
BERKELEY EXISTENTIAL RISK INITIATIVE

FINANCIAL STATEMENTS

December 31, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

BERKELEY EXISTENTIAL RISK INITIATIVE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Berkeley Existential Risk Initiative

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Berkeley Existential Risk Initiative, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berkeley Existential Risk Initiative as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended December 31, 2019 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated June 24, 2020. We have not performed procedures in connection with that review engagement since that date.

Crosby & Lanida CPAs LLP

Oakland, California
September 15, 2021

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Financial Position
December 31, 2020**

(With Comparative Totals for the Year Ended December 31, 2019)

	2020 (Audited)	2019 (Reviewed)
Assets		
Assets		
Cash and cash equivalents	\$ 2,006,765	\$ 3,822,949
Accounts receivable	88	242
Contributions receivable	81,008	25,123
Prepaid expenses	7,376	-
Property and equipment, net (Note 4)	14,099	12,821
Total Assets	<u>\$ 2,109,336</u>	<u>\$ 3,861,135</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 82,346	\$ 241,817
Accrued paid time off	5,795	12,603
Total Liabilities	<u>88,141</u>	<u>254,420</u>
Net Assets		
Without donor restrictions	894,399	1,357,631
With donor restrictions (Note 5)	1,126,796	2,249,084
Total Net Assets	<u>2,021,195</u>	<u>3,606,715</u>
Total Liabilities and Net Assets	<u>\$ 2,109,336</u>	<u>\$ 3,861,135</u>

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

			Total	
	Without Donor Restrictions	With Donor Restrictions	2020 (Audited)	2019 (Reviewed)
Support and Revenue				
Support				
Contributions	\$ 212,777	\$ 1,042,149	\$ 1,254,926	\$ 20,566
Corporate and foundation grants	449,316	243,340	692,656	839,581
In-kind contributions (Note 6)	7,749		7,749	384,830
Total Support	669,842	1,285,489	1,955,331	1,244,977
Revenue				
Realized gains (losses)			-	(24,519)
Interest	852		852	937
Other	3,565		3,565	25
Total Revenue	4,417	-	4,417	(23,557)
Support provided by expiring time and purpose restrictions	2,407,777	(2,407,777)	-	-
Total Support and Revenue	3,082,036	(1,122,288)	1,959,748	1,221,420
Expenses				
Program				
Grants program - BERI	1,193,764		1,193,764	2,520,943
Grants program - BSF	733,000		733,000	1,100,012
Collaborations	1,515,715		1,515,715	647,082
Other	3,428		3,428	59,019
Total Program	3,445,907		3,445,907	4,327,056
Management and general	91,913		91,913	226,120
Fundraising	7,448		7,448	9,887
Total Expenses	3,545,268	-	3,545,268	4,563,063
Change in Net Assets	(463,232)	(1,122,288)	(1,585,520)	(3,341,643)
Net Assets, beginning of year	1,357,631	2,249,084	3,606,715	6,948,358
Net Assets, end of year	\$ 894,399	\$ 1,126,796	\$ 2,021,195	\$ 3,606,715

See Notes to the Consolidated Financial Statements

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	2020 <u>(Audited)</u>	2019 <u>(Reviewed)</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,585,520)	\$ (3,341,643)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	3,654	2,193
Loss on disposition	1,692	3,005
Change in assets and liabilities:		
Accounts receivable	154	(187)
Contributions receivable	(55,885)	139,352
Prepaid Expenses	(7,376)	-
Accounts payable and accrued expenses	(159,471)	(194,676)
Accrued paid time off	(6,808)	12,603
Net cash provided (used) by operating activities	<u>(1,809,560)</u>	<u>(3,379,353)</u>
Cash flows from investing activities		
Purchase of property and equipment	(6,624)	(15,458)
Proceeds from sale of certificates of deposit	-	10,006
Net cash provided (used) by investing activities	<u>(6,624)</u>	<u>(5,452)</u>
Net change in cash and cash equivalents	(1,816,184)	(3,384,805)
Cash and cash equivalents, beginning of year	<u>3,822,949</u>	<u>7,207,754</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,006,765</u></u>	<u><u>\$ 3,822,949</u></u>

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	Program	Management and General	Fundraising	Total	
				2020 (Audited)	2019 (Reviewed)
Salaries	\$ 299,224	\$ 58,904	\$ 4,308	\$ 362,436	\$ 481,912
Employee benefits	28,058	5,408	338	33,804	28,752
Payroll taxes	23,209	5,529	350	29,088	38,565
Total Personnel	<u>350,491</u>	<u>69,841</u>	<u>4,996</u>	<u>425,328</u>	<u>549,229</u>
Grants	2,288,319	-	-	2,288,319	3,575,557
Fees for service	529,436	22,847	138	552,421	221,512
Supplies and office expenses	106,901	1,942	-	108,843	11,104
Information technology	39,218	7,472	-	46,690	29,765
Occupancy	-	22,744	-	22,744	52,483
Travel and meals	19,490	91	-	19,581	17,088
Conferences and meetings	32,804	-	-	32,804	73,315
Depreciation and disposition	3,391	263	-	3,654	2,193
Insurance	2,197	671	-	2,868	-
Staff development and other	34,193	74	-	34,267	10,817
In-kind services	2,724	4,875	150	7,749	20,000
Shared cost allocation	36,743	(38,907)	2,164	-	-
Total Expenses	<u>\$ 3,445,907</u>	<u>\$ 91,913</u>	<u>\$ 7,448</u>	<u>\$ 3,545,268</u>	<u>\$ 4,563,063</u>

See Notes to the Consolidated Financial Statements

BERKELEY EXISTENTIAL RISK INITIATIVE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

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.

BERKELEY EXISTENTIAL RISK INITIATIVE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

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 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.

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.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the

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Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

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

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2020. 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, 2020 and is not aware of any significant uncertain tax positions for which 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.

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Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

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, 2020.

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.

Cash and 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 \$1,500; 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 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

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Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

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.

All expenses and net losses are reported as decreases in net assets without donor restrictions.

Recent Accounting Pronouncements

The Organization adopted *ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)* during the year ended December 31, 2020. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not result in a material change to timing of when revenue is recognized.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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

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**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

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:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 18,582	\$ 14,585
Less accumulated depreciation	<u>(4,483)</u>	<u>(1,764)</u>
Total	<u>\$ 14,099</u>	<u>\$ 12,821</u>

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
First Grants Fund	\$ 531,227	\$ 1,716,227
CHAI Collaboration	430,123	484,843
FHI Collaboration	104,683	22,780
CSER Collaboration	<u>60,763</u>	<u>25,234</u>
Total	<u>\$ 1,126,796</u>	<u>\$ 2,249,084</u>

NOTE 6: IN-KIND CONTRIBUTIONS

In-kind contributions consisted of following during years ended December 31.

	<u>2020</u>	<u>2019</u>
Cryptocurrency	\$ -	\$ 364,830
Executive Director services	7,500	20,000
Other services	<u>249</u>	<u>-</u>
Total	<u>\$ 7,749</u>	<u>\$ 384,830</u>

NOTE 7: CONCENTRATIONS

Credit Risk

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

Revenue and Support

Approximately 69% of total revenue and support for the year ended December 31, 2020 was from two funders.

NOTE 8: FUNDRAISING EFFORT

The Organization raised \$1,959,748 in revenue and support, and spent \$7,110 on fundraising expenses because most of the fundraising work was performed by volunteer board members. In addition, the majority of the funds came from a limited number of funders who had funded the Organization previously.

BERKELEY EXISTENTIAL RISK INITIATIVE

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

NOTE 9: RELATED PARTY TRANSACTIONS

The Organization granted \$500,000 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 10: 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, 2020 are:

Cash and cash equivalents	\$ 2,006,765
Accounts receivable	88
Contributions receivable	81,008
Less: Purpose-restricted net assets	<u>(1,126,796)</u>
Total	<u>\$ 961,065</u>

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

NOTE 11: BERI SUPPORT FUND

Activity of the BERI Support Fund (the Fund), reported on a consolidated basis in these financials, consisted of approximately \$6 in revenue and \$733,002 in expenses during the year ended December 31, 2020. Net assets of the Fund were \$16,680 as of December 31, 2020.

NOTE 12: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of September 15, 2021, 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

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.