

Financial Statements and Report of  
Independent Certified Public  
Accountants

**IEEE Foundation, Incorporated**

December 31, 2019 and 2018

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
**IEEE Foundation, Incorporated**

We have audited the accompanying financial statements of IEEE Foundation, Incorporated (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IEEE Foundation, Incorporated as of December 31, 2019 and 2018, the changes in its net assets and its cash flows for the year then ended, and the statements of functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Iselin, New Jersey  
April 10, 2020

**IEEE Foundation, Incorporated**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,009,975	\$ 7,635,766
Amounts due from IEEE	121,579	237,368
Contributions receivables, net	1,711,397	2,422,111
Prepaid expenses and other assets	95,304	91,412
Investments, at fair value	40,277,974	35,727,769
Beneficial interest in trust	3,651,189	3,061,598
Assets held in trust for others	411,078	373,732
Total assets	\$ 56,278,496	\$ 49,549,756
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued expenses	\$ 78,311	\$ 69,120
Awards and grants payable	2,006,559	2,371,927
Amounts due to IEEE	79,508	152,543
Liability for amounts held for others	411,078	373,732
Total liabilities	2,575,456	2,967,322
Contingencies		
<b>NET ASSETS</b>		
Without donor restrictions		
Operating	11,730,534	10,733,235
Board designated	3,678,328	3,335,435
Total net assets without donor restrictions	15,408,862	14,068,670
With donor restrictions	38,294,178	32,513,764
Total net assets	53,703,040	46,582,434
Total liabilities and net assets	\$ 56,278,496	\$ 49,549,756

The accompanying notes are an integral part of these financial statements.

IEEE Foundation, Incorporated

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Contributions, including contributed services of \$1,286,592	\$ 2,487,664	\$ 4,677,911	\$ 7,165,575
Change in fair value of beneficial interest in trust	-	589,591	589,591
Investment gains, net	2,228,359	4,032,588	6,260,947
Net assets released from restrictions	3,519,676	(3,519,676)	-
	<u>8,235,699</u>	<u>5,780,414</u>	<u>14,016,113</u>
<b>EXPENSES</b>			
Program services:			
Illuminate	1,065,513	-	1,065,513
Educate	1,298,862	-	1,298,862
Engage	380,353	-	380,353
Energize	1,916,918	-	1,916,918
	<u>4,661,646</u>	<u>-</u>	<u>4,661,646</u>
Supporting services:			
Administrative	916,530	-	916,530
Fundraising activities	1,317,331	-	1,317,331
	<u>2,233,861</u>	<u>-</u>	<u>2,233,861</u>
Total expenses	<u>6,895,507</u>	<u>-</u>	<u>6,895,507</u>
Changes in net assets	1,340,192	5,780,414	7,120,606
Net assets, beginning of year	<u>14,068,670</u>	<u>32,513,764</u>	<u>46,582,434</u>
Net assets, end of year	<u>\$ 15,408,862</u>	<u>\$ 38,294,178</u>	<u>\$ 53,703,040</u>

The accompanying notes are an integral part of this financial statement.

IEEE Foundation, Incorporated

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Contributions, including contributed services of \$1,273,324	\$ 2,337,239	\$ 4,715,784	\$ 7,053,023
Change in fair value of beneficial interest in trust	-	(249,673)	(249,673)
Investment losses, net	(651,079)	(1,049,380)	(1,700,459)
Net assets released from restrictions	3,622,052	(3,622,052)	-
Total revenues	<u>5,308,212</u>	<u>(205,321)</u>	<u>5,102,891</u>
<b>EXPENSES</b>			
Program services:			
Illuminate	1,596,895	-	1,596,895
Educate	1,935,460	-	1,935,460
Engage	299,656	-	299,656
Energize	1,959,943	-	1,959,943
Total program services	<u>5,791,954</u>	<u>-</u>	<u>5,791,954</u>
Supporting services:			
Administrative	909,523	-	909,523
Fundraising activities	1,330,290	-	1,330,290
Total supporting services	<u>2,239,813</u>	<u>-</u>	<u>2,239,813</u>
Total expenses	<u>8,031,767</u>	<u>-</u>	<u>8,031,767</u>
Changes in net assets	(2,723,555)	(205,321)	(2,928,876)
Net assets, beginning of year	<u>16,792,225</u>	<u>32,719,085</u>	<u>49,511,310</u>
Net assets, end of year	<u>\$ 14,068,670</u>	<u>\$ 32,513,764</u>	<u>\$ 46,582,434</u>

The accompanying notes are an integral part of this financial statement.

**IEEE Foundation, Incorporated**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2019

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Illuminate</u>	<u>Educate</u>	<u>Engage</u>	<u>Energize</u>	<u>Total</u>	<u>Administrative</u>	<u>Fundraising Activities</u>	<u>Total</u>	
Grants	\$ 1,065,513	\$ 703,423	\$ 380,353	\$ 906,633	\$ 3,055,922	\$ -	\$ -	\$ -	\$ 3,055,922
Recognition awards	-	-	-	725,671	725,671	-	-	-	725,671
Medals and certificates	-	555	-	108,580	109,135	-	-	-	109,135
Scholarships and fellowships	-	502,282	-	-	502,282	-	-	-	502,282
Student meetings and related travel	-	92,602	-	6,698	99,300	-	-	-	99,300
Print and mailings	-	-	-	65,556	65,556	-	-	-	65,556
IEEE contract support:									
IEEE professional staff services	-	-	-	89,878	89,878	576,873	-	576,873	666,751
Rent	-	-	-	3,490	3,490	22,397	-	22,397	25,887
Professional fees	-	-	-	-	-	40,000	-	40,000	40,000
Office equipment	-	-	-	3,222	3,222	20,678	-	20,678	23,900
Contract - Other charges	-	-	-	7,190	7,190	46,150	-	46,150	53,340
Total IEEE contract support	-	-	-	103,780	103,780	706,098	-	706,098	809,878
Travel and meetings	-	-	-	-	-	178,232	-	178,232	178,232
Other	-	-	-	-	-	32,200	-	32,200	32,200
Fundraising:									
Contributed services	-	-	-	-	-	-	1,286,592	1,286,592	1,286,592
Consultants and other	-	-	-	-	-	-	30,739	30,739	30,739
<b>Total expenses</b>	<b>\$ 1,065,513</b>	<b>\$ 1,298,862</b>	<b>\$ 380,353</b>	<b>\$ 1,916,918</b>	<b>\$ 4,661,646</b>	<b>\$ 916,530</b>	<b>\$ 1,317,331</b>	<b>\$ 2,233,861</b>	<b>\$ 6,895,507</b>

The accompanying notes are an integral part of this financial statement.



**IEEE Foundation, Incorporated**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2018

	Program Services					Supporting Services			Total Expenses
	Illuminate	Educate	Engage	Energize	Total	Administrative	Fundraising Activities	Total	
Grants	\$ 1,596,895	\$ 1,275,780	\$ 299,656	\$ 943,760	\$ 4,116,091	\$ -	\$ -	\$ -	\$ 4,116,091
Recognition awards	-	-	-	740,131	740,131	-	-	-	740,131
Medals and certificates	-	364	-	91,439	91,803	-	-	-	91,803
Scholarships and fellowships	-	557,000	-	-	557,000	-	-	-	557,000
Student meetings and related travel	-	102,316	-	6,312	108,628	-	-	-	108,628
Print and mailings	-	-	-	77,223	77,223	-	-	-	77,223
IEEE contract support:									
IEEE professional staff services	-	-	-	85,297	85,297	567,270	-	567,270	652,567
Rent	-	-	-	3,310	3,310	22,577	-	22,577	25,887
Professional fees	-	-	-	-	-	36,888	-	36,888	36,888
Office equipment	-	-	-	5,800	5,800	17,500	-	17,500	23,300
Contract - Other charges	-	-	-	6,671	6,671	45,535	-	45,535	52,206
Total IEEE contract support	-	-	-	101,078	101,078	689,770	-	689,770	790,848
Travel and meetings	-	-	-	-	-	192,296	-	192,296	192,296
Other	-	-	-	-	-	27,457	-	27,457	27,457
Fundraising:									
Contributed services	-	-	-	-	-	-	1,273,324	1,273,324	1,273,324
Consultants and other	-	-	-	-	-	-	56,966	56,966	56,966
<b>Total expenses</b>	<b>\$ 1,596,895</b>	<b>\$ 1,935,460</b>	<b>\$ 299,656</b>	<b>\$ 1,959,943</b>	<b>\$ 5,791,954</b>	<b>\$ 909,523</b>	<b>\$ 1,330,290</b>	<b>\$ 2,239,813</b>	<b>\$ 8,031,767</b>

The accompanying notes are an integral part of this financial statement.

**IEEE Foundation, Incorporated**

**STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 7,120,606	\$ (2,928,876)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses from investments	(5,133,728)	2,744,029
Change in fair value of beneficial interest in trust	(589,591)	249,673
Donated stock	(358,842)	(2,618)
Proceeds from sale of donated stock	356,560	2,584
Changes in assets and liabilities:		
Decrease in contributions receivables	710,714	924,169
Decrease (increase) in amounts due from IEEE	115,789	(120,616)
Increase in prepaid expenses and other assets	(3,892)	(4,224)
(Increase) decrease in assets held in trust for others	(37,346)	44,320
Increase (decrease) in accrued expenses	9,191	(55,674)
Decrease in awards and grants payable	(365,368)	(143,337)
(Decrease) increase in amounts due to IEEE	(73,035)	78,435
Increase (decrease) in liability for amounts held for others	37,346	(44,320)
	<b>1,788,404</b>	<b>743,545</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	2,328,036	454,000
Purchase of investments	(1,742,231)	(1,699,474)
	<b>585,805</b>	<b>(1,245,474)</b>
Net cash provided by (used in) investing activities	<b>585,805</b>	<b>(1,245,474)</b>
Net increase (decrease) in cash and cash equivalents	<b>2,374,209</b>	<b>(501,929)</b>
Cash and cash equivalents at beginning of year	<b>7,635,766</b>	<b>8,137,695</b>
Cash and cash equivalents at end of year	<b>\$ 10,009,975</b>	<b>\$ 7,635,766</b>

The accompanying notes are an integral part of these financial statements.

**IEEE Foundation, Incorporated**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - IEEE FOUNDATION, INCORPORATED**

IEEE Foundation, Incorporated (the “Foundation”) performs activities solely in support of the scientific and educational functions and programs of The Institute of Electrical and Electronics Engineers, Incorporated (the “Institute,” or “IEEE”).

***Our Vision***

The Foundation is a leader in transforming lives through the power of technology and education.

***Our Mission***

The Foundation inspires an engaged community and leverages the generosity of donors to enable IEEE programs that enhance technology access, literacy, and education and supports the IEEE professional community.

***Components of Program Services***

Illuminate - The Possibilities of Technology by Using it to Address Global Challenges

*Technology allows us to ask previously unimaginable questions and find solutions to unsolved problems.*

*IEEE Smart Village*

IEEE Smart Village (“ISV”) has a unique approach to support the world’s energy-impooverished communities by providing a comprehensive solution combining renewable energy, community-based education and entrepreneurial opportunities. ISV provides seed-funding to carefully selected community entrepreneurs based upon a credible business plan that will impact significant number of people with electricity, education and jobs. In 2019, 350,000+ village lives in nine countries were transformed with power.

*EPICS in IEEE*

Engineering Projects in Community Service (“EPICS”) is one of IEEE’s most effective student-centered programs. EPICS in IEEE empowers students to work with local service organizations to apply their newly acquired technical acumen to envision, develop and install solutions for a community’s unique challenges. In this way, EPICS in IEEE assists communities in achieving their specific local community improvement goals and provides the students with critically needed experiential learning opportunities. EPICS in IEEE connects engineering with community service in four categories of community improvement effort: Access and Abilities -- Education and Outreach -- Environment -- Human Services. More than 29,000 people were impacted by EPICS in IEEE projects in 2019. Since the program’s inception, EPICS in IEEE has engaged 550+ volunteers and 800+ university and 3,500+ pre-university students.

*IEEE Empower a Billion Lives*

The IEEE Empower a Billion Lives (“EBL”) competition, conceptualized by the IEEE Power Electronics Society, fostered the development of scalable solutions to energy poverty through the first EBL competition to identify and promote cutting-edge, high-impact solutions to extreme poverty and lack of access to energy in the developing world. The Global Grand Prize winner, SoULS Initiative, IIT Bombay, offered trailblazing interventions for providing clean, efficient, affordable and reliable energy access even to the last mile households.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

*Other Illuminate Programs*

Other special programs made possible by IEEE members of all ages from all around the world help us to realize the full potential of IEEE. Donations to the Foundation enable emergency relief, community outreach, and other initiatives that help meet the world's most pressing challenges.

***Educate - the Next Generation of Innovators and Engineers***

*The future of technology depends upon the nourishment of brilliant minds, the creation of opportunities to dream and the cultivation of a generation of socially responsible technology professionals.*

*IEEE Power & Energy Society Scholarship Plus Initiative*

IEEE Power & Energy Society ("PES") Scholarship Plus Initiative addresses the crucial workforce shortage facing the power and energy industry. The Initiative encourages high-achieving undergraduate students in the U.S., Canada, Puerto Rico, Italy and India to pursue careers in the power and energy industry by awarding scholarships and connecting the students to internships and mentors. These promising PES Scholars graduate with the knowledge and career experience necessary to begin making an impact across the power and energy industry. 1,691 scholarships have been awarded since 2011. Nearly 30% of the recipients are female. Approximately 60% of the scholarship recipients are working at more than 500 organizations. Almost half of the recipients are second and third-time awardees, ensuring that upon graduation each student has earned at least one career experience providing critical real-world application of classroom theory. PES Scholars also take advantage of IEEE PES membership, which provides them with access to a wide network of professionals who can offer assistance as mentors and with career direction.

*IEEE REACH Program*

Raising Engineering Awareness through the Conduit of History ("REACH") provides free educational resources to pre-university teachers and their students via the REACH website: reach.ieee.org. The site boasts subscribers from more than 45 U.S. states and 43 countries with the potential to impact 650,000 students. Other subscribers include Librarians, students, IEEE members, partner organizations, those with an interest in education and other engineering associations. Goals of the program include engaging students in the history of technology; encouraging the examination of its relationship with society, culture, economics, and politics; providing a new lens from which students may view engineering and technology as relevant to their lives and their future; enhancing student skills in problem solving, critical thinking, research, communication and collaboration; preparing students to become better-informed citizens of our high-tech society; and meeting the needs of teachers.

*Students and Young Professionals*

The process of inspiring bright minds includes creating opportunities and cultivating a generation of socially responsible technology professionals. IEEE is uniquely positioned to empower hundreds of bright young minds and encourages the next generation of electrical engineers through the expansive collection of scholarships, fellowships and travel grants to attend IEEE conferences as well as educational programs that promote science, technology, engineering and mathematics.

***Engage - a Wider Audience in Appreciating the Value and Importance of Engineering and Technology***

*Technological advancements and their impact on humanity during the past 150 years have been monumental. Preserving this history enables us to better understand today and improve tomorrow.*

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

IEEE History Center

The IEEE History Center records, archives and educates the public about the nature of technology and its relationship, both past and present, to society. Through its programs, the Center promotes the rich history of technology, records and shares the memories of hundreds of technological icons, honors technological achievements through IEEE Milestones, and preserves the institutional heritage of IEEE. Its vast array of resources is delivered to the public through the Engineering & Technology History Wiki - [www.ethw.org](http://www.ethw.org), and other publicly available sources. In 2019, the IEEE History Center celebrated the 50th anniversary of man walking on the moon with a year-long commemoration of space travel, widely sharing the people and technologies that made the achievement possible.

***Energize - Innovation by Celebrating Technological Excellence***

*Technological innovation pushes the boundaries of thinking, breaks new ground and improves lives.*

Recognition of Innovation

For nearly 100 years, IEEE has recognized and lauded individuals whose exceptional contributions inspire us all through the lasting impact their work has had on technology, society, the engineering profession, and humanity. The portfolio of IEEE awards supported through the Foundation is vast and celebrates accomplishments across the breadth and depth of IEEE activities and technical fields.

Investing in Innovation - Grants Program

The IEEE Foundation Grants Program invites grant applications exclusively from IEEE organizational units for projects that address the pre-defined theme identified by the Foundation each year. The theme aligns with the Foundation's mission to enable IEEE programs that improve access to technology, enhance technological literacy, and support technical education and the IEEE professional community. This highly competitive program invests in innovative and promising IEEE projects. In 2019, six grants were awarded addressing the theme: *Raise Awareness and Understanding of Sustainable Engineering*.

IEEE-Eta Kappa Nu Fund Support

IEEE-Eta Kappa Nu ("IEEE-HKN") is the vibrant honor society of IEEE dedicated to encouraging and recognizing individual excellence in education and meritorious work, in professional practice, and in any of the areas within the IEEE-designated fields of interest. IEEE-HKN is recognized throughout the profession and members carry with them the distinction of superior scholarship, attitude, and character. IEEE-HKN boasts 263 chapters worldwide with more students than ever, an average of 18 students per chapter. Chapter leaders work closely with faculty and their University departments to fill gaps and aid in student success on their campuses. Service hours and programs offered by IEEE-HKN Chapters make an impact on the communities served.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

Program services - related expenses are comprised of the following:

	<b>2019</b>	<b>2018</b>
Illuminate:		
IEEE Smart Village	\$ 637,600	\$ 1,368,323
EPICS in IEEE	128,300	225,900
IEEE Empower a Billion Lives	299,613	-
Other Illuminate programs	-	2,672
Total Illuminate	1,065,513	1,596,895
Educate:		
IEEE Power & Energy Society Scholarship Program	467,716	574,965
IEEE REACH Program	181,500	294,800
Students and Young Professionals	649,646	1,065,695
Total Educate	1,298,862	1,935,460
Engage:		
IEEE History Center support	379,156	299,656
Other Engage programs	1,197	-
Total Engage	380,353	299,656
Energize:		
Recognition of Innovation	1,307,071	1,311,477
Investing in Innovation	258,806	359,916
IEEE-Eta Kappa Nu	351,041	288,550
Total Energize	1,916,918	1,959,943
Total program services	\$ 4,661,646	\$ 5,791,954

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Foundation's financial statements are presented in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") and have been prepared on the accrual basis of accounting.

***Net Asset Classifications***

The Foundation's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Foundation to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by the Foundation's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

Net Assets With Donor Restriction

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of the Foundation's net assets with donor restrictions is subject to donor-imposed restrictions that require the Foundation to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

***Cash and Cash Equivalents***

Cash and cash equivalents are defined as cash balances held in bank accounts and short-term investments held by the Foundation for operating use with original maturities of three months or less from the date of purchase. Included in cash and cash equivalents are amounts deposited in an IEEE concentration banking account in the amount of \$8,560,841 and \$6,968,616 at December 31, 2019 and 2018, respectively.

***Investments***

The Foundation's investments are invested almost entirely in the Institute's investment pool. The Foundation's assets held in the Institute's investment pool have a long-term investment horizon of approximately ten years. Realized gains and losses on sales of shares held in the pool are determined on an average cost basis. Purchases and sales of shares held in the pool are recorded on a trade-date basis.

The Foundation, aside from the Institute's investment pool, has a U.S treasury bill as part of its portfolio. The treasury bill will mature during 2020.

Investments in limited partnerships that are not readily marketable are reported at fair value as determined by the respective investment manager as of the measurement date. Such valuations involve assumptions and methods that are reviewed by the Foundation and which have been concluded to be reasonable and appropriate. Because such investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. However, the risk to the Foundation is limited to the amount of the Foundation's investment in each of the respective limited partnerships.

***Fair Value Measurements***

The Foundation follows guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the respective asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1** - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2** - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3** - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the reporting entity. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

**Contributions**

The Foundation recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under FASB Accounting Standards Codification ("ASC") 606. If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, including solicited contributions received at the time of the IEEE annual member renewal process and unconditional promises to give, are reported as revenues in the period received. Conditional contributions are recorded as revenue when the conditions on which they depend have been substantially met. Unconditional promises to give in greater than one year are discounted to reflect the present value of future cash flows using a credit-adjusted discount rate assigned in the year the respective pledge originates. Such discount rates on all contributions receivable ranged from 2.58% to 3.48% at December 31, 2019 and 2.20% to 3.48% at December 31, 2018. Discount rates assigned to individual pledges are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in accordance with



IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

donor-imposed restrictions, if any. Because of the uncertainty surrounding the collection of certain pledges, the Foundation determines an allowance for doubtful accounts by specifically analyzing donor accounts, historical bad debts and current economic trends. These allowances are maintained at a level management considers adequate to provide for potential uncollectible accounts. Further, these estimates are reviewed periodically and adjusted as more information about the ultimate collectability of a respective pledge becomes available. The Foundation writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received. Investment earnings derived from donations made to the Foundation are reinvested for the purpose(s) that the donation was originally made unless otherwise stated and are reflected within investment gains (losses) of the accompanying statements of activities.

**Contributed Services**

Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and typically would need to be purchased if not otherwise provided by donation. Contributed services are recorded at the fair value of the services provided and are recorded on the statement of activities as revenues with an offset to the relevant functional expense benefitted in the period received. See also Note 10.

**Beneficial Interest in Trust**

The Foundation has a beneficial interest in a trust, which is administered by an independent financial institution. Under the terms of this trust, the Foundation has the irrevocable right to receive all of the income earned on the trust assets for the life of the trust and the balance of the trust assets upon dissolution of the trust. The Foundation does not control the assets held by the outside trust. The Foundation measures its beneficial interest in the trust at the fair value of the underlying investments held by the trust. The amount of the Foundation's beneficial interest in such trust is included in net assets with donor restrictions until such time as the provisions of the trust agreement allow the Foundation to receive the assets.

**Receivables Due from IEEE**

Amounts due from IEEE represent contributions restricted for the Foundation and collected by the Institute during the annual member renewal process.

**Amounts Due to IEEE**

Amounts due to IEEE represent expenses paid directly by IEEE on behalf of the Foundation.

**Awards and Grants Payable**

The Foundation recognizes a liability for grants to be paid in future periods when the Board of Directors approves such amounts unconditionally and the respective grantee is notified. Grants are payable as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 2,006,559	\$ 2,371,927
	<u>\$ 2,006,559</u>	<u>\$ 2,371,927</u>

For the years ended December 31, 2019 and 2018, the Foundation rescinded approximately \$59,795 and \$7,894, respectively, of grant commitments. As of December 31, 2019 and 2018, \$1,807,377 and \$2,057,921, respectively, of awards and grants payable are due to the Institute.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

***Income Taxes and Tax Status***

The Foundation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code (“IRC”) as an organization exempt from federal income tax and applicable state income tax and is classified as other than a private foundation under Section 509(a)(1) of the IRC. Nevertheless, the Foundation may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. As of December 31, 2019 and 2018, management has determined that there are no uncertain tax positions that would require recognition or disclosure in the financial statements.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis on the accompanying statements of activities and in more detail on the accompanying statements of functional expenses. These expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Indirect expenses that benefit multiple functional areas are allocated based upon program attributes.

***Risks and Uncertainties***

The Foundation has substantially all of its investments held in the Institute’s investment pool which invests in several investment securities that are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported on the accompanying financial statements.

***Use of Estimates***

The preparation of financial statements in accordance with 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Reclassifications***

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. Such reclassifications did not change total assets, liabilities or changes in net assets as reflected in the 2018 financial statements.

***Subsequent Events***

The Foundation evaluated its December 31, 2019 financial statements for subsequent events through April 10, 2020, the date the financial statements were available to be issued.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Foundation is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Foundation's donors, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Foundation's financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

The Foundation is not aware of any other material subsequent events which would require recognition or disclosure in the accompanying financial statements.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net, at December 31, 2019 and 2018 consist of the following:

	<b>2019</b>	<b>2018</b>
IEEE Jon Charles Taenzer Memorial Fund	\$ 500,000	\$ -
IEEE Vehicular Technology Society Awards Fund	263,000	-
IEEE Foundation Fund	215,040	90,302
IEEE Power & Energy Society Scholarship Plus Program	150,295	49,603
IEEE Signal Processing Student & Young Professional Fund	150,023	28,109
IEEE Smart Village	146,332	238,258
EPICS in IEEE	101,603	51,079
IEEE Educational Activities Fund	52,502	64,935
IEEE Power & Energy Society Endowed Scholarship Program	239	1,383,496
IEEE PELS Education and Future Workforce Fund	155	150,000
Other	139,680	377,282
	<u>1,718,869</u>	<u>2,433,064</u>
Less: Discount for present value	<u>(7,472)</u>	<u>(10,953)</u>
Contributions receivable, net	<u>\$ 1,711,397</u>	<u>\$ 2,422,111</u>

As of December 31, 2019 and 2018, contributions receivable due in less than one year and between one and five years consist of the following:

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 1,534,104	\$ 2,172,916
Between one and five years	<u>184,765</u>	<u>260,148</u>
	<u>\$ 1,718,869</u>	<u>\$ 2,433,064</u>

During 2019, the Foundation received notification of certain intentions to give, the realizable amounts of which are not presently determinable. However, due to their conditional nature, such gifts have not been reflected on the accompanying financial statements.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

**NOTE 4 - INVESTMENTS, AT FAIR VALUE**

Investments, at fair value, at December 31, 2019 and 2018 consist of the following:

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Limited partnership	\$ 100,000	\$ 85,805	\$ 100,000	\$ 85,805
U.S. Treasuries	799,974	798,782	799,956	799,222
Participation in the Institute's investment pool	25,614,068	39,393,387	25,695,321	34,842,742
<b>Total investments</b>	<b>\$ 26,514,042</b>	<b>\$ 40,277,974</b>	<b>\$ 26,595,277</b>	<b>\$ 35,727,769</b>

The Foundation's investments consist primarily of participation in the Institute's investment pool. The Institute's investment pool consists of publicly traded debt and equity securities which are recorded at fair value determined on the basis of quoted market prices (i.e., Level 1 inputs) and alternative investments (e.g., commingled funds) for which market values are not readily obtainable. The Institute follows guidance on measuring the fair value of alternative investments, which offers investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value ("NAV"). Under this practical expedient, entities are permitted to use NAV without adjustment for certain investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

At December 31, 2019 and 2018, the fair value of the Institute's investment pool's investments were based 88% and 84% on Level 1 inputs and 12% and 16% using NAV as a practical expedient, respectively. The Foundation's participation in the Institute's investment pool is determined based on its pro rata ownership interest of the entire pool. The Foundation has the ability to redeem its investment within the Institute's investment pool based upon conditions outlined in the Investment Service Agreement between the Institute and the Foundation. Redemption requests for funds deposited up to 5% and greater than 5%, require 30 days notice and 90 days notice, respectively.

The fair value of the Foundation's investments in a limited partnership is measured at the liquidation value stated in the investment's prospectus. As of December 31, 2019 and December 31, 2018, there are no remaining unfunded commitments on this investment. The Foundation plans to liquidate its limited partnership investment during its next exit window, which may occur as late as 2028.

The following tables prioritize the inputs used to measure and report the fair value of the Foundation's investments at December 31, 2019 and 2018:

	<b>2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Limited partnership	\$ -	\$ -	\$ 85,805	\$ 85,805
U.S. Treasuries	798,782	-	-	798,782
Participation in the Institute's investment pool	-	-	39,393,387	39,393,387
<b>Total investments</b>	<b>\$ 798,782</b>	<b>\$ -</b>	<b>\$ 39,479,192</b>	<b>\$ 40,277,974</b>

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

	<b>2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Limited partnership	\$ -	\$ -	\$ 85,805	\$ 85,805
U.S. Treasuries	799,222	-	-	799,222
Participation in the Institute's investment pool	-	-	34,842,742	34,842,742
<b>Total investments</b>	<b>\$ 799,222</b>	<b>\$ -</b>	<b>\$ 34,928,547</b>	<b>\$ 35,727,769</b>

The tables below set forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2019 and 2018.

	<b>2019</b>		
	<b>Limited Partnership</b>	<b>Participation in the Institute's Investment Pool</b>	<b>Total</b>
Balance, beginning of year	\$ 85,805	\$ 34,842,742	\$ 34,928,547
Purchases	-	942,255	942,255
Sales	-	(1,528,080)	(1,528,080)
Net realized and unrealized gains	-	5,136,470	5,136,470
<b>Balance, end of year</b>	<b>\$ 85,805</b>	<b>\$ 39,393,387</b>	<b>\$ 39,479,192</b>

	<b>2018</b>		
	<b>Limited Partnership</b>	<b>Participation in the Institute's Investment Pool</b>	<b>Total</b>
Balance, beginning of year	\$ 85,805	\$ 37,140,485	\$ 37,226,290
Purchases	-	899,521	899,521
Sales	-	(454,000)	(454,000)
Net realized and unrealized losses	-	(2,743,264)	(2,743,264)
<b>Balance, end of year</b>	<b>\$ 85,805</b>	<b>\$ 34,842,742</b>	<b>\$ 34,928,547</b>

Net realized and unrealized gains (losses) are included within investment gains (losses) on the accompanying statements of activities.

Investment gains (losses), net, for the years ended December 31, 2019 and 2018 consists of the following:

Investment expenses, which are netted with interest and dividends, amounted to \$102,789 and \$123,643 in 2019 and 2018, respectively.

**NOTE 5 - BENEFICIAL INTEREST IN TRUST**

The Foundation is the sole beneficiary of a trust (the "Trust") established by Alfred and Gertrude Goldsmith in 1988 with a financial institution. Under the terms of the Trust agreement, the Foundation shall receive the income of the Trust, which consists primarily of interest and dividends, on a quarterly basis, and the balance of the assets in the Trust in 2038.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

As of December 31, 2019 and 2018, the Trust's fair value totaled \$3,651,189 and \$3,061,598, respectively, and is classified as Level 3 within the fair value hierarchy. The table below sets forth a summary of the change in the fair value of the Foundation's Level 3 beneficial interest in trust for the years ended December 31, 2019 and 2018.

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 3,061,598	\$ 3,311,271
Change in fair value of beneficial interest in trust	589,591	(249,673)
Balance, end of year	\$ 3,651,189	\$ 3,061,598

The change in fair value of beneficial interest in trust is reflected separately on the accompanying statements of activities.

**NOTE 6 - ASSETS HELD IN TRUST FOR OTHERS**

During 2005, the Foundation was appointed the successor trustee of the Charles LeGeyt Fortescue Graduate Scholarship Fund (the "Trust Fund"). The Foundation is not a beneficiary of the Trust Fund and, accordingly, has recognized a liability for the amounts held. As of December 31, 2019 and 2018, the Trust Fund's assets consist of the following:

	<b>2019</b>	<b>2018</b>
Participation in the Institute's investment pool	\$ 406,057	\$ 367,538
Cash equivalents	7,585	8,836
	413,642	376,374
Less: Accrued expenses	(2,564)	(2,642)
Assets held in trust for others	\$ 411,078	\$ 373,732

The table below sets forth a summary of the change in the fair value of the Foundation's Level 3 assets held in trust for others for the years ended December 31, 2019 and 2018.

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 367,538	\$ 413,706
Purchases	4,931	7,484
Withdrawals	(22,000)	(25,000)
Net realized and unrealized appreciation (depreciation)	55,588	(28,652)
Balance, end of year	\$ 406,057	\$ 367,538

The net realized and unrealized appreciation (depreciation) related to assets held for others has not been reflected on the accompanying statements of activities.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

**NOTE 7 - NET ASSETS AND ENDOWMENT FUNDS**

Net assets with donor restrictions are available for the following purposes at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Funds held for specific purposes:		
Awards	\$ 12,205,476	\$ 10,508,259
Educational	22,154,291	18,718,919
	34,359,767	29,227,178
Beneficial interest in trust - time restriction	3,651,189	3,061,598
Donor-restricted endowment funds, including accumulated unspent appreciation of \$147,363 and \$89,129 respectively	283,222	224,988
	<b>\$ 38,294,178</b>	<b>\$ 32,513,764</b>

Net assets with donor restrictions were released from restrictions by fulfillment of donor-imposed purpose restrictions or satisfaction of time restrictions for the years ended December 31, 2019 and 2018 as follows:

	<b>2019</b>	<b>2018</b>
Funds held for specific purposes:		
Awards	\$ 888,626	\$ 917,413
Educational	2,631,050	2,704,639
	<b>\$ 3,519,676</b>	<b>\$ 3,622,052</b>

Donor-imposed endowment net assets at December 31, 2019 and 2018 consist of assets that have been restricted by donors to be invested in perpetuity to provide a permanent source of income. The Foundation's endowment includes both donor-restricted endowment funds and a fund designated by the Board of Directors to function as an endowment (quasi-endowment). The purpose of the Foundation's quasi-endowment is to achieve a solid financial foundation for the IEEE History Center, which will enable it to plan rationally and execute effectively. See Note 1 for information regarding the IEEE History Center. The Foundation's donor-restricted endowment consists of five individual funds established principally for awards.

On September 17, 2010, the State of New York passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The Foundation classifies as donor-restricted endowment net assets, unless otherwise stipulated by the donor: (a) the original value of gifts donated to its donor-restricted endowment, (b) the original value of subsequent gifts to its donor-restricted endowment and (c) accumulations to its donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remains within net assets with donor restrictions until such amounts are appropriated for expenditure by the Foundation in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

The Foundation kept endowment spending for 2019 unchanged from 2018. The 2018 spending was based on the prior three-year fund balances with a one-year lag. During 2018, the Foundation approved for existing endowments a phased reduction in spending from 5% to 4% by 2022. For all newly established endowments, a 4% spending rule rate is effective immediately. No new endowments were established in 2019.

In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return on endowment investments; general economic conditions; the possible effects of inflation and deflation; other resources of the Foundation; and the investment policy of the Foundation. The Foundation will continue to apply its endowment spending policy to all funds, even if underwater, if it is determined to be prudent.

The Foundation has adopted investment management and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the Foundation's activities while seeking to maintain the purchasing power of the endowment assets. The Foundation's primary investment objective is preservation of capital with the secondary objective of maximizing the total returns on investment assets.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income (interest and dividends) and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various investment classes and strategies to help reduce risk.

The following tables summarize the Foundation's total return on endowment investments and the changes in endowment net assets for the years ended December 31, 2019 and 2018, respectively:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 283,222	\$ 283,222
Board-designated endowment fund	3,678,328	-	3,678,328
<b>Total endowment assets</b>	<b>\$ 3,678,328</b>	<b>\$ 283,222</b>	<b>\$ 3,961,550</b>
Endowment assets, beginning of year	\$ 3,335,435	\$ 224,988	\$ 3,560,423
Dividends and interest	93,834	6,755	100,589
Net realized and unrealized appreciation in fair value of endowment assets	455,348	31,385	486,733
New gifts - designated for endowment	2,050	25,000	27,050
Endowment return used for operations	(208,339)	(4,906)	(213,245)
<b>Endowment assets, end of year</b>	<b>\$ 3,678,328</b>	<b>\$ 283,222</b>	<b>\$ 3,961,550</b>



IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 224,988	\$ 224,988
Board-designated endowment fund	3,335,435	-	3,335,435
<b>Total endowment assets</b>	<b>\$ 3,335,435</b>	<b>\$ 224,988</b>	<b>\$ 3,560,423</b>
Endowment assets, beginning of year	\$ 3,700,394	\$ 232,630	\$ 3,933,024
Dividends and interest	95,376	6,121	101,497
Net realized and unrealized depreciation in fair value of endowment assets	(246,955)	(16,056)	(263,011)
New gifts - designated for endowment	5,475	10,000	15,475
Endowment return used for operations	(218,855)	(7,707)	(226,562)
<b>Endowment assets, end of year</b>	<b>\$ 3,335,435</b>	<b>\$ 224,988</b>	<b>\$ 3,560,423</b>

**NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation is primarily supported by contributions (both with and without donor restrictions) and IEEE support. Because donor restrictions require resources to be used in a particular matter, the Foundation maintains sufficient resources to meet those responsibilities to its donors. The Foundation primarily invests its financial assets within the IEEE Concentration Banking program and the IEEE Long-term Investment Fund program. The assets held in the IEEE Concentration Banking program have immediate liquidity availability and the IEEE Long-term Investment Fund has a liquidity window of between 30 days and 90 days depending upon the amount of shares being requested to be liquidated. The Foundation also holds U.S. Treasury bills that can be sold prior to maturity. The Foundation holds U.S. Treasuries that fully mature prior to the end of 2020. At least annually, the IEEE Foundation performs a review of projected obligations to determine the appropriate level of liquidity and resulting rebalancing of assets.

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<u>Financial Assets as of December 31, 2019</u>	
Cash and cash equivalents	\$ 10,009,975
Amounts due from IEEE	121,579
Contributions receivable	1,534,104
Investments, at fair value	40,192,169
Assets held in trust for others	411,078
<b>Total financial assets available within one year</b>	<b>52,268,905</b>
Less:	
Contractual, legal or donor-imposed restrictions:	
Amounts subject to expenditure for specified purposes	34,182,474
Amounts relating to endowment funds with donor restrictions	283,222
Amounts held in trust for others	411,078
<b>Total amounts unavailable for general expenditures within one year</b>	<b>34,876,774</b>
Board-designated endowment fund:	3,678,328
<b>Total amounts unavailable for management without Board approval</b>	<b>3,678,328</b>
<b>Total financial assets available within one year after Board designations</b>	<b>\$ 13,713,803</b>

**IEEE Foundation, Incorporated**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2019 and 2018**

**NOTE 9 - CONTINGENCIES**

The Foundation, in the normal course of its operations, could be a party to various legal proceedings and complaints, some of which would be covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Foundation is not aware of any claims or contingencies which, if asserted, would not be covered by insurance and would have a material adverse effect on the Foundation's financial position, changes in net assets or cash flows.

**NOTE 10 - RELATED-PARTY TRANSACTIONS**

The Foundation is organized and operates in support of activities of the scientific and educational functions and programs of IEEE. The Foundation has no staff and thus receives certain accounting, administrative services, and program services from IEEE. The Foundation reimbursed IEEE for the cost of such services, which amounted to \$809,878 and \$790,848 during 2019 and 2018, respectively. The Institute provided fundraising administrative services (contributed services) during 2019 and 2018 that were not reimbursed by the Foundation. Such contributed services recorded by the Foundation totaled \$1,286,592 and \$1,273,324 during 2019 and 2018, respectively.

The Foundation received annual cash contributions from IEEE in the amounts of \$409,000 and \$395,000 during 2019 and 2018, respectively. Such contributions were included within net assets without donor restrictions as of December 31, 2019 and 2018, respectively.

During 2019, the Institute also contributed an additional \$263,000 for the IEEE Vehicular Technology Society Awards Fund, and \$150,000 for the IEEE Signal Processing Student & Young Professional Fund. During 2018, the Institute contributed an additional \$1,383,496 for the Power & Energy Society Endowed Scholarship Fund, \$250,000 for the IEEE PELS Humanitarian Outreach Fund, and \$150,000 for the IEEE Photonics Society Fund. Such contributions were included within net assets with donor restrictions as of December 31, 2019 and 2018, respectively.

The Institute solicits contributions on behalf of the Foundation through its annual member renewal process, which totaled \$579,757 and \$627,427 in 2019 and 2018, respectively.