

IEEE FOUNDATION, INCORPORATED

Financial Statements
Years Ended December 31, 2010 and 2009
With Report of Independent Auditors

IEEE FOUNDATION, INCORPORATED
Financial Statements
December 31, 2010 and 2009

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
IEEE Foundation, Incorporated

We have audited the accompanying statements of financial position of IEEE Foundation, Incorporated (the Foundation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Foundation's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IEEE Foundation, Incorporated as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



June 15, 2011

IEEE FOUNDATION, INCORPORATED
Statements of Financial Position

	December 31,	
	2010	2009
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	\$ 2,914,098	\$ 6,746,763
Receivables	98,476	46,829
Receivables due from IEEE	110,381	156,183
Investments, at fair value	24,566,726	16,773,079
Beneficial interest in trust	4,552,346	4,212,716
Assets held in trust	409,489	425,513
Prepaid expenses	47,008	89,739
Total assets	<hr/> \$ 32,698,524 <hr/>	<hr/> \$ 28,450,822 <hr/>
 LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accrued expenses	\$ 37,439	\$ 80,237
Trading liabilities	-	3,505
Awards and grants payable	739,038	585,343
Accrued expenses due to IEEE	124,578	75,771
Liability for amounts held for others	409,489	425,513
Total liabilities	<hr/> 1,310,544	<hr/> 1,170,369
 <i>Net assets</i>		
Unrestricted	14,211,321	13,974,707
Temporarily restricted	17,090,800	13,219,887
Permanently restricted	85,859	85,859
Total net assets	<hr/> 31,387,980	<hr/> 27,280,453
Total liabilities and net assets	<hr/> \$ 32,698,524 <hr/>	<hr/> \$ 28,450,822 <hr/>

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

IEEE FOUNDATION, INCORPORATED

Statement of Activities

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Contributions	\$ 2,274,001	\$ 3,744,929	\$ -	\$ 6,018,930
Change in beneficial interest in trust	-	339,630	-	339,630
Investment income, net	872,169	577,355	-	1,449,524
Net assets released from restrictions	791,001	(791,001)	-	-
Total revenues	<u>3,937,171</u>	<u>3,870,913</u>	<u>-</u>	<u>7,808,084</u>
EXPENSES				
<i>Program services</i>				
Awards and related costs	1,268,004	-	-	1,268,004
Special projects and grants	575,983	-	-	575,983
IEEE History Center support	277,029	-	-	277,029
Total program services	<u>2,121,016</u>	<u>-</u>	<u>-</u>	<u>2,121,016</u>
<i>Supporting services</i>				
Administrative and other	829,741	-	-	829,741
Fundraising activities	749,800	-	-	749,800
Total supporting services	<u>1,579,541</u>	<u>-</u>	<u>-</u>	<u>1,579,541</u>
Total expenses	<u>3,700,557</u>	<u>-</u>	<u>-</u>	<u>3,700,557</u>
Change in net assets	236,614	3,870,913	-	4,107,527
Net assets, beginning of year	<u>13,974,707</u>	<u>13,219,887</u>	<u>85,859</u>	<u>27,280,453</u>
Net assets, end of year	<u>\$ 14,211,321</u>	<u>\$ 17,090,800</u>	<u>\$ 85,859</u>	<u>\$ 31,387,980</u>

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

IEEE FOUNDATION, INCORPORATED

Statement of Activities

For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Contributions	\$ 2,177,312	\$ 1,071,497	\$ 2,500	\$ 3,251,309
Change in beneficial interest in trust	-	571,199	-	571,199
Investment income, net	2,378,690	1,309,729	-	3,688,419
Net assets released from restrictions	690,138	(690,138)	-	-
Total revenues	<u>5,246,140</u>	<u>2,262,287</u>	<u>2,500</u>	<u>7,510,927</u>
EXPENSES				
<i>Program services</i>				
Awards and related costs	874,059	-	-	874,059
Special projects and grants	498,233	-	-	498,233
IEEE History Center support	313,545	-	-	313,545
Total program services	<u>1,685,837</u>	<u>-</u>	<u>-</u>	<u>1,685,837</u>
<i>Supporting services</i>				
Administrative and other	808,692	-	-	808,692
Fundraising activities	690,018	-	-	690,018
Total supporting services	<u>1,498,710</u>	<u>-</u>	<u>-</u>	<u>1,498,710</u>
Total expenses	<u>3,184,547</u>	<u>-</u>	<u>-</u>	<u>3,184,547</u>
Change in net assets	2,061,593	2,262,287	2,500	4,326,380
Net assets, beginning of year	<u>11,913,114</u>	<u>10,957,600</u>	<u>83,359</u>	<u>22,954,073</u>
Net assets, end of year	<u><u>\$ 13,974,707</u></u>	<u><u>\$ 13,219,887</u></u>	<u><u>\$ 85,859</u></u>	<u><u>\$ 27,280,453</u></u>

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

IEEE FOUNDATION, INCORPORATED
Statements of Cash Flows

	Year Ended December 31	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,107,527	\$ 4,326,380
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Net realized and unrealized gains from investments	(726,086)	(3,099,748)
Increase in beneficial interest in trust	(339,630)	(571,199)
<i>Changes in assets and liabilities</i>		
(Increase) decrease in receivables	(51,647)	28,103
Decrease (increase) in receivables due from IEEE	45,802	(29,102)
Decrease (increase) in assets held in trust	16,024	(73,312)
Decrease (increase) in prepaid expenses	42,731	(9,165)
Increase (decrease) in accrued expenses and other	6,009	(656,369)
Increase (decrease) in awards and grants payable	153,695	(138,700)
(Decrease) increase in liability for amounts held for others	(16,024)	73,312
Net cash provided by (used in) operating activities	3,238,401	(149,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	39,290,526	6,995,430
Purchase of investments	(46,361,592)	(8,234,294)
Net cash used in investing activities	(7,071,066)	(1,238,864)
Net decrease in cash and cash equivalents	(3,832,665)	(1,388,664)
Cash and cash equivalents at beginning of year	6,746,763	8,135,427
Cash and cash equivalents at end of year	\$ 2,914,098	\$ 6,746,763

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

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

IEEE Foundation, Incorporated (the Foundation) performs activities in support of the scientific and educational functions and programs of the Institute of Electrical and Electronics Engineers, Inc. (the Institute, or IEEE). The financial statements of the Foundation should be read in conjunction with the financial statements of the Institute, which is a related organization (see Note 12).

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 and have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Asset Classifications

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. Therefore, net assets with similar characteristics have been combined into the following categories:

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions on behalf of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets can be utilized to carry out any of the purposes of the Foundation.

Temporarily restricted: Net assets used by the Foundation and subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire with the passage of time. These temporarily restricted net assets are designated principally for awards and medals.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Asset Classifications *(continued)*

Permanently restricted: Net assets subject to donor-imposed stipulations and that can be maintained permanently by the Foundation. Such assets include the Foundation's permanent endowment funds.

The Foundation's endowment consists of individual funds established for a variety of purposes and includes donor-restricted endowment funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), a modified version of the Uniform Prudent Management of Institutional Funds Act, which superseded the State of New York Uniform Management of Institutional Funds Act (the prior law). The IEEE Foundation is evaluating the effect of NYPMIFA on the investment, appropriation, and management of its institutional funds and is establishing procedures to comply with its provisions.

Subject to the intent a donor expressed in the gift instrument, the IEEE Foundation may appropriate for expenditure or accumulate so much of an endowment fund that the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Board. In making a determination to appropriate or accumulate an endowment fund, the IEEE Foundation considers the following factors in making a determination regarding donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the IEEE Foundation and the endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the IEEE Foundation;
- (7) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effects that such alternatives may have on the IEEE Foundation; and
- (8) The investment policy of the IEEE Foundation.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Asset Classifications *(continued)*

The IEEE Foundation held \$85,859 in permanently restricted assets at December 31, 2010 and December 31, 2009, respectively.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor and Board of Directors-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted net assets are reported as net assets released from restrictions. Temporarily restricted revenues received and expended during the same fiscal year are recorded as unrestricted revenues and expenses in the statements of activities.

Contributions

Revenue from solicited contributions received is related to the IEEE annual member renewal process and is recognized as received. Additionally, other Foundation-solicited contributions are recognized as received.

Revenue from unconditional promises to give (pledges) is recorded at their fair value in the period that the promises are received. Gifts of donated assets are recorded at fair value at the time the gift is made. Contributions for which donors have not stipulated restrictions are reported as unrestricted support.

The IEEE provides fundraising services that are not reimbursed by the Foundation (see Note 12).

Accounting for Trust

The Foundation has a beneficial interest in a trust, which is administered by a financial institution (the Trustee; see Note 4). The Foundation measures its beneficial interest in the trust at fair value of the underlying investments, which are in several investment categories. (See Note 11 for more information related to the determination of fair value.) The amount of the Foundation's beneficial interest in such trust is included in temporarily restricted net assets until such time as the provisions of the trust agreement allow the Foundation to withdraw the assets.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments purchased with original maturities of three months or less. Included in cash and cash equivalents are investments in money market funds and the IEEE concentration banking account in the amounts of \$2,846,310 and \$6,666,062 at December 31, 2010 and 2009, respectively.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Receivables Due from IEEE

Due from the Institute represents contributions designated for the Foundation and collected by the Institute during the annual member renewal process and society pledges.

Investments

The Foundation's investments fall into several investment categories. (See Note 11 for more information regarding the determination of fair value measurement.) Realized gains and losses on sales of investments are determined on an average cost basis. Purchases and sales of securities are recorded on a trade-date basis.

Grants Payable

The Foundation recognizes as a liability grants to be paid in future periods when the Board of Directors approve such amounts unconditionally.

Risks and Uncertainties

The Institute invests in several investment securities that are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the statements of financial position.

Recently Issued Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued updated guidance that requires new fair value disclosures about significant transfers between Level 1 and Level 2 measurement categories and separate presentation of purchases, sales, issuances, and settlements within the rollforward of Level 3 activity. This updated fair value guidance clarifies the disclosure requirements about the level of disaggregation and valuation techniques and inputs. This new guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the rollforward of Level 3 activity, which are effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of these enhanced disclosures did not have significant implications to the Foundation.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 3 INVESTMENTS

The Foundation's investments at December 31, 2010 consisted primarily of participation in the Institute's investment pool. Although the fair value of investments fluctuates on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation.

Investments at December 31, 2010 and 2009 consisted of the following:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Fixed income	\$ -	\$ -	\$ 3,403,260	\$ 3,208,648
Equities	-	-	10,730,433	10,834,701
Mutual funds	-	-	1,219,545	1,235,169
REITs	661,760	449,055	646,483	508,300
Participation in the Institute's investment pool	23,088,577	24,117,671	744,152	986,261
	<u>\$ 23,750,337</u>	<u>\$ 24,566,726</u>	<u>\$ 16,743,873</u>	<u>\$ 16,773,079</u>

Net investment income for the years ended December 31, 2010 and 2009 consisted of the following:

	2010	2009
Interest and dividends	\$ 723,438	\$ 588,671
Realized losses, net	(61,097)	(1,717,583)
Change in net unrealized gains	787,183	4,817,331
Investment income, net	<u>\$ 1,449,524</u>	<u>\$ 3,688,419</u>

Investment expenses are included in administrative and other expenses and amounted to \$112,492 and \$99,208 in 2010 and 2009, respectively.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 4 BENEFICIAL INTERESTS IN TRUST

The Foundation is the sole beneficiary of a trust (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 principal of the Trust as follows: 50% of the value of the assets in the Trust in 2013 and the remaining balance of the assets in the Trust in 2038.

As of and for the years ended December 31, 2010 and 2009, the Trust's fair value was \$4,552,346 and \$4,212,716, respectively.

NOTE 5 RECEIVABLES

Receivables at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Accrued interest	\$ 15,578	\$ 29,038
Other	25,000	3,505
Pledges receivable	57,898	14,286
	<u>\$ 98,476</u>	<u>\$ 46,829</u>

All receivables as of December 31, 2010 and 2009 are due in less than one year.

NOTE 6 ASSETS HELD IN TRUST

During 2005, the Foundation was appointed the successor trustee of the Charles LeGeyt Fortescue Graduate Scholarship Fund (the Trust Fund). The fair values of the assets held in trust are based primarily on quoted market prices, and the Trust Fund moved its assets into the Institute during 2010. On December 31, 2010, the Trust Fund's assets totaled \$409,489, with \$374,489 invested in the Institute's investment pool and \$35,000 in cash. The assets held in trust at December 31, 2009 totaled \$425,513. The Foundation is not a beneficiary of the Trust Fund.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 7 AWARDS AND GRANTS PAYABLE

Awards and grants payable at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Due to the Institute	\$ 223,473	\$ 166,249
Grants	515,565	419,094
	<u>\$ 739,038</u>	<u>\$ 585,343</u>

Due to the Institute represents remaining grant commitments due to IEEE from the Foundation. A significant portion of the awards and grants payable at December 31, 2010 is anticipated to be paid in less than one year.

NOTE 8 TAX STATUS

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.

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets that were released from donor restrictions by the incurrence of expenses satisfying the restricted purposes were as follows:

	Year Ended December 31	
	<u>2010</u>	<u>2009</u>
Funds held for specific purposes		
Awards	\$ 575,366	\$ 492,865
Educational	215,635	197,273
	<u>\$ 791,001</u>	<u>\$ 690,138</u>

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 10 NET ASSETS

Temporary restricted and permanently restricted net assets consisted of the following:

	December 31	
	2010	2009
Temporarily restricted net assets		
<i>Funds held for specific purposes</i>		
Awards	\$ 7,384,883	\$ 7,045,189
Educational	5,153,571	1,961,982
Beneficial Interest in Trust - Educational	4,552,346	4,212,716
	<u>\$ 17,090,800</u>	<u>\$ 13,219,887</u>
Permanently restricted net assets		
<i>Funds held for specific purposes</i>		
Awards	<u>\$ 85,859</u>	<u>\$ 85,859</u>

NOTE 11 FAIR VALUE MEASUREMENTS

The Foundation values its investments in accordance with FASB's Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. ASC 820 defines fair value, required expanded disclosures about fair value measurements, and establishes a hierarchy for the inputs used to measure fair value based on the source of the input at the measurement date, which generally ranges from quoted prices for identical instruments in a principal trading market (Level 1) to estimates, determined using related market data (Level 3). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Multiple inputs may be used to measure fair value; however, the level of fair value for each financial asset or liability is based on the lowest significant input level used. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 11 FAIR VALUE MEASUREMENTS *(continued)*

Details on the methods and assumptions used to determine the fair values of the financial assets and liabilities are as follows:

Fair value measurements based on Level 1 inputs: Measurements that are most observable are based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and represent fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements based on Level 2 inputs include over-the-counter derivative instruments that are priced on an exchange-traded curve but have contractual terms that are not identical to exchange-traded contracts.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The methods described above may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes in valuation techniques that resulted in a transfer in or out of an investment's assigned level within the hierarchy.

The Foundation applies the methods as described in ASC 820 to value its financial assets and liabilities. Fair value measurements are applied based on the unit of account from the entity's perspective. The unit of account determines what is being measured by reference to the level as to which asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 11 FAIR VALUE MEASUREMENTS *(continued)*

The following table presents the Foundation's financial assets and liabilities, by the level of the fair value hierarchy, as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Investments				
REITs	\$ -	\$ -	\$ 449,055	\$ 449,055
Institute's investment pool	-	-	24,117,671	24,117,671
Cash equivalents	-	2,846,310	-	2,846,310
	<u>-</u>	<u>2,846,310</u>	<u>24,566,726</u>	<u>27,413,036</u>
Beneficial interest in trust	-	-	4,552,346	4,552,346
<i>Assets held in trust</i>				
Investments				
Institute's investment pool	-	-	374,489	374,489
Cash equivalents	-	35,000	-	35,000
	<u>-</u>	<u>35,000</u>	<u>374,489</u>	<u>409,489</u>
Total financial assets	<u>\$ -</u>	<u>\$ 2,881,310</u>	<u>\$ 29,493,561</u>	<u>\$ 32,374,871</u>

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 11 FAIR VALUE MEASUREMENTS *(continued)*

	Assets at Fair Value as of December 31, 2009			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Financial assets</i>				
Investments				
Fixed income				
Certificates of deposit	\$ 138,780	\$ -	\$ -	\$ 138,780
Corporate bonds	2,384,525	-	685,343	3,069,868
Equities				
Energy	2,047,758	-	-	2,047,758
Consumer	1,334,835	-	-	1,334,835
Industrials	1,300,164	-	-	1,300,164
Technology	1,196,151	-	-	1,196,151
Basic materials	609,994	-	-	609,994
Healthcare	533,067	-	-	533,067
Other	3,812,732	-	-	3,812,732
Mutual funds				
Consumer	246,540	-	-	246,540
Industrials	169,095	-	-	169,095
Energy	159,954	-	-	159,954
Technology	144,515	-	-	144,515
Healthcare	131,916	-	-	131,916
Other	383,149	-	-	383,149
REITs	-	-	508,300	508,300
Institute's investment pool	-	-	986,261	986,261
Liquid insured bank deposits	-	6,046,457	-	6,046,457
	<u>14,593,175</u>	<u>6,046,457</u>	<u>2,179,904</u>	<u>22,819,536</u>
Beneficial interest in trust	-	-	4,212,716	4,212,716
<i>Assets held in trust</i>				
Fixed income				
Corporate bonds	93,576	-	14,738	108,314
Equities				
Financial	95,634	-	-	95,634
Consumer	37,906	-	-	37,906
Technology	30,973	-	-	30,973
Industrials	28,970	-	-	28,970
Energy	27,467	-	-	27,467
Healthcare	18,294	-	-	18,294
Other	24,356	-	-	24,356
Liquid insured deposits	-	53,599	-	53,599
	<u>357,176</u>	<u>53,599</u>	<u>14,738</u>	<u>425,513</u>
Total financial assets	<u>\$ 14,950,351</u>	<u>\$ 6,100,056</u>	<u>\$ 6,407,358</u>	<u>\$ 27,457,765</u>

IEEE FOUNDATION, INCORPORATED

Notes to Financial Statements

December 31, 2010 and 2009

NOTE 11 FAIR VALUE MEASUREMENTS *(continued)*

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended December 31, 2010.

Balance, beginning of the year	\$ 6,407,358
Change in value of beneficial trust	339,630
Change in net realized loss	(1,132)
Change in net unrealized gains	787,183
Purchases of investments	23,053,586
Proceeds from sale of investments	<u>(1,093,064)</u>
Balance, end of year	<u>\$ 29,493,561</u>

NOTE 12 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 is directly supported by IEEE, which provides certain accounting and administrative services.

During 2010, the Directors of the Institute and the Foundation deemed that certain costs, which were previously allocated to the Foundation, are no longer considered to be those of the Foundation.

The Foundation reimbursed IEEE for the cost of such services, which amounted to \$479,000 and \$463,000 during 2010 and 2009, respectively. The Institute provided fundraising administrative services (contributed services) during 2010 that were not reimbursed by the Foundation. Total contributed services recorded by the Foundation were \$709,000 and \$652,000 during 2010 and 2009, respectively.

The Foundation received an annual cash contribution from IEEE in the amounts of \$524,000 and \$636,000 during 2010 and 2009, respectively. The Institute contributed an additional \$1,683,400 following the acquisition of HKN (Eta Kappa Nu) for the establishment of the IEEE-Eta Kappa Nu Restricted Fund. The Institute also donated an additional \$1,000,000 as seed money for the Power and Energy Scholarship Fund.

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Notes to Financial Statements

December 31, 2010 and 2009

NOTE 12 RELATED-PARTY TRANSACTIONS *(continued)*

The Institute solicits contributions on behalf of the Foundation through its annual member renewal process, which totaled \$687,200 and \$659,900 in 2010 and 2009, respectively.

During 2010, the Foundation transferred the majority of its investments to the Institute's investment pool. The Foundation's funds on deposit with the Institute were \$27,371,900 and \$1,603,600 at December 31, 2010 and 2009, respectively. These amounts are invested by the Institute on behalf of the Foundation, and the interest and dividends earned on these amounts were \$248,000 and \$39,400 for December 2010 and 2009, respectively. The Foundation had net realized and unrealized gains of \$787,000 and \$194,800 on the investments for 2010 and 2009, respectively.

Receivables due from the Institute at December 31, 2010 and 2009 were \$110,400 and \$156,200, respectively. Awards and grants payable due to the Institute at December 31, 2010 and 2009 were \$223,500 and \$166,200, respectively. Accrued expenses due to the Institute were \$124,600 and \$75,800 at December 31, 2010, and 2009, respectively.

The Institute's summarized financial data for 2010 and 2009 is as follows:

	December 31	
	2010	2009
	<hr/>	<hr/>
Total assets	\$ 442,953,800	\$ 380,153,300
Total liabilities	<hr/> 180,583,900	<hr/> 150,995,900
Net assets	<hr/> <hr/> \$ 262,369,900	<hr/> <hr/> \$ 229,157,400
	 Year Ended December 31	
	2010	2009
	<hr/>	<hr/>
Revenue and gains	\$ 392,915,500	\$ 396,781,000
Expenses and losses	<hr/> 359,703,000	<hr/> 325,689,100
Change in net assets	<hr/> <hr/> \$ 33,212,500	<hr/> <hr/> \$ 71,091,900

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Notes to Financial Statements

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NOTE 13 SUBSEQUENT EVENTS

The Foundation evaluated events and transactions occurring between January 1 and June 15, 2011, which is the date that the Foundation's financial statements were available to be issued for disclosure and recognition in the financial statements. There were no events noted that would require disclosure in these financial statements.