

Financial Statements and Report of
Independent Certified Public
Accountants

IEEE Foundation, Incorporated

December 31, 2021 and 2020

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GRANT THORNTON LLP

186 Wood Avenue, S. 4th Floor
Iselin, NJ 08830-2575

D +1 732 516 5500

F +1 732 516 5502

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
IEEE Foundation, Incorporated

Opinion

We have audited the financial statements of IEEE Foundation, Incorporated (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Iselin, New Jersey

May 2, 2022

IEEE Foundation, Incorporated
STATEMENTS OF FINANCIAL POSITION
As of December 31,

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 14,798,056	\$ 11,494,803
Amounts due from IEEE	264,611	91,810
Contributions receivable, net	2,624,436	1,754,654
Prepaid expenses and other assets	78,110	88,261
Investments, at fair value	49,659,778	43,963,111
Beneficial interest in trust	4,544,824	4,076,234
Amounts held in trust for others	433,151	426,361
Total assets	\$ 72,402,966	\$ 61,895,234
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 110,637	\$ 54,726
Awards and grants payable	654,593	954,596
Amounts due to IEEE	111,144	38,383
Amounts held for others	433,151	426,361
Total liabilities	1,309,525	1,474,066
Contingencies		
Net assets		
Without donor restrictions		
Operating	14,868,284	12,936,271
Board-designated	4,335,249	3,975,095
Total net assets without donor restrictions	19,203,533	16,911,366
With donor restrictions	51,889,908	43,509,802
Total net assets	71,093,441	60,421,168
Total liabilities and net assets	\$ 72,402,966	\$ 61,895,234

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

IEEE Foundation, Incorporated

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions, including contributed services of \$1,366,745	\$ 2,914,700	\$ 6,125,865	\$ 9,040,565
Change in fair value of beneficial interest in trust	-	468,590	468,590
Investment gains, net	2,202,003	4,293,137	6,495,140
Net assets released from restrictions	2,507,486	(2,507,486)	-
	<u>7,624,189</u>	<u>8,380,106</u>	<u>16,004,295</u>
Expenses			
Program services:			
Illuminate	410,704	-	410,704
Educate	742,516	-	742,516
Engage	254,784	-	254,784
Energize	1,714,176	-	1,714,176
	<u>3,122,180</u>	<u>-</u>	<u>3,122,180</u>
Supporting services:			
Administrative	811,837	-	811,837
Fundraising activities	1,398,005	-	1,398,005
	<u>2,209,842</u>	<u>-</u>	<u>2,209,842</u>
Total expenses	<u>5,332,022</u>	<u>-</u>	<u>5,332,022</u>
CHANGES IN NET ASSETS	2,292,167	8,380,106	10,672,273
Net assets, beginning of year	<u>16,911,366</u>	<u>43,509,802</u>	<u>60,421,168</u>
Net assets, end of year	<u>\$ 19,203,533</u>	<u>\$ 51,889,908</u>	<u>\$ 71,093,441</u>

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

IEEE Foundation, Incorporated

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions, including contributed services of \$1,221,335	\$ 2,249,139	\$ 4,120,370	\$ 6,369,509
Change in fair value of beneficial interest in trust	-	425,045	425,045
Investment gains, net	1,829,616	3,632,889	5,462,505
Net assets released from restrictions	2,962,680	(2,962,680)	-
	<u>7,041,435</u>	<u>5,215,624</u>	<u>12,257,059</u>
Expenses			
Program services:			
Illuminate	490,795	-	490,795
Educate	863,231	-	863,231
Engage	380,464	-	380,464
Energize	1,718,461	-	1,718,461
	<u>3,452,951</u>	<u>-</u>	<u>3,452,951</u>
Supporting services:			
Administrative	864,645	-	864,645
Fundraising activities	1,221,335	-	1,221,335
	<u>2,085,980</u>	<u>-</u>	<u>2,085,980</u>
Total expenses	<u>5,538,931</u>	<u>-</u>	<u>5,538,931</u>
CHANGES IN NET ASSETS	1,502,504	5,215,624	6,718,128
Net assets, beginning of year	<u>15,408,862</u>	<u>38,294,178</u>	<u>53,703,040</u>
Net assets, end of year	<u>\$ 16,911,366</u>	<u>\$ 43,509,802</u>	<u>\$ 60,421,168</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, 2021

	Program Services					Supporting Services			Total Expenses
	Illuminate	Educate	Engage	Energize	Total	Administrative	Fundraising Activities	Total	
Grants	\$ 410,704	\$ 343,325	\$ 254,784	\$ 271,117	\$ 1,279,930	\$ -	\$ -	\$ -	\$ 1,279,930
Recognition awards	-	-	-	727,018	727,018	-	-	-	727,018
Medals and certificates	-	2,476	-	541,078	543,554	-	-	-	543,554
Scholarships and fellowships	-	382,550	-	-	382,550	-	-	-	382,550
Student meetings and related travel	-	14,165	-	10,656	24,821	-	-	-	24,821
Print and mailings	-	-	-	52,607	52,607	-	-	-	52,607
IEEE contract support:									
IEEE professional staff services	-	-	-	96,923	96,923	615,670	-	615,670	712,593
Rent	-	-	-	4,139	4,139	26,295	-	26,295	30,434
Professional fees	-	-	-	-	-	44,000	-	44,000	44,000
Office equipment	-	-	-	2,884	2,884	18,316	-	18,316	21,200
Contract - other charges	-	-	-	7,754	7,754	49,253	-	49,253	57,007
Total IEEE contract support	-	-	-	111,700	111,700	753,534	-	753,534	865,234
Travel and meetings	-	-	-	-	-	45,610	-	45,610	45,610
Other	-	-	-	-	-	12,693	31,260	43,953	43,953
Fundraising:									
Contributed services	-	-	-	-	-	-	1,366,745	1,366,745	1,366,745
Total expenses	\$ 410,704	\$ 742,516	\$ 254,784	\$ 1,714,176	\$ 3,122,180	\$ 811,837	\$ 1,398,005	\$ 2,209,842	\$ 5,332,022

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

IEEE Foundation, Incorporated

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services					Supporting Services			Total Expenses
	Illuminate	Educate	Engage	Energize	Total	Administrative	Fundraising Activities	Total	
Grants	\$ 490,795	\$ 360,446	\$ 380,464	\$ 708,487	\$ 1,940,192	\$ -	\$ -	\$ -	\$ 1,940,192
Recognition awards	-	-	-	753,707	753,707	-	-	-	753,707
Medals and certificates	-	387	-	106,232	106,619	-	-	-	106,619
Scholarships and fellowships	-	487,517	-	-	487,517	-	-	-	487,517
Student meetings and related travel	-	14,881	-	12,634	27,515	-	-	-	27,515
Print and mailings	-	-	-	31,679	31,679	-	-	-	31,679
IEEE contract support:									
IEEE professional staff services	-	-	-	91,936	91,936	594,010	-	594,010	685,946
Rent	-	-	-	3,161	3,161	20,425	-	20,425	23,586
Professional fees	-	-	-	-	-	42,000	-	42,000	42,000
Office equipment	-	-	-	3,270	3,270	21,130	-	21,130	24,400
Contract - other charges	-	-	-	7,355	7,355	47,521	-	47,521	54,876
Total IEEE contract support	-	-	-	105,722	105,722	725,086	-	725,086	830,808
Travel and meetings	-	-	-	-	-	98,045	-	98,045	98,045
Other	-	-	-	-	-	41,514	-	41,514	41,514
Fundraising:									
Contributed services	-	-	-	-	-	-	1,221,335	1,221,335	1,221,335
Total expenses	\$ 490,795	\$ 863,231	\$ 380,464	\$ 1,718,461	\$ 3,452,951	\$ 864,645	\$ 1,221,335	\$ 2,085,980	\$ 5,538,931

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

IEEE Foundation, Incorporated

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets	\$ 10,672,273	\$ 6,718,128
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized gains from investments	(5,531,975)	(4,582,000)
Change in fair value of beneficial interest in trust	(468,590)	(425,045)
Donated stock	(16,664)	(25,638)
Proceeds from sale of donated stock	16,634	25,389
Changes in assets and liabilities:		
Increase in contributions receivable	(869,782)	(43,257)
(Increase) decrease in amounts due from IEEE	(172,801)	29,769
Decrease in prepaid expenses and other assets	10,151	7,043
Increase in amounts held in trust for others	(6,790)	(15,283)
Increase (decrease) in accrued expenses	55,911	(23,585)
Decrease in awards and grants payable	(300,003)	(1,051,963)
Increase (decrease) in amounts due to IEEE	72,761	(41,125)
Increase in amounts held for others	6,790	15,283
	<u>3,467,915</u>	<u>587,716</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	661,000	1,651,974
Purchase of investments	(825,662)	(754,862)
	<u>(164,662)</u>	<u>897,112</u>
Net cash (used in) provided by investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,303,253	1,484,828
Cash and cash equivalents at beginning of year	<u>11,494,803</u>	<u>10,009,975</u>
Cash and cash equivalents at end of year	<u>\$ 14,798,056</u>	<u>\$ 11,494,803</u>

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

IEEE Foundation, Incorporated
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 a significant number of people with electricity, education and jobs.

In 2021, ISV improved the health, education and wellbeing of eight communities in six different countries (Cameroon, Galapagos, Honduras, India, Kenya and Uganda) through newly established IEEE Smart Village projects. Each project meets the unique needs of the local community and is designed to close the energy-gap for the world’s most energy impooverished citizens through the three pillars - electrification, education and enterprise development.

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 that community. 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.

In 2021 EPICS in IEEE kicked off the EPICS in IEEE Environmental Competition in partnership with the United Engineering Foundation to harness the power and potential of university students in the US to mitigate and address the impact of climate change in their local communities.

EPICS in IEEE has facilitated more than 130 projects in more than 30 countries impacting more than 291,000 people. The program has also engaged 900+ volunteers, 3,000+ university students and 8,000+ pre-university students.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 IEEE Foundation enable other initiatives that help meet the world's most pressing challenges.

IEEE-USA Mobile Outreach Vehicle ("MOVE") celebrated its 5th anniversary in 2021 by receiving a second vehicle, which was donated by Cisco Systems. The two trucks combined for four deployments spanning nearly 100 days assisting victims of natural disasters in Louisiana, Kentucky, North Carolina and Tennessee by providing short-term communications infrastructure, computer and power solutions.

The IEEE SIGHT Fund fostered stronger collaborations enabling the IEEE Humanitarian Activities Committee to solidify partnerships with IEEE Electron Devices Society ("EDS") and IEEE Antennas and Propagation Society ("APS") resulting in seven projects being selected to receive funding.

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 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. In 2021 72 high-achieving undergraduate electrical engineering students from 40 universities across the USA, Canada and Puerto Rico were selected as 2020-21 PES Scholars. The total number of scholarships awarded since the initiative's 2011 inception is 1,881. Twenty-two percent of the recipients are female. Approximately 60% of the scholarship recipients have full-time jobs at 357 different companies. Almost half of the recipients are second and third-time awardees. 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 program was already uniquely positioned to provide resources for homeschooling and virtual learning during the COVID-19 pandemic. Efforts to increase awareness and delivery of the resources was even more of a priority in 2021.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

IEEE REACH equipped social studies and STEM pre-university educators from around the world with the knowledge to leverage the free IEEE REACH lesson plans, videos and hands-on activities to elevate their students' technological literacy. More than 13,000 users from 160 countries accessed the REACH website during 2021 representing a 15.1% increase from 2020. The site boasts visitors and users from almost all of the 45 US states and 43 countries, with the potential to impact 250,000 students. Other users 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 and encourage 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 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 History Center

In 2021, the IEEE History Center dedicated fourteen IEEE Milestones including the three Gravitational-Wave Antennas conducted in three locations with four Nobel Prize winners as speakers, Folsom Powerhouse the birthplace of the AC Grid in Sacramento, CA, USA, and Multiple Silicon Technologies on a Chip recognizing Bipolar-CMOS-DMOS (BCD) technology in Agrate Brianza, Italy.

Source material and resources available on the Engineering & Technology History Wiki (ethw.org) were enhanced and expanded for historians and the public to explore. Twenty oral histories with technology icons, 50 topic articles and 25 first-hand histories were added in 2021.

Energize - innovation by celebrating technological excellence.

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

Recognition of Innovation

For more than 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.

In 2021 IEEE honored the twenty-four IEEE Medal and Recognition recipients whose groundbreaking technological advances shape our lives and the future of the profession during the first ever virtual IEEE Vision, Innovation, and Challenges Summit and Honors Ceremony.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

A new medal in honor of pioneer and IEEE Fellow Nick Holonyak, Jr. was added and the first presentation of the IEEE Nick Holonyak, Jr. Medal for Semiconductor Optoelectronic Technologies will be made in 2024. The first IEEE medal named for a female innovator was awarded in 2021. The IEEE Mildred Dresselhaus Medal is supported by Google.

Investing in Innovation

The Foundation manages funds that support IEEE grassroots projects of strategic importance and provides the critical resources to monitor the impact and effectiveness of those donor supported programs. IEEE Life members represent an invaluable repository of personal experiences and funds support activities of these long-time members who contribute to the social good in their communities around the world. Ten new Life Member Affinity Groups were added during 2021 bringing the total to 118.

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 nearly 300 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.

In 2021, 270+ IEEE-HKN student members representing 20 countries attended the four-day virtual HKN Student Leadership Conference that included more than 50 professional development and chapter strengthening sessions and workshops. Attendees had the opportunity to hear from Apple co-founder and HKN Eminent Member Steve Wozniak. IEEE-HKN also launched a new and exciting virtual series - IEEE-HKN Grad Lab - focused on the opportunities and challenges of Graduate School.

IEEE-HKN provided 67,757 service hours in 2021 and 91 STEM outreach events despite being completely virtual. Programs offered by HKN Chapters make an impact on the communities served.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Program services - related expenses are comprised of the following:

	2021	2020
Illuminate:		
IEEE Smart Village	\$ 308,200	\$ 413,782
EPICS in IEEE	13,900	17,900
Other Illuminate programs	88,604	59,113
Total Illuminate	410,704	490,795
Educate:		
IEEE Power & Energy Society Scholarship Plus Initiative	306,354	430,000
IEEE REACH Program	76,300	76,300
Students and Young Professionals	359,862	356,931
Total Educate	742,516	863,231
Engage:		
IEEE History Center support	254,784	380,464
Total Engage	254,784	380,464
Energize:		
Recognition of Innovation	1,273,008	1,305,900
Investing in Innovation	169,806	107,723
IEEE-Eta Kappa Nu Fund Support	271,362	304,838
Total Energize	1,714,176	1,718,461
Total Program services	\$ 3,122,180	\$ 3,452,951

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, 2021 and 2020

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 \$12,993,110 and \$9,779,031 at December 31, 2021 and 2020, 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 10 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.

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.

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.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

- 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 includes 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 guidance requiring the Foundation to evaluate 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 for exchange transactions. 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 1.73% to 2.89% at December 31, 2021 and 1.13% to 3.48% at December 31, 2020. Discount rates assigned to individual pledges are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in accordance with 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 by donor's intent and are reflected within investment gains (losses) of the statements of activities in the corresponding net asset category.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 follow at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Less than one year	<u>\$ 654,593</u>	<u>\$ 954,596</u>

For the years ended December 31, 2021 and 2020, the Foundation rescinded \$43,968 and \$44,130, respectively, of grant commitments. As of December 31, 2021 and 2020, \$604,632 and \$889,177, respectively, of awards and grants payable are due to the Institute.

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.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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, 2021 and 2020, 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 statements of activities and in more detail on the 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.

Subsequent Events

The Foundation evaluated its December 31, 2021 financial statements for subsequent events through May 2, 2022, the date the financial statements were available to be issued.

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

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE 3 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, at December 31, 2021 and 2020 consist of the following:

	2021	2020
IEEE Power & Energy Society General Fund	\$ 758,542	\$ -
IEEE James Meindl Fund	301,089	-
IEEE Magnetics Diversity Talent and Innovation Fund	300,000	-
IEEE Jack Kilby Signal Process Medal Fund	300,000	-
IEEE Power & Energy Society Scholarship Plus Program	170,000	235,000
IEEE Flanagan Speech and Audio Processing Award Fund	135,000	-
IEEE Fourier Award for Signal Processing Fund	135,000	-
IEEE Jon Charles Taenzer Memorial Fund	17,000	75,000
IEEE Signal Processing Student & Young Professional Fund	43,000	60,000
IEEE Smart Village	22,409	35,028
IEEE Control Systems Society Fund	-	850,000
IEEE PELS Humanitarian and Outreach Fund	-	250,000
IEEE NPSS Edward J Hoffman Memorial Fund	-	100,000
IEEE Foundation Fund	-	37,602
EPICS in IEEE	-	2,875
IEEE Educational Activities Fund	-	243
Other	479,993	115,326
	2,662,033	1,761,074
Less: discount for present value	(37,597)	(6,420)
Contributions receivable, net	\$ 2,624,436	\$ 1,754,654

Contributions receivable as of December 31, 2021 and 2020 are expected to be collected as follows:

	2021	2020
Less than one year	\$ 1,627,733	\$ 1,526,874
One - five years	942,300	230,200
Greater than five years	92,000	4,000
	\$ 2,662,033	\$ 1,761,074

During 2021 and 2020, the Foundation received notification of certain intentions to give, which included various bequests, the realizable amounts of which are not presently determinable. Due to their conditional nature, such gifts have not been reflected on the accompanying financial statements. Additionally, the Foundation's share of bequests is only recorded when the Foundation has an established right to the bequest and the proceeds are measurable.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE 4 - INVESTMENTS, AT FAIR VALUE

Investments, at fair value, at December 31, 2021 and 2020 consist of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Limited partnership Participation in the Institute's investment pool	\$ 100,000	\$ 85,805	\$ 100,000	\$ 85,805
	<u>26,287,011</u>	<u>49,573,973</u>	<u>25,809,763</u>	<u>43,877,306</u>
Total investments	<u>\$ 26,387,011</u>	<u>\$ 49,659,778</u>	<u>\$ 25,909,763</u>	<u>\$ 43,963,111</u>

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, 2021 and 2020, the fair value of the Institute's investment pool's investments was based 87% and 89% on Level 1 inputs and 13% and 11% 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, 2021 and 2020, 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, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Limited partnership Participation in the Institute's investment pool	\$ -	\$ -	\$ 85,805	\$ 85,805
	<u>-</u>	<u>-</u>	<u>49,573,973</u>	<u>49,573,973</u>
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,659,778</u>	<u>\$ 49,659,778</u>

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

	2020			
	Level 1	Level 2	Level 3	Total
Limited partnership	\$ -	\$ -	\$ 85,805	\$ 85,805
Participation in the Institute's investment pool	-	-	43,877,306	43,877,306
Total investments	\$ -	\$ -	\$ 43,963,111	\$ 43,963,111

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, 2021 and 2020.

	2021		
	Limited Partnership	Participation in the Institute's Investment Pool	Total
Balance, beginning of year	\$ 85,805	\$ 43,877,306	\$ 43,963,111
Purchases	-	825,662	825,662
Sales	-	(661,000)	(661,000)
Net realized and unrealized gains	-	5,532,005	5,532,005
Balance, end of year	\$ 85,805	\$ 49,573,973	\$ 49,659,778

	2020		
	Limited Partnership	Participation in the Institute's Investment Pool	Total
Balance, beginning of year	\$ 85,805	\$ 39,393,387	\$ 39,479,192
Purchases	-	754,862	754,862
Sales	-	(852,000)	(852,000)
Net realized and unrealized gains	-	4,581,057	4,581,057
Balance, end of year	\$ 85,805	\$ 43,877,306	\$ 43,963,111

Net realized and unrealized gains are included within investment gains, net on the accompanying statements of activities.

Investment gains, net, for the years ended December 31, 2021 and 2020 include investment expenses, which are netted with interest and dividends and amounted to \$101,099 and \$90,926 in 2021 and 2020, respectively.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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.

As of December 31, 2021 and 2020, the Trust's fair value totaled \$4,544,824 and \$4,076,234, 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, 2021 and 2020.

	2021	2020
Balance, beginning of year	\$ 4,076,234	\$ 3,651,189
Change in fair value of beneficial interest in trust	468,590	425,045
Balance, end of year	\$ 4,544,824	\$ 4,076,234

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

NOTE 6 - AMOUNTS 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, 2021 and 2020, the Trust Fund's assets consist of the following:

	2021	2020
Participation in the Institute's investment pool	\$ 420,999	\$ 432,546
Cash equivalents	15,658	-
	436,657	432,546
Less: accrued expenses	(3,506)	(6,185)
Amounts held in trust for others	\$ 433,151	\$ 426,361

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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, 2021 and 2020.

	2021	2020
Balance, beginning of year	\$ 432,546	\$ 406,057
Purchases	5,149	5,470
Withdrawals	(50,000)	(23,000)
Net realized and unrealized appreciation	33,304	44,019
Balance, end of year	\$ 420,999	\$ 432,546

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

NOTE 7 - NET ASSETS AND ENDOWMENT FUNDS

Net assets with donor restrictions are available for the following purposes at December 31, 2021 and 2020:

	2021	2020
Funds held for specific purposes:		
Awards	\$ 16,250,776	\$ 13,417,064
Educational	30,774,764	25,739,263
	47,025,540	39,156,327
Beneficial interest in trust - time restriction	4,544,824	4,076,234
Donor-restricted endowment funds, including accumulated unspent appreciation of \$183,685 and \$141,382, respectively	319,544	277,241
	\$ 51,889,908	\$ 43,509,802

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, 2021 and 2020 as follows:

	2021	2020
Funds held for specific purposes:		
Awards	\$ 916,714	\$ 933,731
Educational	1,590,772	2,028,949
	\$ 2,507,486	\$ 2,962,680

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Donor-imposed endowment net assets at December 31, 2021 and 2020 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.

The Foundation lowered endowment spending for 2021 to 4.34% from 4.67% spending in 2020. Endowment 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 2021.

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.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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, 2021 and 2020, respectively:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 319,544	\$ 319,544
Board-designated endowment fund	4,335,249	-	4,335,249
Total endowment assets	<u>\$ 4,335,249</u>	<u>\$ 319,544</u>	<u>\$ 4,654,793</u>
Endowment assets, beginning of year	\$ 3,975,095	\$ 277,241	\$ 4,252,336
Dividends and interest	79,045	23,242	102,287
Net realized and unrealized appreciation in fair value of endowment assets	474,195	31,671	505,866
New gifts - designated for endowment	7,004	-	7,004
Endowment return used for operations	<u>(200,090)</u>	<u>(12,610)</u>	<u>(212,700)</u>
Endowment assets, end of year	<u>\$ 4,335,249</u>	<u>\$ 319,544</u>	<u>\$ 4,654,793</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 277,241	\$ 277,241
Board-designated endowment fund	3,975,095	-	3,975,095
Total endowment assets	<u>\$ 3,975,095</u>	<u>\$ 277,241</u>	<u>\$ 4,252,336</u>
Endowment assets, beginning of year	\$ 3,678,328	\$ 283,222	\$ 3,961,550
Dividends and interest	74,696	5,535	80,231
Net realized and unrealized appreciation in fair value of endowment assets	397,951	26,246	424,197
New gifts - designated for endowment	25,500	12,000	37,500
Endowment return used for operations	<u>(201,380)</u>	<u>(49,762)</u>	<u>(251,142)</u>
Endowment assets, end of year	<u>\$ 3,975,095</u>	<u>\$ 277,241</u>	<u>\$ 4,252,336</u>

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 held U.S. Treasury bills that can be sold prior to maturity. The Foundation held U.S. Treasuries that fully matured 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.

As of December 31, 2021 and 2020, the Foundation's financial assets available within one year of the statement of financial position dates for general expenditures were as follows:

	2021	2020
Cash and cash equivalents	\$ 14,798,056	\$ 11,494,803
Amounts due from IEEE	264,611	91,810
Contributions receivable	1,627,733	1,526,874
Investments, at fair value	49,573,973	43,877,306
Assets held in trust for others	433,151	426,361
Total financial assets available within one year	66,697,524	57,417,154
Less:		
Contractual, legal or donor-imposed restrictions:		
Amounts subject to expenditure for specified purposes	46,028,835	38,928,547
Amounts relating to endowment funds with donor restrictions	319,544	277,241
Amounts held in trust for others	433,151	426,361
Total amounts unavailable for general expenditures within one year	46,781,530	39,632,149
Board-designated endowment fund:	4,335,249	3,975,095
Total amounts unavailable for management without Board approval	42,446,281	35,657,054
Total financial assets available within one year after Board designations	\$ 15,580,745	\$ 13,809,910

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.

IEEE Foundation, Incorporated

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 \$865,234 and \$830,808 during 2021 and 2020, respectively. The Institute provided fundraising administrative services (contributed services) during 2021 and 2020 that were not reimbursed by the Foundation. Such contributed services recorded by the Foundation totaled \$1,366,745 and \$1,221,335 during 2021 and 2020, respectively.

The Foundation also received annual cash contributions from IEEE in the amounts of \$438,000 and \$423,000 during 2021 and 2020, respectively.

During 2021 the Institute contributed \$200,000 from the IEEE Solid State Circuits Society for the IEEE Solid State Circuits Society James D. Meindl Memorial Education Fund and \$300,000 from IEEE Magnetics Society for the IEEE Magnetics Society Diversity, Talent and Innovation Fund. During 2020, the Institute also contributed an additional \$850,000 for the IEEE Control Systems Society Fund, \$250,000 for the IEEE PELS Humanitarian and Outreach Fund, and \$100,000 for the IEEE NPSS Edward J Hoffman Memorial Fund.

The Institute solicits contributions on behalf of the Foundation through its annual member renewal process, which totaled \$694,620 and \$533,166 in 2021 and 2020, respectively.

NOTE 11 - COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, has caused economic interruptions through mandated and voluntary closings of businesses and organizations throughout the United States. 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 operations, 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.