

# **IEEE FOUNDATION**

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New York, N.Y. 10016-5997, U.S.A.

**Policy and Procedures Manual  
&  
Service Agreement Between IEEE  
Foundation and IEEE  
&  
Investment Service Agreement  
Between IEEE Foundation and IEEE**

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## **INTRODUCTION**

IEEE Foundation, Inc. (the “Foundation”) is a separately incorporated not-for-profit organization affiliated with The Institute of Electrical and Electronics Engineers, Incorporated (the “IEEE”) established exclusively to support the scientific and educational purposes of the IEEE. The U.S. Internal Revenue Service has determined that the Foundation is exempt from United States Federal Income Tax as an organization described in Section 501(c)(3) of the Internal Revenue Code, and that the Foundation is not a private foundation for federal tax purposes. Accordingly, donations, bequests, and grants, intended to further the scientific and educational purposes of IEEE, are made to the Foundation and shall be utilized pursuant to policies established by the Foundation Board of Directors.

This manual contains the policies and procedural framework for governance and administration of the Foundation. The policies contained herein have been established to ensure volunteers and staff have a clear understanding of, and shall carry out, their respective responsibilities regarding the functions and administration of the purposes of the Foundation. Specific procedures, when they exist for implementation of these policies, are developed and maintained with oversight of the appropriate officers and standing committees of the Foundation and the Foundation Board and are contained in the IEEE Foundation Operations Manual. Reference is made to the Foundation’s Charter and Bylaws contained in Attachments A and B, respectively. Nothing herein is intended to conflict with the provisions and requirements contained in these two documents.

## **SECTION 1 - ADMINISTRATION AND GOVERNANCE**

### **1.1 CORPORATE PURPOSE**

The Foundation is established exclusively to support the scientific and educational purposes of IEEE. Accordingly, all funds held by the Foundation must be expended for these purposes and may not be used in support of, among other things, professional activities.

### **1.2 ADMINISTRATIVE SERVICES PROVIDED BY IEEE**

- 1.) **CORPORATE AFFAIRS**, including, providing corporate communications services, making arrangements for meetings, issuing notices of meetings, preparing agendas and Directors’ meeting books, drafting minutes of such meetings, as well as preparing policy and procedures manuals, maintaining files, and records, and retaining custody of the corporate seal.
  
- 2.) **DEVELOPMENT OFFICE**, including managing the IEEE Foundation’s fundraising and development efforts, developing strategy and program proposals for consideration by the IEEE Foundation’s Development Committee, preparing brochures and mailing materials, arranging meetings with prospective donors, maintaining files and records and responding to inquiries and acknowledging individual contributions.

- 3.) **FINANCIAL SERVICES**, including cash management, receipts and disbursement functions, cash and credit collection activities, and custody and professional investment management of the IEEE Foundation's assets pursuant to an Investment Agreement as described in Schedule B to the Service Agreement.
- 4.) **CONTROLLER'S OFFICE**, including maintaining a system of accounts, financial procedures and internal accounting controls, performing bank account reconciliation, and keeping the IEEE Foundation's books of accounts along with preparing financial statements, financial forecasts and operating budgets, as well as providing tax management reporting services.
- 5.) **ANNUAL AUDIT**, including arranging for audit of the IEEE Foundation's financial statements by the independent auditing firm approved by the IEEE Foundation's Board of Directors to be conducted in conjunction with IEEE's annual audit.
- 6.) **LEGAL AND TAX MATTERS**, including making IEEE's legal counsel available upon request to assist the IEEE Foundation, arranging for general liability insurance and fidelity bonding, preparing and the filing of reports and tax returns required by federal, state and local governmental authorities on behalf of the IEEE Foundation.
- 7.) **MEMBERSHIP RENEWAL SERVICES**, including arranging for, conducting and processing the solicitation of contributions to the IEEE Foundation by IEEE members in conjunction with the annual IEEE dues renewal solicitation.
- 8.) **SERVICE AGREEMENT** – There shall be a Service Agreement between the IEEE Foundation and IEEE that sets forth the administrative and investment management services to be provided by IEEE to the IEEE Foundation as well as the fees to be charged for these services. (See Appendix I)
- 9.) **IEEE SUPPORT** – IEEE is committed to establishing a line item in its budget each year for financial support of the IEEE Foundation to enhance the IEEE Foundation's ability to carry out its philanthropic mission in areas of interest to IEEE. The amount of support shown in the line item shall be initiated annually by the Executive Director, IEEE Foundation, recommended and endorsed by the IEEE Foundation Finance Committee, approved by the IEEE Foundation Board of Directors, and submitted to the IEEE Finance Committee which shall forward it to the IEEE Board of Directors as a part of IEEE's annual budget approval process.

### **1.3 LIAISON WITH IEEE STANDING COMMITTEES**

Subject to approval by the IEEE, the IEEE Foundation Treasurer shall be a corresponding member to the IEEE Finance and Investment Committees, shall receive notice of these meetings, copies of agendas and minutes of Committee meetings, along with their supporting materials, and may attend meetings of these committees without vote.

The IEEE Treasurer shall appoint a member of the IEEE Finance Committee to serve as a corresponding member of the IEEE Foundation Board of Directors, and such corresponding member shall receive notice of meetings, copies of agendas and minutes of IEEE Foundation Board meetings, along with their supporting materials, and may attend meetings of the Board without vote.

#### **1.4 CONFLICT OF INTEREST**

For the purposes of this POLICY, conflict of interest is defined as any situation in which (i) a member of the IEEE Foundation Board of Directors, any officer or volunteer or other person serving the IEEE Foundation in some capacity is in a position to make decisions or cast votes that could substantially and directly, or indirectly, affect any such person's personal, financial or business interests or (ii) any such person has a fiduciary responsibility to another organization. All such persons shall avoid situations and activities where their personal interests could conflict, or reasonably appear to conflict, with the interests of the IEEE Foundation. Members of the Board of Directors have a duty to avoid being controlled by another entity in the exercise of his or her duties, shall not agree to exercise his or her duties in order to benefit any individual or interest other than the IEEE Foundation's interest, and shall abstain from voting on a matter in which he or she has a financial interest. It is the responsibility of all persons in any elected, appointed, or volunteer position of an IEEE Foundation activity to determine if a conflict or perceived conflict of interest may exist. Any such recognized potential conflict shall be made known immediately to the person in charge of the activity (or to the next higher authority if the affected individual is in charge) who, after consultation with the President and the other individuals in the activity, will advise the affected individual of the proper course of action and cause a notation of the action to be entered in the activity's record.

#### **1.5 USE OF LEGAL COUNSEL**

Legal services required by the Foundation in all matters related to its policies and interests are provided by IEEE using its corporate counsel. Approval of the Executive Director, IEEE Foundation or Senior Manager, IEEE Foundation Operations & Planned Giving is required on requests for legal advice before they are submitted to the IEEE corporate counsel.

#### **1.6 CONTRACTS WITH EXCLUSIVE RIGHTS**

The Foundation shall not enter into any contract or agreement (i) that obligates the Foundation to refrain from entering into similar contracts or agreements for goods or services similar to those to be provided by the other party to the subject agreement, or (ii) otherwise grants to such other party exclusivity as to the provision of the goods or services to be provided under the subject agreement, without first notifying the Foundation Board of Directors. Such notification must be made in advance of finalization of the agreement and in sufficient time for the Foundation Board of Directors to consider the action.

#### **1.7 MEDIA CONTACT**

Inquiries from the media to officers or members of the Foundation Board of Directors or its committees on material issues including issues involving current proceedings or having the potential for legal action, or concerning issues that are potentially detrimental to the Foundation's reputation and positive image, shall be referred to the IEEE Corporate Communications Department. Such individuals may comment so as long as they clearly state that this is only their personal opinion and is not necessarily the official position of the Foundation. IEEE Corporate Communications shall be responsible for documenting each inquiry referred to it pertaining to legal or sensitive matters and will coordinate the response by the President of the Foundation or, if deemed appropriate, legal counsel.

## **1.8 NONDISCRIMINATION POLICY**

1) The Foundation is committed to equality of opportunity to all, and to the belief that its best interests are served when a broad spectrum of backgrounds and talent is brought to bear upon its activities. Accordingly, the Foundation prohibits discrimination, harassment and bullying against any person because of age, ancestry, color, disability or handicap, national origin, race, religion, gender, sexual or affectional orientation, gender identity, appearance, matriculation, political affiliation, marital status, veteran status or any other characteristic protected by law. The Foundation expects that its Directors, Officers, Committee Members, service providers, grant recipients and IEEE Organizational Units delegated expenditure authority per IEEE Foundation Policy 3.2.A.7, when and where ever those individuals are conducting Foundation business or participating in Foundation events or activities, shall maintain an environment free of discrimination, including harassment, bullying, or retaliation.

2) **Definitions:**

Discrimination is defined as treating people differently, either preferentially or with adverse impact, because they belong to one of the protected classes identified above, unless differential treatment is reasonable, essential and directly related to conducting IEEE Foundation business.

Harassment is a form of discrimination and is defined as conduct that has the purpose or effect of unreasonably interfering with an individual's participation in IEEE Foundation activities or creating an intimidating, hostile or offensive environment. Harassment may occur when submission to or rejection of such conduct is made either explicitly or implicitly a term or condition of an individual's participation in IEEE Foundation activities or used as a basis for decisions affecting that individual's relationship to the IEEE Foundation.

Bullying is a form of harassment and consists of waging an ongoing and systematic campaign of interpersonal destruction against an individual or group of individuals that a reasonable person would find hostile and offensive on the basis of one of the protected classes above. It tends to be an accumulation of many incidences over a long period of time, including treatment which persistently provokes, pressures, frightens, intimidates or otherwise discomforts another person.

Retaliation is defined as punitive actions taken against persons for exercising their employee or other rights under the laws in good faith, reporting violations of the laws to the proper authorities (i.e. “whistle-blowing”) and/or participating in administrative or legal proceedings as a plaintiff, complainant or witness.

3) **Mediation and Enforcement:**

Any person who believes they have witnessed or experienced conduct that violates this policy should contact the IEEE Foundation at [foundation-office@ieee.org](mailto:foundation-office@ieee.org) or +1 732 562 3860. The mailing address is IEEE Foundation, 445 Hoes Lane, Piscataway, NJ, 08854-4141, USA. The IEEE Foundation Executive Committee shall be informed of all allegations.

The IEEE Foundation Executive Committee will oversee the investigation of all allegations and concerns regarding potential violations of this policy. Such investigations may be conducted by a Board appointed committee, IEEE staff, legal counsel, volunteers, private investigators or other individuals deemed qualified to do so depending on the circumstances. If there is a violation of this policy, IEEE Foundation shall make every reasonable effort to ensure the conduct immediately stops and does not recur. The complainant shall be informed of the corrective measures taken. Disciplinary sanctions for violation of policy, which may range from disciplinary warning to termination, will be imposed in accordance with applicable IEEE Foundation policies.

IEEE Foundation prohibits retaliation and discourages any behavior that might be perceived as retaliatory in nature. Retaliation shall constitute a separate violation and may result in a sanction independent of the outcome of a complaint.

## **1.9 GUIDELINES FOR IEEE FOUNDATION LOGO**

The following is a summary of the guidelines on the use of the Foundation logo, i.e., the diamond-shaped emblem which is registered with the U.S. Patent and Trademark Office as the trademark of the Foundation. The Foundation logo should be used on the Foundation’s publications and also on meeting notices, programs and other promotional literature and products. In every use, the logo must be preserved. The logo should be used only in connection with official business of the Foundation.

## **1.10 ELECTRONIC MAIL POLICY**

It is the policy of the Foundation to encourage and promote the responsible use of electronic communications in administrative, business, and technical operations of the Foundation. E-mail services are provided to the Foundation by the IEEE. The policies and procedures of the IEEE shall govern the use of its electronic mail system of networks.

A user must bear responsibility for his or her use of e-mail. The Foundation can accept no responsibility or liability for any actions of the alias recipient or user, or for any consequences resulting from use of e-mail, including, but not limited to, misaddressed, lost or undelivered e-mail messages. The Foundation will cooperate with authorities conducting a legal investigation,

or other official inquiry, into illegal activities or unlawful acts associated with the use of an IEEE e-mail alias or e-mail service.

## **1.11 SOLICITATION OF VOLUNTARY CONTRIBUTIONS**

The Foundation shall accept voluntary contributions in support of the IEEE's purposes and objectives. Plans for solicitation of contributions for the Foundation shall require prior approval by the Foundation Board of Directors. Plans for solicitation of contributions for the Foundation from within the IEEE shall additionally be submitted for prior approval by the IEEE Executive Committee, unless specifically stated otherwise in the IEEE Bylaws. Each solicitation proposal shall be accompanied by (1) a statement as to its purposes, (2) sources to be canvassed, (3) estimated costs and sources of funding, and (4) estimated revenues.

## **1.12 INTERNAL TAX PROCEDURES**

Annual Information Returns – Form 990. Form 990 is an annual information return which is filed with the Internal Revenue Service (IRS) by tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code. The return provides important information and financial reporting that supports the organization's tax exempt purpose, which is used by federal and state governments and the general public. The IEEE Tax Department annually files Form 990 on behalf of the Foundation, and is responsible for any audit reviews initiated by the IRS.

Other Information Returns – Form 1099. In accordance with federal regulations, the Foundation is required to file Annual Information Returns (Form 1099) to the IRS on or before February 28<sup>th</sup> of the year following the close of the calendar year with regard to amounts paid to third-party individuals / unincorporated independent contractors, where the amounts are \$600 or more. It is also a requirement that the qualified payment recipients receive copies of Form 1099 for their tax reporting purposes no later than January 30<sup>th</sup> following the close of the calendar year. If the recipients of the payments are also subject to backup withholding rules, the Foundation is required to file Form 945-Annual Return of Withheld Federal Income Tax for any withholding taxes that are required to be withheld from the recipient's payments.

State Solicitation Returns. On the Foundation's behalf, the IEEE Tax Department has registered the Foundation in numerous states within the U.S. in order that the Foundation be allowed to solicit for contributions in those states. On an annual basis, state registrations are renewed, which requires that a state registration information return and financial report (based on the Foundation's Form 990) be submitted for filing and approval. Annual registration fees are required upon each year's renewal.

## **SECTION 2 – ORGANIZATION**

### **2.1 IEEE FOUNDATION BOARD OF DIRECTORS**

The activities of the Foundation shall be managed by its Board of Directors. The Foundation Board shall establish policy, oversee the activities of its committees, and approve all grants and contributions and other financial obligations of the Foundation. Article III of the Foundation bylaws describes the make-up of the Foundation Board along with the rules and procedures governing elections to membership and its operation. In addition, the IEEE Treasurer shall be a corresponding member of the Foundation Board and shall receive notices, agendas, and minutes of Board meetings, may participate in all meetings without a vote, and may attend all Board meetings at their own expense.

### **2.2 OFFICERS**

The officers of the Foundation shall be the President, Vice President - Development, Vice President - Grants, Secretary and Treasurer. The immediate Past President shall be an officer of the Foundation during the first year following his or her term as President. The duties, powers and terms of office of the officers are described in Article IV of the Foundation bylaws.

With the approval of the IEEE Executive director, the Foundation Board may appoint the IEEE Staff Executive, Business Administration and the IEEE Controller as Assistant Treasurer(s). It may also appoint the Executive Director, IEEE Foundation; Senior Manager, IEEE Foundation Operations & Planned Giving; and the IEEE Executive Director as Assistant Secretary(ies).

### **2.3 COMMITTEES OF THE IEEE FOUNDATION BOARD**

Article III, Section 13 of the Foundation's bylaws describe the rules governing committees of the Foundation Board and committees of the Foundation. The following are committees of the Foundation Board.

- 1.) **FOUNDATION EXECUTIVE COMMITTEE** – The membership and powers of the Foundation Executive Committee are described in ARTICLE III, SECTION 14 of the Foundation's bylaws. In addition, the Foundation Executive Committee shall be responsible for preparing operating and strategic plans for consideration by the Foundation Board. The President shall preside over meetings of the Foundation Executive Committee.
  
- 2.) **FOUNDATION DEVELOPMENT COMMITTEE** – The Foundation Development Committee shall be responsible for preparing fundraising and development plans in support of the Foundation's purposes and objectives for approval by the Foundation Board. The Committee shall consist of three or more members appointed annually by the Foundation Board. The Committee shall also oversee implementation of authorized development and fundraising programs. The Vice President – Development shall chair the Committee, provide direction to the

IEEE Development Office concerning the Foundation's plans and programs, and report regularly to the Foundation Board on Committee activities.

- 3.) **IEEE FOUNDATION/LIFE MEMBERS GRANTS COMMITTEE** – The IEEE Foundation/Life Members Grants Committee shall be responsible for the IEEE Foundation's Grants Program, including evaluating applications for compliance with the goals and objectives of the IEEE Foundation and recommending to the IEEE Foundation Board and IEEE Life Members Committee those applications deemed meritorious and fundable within the available resources, and the funding source. The Committee shall be appointed annually by the IEEE Foundation Board and consist of the Vice President, Grants, serving as chair, three voting Directors of the IEEE Foundation Board, and three members of the IEEE Life Members Committee. The members from the IEEE Life Members Committee shall be recommended by the Chair, IEEE Life Members Committee. Procedures for reviewing applications shall be approved by the IEEE Foundation Board. The Vice President, Grants, shall report regularly to the IEEE Foundation Board on Committee activities.
- 4.) **IEEE FOUNDATION NOMINATING AND CORPORATE GOVERNANCE COMMITTEE** – The IEEE Foundation Nominating and Corporate Governance Committee shall consist of three or more members appointed annually by the Foundation Board from among the Directors. The Committee shall prepare a slate of Directors to be presented at the meeting held immediately prior to the Annual Meeting and a slate of officers to be presented at the Annual Meeting of the Foundation Board. The Committee shall have such other duties as are set forth in a charter approved by the IEEE Foundation Board.
- 6.) **FOUNDATION FINANCE COMMITTEE** – The Foundation Finance Committee shall be responsible for reviewing the Foundation's budgets and forecasts of contribution income reporting its findings and conclusions to the Foundation Board. The Committee shall also provide to the Foundation Board such comments and recommendations as it feels are appropriate concerning the spending model and financial condition of the Foundation. The Committee shall consist of three or more members appointed annually by the Foundation Board. The Treasurer shall chair the Committee and report regularly to the Foundation Board on Committee activities.
- 7.) **IEEE FOUNDATION AUDIT COMMITTEE** – The IEEE Foundation Audit Committee shall (1) recommend appointment of the independent auditors for the IEEE Foundation's annual financial statements, (2) review and approve the independent auditors' proposed scope of audit, (3) review the annual financial statements of the IEEE Foundation, (4) monitor corrective action plans initiated in response to recommendations by the independent auditors accepted by the IEEE Foundation Board of Directors to assure they satisfy the concerns identified, (5) review the independent auditors report and recommendations, if any, regarding accounting policy and practice and related internal controls, and (6) act as liaison between the independent auditors and the IEEE Foundation Board of Directors. The IEEE Foundation Audit Committee shall be appointed by, and be responsible to, the IEEE Foundation Board of Directors. It shall consist of three or more members,

including the Chair, who are Directors-At-Large, but not officers of the IEEE Foundation. The Chair and Committee members shall be appointed for one-year terms.

## **2.4 COMMITTEES OF THE FOUNDATION**

- 1.) LIFE MEMBERS COMMITTEE – The Life Members Committee (LMC) shall be a joint committee of the IEEE acting through the Member and Geographic Activities Board and the IEEE Foundation. As described in ARTICLE III, SECTION 13 A. of the Foundation’s bylaws, it shall authorize disbursements from the Life Members Fund, which is an account of the IEEE Foundation, in accordance with objectives and procedures of the IEEE and the IEEE Foundation subject to procedures established by the respective Boards of Directors of the IEEE and the IEEE Foundation. Projects which receive Life Members funds are to be consistent with the interests of IEEE Life Members. The Life Members Committee shall be responsible to the IEEE Foundation for stimulating and monitoring contributions to the Life Members Fund.

The Life Members Committee shall report to the IEEE MGA Board through the Member Engagement and Life Cycle Committee with administrative responsibility and operational support assigned by the IEEE Board of Directors to the Member and Geographic Activities Board. The Life Members Committee shall be responsible for promoting the interests of Life Members and other older members of IEEE. It shall be responsible for disseminating information useful to such members and for encouraging their continued participation in IEEE. It shall consider suggestions for activities of interest for older members, and it may make recommendations to other IEEE organizational units and to the IEEE Foundation for policies and activities appropriate for such members. The Life Members Committee, including the Chair, who shall normally have Life Member status, shall be appointed by the Member and Geographic Activities Board. In addition, one member, who need not have Life Members status, shall be appointed by the IEEE Foundation Board of Directors. The Chair of the Life Members Committee shall be an ex-officio member of the Foundation Board without vote, but with all other rights and privileges of Foundation Board Directors and shall report periodically, at their own expense, to the Foundation Board concerning the Committee’s activities.

- 2.) TRUSTEES OF IEEE-ETA KAPPA NU (T-IEEE-HKN) – The Trustees of the IEEE-Eta Kappa Nu shall be a committee of the IEEE Foundation. As described in ARTICLE III, SECTION 13.B. of the IEEE Foundation’s Bylaws, it shall administer the IEEE-Eta Kappa Nu Restricted Fund carried on the books of accounts of the Foundation to which all contributions to the IEEE-Eta Kappa Nu Restricted Fund contributions shall be made. The purpose of the IEEE-Eta Kappa Nu Restricted Fund shall be to receive and hold assets to finance the activities of IEEE-HKN managed by the IEEE-HKN-BOG, the activities of the T-IEEE-HKN in the IEEE Foundation, and associated administrative costs.

The T-IEEE-HKN shall be appointed by the Board of Directors of the IEEE Foundation upon the recommendation of the IEEE-HKN-BOG. One of the members of the T-IEEE-HKN shall serve as liaison to the Board of Directors of the IEEE Foundation. At least one of the voting members of T-IEEE-HKN shall be a sitting member of the IEEE Board of Directors. If practicable, this member of T-IEEE-HKN shall also be a member of HKN.

The T-IEEE-HKN shall maintain responsibility for The IEEE-Eta Kappa Nu Restricted Fund, subject to the ultimate oversight and control of the IEEE Foundation Board of Directors. The T-IEEE-HKN shall be responsible for establishing long-term financial and fundraising goals and shall assist the Board of Directors of the IEEE Foundation in planning and reaching these goals. The T-IEEE-HKN shall coordinate its fundraising efforts with the IEEE Development Office pursuant to IEEE procedures applicable to all IEEE Organizational Units (OUs). The T-IEEE-HKN shall advise the IEEE-HKN-BOG and the IEEE Finance Committee on matters pertaining to IEEE-HKN finances and budget, as needed.

## **2.5 ELECTIONS**

The procedures for election of Directors are described in ARTICLE III, SECTION 5 of the bylaws of the Foundation. The procedure for election of officers is described in ARTICLE IV, SECTION 2 of the bylaws. The Foundation Nominating Committee shall prepare a recommended slate of officers and Directors-at-large for consideration by the Foundation Board. Election of Directors shall take place at the Foundation board meeting held immediately prior to the Annual Meeting and the election of officers by the Foundation Board shall take place at the Annual Meeting of the Foundation Board. Appointment of Directors to serve on Foundation Board committees shall be made by the Executive Committee as soon after the Annual Meeting as practical and ratified by the Board at its first regular meeting after the Annual Meeting.

## **2.6 MEETINGS**

The Annual Meeting of the Foundation Board shall be held in accordance with ARTICLE III, SECTION 11 of the bylaws during the fourth quarter of each year. Regular meetings of the Foundation Board shall be held during the first and second quarters respectively of each year. Special meetings of the Foundation Board, along with notice of all meetings of the Foundation Board, shall be in accordance with ARTICLE III, SECTION 12 of the bylaws. Proposals for meeting venues shall be made by staff and approved by the Foundation Board. Location shall be based on accessibility, cost and availability of meeting space, and shall be made with consideration for special IEEE events.

- 1.) All meetings of the Foundation Board and its committees, unless otherwise required by the bylaws or applicable law or as agreed upon by the members, shall be conducted using procedures in accordance with Robert's Rules of Order.

- 2.) Directors are urged to attend all meetings of the Foundation Board. Where attendance would place an unreasonable burden on the member, arrangements should be made with staff for participation using telecommunications.
- 3.) Committee Chairs are urged to make cost effective use of telecommunications and e-mail in the conduct of committee proceedings.

## **SECTION 3 – FINANCIAL OPERATIONS**

### **3.1 FINANCIAL STABILITY**

The financial stability of the Foundation is based upon, but not limited to, a sound system of internal control and a commitment to prudence in order to ensure short-term and long-term viability.

#### **A. Internal Controls**

It is Foundation policy to maintain sound internal controls. As part of their oversight responsibilities, specific members of the Foundation Board of Directors or their designee and the Foundation's independent auditors evaluate the system of internal controls.

#### **B. Prudent-Person Rule**

It is Foundation policy to operate reasonably and prudently. The legal standard by which all aspects of operations of a not-for-profit organization are tested is reasonableness and prudence. A fiduciary is a person who has responsibilities in connection with the administration, investment, or distribution of property or assets that belong to someone else. The standard underlying fiduciary responsibility is prudence, and the standard of behavior for a fiduciary is known as the "prudent-person rule." This rule charges fiduciaries with conducting themselves with the same degree of judgment and prudence when administering the affairs of the organization, as they would in their personal affairs.

#### **C. Short-Term and Long-Term Outlook**

It is Foundation policy to ensure its Board of Directors has the tools to keep the short-term financial health of the Foundation in perspective relative to the long-term goals of the Foundation. For purposes of this policy, short-term is defined to be approximately one year or less.

To be committed to its goals, the Foundation Board of Directors, shall take an approach that looks beyond specific calendar dates and always considers where the Foundation is going and where it has been with a distinct emphasis on the future. The strategic planning process, budget process, and financial performance shall provide the framework for making decisions important to the vitality of the Foundation.

### **3.2 ASSET/LIABILITY MANAGEMENT**

For purposes of these policies the Foundation's adherence to this policy regarding Asset/Liability Management shall be the same inside and outside of the United States, except as otherwise required by applicable law. Where there is a conflict, the spirit of the Foundation Policy must still be observed.

## **A. Asset Management**

### **1. Investments**

The investments of the IEEE Foundation are its largest asset and represent gifts entrusted to the Foundation by donors to further the scientific and educational purposes of IEEE. Careful management of these assets is critical to support the overall mission of the IEEE Foundation. The Board of Directors, in its sole discretion, shall exercise the final decision regarding how these assets shall be invested and approve asset allocation targets.

The Foundation's investment assets shall be commingled and broken down into two pools: short-term and long-term. The short-term pool shall be invested only in secure short-term instruments focused on preservation and availability of cash. The long-term pool shall be well diversified and invested in a conservative fashion to satisfy the primary objective of preservation of capital with the secondary objective of maximizing the total returns on investment assets.

Reports on investment performance, measured both against investment objectives and benchmarks for comparable investments shall be reviewed during each IEEE Foundation Board of Directors meeting. At least once every three years, the Foundation Finance Committee shall conduct a formal assessment of this Policy and the corresponding IEEE Foundation Investment Operations Manual to determine whether it is fulfilling the needs of the Foundation. The Foundation Finance Committee shall report the results and recommendation from its assessment to the Board of Directors for action.

### **2. Fund Administration**

The Foundation may establish and administer Funds for activities that further the scientific and educational purposes of IEEE. Any donor, group of donors, corporation, foundation, or IEEE in the name of one or more of its organizational units may request the establishment of a new Fund. For a new Fund to be established gifts, grants, and income to the new Fund shall meet the minimum gift requirements, and the intended activity shall be in compliance with the mission of the Foundation.

The IEEE Development Office shall be delegated authority, with the advice and consent of the Vice President, Development, to approve the establishment of Foundation Funds that shall be limited to a single activity such as an IEEE award, scholarship, fellowship, travel grant or distinguished lecture. The IEEE Development Office shall report the Funds it approves for establishment at each regular meeting of the IEEE Foundation Board of Directors. The Board of Directors shall approve all other new Funds to be administered by the Foundation, except disaster response funds which are described in Policy 5.4.

There shall be an agreement between the donor and the Foundation covering the purpose and rules specifying the use of all endowments, permanently restricted and

temporarily restricted Funds, and all withdrawals therefrom shall be in accordance with procedures established by the IEEE Foundation.

The Foundation may directly receive only those gifts that are intended for the Foundation. In the event that a donor identifies IEEE or another organization as the recipient of a gift, the gift should be directly received by IEEE or such other organization. If, after receiving and recording the gift, IEEE or such other organization wishes to transfer the amount of the gift to the Foundation, IEEE or such other organization should itself make a gift to the Foundation that is appropriately recorded in the books of IEEE or such other organization, as donor, and in the books of the Foundation, as donee.

The Board of Directors may accept gifts for administration from the IEEE in the name of one or more of its organizational units if the purposes to which such funds are to be used are to further the scientific and educational purposes of the IEEE, are limited to the objectives and scope of the IEEE organizational unit, and are consistent with the objectives of a Section 501(c)(3) organization.

- a.) Permanently Restricted Funds (Permanent Endowments)** - Permanently restricted funds (permanent endowments) are established when the donor requires all or a specified portion of a gift (its “historic dollar value”) to be preserved in perpetuity. Accordingly, income and appreciation (with “appreciation” for these purposes defined as realized appreciation, and for readily marketable securities, unrealized appreciation) in the fair value of the fund over its historic dollar value, as is prudent, may be expended consistent with the donor’s restrictions. The assets of the fund shall be placed in the IEEE Foundation’s long-term investment pool with appropriate accounting methods to allocate income, monitor the principal remaining and track historic dollar value.
- b.) Temporarily Restricted Funds** – Temporarily Restricted Funds are defined as those net assets that are subject to donor-imposed restrictions that permit the Foundation to use up or expend the donated assets consistent with the restrictions and is satisfied either by the passage of time or by actions of the Foundation. These temporarily restricted funds are often designated for awards and medals. Temporarily restricted funds consist of charitable contributions made in the form of non-endowment term gifts, quasi-endowments and term endowments. The term “quasi-endowment is also used to describe funds established by the Foundation for specific purposes that are to be treated as though they were endowments (principal preserved) until the Foundation Board of Directors decides it no longer wishes to do so. Non-endowment term gifts are made to fund a donor-specified purpose for a donor stipulated period of time and allow the Foundation to expend the principal as needed to fund such purpose. The term “quasi-endowment” is used to describe gifts the Foundation and the donor have agreed will be treated as though they were endowments until such time as the Foundation determines it is appropriate to expend the principal consistent with donor-specified purposes, if any. Term endowments are gifts where the donor requires all or a part of the principal of the gift (historic dollar value) to be

preserved for a specified period of years or until some event occurs. All such temporarily restricted funds are placed in the appropriate IEEE Foundation investment vehicle with appropriate accounting methods to allocate income and monitor the principal remaining and with respect to term endowments, track the historic dollar value of the assets.

- c.) **Unrestricted Funds** – Unrestricted funds are defined as net assets that are not subject to donor-imposed restrictions. Unrestricted net assets shall be held in the Foundation General Fund or may be designated for a specific purpose and segregated from the General Fund by action of the Foundation Board of Directors. Unrestricted net assets can be utilized to carry out any of the purposes of the Foundation.

### **3. Bank Account Signatures**

The Foundation shall have at least two volunteer signatures on unit bank accounts, one volunteer as the primary signatory and one additional volunteer as an alternate. In addition, the Foundation Board of Directors may elect a designee as an alternate signatory. Signature card administration shall be managed through the IEEE staff.

### **4. Capital Procurement Policy**

The procurement of capital assets, including equipment, furniture, and fixtures, shall be made only with the approval by the Foundation Board of Directors.

### **5. Accounts Receivable and Collection**

The Foundation shall record a receivable on its books for amounts due from donors and others for grants or donations pledged. Generally, 5% reserve is booked on the net present value of the recorded revenue.

### **6. Withdrawal of Funds by Committees of the Foundation**

- a.) IEEE Foundation Policy and Procedures manual shall govern where appropriate.
- b.) Procedures for Use of Funds:
  - i) All uses of Funds shall be as authorized by the Committee. This shall include, but not be limited to, grants, awards, scholarships, authorized travel and other areas within the scope of the overall IEEE Foundation mission.
  - ii) Proper support prior to any disbursement with authorized signature(s) must be present with request for payment. Support includes, but not be limited to, status reports, invoices, travel expense report with receipts attached.

iii) All withdrawal requests shall include the payee, vendor number and address. For an individual requesting payment for the first time, a signed completed W-8 or W-9 form must be included.

iv) Availability of funds is required prior to any withdrawal.

c.) Limitations on Withdrawals of Funds

i) The purposes of the Funds and their uses must be in accordance with a 501(c) (3) corporation.

ii) Any single withdrawal over \$25,000 requires dual signature which includes either the Assistant Treasurer, Director of Accounting or their designates.

d.) Reporting on the Use of Funds

i) The Committee shall provide to the Foundation Board status reports on the use of funds. This should include, but not be limited to, committee minutes and grantee status reports.

**7. Delegation of Expenditure Authority to IEEE Units**

The Foundation Board may delegate expenditure authority for Foundation Funds to an accountable IEEE organizational unit. The terms and conditions attending such delegation of authority shall be set forth in an agreement describing the purposes for which expended funds are to be used, the specific and appropriate thresholds for both discrete (individual) expenditures and cumulative expenditures, the guidelines that shall govern the expenditure decisions by the organizational unit to which this authority is delegated, the requirements for documentation and support of expenditures and the requirements for periodic reports on the use of funds to the Foundation Board.

**B. Liability Management**

**1. Accrual Method**

The Foundation shall utilize the accrual method of accounting. It shall be the Foundation policy to accrue significant items during the year, when reasonable estimates are possible. At year-end all unbilled items, above a \$100 shall be accrued.

**3.3 RISK MANAGEMENT/INSURANCE COVERAGE**

**A. General Liability**

It is the Foundation policy to maintain general liability insurance, and bodily injury, to cover the Foundation and its sponsored activities.

Summaries of the coverage in effect, and other insurance-related issues, vary from time to time and therefore may be obtained by contacting the Foundation President. Contact regarding insurance questions or issues should be made at least 30 days in advance of any planned activity.

### **B. Fidelity Bonding**

It is the Foundation policy to provide and maintain fidelity bond coverage for those individuals who have access to funds for Foundation activities.

## **3.4 CONTRACTS AND PURCHASE ORDERS**

The Foundation officers may negotiate contracts and, once satisfied with the proposed terms of the agreement, shall forward all contracts, agreements, and Memorandums of Understanding to the Foundation Treasurer or President, or their designee, for review and execution. Any exclusive contracts or Purchase with an expected value of \$25,000 or greater will be forwarded to the appropriate authorized staff where they will be placed into a process and reviewed by subject matter experts prior to final approval and execution. Once reviewed and approved, the contract will be executed and sent to the vendor. A contract copy will be kept in a central record retention. Fax transmittal of all documents is recommended. The Foundation Board of Directors must approve any exclusive contracts.

### **A. Control Limits**

Any contract with value limits above \$25,000 will be subject to the IEEE Foundation Board of Directors' final review process.

### **B. Inability to Execute**

The contract will be returned to the originator with an indication of any issues determined by the IEEE Foundation Board of Directors and/or the IEEE Foundation's outside counsel. Fax will be used as appropriate.

## **3.5 ANNUAL & INTERIM REPORTING REQUIREMENTS**

### **A. Audited Financial Statements**

Audited Foundation Financial Statements shall be made available by the Foundation Treasurer to all voting members of the Foundation Board of Directors annually. Such

statements shall be audited by an independent auditor approved by the Foundation Board of Directors.

### **B. Budget**

The Foundation Treasurer shall submit to the Foundation Finance Committee for review an annual general fund operating budget covering anticipated contributions and expenses. The Foundation Finance Committee shall report its recommendations to the Foundation Board of Directors at its last scheduled meeting of the current year. The Foundation Treasurer shall report any significant variances from the budget at each subsequent meeting of the Foundation Board of Directors.

### **C. Forecast**

The Foundation Treasurer shall submit to the Foundation Finance Committee a midyear forecast for the general fund that provides a four (4) year historical record of actual performance as well as the current and subsequent three (3) years' forecast of investment performance, fund balance, operating income, contributions, expenses and commitments. The purpose of this forecast is to identify opportunities and risks to achieving planned targets.

### **D. Investment Reporting**

A report on investment performance shall be provided at each regular meeting of the Foundation Board of Directors.

### **F. Acknowledgement of Contributions**

The Foundation Board of Directors or their designee may accept contributions and the IEEE Development Office shall be responsible for acknowledging contributions in excess of \$250.

## **3.6 BUSINESS EXPENSE REPORTING**

### **A. Travel Policy and Funds**

It is recognized that travel by the Foundation Board of Directors and volunteers is necessary for many of the essential activities of the Foundation. Therefore, funds shall be allocated to cover travel expenses for its Board members.

It is Foundation policy to reimburse such travel expenses, including, but not limited to, transportation, mileage, lodging, meals, telephone, and gratuities. Guidelines and procedures for reimbursement, required receipts and related limitations shall be specified in the IEEE Foundation Operations Manual.

It is the responsibility of all the Foundation staff members and volunteers who authorize reimbursement for hired consultants to make such individuals or organizations aware of the travel policies and reimbursement procedures prior to arranging travel plans and to reach a satisfactory understanding with such consultants.

### **3.7 COST ALLOCATION**

Investment costs shall be allocated to each of the various funds administered by the Foundation in proportion to the value of the amount invested. All other operating costs of the Foundation shall be allocated to its General Fund.

## **SECTION 4 – DEVELOPMENT AND FUNDRAISING**

It is the policy of the IEEE Foundation to base its fundraising program on truthfulness and responsible stewardship with due consideration for the privacy of donor information. The IEEE Foundation shall comply with all applicable U.S. (federal, state and local) or non-U.S. (at each governmental level) charitable and donation laws and regulations. *Most states within the continental U.S. have laws and regulations governing the solicitation of charitable contributions.* The amount expended for development shall be reasonable (less than 35% of total related contributions). The IEEE Foundation shall coordinate its fundraising projects and initiatives with the IEEE. The IEEE Development Office is the primary office to coordinate and support fundraising activities for the IEEE organizational units and the IEEE Foundation. The Development Office shall be informed, in writing, of any fundraising activities at least 60 days in advance of such activities. Requests for nominal support (e.g. less than \$500 for refreshments at meetings sponsored by the IEEE entities) need not be reported to the Development Office. Persons acting on behalf of the IEEE Foundation contacting potential donors with the intent of soliciting funds shall post their fundraising projects on the IEEE Fundraising Development calendar. The purpose of this policy is to protect donors by providing thoughtful, coordinated solicitations; and controlling the use of their personal information in accordance with donor wishes, to protect the IEEE and the IEEE Foundation by ensuring compliance with charitable solicitation and donation laws, and to provide support to the fundraising and grant seeking efforts of the IEEE and the IEEE Foundation.

All IEEE Foundation volunteers and staff shall adhere to the highest ethical standards in raising funds for the Foundation including, but not limited to, the following: (i) staff participating in fundraising efforts will work for a salary or fee, but may not receive a percentage based on compensation or a commission; (ii) all donor and prospect information created by, or on behalf of, the IEEE Foundation shall be the property of the Foundation and shall not be transferred except on behalf of the Foundation; (iii) fundraisers and program managers are required to ensure that contributions are used in accordance with the donors' intentions; (iv) donors shall have the options to limit the use of their personal information to the Foundation's internal use and to have their names removed from the Foundation's mailing list, and (v) the Foundation's policy with respect to the privacy of donor information shall be reflected in its solicitation materials and on its web site.

The IEEE Foundation Development Committee shall oversee the IEEE Foundation's fundraising and development program. The purpose of the IEEE Foundation Development Program is to provide financial resources to be used by the IEEE Foundation to support the scientific and educational purposes of the IEEE through bequests, charitable contributions, and grants from individuals and organizations worldwide. Fundraising by, or on behalf of, the IEEE Foundation shall be in the form of, but not limited to, sponsorship opportunities such as IEEE Awards, the IEEE dues renewal solicitation, annual and deferred major gift solicitations, and matching gifts. The IEEE Foundation Development Program shall be administered by the IEEE Development Office under the direction of the Vice President-Development.

The IEEE Development Office shall be responsible for managing the IEEE Foundation's fundraising and development program including creating, modifying, and implementing mission-

appropriate development and fundraising plans for consideration by the IEEE Foundation Development Committee; formulating and implementing fund-raising strategies for approaching individuals, corporations, and foundations including responding to inquires and carrying out cultivation, solicitation and stewardship activities; administering and negotiating all official correspondence with donors including Gift Agreements covering charitable gifts of \$5,000 or more, detailed quasi-endowment, endowment or other Designated Fund reports provided annually advising the donors who established the funds of the use of their respective gifts, creating and managing all public relations and direct mail efforts for the benefit of the IEEE Foundation including the production of the IEEE Foundation Newsletter and the annual Honor Roll of Donors; and maintaining all donor and contribution files and records.

## **SECTION 5 – GRANTS AND CONTRIBUTIONS**

### **5.1 USE OF IEEE FOUNDATION GRANTS AND CONTRIBUTIONS**

Grants and contributions made from Foundation funds shall be for the sole purpose of furthering the scientific and educational purposes of the IEEE. All such grants and contributions shall be consistent with the purposes of a Section 501(c)(3) organization and shall not support, among other things, professional activities; electioneering of any kind for any municipal, state or federal office; commercial promotion activities; or personal or commercial loans of any kind for any purpose.

Recipients of grants from IEEE Foundation funds shall be limited to IEEE units, or US or non-US charitable organizations, including, but not limited to, public and private schools, and governmental agencies. A grant agreement shall be issued for all grants awarded from IEEE Foundation funds. All grant recipients shall be required to provide reports detailing the outcome of awarded grants and how the money is spent. Other contributions from IEEE Foundation funds, such as peer recognition awards, scholarships, fellowships, and travel grants may be awarded to individuals.

### **5.2 IEEE FOUNDATION GRANTS PROGRAM**

The goal of the program is to provide seed money to support innovative projects that further the scientific and educational purposes of IEEE in three focus areas: (1) Education; (2) History; and (3) Humanitarian.

#### **A. Availability of Funds**

The IEEE Foundation shall endeavor to maximize the funding available for grants.

#### **B. Funding Source**

Grants shall be awarded from the IEEE Foundation General Fund, IEEE Life Members Fund, and IEEE Humanitarian Technology Fund.

#### **C. Use of Grants**

Grants shall only be used for the innovative projects described in grant applications recommended by the IEEE Foundation/Life Members Grants Committee and approved by either the IEEE Foundation Board or IEEE Life Members Committee.

IEEE Foundation Board shall approve grants awarded from the IEEE Foundation General Fund and IEEE Humanitarian Technology Fund. The IEEE Life Members Committee shall approve grants awarded from the IEEE Life Members Fund.

#### **D. Grant Agreement**

A grant agreement shall be issued for all approved grants. Grantees shall be required to agree to the terms and conditions, which shall, at a minimum, include:

1. **Background information** –includes issue and award dates, grant tracking number, grant amount, grantee name, project title, period of performance, project leader, and timeframe to accept or deny terms and conditions.
2. **Use of Grant** – outlines the acceptable and unacceptable uses for the grant
3. **Changes to the Grant** – describe the process for a grantee to request changes to a grant.
4. **Grant Payments** – identifies payment terms and conditions.
5. **Grant Reporting** – outlines the method, number and frequency of required reports.
6. **Books and Records** – requires grantee to maintain records concerning the use the grant, and make the records available to the Foundation.
7. **Nondiscrimination Certification** – requires grantee to comply with the IEEE Foundation’s Nondiscrimination policy
8. **Terrorism Certification** – requires grantee to take reasonable steps to ensure that funds provided by the IEEE Foundation are not ultimately distributed to terrorist organizations and to inform the IEEE Foundation through Reports the steps the grantee has taken to meet this goal.
9. **Remedies** – outlines remedies available to the IEEE Foundation if grantee does not comply with terms and conditions.
10. **Reversion of Funds** – describes conditions and time periods that a grantee would be required to repay grant funds.
11. **Acknowledgement and Promotion** – requires grantee to acknowledge the IEEE Foundation’s support in promotional material and to provide photographs and/or electronic images as appropriate.

#### **E. Grant Review Process**

There shall be a review and assessment process to ensure that the grants accomplish the agreed upon purpose and are expended in a responsible manner. Grantees shall be required to provide grant reports according to the frequency outlined in the grant agreement. Each report shall require the grantee to sign and certify to the accuracy of the information in the report,

The IEEE Foundation staff, in conjunction with the Vice President, Grants, shall be responsible for monitoring the grant reports and providing an overall evaluation of each grant to the awarding body, either the IEEE Foundation Board or IEEE Life Members Committee. The evaluation shall include recommendations whether follow-on projects are to be funded that will strengthen the image of the IEEE Foundation and its attractiveness to donors. Additionally, one member of the IEEE Foundation Board shall read and comment on each Grant Final Report. The comments will be documented in the grant database.

In the event staff and the Vice President, Grants, determine that a project is unlikely to achieve its goals and objectives, it shall notify the awarding body which shall initiate appropriate steps to modify or terminate the grant.

### **5.3 RAPID RESPONSE FUND**

A rapid response fund whose purpose is to provide financial support for activities of IEEE student and young professional members which are in furtherance of the scientific and educational objectives of IEEE, where there is insufficient time available to routinely process a grant application and where rapid response is deemed to be justified, is hereby established. This fund shall be a temporarily restricted fund whose principal shall be appropriated from the Foundation's general fund and shall not exceed \$25,000. The IEEE Foundation/Life Members Grants Committee is authorized to make such grants from the rapid response fund in amounts up to \$5,000 for each such proposal without prior approval of the Foundation Board. Grant applications shall be processed in accordance with procedures approved by the Foundation Board. The IEEE Foundation/Life Members Grants Committee shall report on grants made pursuant to this policy at each regular meeting of the Foundation Board.

### **5.4 DISASTER RESPONSE FUNDS**

Disaster response funds shall be automatically established on behalf, and at the request, of IEEE when it is determined by the IEEE President that urgent action is required.

Disaster response funds may be established and used to solicit and disburse disaster relief support for unforeseen natural or human-made disasters. These funds shall be temporarily restricted and established consistent with Policy 3.2.A.2.b. Contributions shall be coordinated by the IEEE Development Office consistent with Policy 4.

Disbursements from these funds shall be made only in the furtherance of the scientific and educational purposes of the IEEE within the geographic area affected by the disaster. The disbursements shall be in the form of grants to academic institutions, charitable organizations, or government agencies. Types of activities that may be supported, include such things as: equipment, services, scholarships, classroom and laboratory materials or programs developed for retraining or other professional activities to help engineering and technology professionals in the geographic area affected.

The IEEE Region Committee where the disaster occurred shall be delegated expenditure authority for the fund consistent with Policy 3.2.A.7. On behalf of the IEEE Foundation, the IEEE Region Committee shall:

- Solicit and select the activities to be supported,
- Issue formal grant agreements that restricts the use of the grants funds to the project that has been determined to further the scientific and educational purposes of IEEE and requires project reporting
- Oversee the successful completion of the funded activities
- Provide reports to the IEEE Foundation Board of Directors

## SECTION 6 - DEFINITIONS

**Endowments** – The IEEE Foundation uses the phrase “true endowments” to refer to donor-restricted gifts that meet the legal definition of an endowment – a gift that is not wholly expendable by the Foundation on a current basis due to the donor’s restriction. Endowment funds require the Foundation to retain all or some defined portion of the original gift (principal) in perpetuity or for a specified period, but permit the use of investment return to support purposes for which the endowment was created. Such “true endowments” are distinguished from “quasi endowments”, which are funds that the Foundation and the donor agree will be treated as though they were endowments until such time as the Foundation determines it is appropriate to expend the principal consistent with donor-specified purposes, if any.

**a.) Permanent Endowments** – Permanent endowment funds are established when the donor requires all or a specified portion of the gift to be preserved in perpetuity and not wholly expendable on a current basis. The term does not include assets that the IEEE Foundation may designate for its own use, consistent with the terms of the applicable gift instrument.

**b.) Term Endowments** – Term endowment funds are established when the donor requires all or a specified portion of the principal of the gift to be preserved for a specified period of years or until some event occurs. Income and appreciation (with “appreciation” for these purposes defined as realized appreciation, and for readily marketable securities, unrealized appreciation) in the fair value of the assets of the fund, as is prudent, may be expended consistent with the donor’s restrictions.

**Quasi-endowments** – The term “quasi-endowments” is used by the Foundation to describe gifts that the Foundation and the donor have agreed will be treated as though they were endowments until such time as the Foundation determines it is appropriate to expend the principal consistent with donor-specified purposes, if any. The term “quasi-endowments” is also used to describe funds established by the Foundation for specific purposes that are to be treated as though they were endowments (principal preserved) until the Foundation Board of Directors no longer wishes to do so. Quasi-endowments are not endowments under applicable legal definitions, and consequently are not subject to the laws governing the administration of endowments. Thus, quasi-endowment funds differ from true endowment funds in that the original gift as well as the investment return may be expended consistent with the terms of the Gift Agreement. Consequently, quasi-endowments are classified by the Foundation for accounting purposes as temporarily restricted funds with the Foundation having the authority under the Gift Agreement to expend the principal to achieve the donor’s purposes, as the Foundation deems appropriate.

**Non-endowment Term Funds** – Non-endowment term funds are established for restricted gifts made to fund donor-designated purposes for a specified period of years and allow the IEEE Foundation to expend the principal as needed to fund such purposes. Such gifts may be made either as a single contribution or in the form of a pledge to make periodic payments over a specified period of years.

**Unrestricted Gifts** – The Foundation uses the term “unrestricted gift” to refer to gifts made without donor-imposed restrictions as to their use. Unrestricted gifts are held in the IEEE

Foundation General Fund or may be designated for a specific purpose and segregated from the General Fund by action of the Foundation Board of Directors. Such funds may be expended at the discretion of the IEEE Foundation Board of Directors only for uses consistent with the purposes of the Foundation as set forth in its charter – to further the educational and scientific purposes of the IEEE.

**Restricted Gifts** – The Foundation uses the term “restricted gift” to refer to gifts the donor requires to be expended for a specific purpose. The funds are placed in a separate fund established for each such purpose. Non-endowment term funds, quasi-endowments and endowment term funds are classified for accounting purposes as temporarily restricted. Endowments are classified for accounting purposes as permanently restricted.

**Charitable Contributions** – The Internal Revenue Service defines a payment as a gift with the following criteria: the contributor must intend the payment to be a gift; that the contribution must be in excess of the value of any benefit the donor receives in return; and the recipient organization must be qualified by the IRS to receive gifts. For tax purposes, the donor may only deduct the excess in the value of the gift over the value of any benefit the donor receives in return.

**Fundraising Solicitation** – the direct or indirect request for gifts, monies, or other items of value by, in the name of, or for the benefit of IEEE or the IEEE Foundation.

**Grant** – A legally binding contract between the grantor and the grantee organization to provide funds to be applied towards a particular program or project.

**Grant Solicitation** – the solicitation of funds or property from individuals, private foundations, corporations, United States government agencies, or other government agencies or ministries.

**Indirect Direct Cost Policy** as it relates to grants, is calculated based on OMB Circular A-122 issued by the U.S. Federal Government. The rate is calculated once per year and used where applicable.

**IEEE Organizational Units** include Regions, Sections, Chapters, Branches, Conferences, Societies, Councils and all other related IEEE organizational units.



# **APPENDIX I**

## **Service Agreement**

### **Between**

## **IEEE Foundation and IEEE**



## **IEEE FOUNDATION and IEEE SERVICE AGREEMENT**

**THIS SERVICE AGREEMENT**, effective as of 1 January, 2010, by and between The Institute of Electrical and Electronics Engineers, Incorporated, a New York not-for-profit corporation having a principal place of business at 3 Park Avenue, 17th Floor New York, New York 10016-5997 U.S.A ("IEEE"), and the IEEE Foundation, Inc., a New York not-for-profit corporation having a principal place of business at 3 Park Avenue, 17<sup>th</sup> Floor New York, New York 10016-5997 U.S.A (the "Foundation").

### **WITNESSETH:**

**WHEREAS**, IEEE is organized and operated exclusively for scientific and educational purposes to advance the theory and practice of electrical engineering, electronics, radio and the allied branches of engineering and the related arts and sciences.

**WHEREAS**, the Foundation was established exclusively to further the scientific and educational purposes of IEEE

**WHEREAS**, the Foundation desires to acquire from IEEE certain administrative and financial services necessary for its operation; and

**WHEREAS**, IEEE desires to provide certain administrative and financial services set forth herein upon the terms and subject to the conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual promises and intending to be legally bound hereby, the parties agree upon the following terms and conditions:

### **ARTICLE I SERVICES**

**1.01. SERVICES.** IEEE hereby agrees to provide the services described in Schedules A ("Administrative Services") attached hereto and made a part hereof. IEEE shall perform all such services in a timely and professional manner. IEEE personnel who provide services to the Foundation shall remain employees of IEEE and IEEE shall pay all wages, fringe benefits and other compensation associated therewith.

**1.02. TERM.** Subject to the terms and provisions of Article II hereof, IEEE agrees to provide such Administrative Services commencing on 1 January 2010 and continuing until 31 December 2010. This Agreement shall automatically renew for one (1) year terms unless either party gives the other party ninety (90) days prior written notice that the Agreement will not be renewed.

**1.03. FEES.** During the term of this Agreement, the Foundation shall pay to IEEE the fees set forth in Schedule B (the "Fees"). The Foundation shall also reimburse IEEE for all reasonable out-of-pocket expenses incurred by IEEE on behalf of the Foundation and for any services provided that were in excess of those detailed in Schedule A. The Foundation shall not be responsible for reimbursing IEEE's normal overhead expenses (except as agreed to between the parties in the Fees), including, but not limited to, insurance premiums related to providing the Administrative Services, additional computer capacity required for such Administrative Services or additional employees not directly hired for such Administrative Services. If IEEE procures outside services for the benefit of the Foundation, the actual cost of such services (which shall be obtained on an arms' length basis) may be charged directly to the

Foundation. IEEE will maintain records in support of the services performed by it and the allocation of expenses thereto, which records may be reviewed by the Foundation.

## **ARTICLE II TERMINATION**

Either party may terminate this Agreement upon ninety (90) days prior written notice to the other party. In the event either party desires to terminate the Agreement as to only a part of the Administrative Services, then such party shall notify the other party in writing setting forth the Administrative Services to be terminated and the timing of such termination which shall not be less than sixty (60) days from the date of notification.

## **ARTICLE III IEEE'S ACKNOWLEDGMENTS**

IEEE recognizes and acknowledges that: (a) in the course of its providing the Administrative Services it will be necessary for IEEE to acquire information which could include, in whole or in part, information concerning confidential or proprietary information belonging to the Foundation which is disclosed or entrusted to the Foundation (collectively referred to herein as the "Confidential Information"); (b) the Confidential Information is the property of the Foundation (c) the use, misappropriation or disclosure of the Confidential Information would constitute a breach of trust and could cause irreparable injury to the owner thereof; and (d) it is essential to the protection of the Foundation's good will that the Confidential Information be kept secret and that IEEE not disclose the Confidential Information to others or use the Confidential Information to IEEE's own advantage or the advantage of others. No information in the public domain shall be deemed Confidential Information nor shall information disclosed to IEEE by third parties not under an obligation of confidentiality shall be Confidential Information pursuant to this Agreement.

IEEE further recognizes and understands that providing the Administrative Services may include the preparation of materials, including written or graphic materials, and that any such materials conceived or written by IEEE exclusively on behalf of the Foundation, excluding any pre-existing materials in which the intellectual property rights are already owned by IEEE, shall be done as a "work made for hire" as defined and used in the Copyright Act of 1976, 17 USC 1 et seq. In the event of publication of such materials, IEEE understands that since the work is a "work made for hire", the Foundation will solely retain and own all rights in said materials, including right of copyright. In the event that such work is not deemed to be a work made for hire, IEEE agrees to assign such work to the Foundation for which such work was prepared.

## **ARTICLE IV IEEE'S COVENANTS AND AGREEMENTS**

**4.01. NONDISCLOSURE OF CONFIDENTIAL INFORMATION.** IEEE agrees to hold and safeguard the Confidential Information in trust for the Foundation, its successors and assigns and agrees that it shall not, without the written consent of the Foundation, misappropriate or disclose or make available to anyone for use outside of IEEE's organization or to anyone not authorized to receive such Confidential Information of the Foundation at any time, either during the term of this Agreement or subsequent to the termination thereof.

**4.02. RETURN OF PROPERTY.** Upon the termination of this Agreement or any of the Administrative Services, IEEE shall promptly deliver to the Foundation all correspondence, financial

assets and documents concerning information provided by the Foundation or if certain Administrative Services are terminated, then all correspondence, financial assets and documents related to such Administrative Services, and without limiting the foregoing, will promptly deliver to the Foundation any and all other documents or materials containing or constituting Confidential Information.

**4.03. INDEMNITY.** The Foundation shall indemnify and hold IEEE harmless against any and all loss, damage or expense incurred in connection with or arising from the performance of its obligations under this Agreement, except for loss, damage or expense resulting solely from IEEE's gross negligence or willful misconduct. IEEE agrees to notify the Foundation promptly and in writing of any such claim or action and the Foundation shall have the right to settle, compromise or defend any such claim or action; provided, however, that IEEE shall have a right to participate therein at its own cost.

## **ARTICLE V MISCELLANEOUS**

**5.01. SEVERABILITY.** If any provision or provisions hereof shall be deemed invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provision or provisions and to alter the bounds thereof in order to render it valid and enforceable.

**5.02. ENTIRE AGREEMENT.** This Agreement, together with the Schedules, referred to herein, constitutes the entire agreement between the parties and shall supersede all prior negotiations, proposals and purchase orders, whether written or oral. The Agreement shall not be varied in its terms by any oral agreement or representation or otherwise than by an instrument executed in writing by both parties by their duly authorized representatives

**5.03. INDEPENDENT CONTRACTORS.** IEEE and the Foundation are acting strictly as independent contractors and not as partners or co-venturers or as principal and agent. Neither party shall have any authority to act on behalf of, or otherwise bind the other party.

**5.04. NONASSIGNMENT.** Neither party shall assign this Agreement or the obligation and responsibilities thereunder without the prior written consent of the other.

**5.05. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

**5.06. COUNTER PARTS AND SECTION HEADINGS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The section headings of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of any of the provisions hereof.

**5.07. SCHEDULES.** The Schedules attached hereto or referred to herein are hereby incorporated in this Agreement by reference and made a part hereof and, unless otherwise stated, the term "Agreement" when used herein shall mean this Agreement and Schedules. The Schedules may be changed only in accordance with the terms of Articles 1.01.

**5.08. CHANGE IN NATURE OF SERVICES.** Any change in the services requested by the Foundation to be performed by IEEE pursuant to this Agreement may only be made by written memorandum ("Addendum" ) to this Agreement specifying the change and cost thereof. The Addendum

shall be mutually agreed upon prior to its becoming effective and all Addenda shall be consecutively numbered.

In the event the parties are unable to agree upon the cost of changes ordered by the Foundation, IEEE may, but shall not be obligated to, proceed with the changes and accept as payment therefore the actual costs plus allocable overhead.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement or caused this Agreement to be executed the day and year first above written.

**THE INSTITUTE OF ELECTRICAL AND  
ELECTRONICS ENGINEERS, INCORPORATED**

By: \_\_\_\_\_  
President

**IEEE FOUNDATION, INC.**

By: \_\_\_\_\_  
President

# **APPENDIX II**

**Investment Service**

**Agreement**

**Between**

**IEEE Foundation and IEEE**

**IEEE FOUNDATION and IEEE  
INVESTMENT SERVICE AGREEMENT**

**THIS SERVICE AGREEMENT**, effective as of 29 November 2010, by and between The Institute of Electrical and Electronics Engineers, Incorporated, a New York not-for-profit corporation having a principal place of business at 3 Park Avenue, 17th Floor New York, New York 10016-5997 U.S.A ("IEEE"), and the IEEE Foundation, Inc., a New York not-for-profit corporation having a principal place of business at 3 Park Avenue, 17<sup>th</sup> Floor New York, New York 10016-5997 U.S.A (the "Foundation").

**WITNESSETH:**

**WHEREAS**, IEEE is organized and operated exclusively for scientific and educational purposes to advance the theory and practice of electrical engineering, electronics, radio and the allied branches of engineering and the related arts and sciences.

**WHEREAS**, the Foundation was established exclusively to further the scientific and educational purposes of IEEE

**WHEREAS**, the Foundation desires to deposit assets in the IEEE Long Term Investment Fund; and

**WHEREAS**, IEEE desires to allow the IEEE Foundation to deposit assets in the IEEE Long Term Investment Fund upon the terms and subject to the conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual promises and intending to be legally bound hereby, the parties agree upon the following terms and conditions:

**ARTICLE I  
SERVICES**

**1.01. SERVICES.** IEEE hereby agrees to provide the services described in Schedules A ("Investment Services") attached hereto and made a part hereof. IEEE shall perform all such services in a timely and professional manner. IEEE personnel who provide services to the Foundation shall remain employees of IEEE and IEEE shall pay all wages, fringe benefits and other compensation associated therewith.

**1.02. TERM.** Subject to the terms and provisions of Article II hereof, IEEE agrees to provide such Investment Services commencing on 29 November 2010 and continuing until 28 November 2011. This Agreement shall automatically renew for one (1) year terms unless either party gives the other party ninety (90) days prior written notice that the Agreement will not be renewed.

**1.03. FEES.** During the term of this Agreement, the Foundation shall pay IEEE for its pro-rata share of the external investment management fees incurred by the IEEE Long Term Investment Fund (historically approximately 30 basis points). The Foundation shall not be responsible for reimbursing IEEE's normal overhead expenses. If IEEE procures outside services for the benefit of the Foundation, the actual cost of such services (which shall be obtained on an arms' length basis) may be charged directly to the Foundation. IEEE will maintain records in support of the services performed by it and the allocation of expenses thereto, which records may be reviewed by the Foundation.

## **ARTICLE II TERMINATION**

Either party may terminate this Agreement upon ninety (90) days prior written notice to the other party. In the event either party desires to terminate the Agreement as to only a part of the Investment Services, then such party shall notify the other party in writing setting forth the Investment Services to be terminated and the timing of such termination which shall not be less than sixty (60) days from the date of notification.

## **ARTICLE III IEEE'S ACKNOWLEDGMENTS**

IEEE recognizes and acknowledges that: (a) in the course of its providing the Investment Services it will be necessary for IEEE to acquire information which could include, in whole or in part, information concerning confidential or proprietary information belonging to the Foundation which is disclosed or entrusted to the Foundation (collectively referred to herein as the "Confidential Information"); (b) the Confidential Information is the property of the Foundation (c) the use, misappropriation or disclosure of the Confidential Information would constitute a breach of trust and could cause irreparable injury to the owner thereof; and (d) it is essential to the protection of the Foundation's good will that the Confidential Information be kept secret and that IEEE not disclose the Confidential Information to others or use the Confidential Information to IEEE's own advantage or the advantage of others. No information in the public domain shall be deemed Confidential Information nor shall information disclosed to IEEE by third parties not under an obligation of confidentiality shall be Confidential Information pursuant to this Agreement.

IEEE further recognizes and understands that providing the Investment Services may include the preparation of materials, including written or graphic materials, and that any such materials conceived or written by IEEE exclusively on behalf of the Foundation, excluding any pre-existing materials in which the intellectual property rights are already owned by IEEE, shall be done as a "work made for hire" as defined and used in the Copyright Act of 1976, 17 USC 1 et seq. In the event of publication of such materials, IEEE understands that since the work is a "work made for hire", the Foundation will solely retain and own all rights in said materials, including right of copyright. In the event that such work is not deemed to be a work made for hire, IEEE agrees to assign such work to the Foundation for which such work was prepared.

## **ARTICLE IV IEEE'S COVENANTS AND AGREEMENTS**

**4.01. NONDISCLOSURE OF CONFIDENTIAL INFORMATION.** IEEE agrees to hold and safeguard the Confidential Information in trust for the Foundation, its successors and assigns and agrees that it shall not, without the written consent of the Foundation, misappropriate or disclose or make available to anyone for use outside of IEEE's organization or to anyone not authorized to receive such Confidential Information of the Foundation at any time, either during the term of this Agreement or subsequent to the termination thereof.

**4.02. RETURN OF PROPERTY.** Upon the termination of this Agreement or any of the Investment Services, IEEE shall promptly deliver to the Foundation all correspondence, financial assets and documents concerning information provided by the Foundation or if certain Investment Services are terminated, then all correspondence, financial assets and documents related to such Investment Services, and without limiting the foregoing, will promptly deliver to the Foundation any and all other documents or materials containing or constituting Confidential Information.

**4.03. INDEMNITY.** The Foundation shall indemnify and hold IEEE harmless against any and all loss, damage or expense incurred in connection with or arising from the performance of its obligations under this Agreement, except for loss, damage or expense resulting solely from IEEE's gross negligence or willful misconduct. IEEE agrees to notify the Foundation promptly and in writing of any such claim or action and the Foundation shall have the right to settle, compromise or defend any such claim or action; provided, however, that IEEE shall have a right to participate therein at its own cost.

## **ARTICLE V MISCELLANEOUS**

**5.01. SEVERABILITY.** If any provision or provisions hereof shall be deemed invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provision or provisions and to alter the bounds thereof in order to render it valid and enforceable.

**5.02. ENTIRE AGREEMENT.** This Agreement, together with the Schedules, referred to herein, constitutes the entire agreement between the parties and shall supersede all prior negotiations, proposals and purchase orders, whether written or oral. The Agreement shall not be varied in its terms by any oral agreement or representation or otherwise than by an instrument executed in writing by both parties by their duly authorized representatives

**5.03. INDEPENDENT CONTRACTORS.** IEEE and the Foundation are acting strictly as independent contractors and not as partners or co-venturers or as principal and agent. Neither party shall have any authority to act on behalf of, or otherwise bind the other party.

**5.04. NONASSIGNMENT.** Neither party shall assign this Agreement or the obligation and responsibilities thereunder without the prior written consent of the other.

**5.05. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

**5.06. COUNTER PARTS AND SECTION HEADINGS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The section headings of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of any of the provisions hereof.

**5.07. SCHEDULES.** The Schedules attached hereto or referred to herein are hereby incorporated in this Agreement by reference and made a part hereof and, unless otherwise stated, the term "Agreement" when used herein shall mean this Agreement and Schedules. The Schedules may be changed only in accordance with the terms of Articles 1.01.

**5.08. CHANGE IN NATURE OF SERVICES.** Any change in the services requested by the Foundation to be performed by IEEE pursuant to this Agreement may only be made by written memorandum ("Addendum" ) to this Agreement specifying the change and cost thereof.

The Addendum shall be mutually agreed upon prior to its becoming effective and all Addenda shall be consecutively numbered.

In the event the parties are unable to agree upon the cost of changes ordered by the Foundation, IEEE may, but shall not be obligated to, proceed with the changes and accept as payment therefore the actual costs plus allocable overhead.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement or caused this Agreement to be executed the day and year first above written.

**THE INSTITUTE OF ELECTRICAL AND  
ELECTRONICS ENGINEERS,  
INCORPORATED**

By: \_\_\_\_\_  
President

**IEEE FOUNDATION, INC.**

By: \_\_\_\_\_  
President

**SCHEDULE A**  
**INVESTMENT SERVICES**

1. The Foundation shall deposit with IEEF the financial assets of the various funds over which it has administrative responsibility except for cash held in bank accounts to cover near term obligations, and hereby grants IEEF authority to invest such assets in accordance with instructions from the Foundation Board of Directors.
2. IEEF shall provide the Foundation with quarterly reports showing asset allocation, and market value of investments, yield and total return.
3. IEEF staff responsible for investment administration shall report on the performance of the Foundation's investments at each regular meeting of the Foundation Board of Directors and, shall communicate recommendations made by the IEEF Investment Committee concerning investment objectives and asset allocation for consideration by the Board as it feels are consistent with the Board of Directors fiduciary responsibility.
4. Authorized persons may make withdrawals from the various funds deposited with IEEF pursuant to procedures approved by the Foundation Board of Directors. Prior to the beginning of each calendar year, the Foundation shall provide the IEEF with a forecast of withdrawals to be made during the year and a list of such authorized persons. If the Foundation intends to withdraw 5% of the funds deposited, the Foundation shall provide 30 days notice. If the Foundation intends to withdraw 100% of the funds deposited, the Foundation shall provide 90 days notice.
5. IEEF shall provide and maintain fidelity bond coverage to include those officers, directors and members of IEEF staff who have access to the Foundation's financial assets deposited with it.
6. IEEF shall not be liable to the Foundation for any loss suffered by the Foundation as the consequence of any act or omission of IEEF, or any of the officers, directors or staff of IEEF in connection with of pursuant to this agreement except by reason of willful misfeasance, bad faith or gross negligence on the part of IEEF in performance of its duties or by reason of reckless disregard by IEEF of its obligations and duties under this agreement.