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CERTIFIED PUBLIC ACCOUNTANTS
ASSURANCE AND ADVISORY

Financial Statements

Machine Intelligence Research Institute, Inc.
Year Ended December 31, 2024



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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Machine Intelligence Research Institute, Inc.
Berkeley, California

Opinion

We have audited the financial statements of Machine Intelligence Research Institute, Inc., which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Machine Intelligence Research Institute, Inc. as of December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Machine Intelligence Research Institute, Inc. 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 Machine Intelligence Research Institute, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 GAAS 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 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 GAAS, 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 Machine Intelligence Research Institute, Inc.'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 Machine Intelligence Research Institute, Inc.'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 Machine Intelligence Research Institute, Inc.'s December 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

H&E Advisors, LLC

Meridian, Idaho
June 4, 2025

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2024
With comparative totals as of December 31, 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,194,323	\$ 8,268,913
Investments	12,582,579	11,376,520
Contributions receivable	58,359	14,816
Prepaid expenses	<u>17,558</u>	<u>14,480</u>
Total Current Assets	14,852,819	19,674,729
Other Assets		
Fixed assets, net	334,354	26,530
Intangible assets – cryptocurrencies	136,083	126,085
Operating lease right-of-use asset, net	1,122,408	0
Security deposits	<u>48,125</u>	<u>18,179</u>
Total Other Assets	<u>1,640,970</u>	<u>170,794</u>
Total Assets	<u>\$ 16,493,789</u>	<u>\$ 19,845,523</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 110,059	\$ 100,169
Accrued liabilities	515	12,452
Grants payable	0	75,000
Operating lease liability – current portion	<u>428,074</u>	<u>0</u>
Total Current Liabilities	538,648	187,621
Operating Lease Liability, net	<u>712,926</u>	<u>0</u>
Total Liabilities	1,251,574	187,621
Net Assets		
Without donor restrictions	8,990,523	10,650,335
With donor restrictions	<u>6,251,692</u>	<u>9,007,567</u>
Total Net Assets	<u>15,242,215</u>	<u>19,657,902</u>
Total Liabilities and Net Assets	<u>\$ 16,493,789</u>	<u>\$ 19,845,523</u>

See independent auditors' report and notes to the financial statement

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
For the year ended December 31, 2024
With comparative totals for the year ended December 31, 2023

	2024			2023
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
Revenue, Support, and Gains				
Investment income (loss), net	\$ 1,424,266	\$ 0	\$ 1,424,266	\$ 1,538,483
Grants and contracts	112,338	310,000	422,338	922,000
Contributions	173,568	0	173,568	278,992
Gain (loss) on sale of intangible assets	271	0	271	270
Contributed nonfinancial assets	0	0	0	224,584
Other income	44,440	550	44,990	10,317
	<u>1,754,883</u>	<u>310,550</u>	<u>2,065,433</u>	<u>2,974,646</u>
Net assets released from restrictions	<u>3,066,425</u>	<u>(3,066,425)</u>	<u>0</u>	<u>0</u>
Total Revenue, Support, and Gains	4,821,308	(2,755,875)	2,065,433	2,974,646
Expenses				
Program services				
Research	3,249,353	0	3,249,353	5,098,504
Outreach	1,758,514	0	1,758,514	948,460
Total Program Services	5,007,867	0	5,007,867	6,046,964
Support Services				
Management and general	1,450,823	0	1,450,823	871,300
Fundraising	22,430	0	22,430	158,442
Total Support Services	<u>1,473,253</u>	<u>0</u>	<u>1,473,253</u>	<u>1,029,742</u>
Total Expenses	<u>6,481,120</u>	<u>0</u>	<u>6,481,120</u>	<u>7,076,706</u>
Change in Net Assets	(1,659,812)	(2,755,875)	(4,415,687)	(4,102,060)
Net Assets				
Beginning of Year	<u>10,650,335</u>	<u>9,007,567</u>	<u>19,657,902</u>	<u>23,759,962</u>
End of Year	<u>\$ 8,990,523</u>	<u>\$ 6,251,692</u>	<u>\$ 15,242,215</u>	<u>\$ 19,657,902</u>

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024
With comparative totals for the year ended December 31, 2023

	<u>Program Services</u>		<u>Support Services</u>		<u>2024</u> <u>Total</u>	<u>2023</u> <u>Total</u>
	<u>Research</u>	<u>Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>		
Employee salaries	\$ 2,304,577	\$ 1,405,632	\$ 576,617	\$ 19,477	\$ 4,306,303	\$ 4,122,654
Contract services	481,920	100,906	155,739	0	738,565	1,389,558
Rent and occupancy cost	37,849	0	366,993	0	404,842	383,110
Employee benefits	141,684	107,652	60,311	977	310,624	360,562
Payroll taxes	152,594	85,693	38,691	1,270	278,248	277,500
Office expenses	3,903	5,432	171,714	706	181,755	86,686
Grants to others	119,058	0	0	0	119,058	318,000
Conferences	6,548	27,543	3,411	0	37,502	54,545
Travel	1,008	24,590	10,302	0	35,900	25,533
Depreciation	0	0	32,332	0	32,332	24,056
Insurance	0	0	20,737	0	20,737	19,930
Meals and entertainment	212	816	6	0	1,034	328
Other expenses	0	250	13,970	0	14,220	14,244
Total Expenses	<u>\$ 3,249,353</u>	<u>\$ 1,758,514</u>	<u>\$ 1,450,823</u>	<u>\$ 22,430</u>	<u>\$ 6,481,120</u>	<u>\$ 7,076,706</u>

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2024
With comparative totals for the year ended December 31, 2023

	<u>2024</u>	<u>2023</u>
Cash Flow From Operating Activities		
Change in net assets	\$ (4,415,687)	\$ (4,102,060)
Adjustments to reconcile change in net assets to net cash from (used for operating activities):		
Depreciation	32,332	24,056
Noncash lease expense	18,592	0
Unrealized (gain) loss on investments	(558,102)	(910,574)
Realized (gain) loss on investments	(274,404)	(287,482)
Donated intangible assets	(9,998)	(9,582)
Realized (gain) loss on intangible assets	0	(210)
Changes in operating assets and liabilities:		
Contributions receivable	(43,543)	4,107
Prepaid expenses	(3,078)	(4,091)
Security deposits	(29,946)	1,821
Accounts payable	9,890	41,210
Accrued expenses	(11,937)	12,452
Grants payable	<u>(75,000)</u>	<u>75,000</u>
Net Cash From (Used For) Operating Activities	(5,360,881)	(5,155,353)
Cash Flow From Investing Activities		
Purchases of investments	(1,149,730)	(892,079)
Proceeds from sale of investments	776,177	597,015
Purchases of fixed assets	(340,156)	(9,221)
Proceeds from sale of intangible assets	<u>0</u>	<u>10,344</u>
Net Cash From (Used For) Investing Activities	<u>(713,709)</u>	<u>(293,941)</u>
Net Change in Cash and Cash Equivalents	(6,074,590)	(5,449,294)
Cash and Cash Equivalents – Beginning of Year	<u>8,268,913</u>	<u>13,718,247</u>
Cash and Cash Equivalents – End of Year	<u>\$ 2,194,323</u>	<u>\$ 8,268,913</u>

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Principal Activity and Significant Accounting Policies

Nature of Organization

Machine Intelligence Research Institute, Inc., (the Organization) is a nonprofit corporation registered in Georgia, and operating in California. The objective of the Organization, to ensure that the creation of smarter-than-human intelligence has a positive impact on society, is accomplished through continued research and study of the mathematical underpinnings of intelligent behavior, in particular relation to artificial intelligence.

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.

Basis of Presentation

The Organization presents its financial statements in accordance with current accounting guidance, under which the organization is required to report information regarding its financial position and activities according to classes of net assets as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and/or the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the activities.

Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2023, from which the summarized information was derived.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Principal Activity and Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits, which is guaranteed by the FDIC up to \$250,000 per depositor, per insured bank.

Fixed Assets

Property and equipment additions over \$500 are capitalized at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred. Accumulated depreciation as of December 31, 2024 and 2023 was \$260,374 and \$231,794, respectively.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Principal Activity and Significant Accounting Policies

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Financing lease expense is recognized using the effective interest method over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Intangible Assets - Cryptocurrencies

The Organization regularly receives donations in the form of cryptocurrency. The Organization accounts for cryptocurrencies as intangible assets; accounting for the value of these assets at cost, or fair market value at the date of donation, recording realized gains or losses when sold, and recognizing losses for impairment when appropriate.

The Organization evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include but are not limited to (1) a significant decrease in the market value of an asset, (2) a significant adverse change in the extent or manner in which an asset is used, or (3) an accumulates of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Organization measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured based on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, include the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Organization to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgement, and actual results may differ from assumed and estimated amounts.

During the years ended December 31, 2024, and 2023, the Organization recorded a realized gain on the sale of cryptocurrencies of \$0 and \$210, respectively. No impairment losses have been recognized for the years ended December 31, 2024, and 2023.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Principal Activity and Significant Accounting Policies

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the activities as net assets released from restrictions.

Contributed Nonfinancial Assets

Donated nonfinancial assets are recorded at their estimated fair value, which are based upon information provided by third-party service providers, determined on the date of contribution and are reported as contributed nonfinancial assets on the accompanying statements of activities.

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among more than one program or supporting functions. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and related costs, which are allocated based on estimates of the time and effort of employees, and depreciation, which is allocated based on the fixed assets and associated use within a particular program or function.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses totaled \$250 and \$600 for the years ended December 31, 2024, and 2023, respectively.

Presentation of Certain Taxes

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from revenues and cost of sales.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Principal Activity and Significant Accounting Policies

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of that position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2024. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2021.

Income Taxes

Machine Intelligence Research Institute, Inc., is organized as a Georgia nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through June 4, 2025, which is the date the financial statements were available to be issued.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2024, reduced by amounts not available for general use within one year of December 31, 2024, due to contractual or donor-imposed restrictions:

Financial assets as of December 31, 2024	
Cash and cash equivalents	\$ 2,194,323
Investments	12,582,579
Contributions receivable	58,359
Intangible assets – cryptocurrencies	<u>136,083</u>
Total financial assets as of year-end	14,971,344
Less amounts unavailable for general expenditures within one year:	
Net assets with donor restrictions	<u>(6,251,692)</u>
Financial assets available within one year	<u>\$ 8,719,652</u>

The Organization's goal is generally to maintain financial assets sufficient to meet operating expenditures as they become due. As part of its liquidity plan, excess cash is invested in short-term, liquid investments, including money market accounts and equity securities.

Note 3 – Investments

Investments as of December 31 consists of the following:

	<u>2024</u>	<u>2023</u>
Carrying value	\$ 12,582,579	\$ 11,376,520
Unrealized gain (loss)	\$ 1,900,055	\$ 1,341,953

Investment income for the year ended December 31 consists of the following:

	<u>2024</u>	<u>2023</u>
Unrealized gain (loss)	\$ 558,102	\$ 910,574
Realized gain (loss)	274,404	287,692
Dividends and interest	619,340	363,773
Fees and deductions	<u>(27,580)</u>	<u>(23,556)</u>
Total	<u>\$ 1,424,266</u>	<u>\$ 1,538,483</u>

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 – Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset. The following table presents assets measured at fair value within the fair value hierarchy as of:

December 31, 2024	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 12,582,579	\$ 12,582,579	\$ 0	\$ 0
December 31, 2023	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 11,376,520	\$ 11,376,520	\$ 0	\$ 0

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5 – Fixed Assets

Fixed assets as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 281,572	\$ 0
Software	8,170	8,170
Furniture and equipment	<u>304,986</u>	<u>250,154</u>
Fixed assets, cost basis	594,728	258,324
Less: Accumulated depreciation	<u>(260,374)</u>	<u>(231,794)</u>
Fixed Assets, net	<u>\$ 334,354</u>	<u>\$ 26,530</u>

Depreciation expense for the years ended December 31, 2024, and 2023 was \$32,332 and \$24,056, respectively.

Note 6 – Intangible Assets – Cryptocurrencies

The Organization receives donations in the form of cryptocurrencies from a number of donors. The cryptocurrencies and their carrying amounts on December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Sellar Lumens	\$ 126,085	\$ 126,085
Tether	<u>9,998</u>	<u>0</u>
Total	<u>\$ 136,083</u>	<u>\$ 126,085</u>

Note 7 – Leases

The Company has evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represents the Company's right to use underlying assets for the lease term, and the lease liabilities represent the Company's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating and capital leases, were calculated based on the present value of future lease payments over the lease terms. The Company has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2024, was 4.58%.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7 – Leases

As of December 31, 2024, the weighted-average remaining lease term for the Company's operating lease was approximately 2.5 years.

Lease expense for the year ended December 31, 2024 was \$404,842. There were no noncash investing and financing transactions related to leasing, except as described in Note 1.

Future minimum lease payments at December 31, 2024, are as follows:

2025	\$	473,075
2026		487,268
2027		<u>289,152</u>
Total lease payments		1,249,495
Less present value discount		<u>(108,495)</u>
Total lease obligations		1,141,000
Less current portion		<u>(428,074)</u>
Long-term portion of leases	\$	<u><u>712,926</u></u>

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Time restricted	\$ 6,085,297	\$ 8,585,297
AI impacts	166,395	416,870
AI safety retraining	<u>0</u>	<u>5,400</u>
Total	<u>\$ 6,251,692</u>	<u>\$ 9,007,567</u>

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 9 – Contributed Nonfinancial Assets

Contributed nonfinancial assets for the years ended December 31 are as follows:

	<u>2024</u>		<u>2023</u>
Use of facility	\$	0	\$ 224,584

For the year ended December 31, 2023, the Organization recognized contributed nonfinancial assets income for the contributed use of office space, none of which had donor-imposed restrictions. The contributed use of office space, which is located in Berkely, California, was valued using the market value of office rental rates in Berkley’s commercial real estate market.