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# **BERKELEY EXISTENTIAL RISK INITIATIVE**

## **FINANCIAL STATEMENTS**

**December 31, 2019**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# BERKELEY EXISTENTIAL RISK INITIATIVE

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
Berkeley Existential Risk Initiative  
Walnut, California

We have reviewed the accompanying consolidated financial statements of Berkeley Existential Risk Initiative (the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

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

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Oakland, California  
June 24, 2020

**BERKELEY EXISTENTIAL RISK INITIATIVE**

**Consolidated Statement of Financial Position  
December 31, 2019**

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**Assets**

Cash and cash equivalents	\$ 3,822,949
Accounts receivable	242
Contributions receivable	25,123
Property and equipment, net (Note 4)	<u>12,821</u>
Total Assets	<u><u>\$ 3,861,135</u></u>

**Liabilities and Net Assets**

Liabilities	
Accounts payable and accrued expenses	\$ 241,817
Accrued paid time off	<u>12,603</u>
Total Liabilities	<u>254,420</u>
Net Assets	
Without donor restrictions	1,357,631
With donor restrictions (Note 5)	<u>2,249,084</u>
Total Net Assets	<u>3,606,715</u>
Total Liabilities and Net Assets	<u><u>\$ 3,861,135</u></u>

See Independent Accountants' Review Report  
and Notes to the Consolidated Financial Statements

**BERKELEY EXISTENTIAL RISK INITIATIVE**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Support			
Contributions	\$ 19,966	\$ 600	\$ 20,566
Corporate and foundation grants	266,981	572,600	839,581
In-kind contributions (Note 6)	384,830		384,830
Total Support	<u>671,777</u>	<u>573,200</u>	<u>1,244,977</u>
Revenue			
Realized gains (losses)	(24,519)		(24,519)
Interest	937		937
Other	25		25
Total Revenue	<u>(23,557)</u>	<u>-</u>	<u>(23,557)</u>
Support provided by expiring time and purpose restrictions	<u>2,957,045</u>	<u>(2,957,045)</u>	
 Total Support and Revenue	<u>3,605,265</u>	<u>(2,383,845)</u>	<u>1,221,420</u>
<b>Expenses</b>			
Program			
Grants	2,520,943		2,520,943
Collaborations	647,082		647,082
BERI Support Fund	1,100,012		1,100,012
Other	59,019		59,019
Total Program	<u>4,327,056</u>		<u>4,327,056</u>
Management and general	226,120		226,120
Fundraising	9,887		9,887
Total Expenses	<u>4,563,063</u>	<u>-</u>	<u>4,563,063</u>
 Change in Net Assets	 (957,798)	 (2,383,845)	 (3,341,643)
 Net Assets, beginning of year	 <u>2,315,429</u>	 <u>4,632,929</u>	 <u>6,948,358</u>
 Net Assets, end of year	 <u>\$ 1,357,631</u>	 <u>\$ 2,249,084</u>	 <u>\$ 3,606,715</u>

See Independent Accountants' Review Report  
and Notes to the Consolidated Financial Statements

**BERKELEY EXISTENTIAL RISK INITIATIVE**

**Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2019**

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (3,341,643)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities	
Depreciation	2,193
Loss on disposition	3,005
Change in assets and liabilities:	
Accounts receivable	(187)
Contributions receivable	139,352
Accounts payable and accrued expenses	(194,676)
Accrued paid time off	12,603
Net cash provided (used) by operating activities	<u>(3,379,353)</u>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(15,458)
Proceeds from sale of certificates of deposit	10,006
Net cash provided (used) by investing activities	<u>(5,452)</u>
Net change in cash and cash equivalents	(3,384,805)
Cash and cash equivalents, beginning of year	<u>7,207,754</u>
Cash and cash equivalents, end of year	<u>\$ 3,822,949</u>

**BERKELEY EXISTENTIAL RISK INITIATIVE****Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019**

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 326,143	\$ 152,239	\$ 3,530	\$ 481,912
Employee benefits	11,065	17,687	-	28,752
Payroll taxes	25,886	12,397	282	38,565
Total Personnel	<u>363,094</u>	<u>182,323</u>	<u>3,812</u>	<u>549,229</u>
Grants	3,575,557	-	-	3,575,557
Fees for service	193,482	28,030	-	221,512
Office expenses	6,757	3,492	855	11,104
Information technology	14,150	12,586	24	26,760
Occupancy	-	52,483	-	52,483
Travel and meals	16,074	1,014	-	17,088
Conferences and meetings	68,614	4,701	-	73,315
Depreciation	1,587	606	-	2,193
Staff development and other	35	10,782	-	10,817
In-kind services	7,000	12,000	1,000	20,000
Loss on disposition	3,005	-	-	3,005
Shared cost allocation	77,701	(81,897)	4,196	-
Total Expenses	<u>\$ 4,327,056</u>	<u>\$ 226,120</u>	<u>\$ 9,887</u>	<u>\$ 4,563,063</u>

## BERKELEY EXISTENTIAL RISK INITIATIVE

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2019

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#### NOTE 1: NATURE OF ACTIVITIES

Berkeley Existential Risk Initiative (the Organization or BERI) is a California non-profit organization founded in 2017. BERI's mission is to improve human civilization's long-term prospects for survival and flourishing. Currently, the Organization's main strategy is to take on ethical and legal responsibility, as a grant-maker and collaborator, for projects deemed to be important for reducing existential risk. These projects revolve around reducing risk from technologies that may pose significant civilization-scale dangers, as determined by research collaborators who have adopted existential risk reduction as both their primary career ambition and their primary area of intellectual focus.

#### **BERI Support Fund**

The Organization controls the BERI Support Fund (the Fund), whose mission is to make grants to support the mission of the Berkeley Existential Risk Initiative, which is to improve human civilization's long-term prospects for survival and flourishing.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Basis of Consolidation**

The Organization has the ability to control a majority of the Board of Directors of BERI Support Fund (the Fund), a California nonprofit corporation, and the Organization's financial statements are presented on a consolidated basis.

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the

## **BERKELEY EXISTENTIAL RISK INITIATIVE**

### **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2019**

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financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

#### **Classification of Transactions**

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants][customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Contributions Receivable**

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 and is not aware of any significant uncertain tax positions for which

## BERKELEY EXISTENTIAL RISK INITIATIVE

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2019

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a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### **Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2019.

#### **Cryptocurrency**

Beneficial interests in Cryptocurrency-based assets are recognized based on cost, if assets are purchased, or an estimate of fair market value on the date of donation if donated. The Organization recognizes decreases in the value of these assets caused by market declines. Subsequent increases in the value of these assets through market price recoveries may not exceed the total previously recognized decreases in value. Gains are only recorded when such gains are realized.

#### **Upcoming Accounting Pronouncements**

The Financial Accounting Standards Board has begun research on the appropriate accounting approach with respect to cryptocurrency based assets. The results of the research may result in a different approach to accounting for such assets in the future, such as a fair market value approach based on trading data available from cryptocurrency exchanges.

## BERKELEY EXISTENTIAL RISK INITIATIVE

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2019

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#### **Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

#### **Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	4.33 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

#### **Expense Recognition and Allocation**

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on an estimate of activity by functional area at the individual staff level based on time tracking records maintained by all core staff.

Costs that are not directly identifiable to a program or supporting activity are pooled and allocated between program and supporting activities on a basis proportionate to the amount of time logged in each area.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

#### **Changes in Accounting Principles**

The Organization implemented FASB Accounting Standards Update No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

**BERKELEY EXISTENTIAL RISK INITIATIVE**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2019**

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The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

**NOTE 3: CONTINGENCIES**

**Compliance with Donor Restrictions**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2019:

Furniture and equipment	\$ 14,585
Less accumulated depreciation	<u>(1,764)</u>
Total	<u>\$ 12,821</u>

**NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of December 31, 2019:

First Grants Fund	\$ 1,716,227
CHAI Collaboration	484,843
FHI Collaboration	22,780
CSER Collaboration	<u>25,234</u>
Total	<u>\$ 2,249,084</u>

**NOTE 6: IN-KIND CONTRIBUTIONS**

In-kind contributions consisted of following during fiscal year ended December 31, 2019.

Cryptocurrency	\$ 364,830
Executive Director services	<u>20,000</u>
Total	<u>\$ 384,830</u>

**NOTE 7: CONCENTRATIONS**

**Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits.

**BERKELEY EXISTENTIAL RISK INITIATIVE**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2019**

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**Revenue and Support**

Approximately 94% of total revenue and support for the year ended December 31, 2019 was from two funders.

**NOTE 8: FUNDRAISING EFFORT**

The Organization raised \$1,221,420 in revenue and support, and spent \$9,887 on fundraising expenses because most of the fundraising work was done by volunteer Board Chair. In addition, the majority of the funds came from one funder who funded the Organization previously.

**NOTE 9: CONDITIONAL PROMISES TO GIVE**

In addition to the activity reflected on the Organization's statement of activity, the Organization received certain conditional promises to give as of December 31, 2019:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Grant I	Funds availability	\$ 175,000

The Organization recognizes such promises to give as support once the related conditions are satisfied.

**NOTE 10: RELATED PARTY TRANSACTIONS**

The Organization granted \$2,000,000 to the Survival and Flourishing Fund (SFF), a donor advised fund at the Silicon Valley Community Foundation, advised by a committee. The SFF's advisory committee and the Organization's Board of Directors currently comprise the same set of individuals. SFF will be free to make grants and reorganize itself in the future without further control from the Organization as an institution.

**NOTE 11: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 3,822,949
Accounts receivable	242
Contributions receivable	<u>25,123</u>
Total financial assets	3,848,314
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	<u>(2,249,084)</u>
Amount available for general expenditures within one year	<u>\$ 1,599,230</u>

As part of the Organization's liquidity management plan, the Organization monitors cash to confirm it is sufficient for immediate requirements.

**NOTE 12: BERI SUPPORT FUND**

Activity of the BERI Support Fund (the Fund), reported on a consolidated basis in these financials, consisted of approximately \$340,849 in revenue and \$1,100,867 in expenses

**BERKELEY EXISTENTIAL RISK INITIATIVE**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2019**

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during the year ended December 31, 2019. Net assets of the Fund were \$749,676 as of December 31, 2019.

**NOTE 13: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and has concluded that as of June 24, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

**Public Health Order - Coronavirus**

The Organization operates in an area which was affected by the COVID-19 coronavirus, and in March 2020 San Francisco was subject to a public health order which affected activities of the Organization.