
BERKELEY EXISTENTIAL RISK INITIATIVE

FINANCIAL STATEMENTS

December 31, 2022

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

BERKELEY EXISTENTIAL RISK INITIATIVE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Berkeley Existential Risk Initiative
Walnut, California

Opinion

We have audited the accompanying financial statements of Berkeley Existential Risk Initiative (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements. 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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is

a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we: Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Oakland, California
October 19, 2023

BERKELEY EXISTENTIAL RISK INITIATIVE

Consolidated Statement of Financial Position

December 31, 2022

(With Comparative Totals as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Assets		
Cash and cash equivalents	\$ 5,089,642	\$ 2,405,575
Certificates of deposit	201,909	-
Accounts receivable	142	133
Contributions receivable	-	5,926
Prepaid expenses and deposits	343,933	20,349
Property and equipment, net (Note 4)	389,065	15,703
Total Assets	<u>\$ 6,024,691</u>	<u>\$ 2,447,686</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 202,858	\$ 67,834
Accrued paid time off	21,575	7,146
Total Liabilities	<u>224,433</u>	<u>74,980</u>
Net Assets		
Without donor restrictions	724,671	472,118
With donor restrictions (Note 5)	5,075,587	1,900,588
Total Net Assets	<u>5,800,258</u>	<u>2,372,706</u>
Total Liabilities and Net Assets	<u>\$ 6,024,691</u>	<u>\$ 2,447,686</u>

See Notes to the Consolidated Financial Statements

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2022	2021
Support and Revenue				
Contributions and grants	\$ 395,969	\$ 6,391,712	\$ 6,787,681	\$ 2,775,270
Interest	2,930	26,176	29,106	1,447
Other	45,459		45,459	3,087
Support provided by expiring time and purpose restrictions	3,242,889	(3,242,889)		-
Total Support and Revenue	<u>3,687,247</u>	<u>3,174,999</u>	<u>6,862,246</u>	<u>2,779,804</u>
Expenses				
Program				
Collaborations	3,219,510		3,219,510	1,834,579
Grants program - BERI	21,170		21,170	510,907
Other	71,611		71,611	2,238
Total Program	<u>3,312,291</u>		<u>3,312,291</u>	<u>2,347,724</u>
Management and general	119,034		119,034	73,684
Fundraising	3,369		3,369	6,885
Total Expenses	<u>3,434,694</u>	<u>-</u>	<u>3,434,694</u>	<u>2,428,293</u>
Change in Net Assets	252,553	3,174,999	3,427,552	351,511
Net Assets, beginning of year	<u>472,118</u>	<u>1,900,588</u>	<u>2,372,706</u>	<u>2,021,195</u>
Net Assets, end of year	<u>\$ 724,671</u>	<u>\$ 5,075,587</u>	<u>\$ 5,800,258</u>	<u>\$ 2,372,706</u>

See Notes to the Consolidated Financial Statements

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,427,552	\$ 351,511
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	39,553	5,651
Change in assets and liabilities:		
Accounts receivable	(9)	(45)
Contributions receivable	5,926	75,082
Prepaid expenses and deposits	(323,584)	(12,973)
Accounts payable and accrued expenses	135,024	(14,512)
Accrued paid time off	14,429	1,351
Net cash provided (used) by operating activities	<u>3,298,891</u>	<u>406,065</u>
Cash flows from investing activities		
Purchase of property and equipment	(412,915)	(7,255)
Purchase of certificates of deposit, net	<u>(201,909)</u>	-
Net cash provided (used) by investing activities	<u>(614,824)</u>	<u>(7,255)</u>
Net change in cash and cash equivalents	2,684,067	398,810
Cash and cash equivalents, beginning of year	<u>2,405,575</u>	<u>2,006,765</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,089,642</u></u>	<u><u>\$ 2,405,575</u></u>

BERKELEY EXISTENTIAL RISK INITIATIVE

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	Program	Management and General	Fundraising	Shared Costs	Total	
					2022	2021
Salaries	\$ 779,803	\$ 44,025	\$ 2,103	\$ 16,056	\$ 841,987	\$ 452,653
Employee benefits	31,518	3,874	-	7,712	43,104	35,199
Payroll taxes	58,686	3,363	161	1,155	63,365	35,192
Total Personnel	<u>870,007</u>	<u>51,262</u>	<u>2,264</u>	<u>24,923</u>	<u>948,456</u>	<u>523,044</u>
Grants	515,920	-	-	-	515,920	584,026
Fees for service	1,041,236	23,415	-	18,340	1,082,991	1,105,761
Supplies and office expenses	76,377	662	-	329	77,368	27,516
Information technology	138,120	4,340	-	2,528	144,988	56,696
Occupancy	105,177	-	-	3,591	108,768	2,576
Travel and meals	323,468	500	-	-	323,968	44,331
Conferences and meetings	141,048	6,611	-	-	147,659	14,239
Depreciation and disposition	39,553	-	-	-	39,553	5,651
Insurance	729	10,580	-	-	11,309	8,197
Dues, licenses, service fees	2,315	200	-	-	2,515	2,553
Staff development and other	14,050	-	-	-	14,050	8,453
Honoraria	17,149	-	-	-	17,149	45,250
Shared cost allocation	27,142	21,464	1,105	(49,711)	-	-
Total Expenses	<u>\$ 3,312,291</u>	<u>\$ 119,034</u>	<u>\$ 3,369</u>	<u>\$ -</u>	<u>\$ 3,434,694</u>	<u>\$ 2,428,293</u>

See Notes to the Consolidated Financial Statements

BERKELEY EXISTENTIAL RISK INITIATIVE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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.

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 had the ability to control the BERI Support Fund (the Fund), a California nonprofit corporation, and the Organization's financial statements are presented on a consolidated basis. The Fund was terminated and did not have significant activity during the year ended December 31, 2022,

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 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 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 financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as

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Notes to the Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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 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. 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. As a practical expedient the 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, 2022. 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

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Notes to the Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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, 2022 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.

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, 2022.

Cryptocurrencies

Cryptocurrencies are accounted for as indefinite-lived intangible assets and are recorded at cost and tested for impairment annually. The Organization estimates fair value of its cryptocurrency holdings for purposes of impairment testing taking quoted prices from digital currency exchanges with active markets near the measurement date. Impairment in the carrying value of digital assets is recorded as an impairment loss in the accompanying

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**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

Statement of Activities. Gains and losses realized upon the sale of digital assets are also recorded in the Statement of Activities as increases or decreases in net assets, respectively.

It is the Organization's policy to sell all donated cryptocurrencies immediately upon receipt and account for such donations based on the cash proceeds received from the sale.

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:

Computers	4 years
Furniture	10 years

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

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Notes to the Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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.

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.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this update will supersede much of the existing authoritative guidance for leases. The ASU requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. Further updates to this ASU included *ASU No. 2018-01, Leases: Land Easement Practical Expedient*, *ASU No. 2021-05, Leases: Lessors – Certain Leases with Variable Lease Payments* and certain additional ASU's.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update was designed to increase the transparency of contribution nonfinancial assets through enhancements to presentation and disclosure. The Organization's adoption of this update did not have a material impact on the Organization's 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, 2021, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of October 19, 2023, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

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.

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**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

NOTE 4: PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 437,553	\$ 25,836
Less: Accumulated depreciation	<u>(48,488)</u>	<u>(10,133)</u>
Total	<u>\$ 389,065</u>	<u>\$ 15,703</u>

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
First Grants Fund	\$ 1,204	\$ 21,056
Bowman Collaboration	27,215	-
CHAI Collaboration	304,035	374,517
CHAI BASALT	58,373	31,049
CHAI ML Eng	2,585	71,474
CHAI Compute	942,834	-
FHI Collaboration	276,498	413,948
FHI COVID	9,560	9,579
FHI Trager	40,465	164,198
FHI Epifor	53	1,368
FHI GovAI	-	11,898
InterACT Collaboration	111,571	-
Krueger Collaboration	14,043	-
OCPL Collaboration	17,228	-
Sculpting Evolution Collaboration	252,329	24,175
Autonomous Learning Lab Collaboration	226,147	245,219
CLTC Collaboration	231,358	230,818
SERI Collaboration	294,907	216,540
SERI MATS	2,193,905	-
CSER Collaboration	60,429	72,666
CSER Masters	<u>10,848</u>	<u>12,083</u>
Total	<u>\$ 5,075,587</u>	<u>\$ 1,900,588</u>

NOTE 6: CONCENTRATIONS

Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. In the event of a bank failure access to funds in excess of insurance thresholds may be limited or the full amount of funds may not be returned to the Organization.

Revenue and Support

Approximately 81% of total revenue and support for the year ended December 31, 2022 was from one funder.

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**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

NOTE 7: FUNDRAISING EFFORT

The Organization raised \$6,821,336 in revenue and support and spent \$3,584 on fundraising expenses because the majority of the funds came from a limited number of funders who had funded the Organization previously.

NOTE 8: RELATED PARTY TRANSACTIONS

The Organization granted \$20,996 to Survival and Flourishing Projects (SFP), a sponsored project of Social and Environmental Entrepreneurs. The Organization's President and Founder serve on SFP's advisory committee.

NOTE 9: 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, 2022 are:

Cash and cash equivalents	\$ 5,089,642
Certificates of deposit	201,909
Accounts receivable	142
Less: Purpose-restricted net assets	<u>(5,075,587)</u>
Total	<u>\$ 216,106</u>

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