:

2021				
	Gross Assets	Accumulated Amortization	Net Book Value	Useful Life
Goodwill	\$ 11,623,428	\$ 2,744,492	\$ 8,878,936	10 years

2020				
	Gross Assets	Accumulated Amortization	Net Book Value	Useful Life
Goodwill	\$ 11,623,428	\$ 1,582,150	\$ 10,041,278	10 years

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

The gross carrying amount and accumulated amortization of intangible assets at 31 December 2021 and 2020, respectively, are as follows:

	2021			
	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	483,440	1,182,660	15–20 years
Intellectual property	2,633,000	629,975	2,003,025	10 years
	<b>\$ 5,469,743</b>	<b>\$ 2,284,058</b>	<b>\$ 3,185,685</b>	

	2020			
	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	387,435	1,278,665	15–20 years
Intellectual property	2,633,000	366,675	2,266,325	10 years
	<b>\$ 5,469,743</b>	<b>\$ 1,924,753</b>	<b>\$ 3,544,990</b>	

Estimated aggregate amortization expenses for goodwill of US\$8,878,936 and the remaining identified intangible assets of US\$3,185,685 are as follows for the years ending 31 December:

2022	\$ 1,520,648
2023	1,520,648
2024	1,520,648
2025	1,520,648
2026	1,520,648
Thereafter	4,461,381
	<b>\$ 12,064,621</b>

Aggregate amortization expenses were US\$1,521,647 and US\$1,588,948 in the years ended 31 December 2021 and 2020, 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 2021 and 2020, were US\$1,225,540 and US\$1,184,476, respectively.

**Note 8.**  
Unearned Revenue

Unearned revenues at 31 December 2021 and 2020, respectively, are as follows:

	2021	2020
Unearned membership dues	\$ 42,658,748	\$ 44,154,625
Unearned professional examination fees	10,395,730	20,793,899
Unearned registered education provider membership dues	3,276,731	2,502,380
Advance seminar registration fees, booth sales and others	1,673,353	1,714,671
	<u>\$ 58,004,562</u>	<u>\$ 69,165,575</u>

**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 2021 and 2020, respectively, are as follows:

	2021	2020
Payable in one year or less	\$ 1,706,320	\$ 1,562,839
Payable in one year to five years	54,556	640,742
Total amount granted	1,760,876	2,203,581
Unamortized discount	(65)	(1,152)
Grants payable	<u>\$ 1,760,811</u>	<u>\$ 2,202,429</u>

The Institute has three conditional grants payable whereby grantees must meet specific performance barriers in order to receive future years' payments. These conditional grants payable total US\$4,304,378 and were not recorded as of 31 December 2021.



**Note 10.**  
Net Assets

Net assets without donor restrictions at 31 December 2021 and 2020, respectively, consist of the following:

	2021	2020
Undesignated	\$ 361,697,974	\$ 311,331,847
Board designated:		
Required reserve funds	223,849,518	191,809,251
Surplus reserve funds	15,100,000	33,000,000
Restricted foreign earnings	348,819	316,360
Endowment fund (Note 11)	869,067	770,434
Opportunity reserve (board-designated endowment) (Note 11)	120,129	118,851
Operating reserve	151,999	136,680
Professional development	25,192	25,192
	<u>\$ 240,464,724</u>	<u>\$ 226,176,768</u>
	<u>\$ 602,162,698</u>	<u>\$ 537,508,615</u>

**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.

**Surplus reserve funds:** Surplus reserve funds are for Coalition Building and Transformation, which are based on business plans approved by the Board of Directors.

**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 US\$348,819 and US\$316,360 as of December 31 2021 and 2020, 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

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

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.

**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 US\$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 2021 and 2020, respectively, consist of the following:

	2021	2020
Subject to expenditure for specified purpose:		
Scholarships and awards	\$ 61,230	\$ 61,255
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for scholarships and awards	682,409	755,148
Subject to endowment spending policy and appropriation:		
Endowments for scholarships and awards	\$ 1,329,041	\$ 2,021,978
Total endowments	\$ 2,011,450	\$ 2,777,126
	<u>\$ 2,072,680</u>	<u>\$ 2,838,381</u>

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.

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

Net assets were released from restrictions by satisfying purpose restrictions during the years ended 31 December 2021 and 2020, respectively, as follows:

	2021	2020
Purpose release:		
Scholarships and awards	\$ 90,150	\$ 221,993

**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 2021, Pennsylvania has not adopted UPMIFA.

The endowment of the Foundation consists of approximately 30 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 effects 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 2021, and changes therein during the year then ended are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ 143,786	\$ 2,777,126	\$ 2,920,912
Board-designated endowment funds:			
Opportunity reserve	118,851	-	118,851
Other	770,434	-	770,434
	<u>\$ 1,033,071</u>	<u>\$ 2,777,126</u>	<u>\$ 3,810,197</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 914,087	\$ 2,511,930	\$ 3,426,017
Net investment return	136,593	343,690	480,283
Amounts appropriated for expenditure	(17,609)	(78,494)	(96,103)
Endowment net assets, end of year	<u>\$ 1,033,071</u>	<u>\$ 2,777,126</u>	<u>\$ 3,810,197</u>

Amounts classified as net assets with restrictions as of 31 December 2021 and 2020, respectively, are as follows:

	2021	2020
Endowment fund classified as net assets with donor restrictions:		
The portion of the perpetual endowment fund that is required to be retained permanently either by explicit donor stipulation or by state law	\$ 1,329,041	\$ 2,021,978
The portion of the perpetual endowment fund subject to purpose restrictions	682,409	755,148
	<u>\$ 2,011,450</u>	<u>\$ 2,777,126</u>



**Note 11.**

## Endowment Funds

**(Continued)**

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 2021 or 2020, respectively. 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 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 6.1%.

**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 statements of financial position date for general expenditures as of 31 December 2021 and 2020, respectively, are as follows:

	2021	2020
Cash and cash equivalents	\$ 32,359,964	\$ 29,045,113
Investment balances, short-term	622,494,645	558,107,085
Receivables without donor restrictions due in one year or less	9,616,018	25,893,648
Endowment spending-rate distributions and appropriations	89,410	118,904
Less appropriations required under foreign law	(348,819)	(316,360)
Less required reserve funds not available for general expenditures	(223,849,518)	(191,809,251)
Less surplus reserve funds not available for general expenditures	(15,100,000)	(33,000,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 425,261,700	\$ 388,039,139

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 2021 and 2020, respectively, from the endowment fund will be available within the next 12 months and are included in the 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 2021 and 2022, the Board of Directors approved the use of surplus reserve funds for the following year's spending for coalition building and strategic plan refresh.

**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 US\$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 2021, uninsured balances were approximately US\$22,420,000. 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.

**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% 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 2021, total non-U.S. assets equaled approximately US\$9 million, which represented less than 1.3% of the Institute's total assets.

The wholly owned foreign subsidiary (WOFE) in China has a requirement to fund US\$650,000 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 2021 or 2020, respectively.

**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 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. As noted in Note 1, PEL's subsidiaries in London, United Kingdom were formally dissolved on 17 April 2018, and PEL's subsidiary in Sydney, Australia was formally dissolved on 8 August 2018. PEL is treated as a controlled foreign corporation for United States income tax purposes.

As of 31 December 2021, the Institute has federal income tax net operating loss (NOL) carryforwards of US\$508,131, which have no expiration date. The Institute's foreign subsidiaries have NOL carryforwards that will expire at various dates from 2030 through 2037. The current provision reflects a deferred benefit and corresponding deferred tax asset of US\$203,840 related to such NOLs.

As of 31 December 2020, the Institute has federal income tax NOL carryforwards of US\$1,046,280, which have no expiration date. The Institute's foreign subsidiaries have NOL carryforwards that will expire at various dates from 2029 through 2036. The current provision reflects a deferred benefit and corresponding deferred tax asset of US\$395,429 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 2021 and 2020, respectively, were as follows:

	2021		2020	
Current provision	\$	427,655	\$	756,883
Deferred provision (benefit)		194,431		19,157
Income tax provision, net	\$	622,086	\$	776,040

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

The net deferred tax assets are reported in the consolidated statements of financial position at 31 December 2021 and 2020, respectively, as follows:

	2021		2020	
Deferred tax assets	\$	203,840	\$	395,429
Valuation allowance				
Net deferred tax assets		203,840		395,429
Deferred tax liabilities				
Total net deferred tax assets	\$	203,840	\$	395,429

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.

Cash paid for foreign income taxes for the years ended 31 December 2021 and 2020 were US\$432,808 and US\$202,071, 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 2021 and 2020, respectively:

	2021		2020	
Balance, beginning of year	\$	(318,311)	\$	(528,184)
Foreign currency translation adjustments		(59,001)		209,873
Balance, end of year	\$	(377,312)	\$	(318,311)



**Note 17.**  
Commitments  
and Contingencies

Operating leases: The Institute has operating lease agreements for office space located in Newtown Square, Pennsylvania, USA; Beijing, Shenzhen and Shanghai, China; Mumbai, New Delhi and Bangalore, India; Dubai, UAE; Singapore and Brussels, Belgium, for which obligations end at various dates through 2023.

The Institute has a lease for office space for its Global Headquarters (GHQ) in Newtown Square, Pennsylvania, USA. The original 10-year lease ended in January 2018. The lease was renewed and amended to extend its term for an additional five years. The amended lease has total lease payments of approximately US\$9,400,000 and annual minimum lease payments starting at US\$1,800,000 that increase annually over the lease term to amounts up to US\$1,950,000 per year through January 2023. The lease amendment included a tenant improvement allowance of US\$556,336, which was recorded as deferred rent liability. The Institute amortizes the deferred rent on a straight-line basis over the lease.

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

The primary component of the Institute's future obligations summarized below is the office rent expense for GHQ. The summary of the minimum future obligations at 31 December 2021 related to the office space and office equipment leases for each of the fiscal years ending 31 December is presented below.

Years ending 31 December:

2022	
2023	\$ 2,166,208
2024	258,616
2025	73,705
2026	12,199
	<u>\$ 2,510,728</u>

Rent expense for office space and equipment was US\$2,464,206 and US\$2,663,318 for the years ended 31 December 2021 and 2020, respectively.

The Disciplined Agile® agreement included a deferred proceeds note for US\$8,000,000 to the former owners of Disciplined Agile, Inc. with payments through 2023, which are contingent upon the former owners' continuing employment with the Institute.

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 financial position or changes in net assets.

**Note 17.**  
Commitments  
and Contingencies  
(Continued)

COVID-19 pandemic: On 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The Institute's business could be susceptible to changes in client demand and may experience a varying degree of business interruption due to this outbreak. The extent to which COVID-19 impacts the Institute results will depend on future developments, which are highly uncertain and cannot be predicted, including new information, which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

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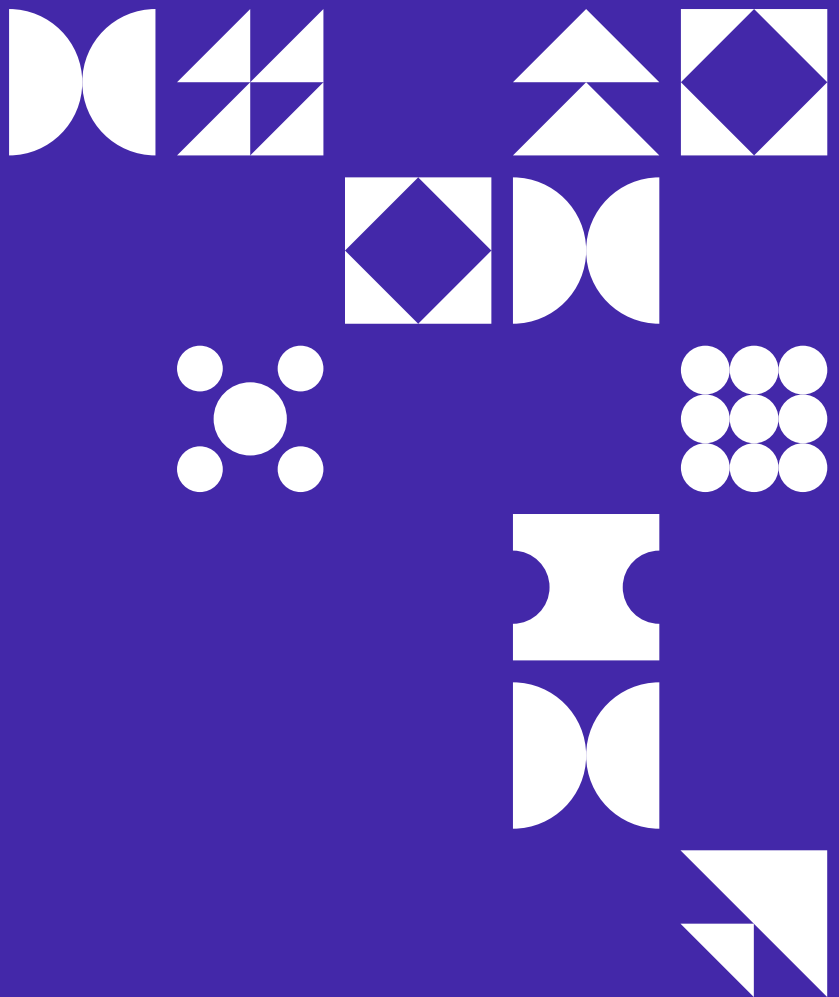
**Note 18.**  
Retirement Plans

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 2021 and 2020, the Institute contributed US\$3,700,726 and US\$3,461,489, respectively, to the plan.

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**Note 19.**  
Subsequent Events

In preparing these consolidated financial statements, management has evaluated events and transactions for potential recognition or disclosure through 1 June 2022, the date the consolidated financial statements were available to be issued.



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