

IEEE FOUNDATION, INCORPORATED
Piscataway, New Jersey

FINANCIAL STATEMENTS
December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
IEEE Foundation, Incorporated
Piscataway, New Jersey

Opinion

We have audited the financial statements of IEEE Foundation, Incorporated (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation has adopted ASU 2020-07 - Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of IEEE Foundation, Incorporated for the year ended December 31, 2021, were audited by other auditors, who expressed an unmodified opinion on those statements on May 2, 2022.

(Continued)

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 from the date the financial statements are available to be 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.



Crowe LLP

New York, New York
April 26, 2023

IEEE FOUNDATION, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 17,182,672	\$ 14,798,056
Amounts due from IEEE	224,691	264,611
Contributions receivable, net	2,583,634	2,624,436
Prepaid expenses and other assets	92,539	78,110
Investments, at fair value	44,653,482	49,659,778
Beneficial interest in trust	3,491,590	4,544,824
Amounts held in trust for others	<u>364,577</u>	<u>433,151</u>
 Total assets	 <u>\$ 68,593,185</u>	 <u>\$ 72,402,966</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 204,497	\$ 110,637
Awards and grants payable	1,549,268	654,593
Amounts due to IEEE	76,908	111,144
Amounts held in trust for others	<u>364,578</u>	<u>433,151</u>
Total liabilities	2,195,251	1,309,525
Contingencies		
Net assets		
Without donor restrictions		
Operating	13,048,090	14,868,284
Board-designated	<u>3,604,179</u>	<u>4,335,249</u>
Total net assets without donor restrictions	16,652,269	19,203,533
With donor restrictions	<u>49,745,665</u>	<u>51,889,908</u>
Total net assets	<u>66,397,934</u>	<u>71,093,441</u>
 Total liabilities and net assets	 <u>\$ 68,593,185</u>	 <u>\$ 72,402,966</u>

See accompanying notes to financial statements.

IEEE FOUNDATION, INCORPORATED
STATEMENT OF ACTIVITIES
Year ended December 31, 2022 (with comparative total for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenues				
Contributions of cash and other financial assets	\$ 1,412,480	\$ 6,869,900	\$ 8,282,380	\$ 7,673,820
Contributions of nonfinancial assets	1,483,717	-	1,483,717	1,366,745
Change in fair value of beneficial interest in trust	-	(1,053,234)	(1,053,234)	468,590
Investment (losses) gains, net	(2,110,040)	(4,110,993)	(6,221,033)	6,495,140
Net assets released from restrictions	<u>3,849,916</u>	<u>(3,849,916)</u>	<u>-</u>	<u>-</u>
Total revenues	4,636,073	(2,144,243)	2,491,830	16,004,295
Expenses				
Program services				
Illuminate	1,072,586	-	1,072,586	410,704
Educate	1,131,920	-	1,131,920	742,516
Engage	397,781	-	397,781	254,784
Energize	<u>1,990,396</u>	<u>-</u>	<u>1,990,396</u>	<u>1,714,176</u>
Total program services	4,592,683	-	4,592,683	3,122,180
Supporting services				
Administrative	996,598	-	996,598	811,837
Fundraising activities	<u>1,598,056</u>	<u>-</u>	<u>1,598,056</u>	<u>1,398,005</u>
Total supporting services	2,594,654	-	2,594,654	2,209,842
Total expenses	<u>7,187,337</u>	<u>-</u>	<u>7,187,337</u>	<u>5,332,022</u>
Change in net assets	(2,551,264)	(2,144,243)	(4,695,507)	10,672,273
Net assets, beginning of year	<u>19,203,533</u>	<u>51,889,908</u>	<u>71,093,441</u>	<u>60,421,168</u>
Net assets, end of the year	<u>\$ 16,652,269</u>	<u>\$ 49,745,665</u>	<u>\$ 66,397,934</u>	<u>\$ 71,093,441</u>

See accompanying notes to financial statements.

IEEE FOUNDATION, INCORPORATED
STATEMENT OF ACTIVITIES
Year ended December 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues			
Contributions of cash and other financial assets	\$ 1,547,955	\$ 6,125,865	\$ 7,673,820
Contributions of nonfinancial assets	1,366,745	-	1,366,745
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	<u>2,507,486</u>	<u>(2,507,486)</u>	<u>-</u>
Total revenues	7,624,189	8,380,106	16,004,295
Expenses			
Program services			
Illuminate	410,704	-	410,704
Educate	742,516	-	742,516
Engage	254,784	-	254,784
Energize	<u>1,714,176</u>	<u>-</u>	<u>1,714,176</u>
Total program services	3,122,180	-	3,122,180
Supporting services			
Administrative	811,837	-	811,837
Fundraising activities	<u>1,398,005</u>	<u>-</u>	<u>1,398,005</u>
Total supporting services	<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>
Change 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 the year	<u>\$ 19,203,533</u>	<u>\$ 51,889,908</u>	<u>\$ 71,093,441</u>

See accompanying notes to financial statements.

IEEE FOUNDATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	Program Services					Supporting Services			Total Expenses
	<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	\$ 1,072,586	\$ 596,808	\$ 396,236	\$ 309,342	\$ 2,374,972	\$ -	\$ -	\$ -	\$ 2,374,972
Recognition awards	-	-	-	800,244	800,244	-	-	-	800,244
Medals and certificated	-	11,703	-	651,896	663,599	-	-	-	663,599
Scholarships and fellowships	-	494,469	-	-	494,469	-	-	-	494,469
Student meetings and related travel	-	28,940	1,545	21,622	52,107	-	-	-	52,107
Print and mailings	-	-	-	57,315	57,315	-	-	-	57,315
IEEE contract support:									
IEEE professional staff services	-	-	-	129,834	129,834	692,974	-	692,974	822,808
Rent	-	-	-	5,716	5,716	30,507	-	30,507	36,223
Professional fees	-	-	-	-	-	56,000	-	56,000	56,000
Office equipment	-	-	-	4,040	4,040	21,560	-	21,560	25,600
Contract-other charges	-	-	-	10,387	10,387	55,438	-	55,438	65,825
Total IEEE contract support	-	-	-	149,977	149,977	856,479	-	856,479	1,006,456
Travel and meetings	-	-	-	-	-	80,014	-	80,014	80,014
Other	-	-	-	-	-	60,105	114,339	174,444	174,444
Fundraising:									
Contributed services	-	-	-	-	-	-	1,483,717	1,483,717	1,483,717
Total expenses	<u>\$ 1,072,586</u>	<u>\$ 1,131,920</u>	<u>\$ 397,781</u>	<u>\$ 1,990,396</u>	<u>\$ 4,592,683</u>	<u>\$ 996,598</u>	<u>\$ 1,598,056</u>	<u>\$ 2,594,654</u>	<u>\$ 7,187,337</u>

See accompanying notes to financial statements.

IEEE FOUNDATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2021

	Program Services					Supporting Services			Total Expenses
	<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	\$ 410,704	\$ 343,325	\$ 254,784	\$ 271,117	\$ 1,279,930	\$ -	\$ -	\$ -	\$ 1,279,930
Recognition awards	-	-	-	727,018	727,018	-	-	-	727,018
Medals and certificated	-	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

See accompanying notes to financial statements.

IEEE FOUNDATION, INCORPORATED
STATEMENTS OF CASH FLOWS
Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Changes in net assets	\$ (4,695,507)	\$ 10,672,273
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) from investments	7,502,764	(5,531,975)
Change in fair value of beneficial interest in trust	1,053,234	(468,590)
Donated stock	(35,354)	(16,664)
Proceeds from sale of donated stock	34,510	16,634
Changes in assets and liabilities		
Amounts due from IEEE	39,920	(172,801)
Contributions receivable	40,802	(869,782)
Prepaid expenses and other assets	(14,429)	10,151
Amounts held in trust for others	68,574	(6,790)
Accrued expenses	93,860	55,911
Awards and grants payable	894,675	(300,003)
Amounts due to IEEE	(34,236)	72,761
Amounts held in trust for others	<u>(68,573)</u>	<u>6,790</u>
Net cash provided by operating activities	4,880,240	3,467,915
Cash flows from investing activities		
Proceeds from sale of investments	-	661,000
Purchase of investments	<u>(2,495,624)</u>	<u>(825,662)</u>
Net cash used in investing activities	<u>(2,495,624)</u>	<u>(164,662)</u>
Net increase in cash and cash equivalents	2,384,616	3,303,253
Cash and cash equivalents at beginning of year	<u>14,798,056</u>	<u>11,494,803</u>
Cash and cash equivalents at end of year	<u>\$ 17,182,672</u>	<u>\$ 14,798,056</u>

See accompanying notes to financial statements.

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 is a propelling force that makes it possible to act. It 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 2022, ISV improved the health, education and well-being of eleven communities in six different countries (Zambia, Kenya, Cameroon, Tanzania, India, Nigeria and the Galapagos) 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 2022 EPICS in IEEE Empowered 10 US-based student teams to implement innovative solutions that are tackling environmental sustainable challenges that will improve the quality of life for an estimated 540,000 people once the projects through the EPICS in IEEE Environmental Competition, funded by the United Engineering Foundation, are fully deployed.

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.

(Continued)

NOTE 1 - IEEE FOUNDATION, INCORPORATED (Continued)

IEEE-USA Mobile Outreach Vehicle (MOVE) volunteers donated nearly 15,000 combined hours in the wake of wildfires, hurricanes, flooding and more providing short-term communications, computer, and power solutions for victims in California, Florida, Kentucky and Puerto Rico as well as facilitating STEM learning opportunities.

Empower a Billion Lives selected 24 teams from 16 countries to receive seed funding to test their scalable solutions for energy access ahead of participating in the Empower Billion Lives 2.0 (EBL II) Global Finals set for March 2023 at the IEEE Applied Power Electronics Conference in Orlando, FL, USA. EBL II is a global competition aimed at fostering innovation to develop solutions to electricity access.

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 2022, 75 high-achieving undergraduate electrical engineering students from 52 universities across USA and Canada interested in pursuing a career in power & energy were selected as the 2022-23 IEEE PES Scholars. This year’s group of PES Scholars brings the total number of scholarships awarded by IEEE Power & Energy Society Scholarship Initiative since its inception to 1,956.

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.

In 2022, helped female engineering students pursue their dream careers through the awarding of the IEEE WIE International Scholarship and the IEEE Frances B. Hugle Scholarships.

Provided students and young professionals with valuable access and networking opportunities through travel grants to attend IEEE conferences such as the inaugural Michael C. Wicks Radar Student Travel Grants, which enabled three worthy recipients to attend the 2022 IEEE Radar Conference, and the IEEE AP-S C. J. Reddy Travel Grant for Graduate Students, which afforded six students the chance to attend the 2022 IEEE AP-S International Symposium.

Invested in the advancement of young investigators by awarding grants and internships such as the 2022 Edward J. Hoffman Early Career Development Grant and 2022 IEEE-USA Washington Internships for Students of Engineering (WISE).

(Continued)

NOTE 1 - IEEE FOUNDATION, INCORPORATED (Continued)

Engage - a wider audience in appreciating the value and importance of engineering and technology.

The pace of technological advancement is accelerating. Driving a greater understanding of how science and technology impacts society enables us to value the past, meet the needs of today, and create the world of tomorrow.

IEEE History Center: In 2022, the IEEE History Center dedicated 10 IEEE Milestones honoring technological achievements in seven countries and four IEEE Regions including the first Handheld Digital Camera in Rochester, NY, USA, Quick Response (QR) Code in Nagoya, Japan and Manchester University “Baby” Computer and its Derivatives in Manchester, United Kingdom.

The IEEE History Center enhanced and expanded the source material and resources available on the Engineering & Technology History Wiki (ethw.org) for historians and the public to explore through the addition of 30 oral histories with technology icons including B. Jayant Baliga 2014 IEEE Medal of Honor recipient, 113 topic articles and 28 first-hand histories.

Encouraged students with a passion for the history of technology through initiatives like the IEEE Elizabeth & Emerson Pugh Scholar in Residence at the IEEE History Center and IEEE Life Member History Fellowship, supported by the IEEE Life Members Fund since 1978.

Other Engage Programs: Other Engage Programs made possible during 2022 included IEEE TechEthics, which explores the ethical and societal impacts of technology and Maxwell at Glenlair, which supports the preservation of James Clerk Maxwell's ancestral home.

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.

Honored the twenty-five 2022 IEEE Medal and Recognition recipients whose groundbreaking technological advances shape our lives and the future of the profession during the IEEE Vision, Innovation, and Challenges Summit and Honors Ceremony held in San Diego, CA, USA.

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-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.

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - IEEE FOUNDATION, INCORPORATED (Continued)

In 2022, nurtured 245 IEEE-HKN student members representing 54 HKN Chapters during the three day, in-person IEEE-HKN Student Leadership Conference held from 28-30 October at the University of North Carolina Charlotte, which included more than 23 professional development and chapter strengthening sessions and workshops plus a Recruitment Fair. The SLC was made possible in part by a generous grant from the Samueli Foundation.

Fueled the innovation and ingenuity of IEEE-HKN Chapters by awarding the first round of IEEE-HKN Chapter Support Grants to support initiatives such as chapter-building and visibility activities, a mentoring event, and an event that engaged alumni.

Program services- related expenses are comprised of the following:

	<u>2022</u>	<u>2021</u>
Illuminate:		
IEEE Smart Village	\$ 352,107	\$ 308,200
EPICS in IEEE	127,279	13,900
Other Illuminate programs	<u>593,200</u>	<u>88,604</u>
Total Illuminate	1,072,586	410,704
Educate:		
IEEE Power & Energy Society Scholarship Plus Initiative	244,710	306,354
IEEE REACH Program	53,264	76,300
Students and Young Professionals	<u>833,946</u>	<u>359,862</u>
Total Educate	1,131,920	742,516
Engage:		
IEEE History Center Support	291,518	254,784
Other Engage Programs	<u>106,263</u>	<u>-</u>
Total Engage	397,781	254,784
Energize:		
Recognition of Innovation	1,491,514	1,273,008
Investing in Innovation	246,112	169,806
IEEE-Eta Kappa Nu Fund Support	<u>252,770</u>	<u>271,362</u>
Total Energize	<u>1,990,396</u>	<u>1,714,176</u>
Total program services	<u>\$ 4,592,683</u>	<u>\$ 3,122,180</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The Foundation's financial statements are presented in accordance with accounting standards generally accepted in the United States of America ("U.S. GAAP") and have been prepared on the accrual basis of accounting.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

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 \$10,667,900 and \$12,993,110 at December 31, 2022 and 2021, 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. Donated investments are recorded at the fair value at the date of receipt.

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.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 1.13% to 5.41% at December 31, 2022 and 1.73% to 2.89% at December 31, 2021. 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. For the years ended December 31, 2022 and 2021 the Foundation has not recorded any bad debt expense.

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.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	<u>\$ 1,549,268</u>	<u>\$ 654,593</u>

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the years ended December 31, 2022 and 2021, the Foundation rescinded \$0 and \$43,968, respectively, of grant commitments. As of December 31, 2022 and 2021, \$1,505,044 and \$604,632, 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.

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, 2022 and 2021, 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.

Reclassifications: Certain reclassifications have been made to present last year’s financial statements on a basis comparable to the current year’s financial statements. These reclassifications had no effect on the change in net assets or total net assets.

Recently Issued Accounting Pronouncements: In September, 2020, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The update increases transparency about contributed nonfinancial assets, including how they are used and how they are valued, through enhancements to presentation and disclosure. The Foundation implemented this ASU for the year ended December 31, 2022 and has adjusted the presentation of these financial statements accordingly, including retrospective adjustment to December 31, 2021.

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: The Foundation evaluated its December 31, 2022 financial statements for subsequent events through April 26, 2023, 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.

NOTE 3 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
IEEE Power & Energy Society General Fund	\$ 527,290	\$ 758,542
IEEE James Meindl Fund	50,243	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 Prog G&W Reg 2&4	25,000	50,000
IEEE Power & Energy Society Scholarship Plus Prog A Sahazizian Schlshp	90,000	120,000
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
IEEE Signal Processing Student & Young Professional Fund	300,000	43,000
IEEE Smart Village	17,108	22,409
IEEE PELS Humanitarian and Outreach Fund	177,691	-
IEEE Foundation Fund	170,793	-
EPICS in IEEE	30,019	-
IEEE Educational Activities Fund	75,121	-
IEEE CAS Society Fund	159,500	-
IEEE DEIS Graduate Fellowship Fund	284,000	-
IEEE Humanitarian Technology Fund	263,438	-
IEEE PES India Narain Hingorani Awards Fund	100,000	-
Other	335,318	479,993
	<u>2,605,521</u>	<u>2,662,033</u>
Less: Discount for present value	<u>(21,887)</u>	<u>(37,597)</u>
Contributions receivable, net	<u>\$ 2,583,634</u>	<u>\$ 2,624,436</u>

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - CONTRIBUTIONS RECEIVABLE, NET (Continued)

Contributions receivable as of December 31, 2022 and 2021 are expected to be collected as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 2,163,121	\$ 1,627,733
One - five years	433,900	942,300
Greater than five years	<u>8,500</u>	<u>92,000</u>
	<u>\$ 2,605,521</u>	<u>\$ 2,662,033</u>

During 2022 and 2021, 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.

NOTE 4 - INVESTMENTS, AT FAIR VALUE

Investments, at fair value, at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Limited partnership	\$ 100,000	\$ 85,805	\$ 100,000	\$ 85,805
U.S. Treasuries	1,499,974	1,496,894	-	-
Participation in the Institute's investment pool	<u>27,282,663</u>	<u>43,070,783</u>	<u>26,287,011</u>	<u>49,573,973</u>
Total investments	<u>\$ 28,882,637</u>	<u>\$ 44,653,482</u>	<u>\$ 26,387,011</u>	<u>\$ 49,659,778</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, 2022 and 2021, 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.

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IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 - INVESTMENTS, AT FAIR VALUE (Continued)

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, 2022 and 2021, 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, 2022 and 2021:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Limited partnership	\$ -	\$ -	\$ 85,805	\$ 85,805
U.S. Treasuries	1,496,894	-	-	1,496,894
Participation in the Institute's investment pool	-	-	43,070,783	43,070,783
Total investments	\$ 1,496,894	\$ -	\$ 43,156,588	\$ 44,653,482

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Limited partnership	\$ -	\$ -	\$ 85,805	\$ 85,805
Participation in the Institute's investment pool	-	-	49,573,973	49,573,973
Total investments	\$ -	\$ -	\$ 49,659,778	\$ 49,659,778

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:

	2022		
	Limited Partnership	Participation in the Institute's Investment Pool	Total
Balance, beginning of the year	\$ 85,805	\$ 49,573,973	\$ 49,659,778
Purchases	-	996,494	996,494
Sales	-	-	-
Net realized and unrealized gains	-	(7,499,684)	(7,499,684)
Balance, end of year	\$ 85,805	\$ 43,070,783	\$ 43,156,588

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 - INVESTMENTS, AT FAIR VALUE (Continued)

	2021			
	Limited Partnership	U.S. Treasuries	Participation in the Institute's Investment Pool	Total
Balance, beginning of the 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

Interest and dividends and realized and unrealized gains and losses on investments are comprised of the following for the years ended December 31:

	2022	2021
Interest and dividends on investments	\$ 1,281,731	\$ 963,163
Net realized (loss) gain on investments	(843)	312,557
Net unrealized (loss) gain on investments	(7,501,921)	5,219,420
Total realized and unrealized (loss) gain on investments	(7,502,764)	5,531,977
Total investment (loss) income	\$ (6,221,033)	\$ 6,495,140

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, 2022 and 2021 include investment expenses, which are netted with interest and dividends and amounted to \$87,055 and \$101,099 in 2022 and 2021, 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.

As of December 31, 2022 and 2021, the Trust's fair value totaled \$3,491,590 and \$4,544,824, 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, 2022 and 2021.

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 - BENEFICIAL INTEREST IN TRUST (Continued)

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 4,544,824	\$ 4,076,234
Change in fair value of beneficial interest in trust	<u>(1,053,234)</u>	<u>468,590</u>
Balance, end of year	<u>\$ 3,491,590</u>	<u>\$ 4,544,824</u>

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, 2022 and 2021, the Trust Fund's assets consist of the following:

	<u>2022</u>	<u>2021</u>
Participation in the Institute's investment pool	\$ 354,684	\$ 420,999
Cash equivalents	<u>13,069</u>	<u>15,658</u>
	367,753	436,657
Less: Accrued expenses	<u>(3,176)</u>	<u>(3,506)</u>
	<u>\$ 364,577</u>	<u>\$ 433,151</u>

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, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 420,999	\$ 432,546
Purchases	6,412	5,149
Withdrawals	(25,000)	(50,000)
Net realized and unrealized appreciation	<u>(37,834)</u>	<u>33,304</u>
Balance, end of year	<u>\$ 364,577</u>	<u>\$ 420,999</u>

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

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 - NET ASSETS AND ENDOWMENT FUNDS

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Funds held for specific purposes:		
Awards	\$ 14,424,587	\$ 16,250,776
Educational	<u>31,545,743</u>	<u>30,774,764</u>
	45,970,330	47,025,540
Beneficial interest in trust - time restriction	3,491,590	4,544,824
Donor-restricted endowment funds, including accumulated unspent appreciation of \$147,886 and \$183,685, respectively	<u>283,745</u>	<u>319,544</u>
	<u>\$ 49,745,665</u>	<u>\$ 51,889,908</u>

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, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Funds held for specific purposes:		
Awards	\$ 1,062,375	\$ 916,714
Educational	<u>2,787,541</u>	<u>1,590,772</u>
	<u>\$ 3,849,916</u>	<u>\$ 2,507,486</u>

Donor-imposed endowment net assets at December 31, 2022 and 2021 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.

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 - NET ASSETS AND ENDOWMENT FUNDS (Continued)

The Foundation lowered endowment spending for 2022 to 4.00% from 4.34% spending in 2021. 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 2022.

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, 2022 and 2021, respectively:

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 283,745	\$ 283,745
Board-designated endowment funds	<u>3,604,179</u>	<u>-</u>	<u>3,604,179</u>
Total endowment funds	<u>\$ 3,604,179</u>	<u>\$ 283,745</u>	<u>\$ 3,887,924</u>
Endowment assets, beginning of year	\$ 4,335,249	\$ 319,544	\$ 4,654,793
Dividends and interest	89,735	26,042	115,777
Net realized and unrealized appreciation in fair value of endowment assets	(637,870)	(44,058)	(681,928)
New gifts-designated for endowment	5,015		5,015
Endowment return used for operations	<u>(187,950)</u>	<u>(17,783)</u>	<u>(205,733)</u>
Endowment assets, end of year	<u>\$ 3,604,179</u>	<u>\$ 283,745</u>	<u>\$ 3,887,924</u>

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 - NET ASSETS AND ENDOWMENT FUNDS (Continued)

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 319,544	\$ 319,544
Board-designated endowment funds	<u>4,335,249</u>	<u>-</u>	<u>4,335,249</u>
Total endowment funds	<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>

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. At least annually, the IEEE Foundation performs a review of projected obligations to determine the appropriate level of liquidity and resulting rebalancing of assets.

(Continued)

IEEE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

As of December 31, 2022 and 2021, the Foundation's financial assets available within one year of the statement of financial position dates for general expenditures were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 17,182,672	\$ 14,798,056
Amounts due from IEEE	224,691	264,611
Contributions receivable	2,163,121	1,627,733
Investments, at fair value	43,070,782	49,573,973
Amounts held in trust for others	<u>364,577</u>	<u>433,151</u>
Total financial assets available within one year	63,005,843	66,697,524
Less:		
Contractual, legal or donor-imposed restrictions:		
Amounts subject to expenditure for specific purposes	45,518,924	46,028,835
Amounts relating to endowment funds with donor restrictions	314,636	319,544
Amounts held in trust for others	<u>364,577</u>	<u>433,151</u>
Total amounts unavailable for general expenditures within one year	<u>46,198,137</u>	<u>46,781,530</u>
Board-designated endowment fund:	<u>3,478,980</u>	<u>4,335,249</u>
Total amounts unavailable for management without Board approval	<u>3,478,980</u>	<u>4,335,249</u>
Total financial assets available within one year after Board designations	<u>\$ 13,328,726</u>	<u>\$ 15,580,745</u>

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.

(Continued)

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 \$996,456 and \$865,234 during 2022 and 2021, respectively. The Institute provided fundraising administrative services (contributed services) during 2022 and 2021 that were not reimbursed by the Foundation. Such contributed services recorded by the Foundation totaled \$1,483,716 and \$1,366,745 during 2022 and 2021, respectively.

The Foundation also received annual cash contributions from IEEE in the amounts of \$454,000 and \$438,000 during 2022 and 2021, respectively.

During 2022 the Institute contributed \$400,000 and \$300,000 from the IEEE Computer Society for the IEEE Computer Society Diversity and Inclusion Fund and IEEE Signal Processing Society for the IEEE Signal Processing Society Students and Young Professionals Fund, respectively. During 2021 the Institute contributed \$200,000 and \$300,000 from the IEEE Solid State Circuits Society for the IEEE Solid State Circuits Society James D. Meindl Memorial Education Fund and IEEE Magnetics Society for the IEEE Magnetics Society Diversity, Talent and Innovation Fund, respectively.

The Institute solicits contributions on behalf of the Foundation through its annual member renewal process, which totaled \$604,561 and \$694,620 in 2022 and 2021, respectively.