Financial Statements

Machine Intelligence Research Institute, Inc.
(a nonprofit organization)
Years Ended December 31, 2020 and 2019

HARRIS
CPAs

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Machine Intelligence Research Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 Machine Intelligence Research Institute, Inc., 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

We have previously audited the Machine Intelligence Research Institute, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
November 3, 2021

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020
With Comparative Totals as of December 31, 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 878,860	$ 742,489
Investments	8,109,336	7,415,861
Contributions receivable	454,675	271,530
Prepaid expenses	16,906	12,763
Total Current Assets	9,459,777	8,442,643
Long-Term Grants Receivable	0	219,000
Other Assets		
Fixed assets, net	107,545	228,029
Intangible assets – cryptocurrencies	125,788	43,466
Security deposits	153,809	133,809
Total Other Assets	387,142	405,304
Total Assets	$ 9,846,919	$ 9,066,947
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 288,193	$ 446,129
Total Liabilities	288,193	446,129
Net Assets		
Without donor restrictions	9,414,309	8,328,504
With donor restrictions	144,417	292,314
Total Net Assets	9,558,726	8,620,818
Total Liabilities and Net Assets	$ 9,846,919	$ 9,066,947

See notes to financial statements.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2020
With Comparative Totals for the Year ended December 31, 2019

| | 2020 | | | 2019 |
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Income and Other Support				
Grants and contracts	$ 6,191,984	$ 230,208	$ 6,422,192	$ 3,113,755
Contributions	1,207,025		1,207,025	1,434,526
Investment income	931,199		931,199	1,261,379
Gain (loss) on intangible assets	80,622		80,622	(76,932)
Other income	12,426		12,426	32,266
	8,423,256	230,208	8,653,464	5,764,994
Net assets released from restrictions	378,105	(378,105)	0	0
Total Income and Other Support	8,801,361	(147,897)	8,653,464	5,764,994
Expenses				
Program services				
Research	4,968,198		4,968,198	3,921,419
Outreach	163,337		163,337	106,139
Total Program Services	5,131,535	0	5,131,535	4,027,558
Supporting services				
Management and general	2,454,109		2,454,109	1,983,922
Fundraising	129,912		129,912	38,587
Total Supporting Services	2,584,021	0	2,584,021	2,022,509
Total Expenses	7,715,556	0	7,715,556	6,050,067
Change in Net Assets	1,085,805	(147,897)	937,908	(285,073)
Net Assets				
Beginning of Year	8,328,504	292,314	8,620,818	8,905,891
End of Year	$ 9,414,309	$ 144,417	$ 9,558,726	$ 8,620,818

See notes to financial statements.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

| | Program Services | | Management | | 2020 | 2019 |
	Research	Outreach	& General	Fundraising	Total	Total
Employee salaries	$ 3,382,261	$ 132,083	$ 449,156	$ 110,417	$ 4,073,917	$ 3,169,159
Contract services	864,436	7,350	379,920		1,251,706	632,960
Rent and occupancy costs	25,153		1,187,288	344	1,212,785	475,409
Employee benefits	275,515	11,707	44,705	9,687	341,614	326,265
Payroll taxes	231,812	10,695	44,858	8,769	296,134	232,035
Office expense	30,917	318	147,004	666	178,905	376,767
Depreciation	23,272		131,872		155,144	160,245
Conferences	89,203		1,638		90,841	542,399
Grants to others	45,000				45,000	49,200
Insurance			31,324		31,324	32,180
Travel	442		14,197		14,639	24,288
Maintenance	172		1,932		2,104	2,138
Meals and entertainment	15		2,085		2,100	8,912
Miscellaneous expenses		1,184	18,130	29	19,343	18,110
Total Expenses	$ 4,968,198	$ 163,337	$ 2,454,109	$ 129,912	$ 7,715,556	$ 6,050,067

See notes to financial statements.

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MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	2020	2019
Cash Flow From Operating Activities		
Change in net assets	$ 937,908	$ (285,073)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	155,144	160,245
Unrealized (gain) loss on investments	(733,086)	(1,076,367)
Realized (gain) loss on investments	(4,400)	(7,173)
Realized (gain) loss on sale of fixed assets	(285)	0
Donated intangible assets	(17,366)	(233,448)
Unrealized (gain) loss on intangible assets	(80,622)	68,307
Realized (gain) loss on intangible assets	130	7,180
Changes in operating assets and liabilities:		
Contributions receivable	35,855	616,639
Prepaid expenses	(4,143)	2,139
Security deposits	(20,000)	10,277
Accounts payable	(157,936)	225,200
Net Cash Provided (Used) by Operating Activities	111,199	(512,074)
Cash Flow From Investing Activities		
Proceeds from sale of investments	1,736,630	0
Purchase of investments	(1,692,619)	(1,198,772)
Proceeds from sale of fixed assets	1,751	0
Purchase of fixed assets	(36,126)	(143,319)
Proceeds from sale of intangible assets	15,536	223,730
Net Cash Provided (Used) by Investing Activities	25,172	(1,118,361)
Net Change in Cash and Cash Equivalents	136,371	(1,630,435)
Cash and Cash Equivalents - Beginning of Year	742,489	2,372,924
Cash and Cash Equivalents - End of Year	$ 878,860	$ 742,489

See notes to financial statements.

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MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of 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 reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Use of Estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash on hand as well as checking accounts with financial institutions. The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

Note A – Summary of Significant Accounting Policies (Continued)

Marketable Securities and Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Concentration of Credit Risk and Income

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments and are held at a number of financial institutions. Accounts at certain financial institutions are insured by the Federal Deposit Insurance Corporation for up to $250,000. At December 31, 2020 and 2019 the Organization had an uninsured cash balances of $586,924 and $524,635, respectively. Investment accounts are insured by the Securities Investor Protection Corporation for up to $500,000. At December 31, 2020 and 2019 the Organization had uninsured investments of $7,393,599 and $6,565,273, respectively.

For the years ended December 31, 2020 and 2019, one organization granted and/or donated to the Organization 58% and 49% of total income, respectively.

Fair Value

The Organization uses fair value reporting for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established, prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Fixed Assets

Equipment and furniture is stated at cost or, if donated, at the estimated fair market value at the date of donation. Expenditures for major renewals and betterments that extend the useful lives of furniture and equipment are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives for amounts over $500 of the related assets, which range from three to fifteen years. Accumulated depreciation as of December 31, 2020 and 2019 was $391,846 and $236,702, respectively.

Note A – Summary of Significant Accounting Policies (Continued)

Intangible Assets

The Organization holds cryptocurrencies that it regularly receives through donations. These donations are recorded at their fair market value when they are received by the Organization. The value of the cryptocurrencies is subsequently measured and adjusted based on the published translation price for each period reported.

Contributions, Grants, and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Unconditional contributions and grants that are due in subsequent years are reflected as long-term. The Organization had one grant receivable considered long term in nature. Any discount on the receivable has been determined insignificant by management and not recorded. The Organization uses the allowance method to determine uncollectible receivables. No allowance has been provided based on Management's analysis of specific receivables and based on prior years' experience.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expenses totaled $5,906 and $3,664 for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are employee salaries, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort; depreciation is allocated based on the associated fixed assets used within each particular program or function. Management has allocated rent and other office costs to only the management and general function as the management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note A – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

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 2020 or 2019. 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 2015.

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 income and program expenses.

Comparative Data

The amounts shown for the year ended December 31, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. 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.

Subsequent Events

The Organization has evaluated subsequent events through November 3, 2021, which is the date the financial statements were available to be issued.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets available within one year		
Cash and cash equivalents	$	878,860
Investments		8,109,336
Contributions Receivable		454,675
Cryptocurrencies		125,788
Total financial assets available within one year		9,568,659
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions – AI Impact Program		(139,017)
Restricted by donors with purpose restrictions – AI Safety Retraining Program		(5,400)
Total amounts unavailable for general expenditures within one year		(144,417)
Total financial assets available within one year after restriction	$	9,424,242

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2020, all net assets with donor restrictions are available for payment of any major expenditures incurred, except for contributions receivable which are available when the receivable is collected which is expected within one year of the statement of financial position date.

Note C – Investments

Investments as of December 31, are summarized as follows:

		2020		2019
Cost	$	6,548,660	$	6,588,271
Unrealized gain/(loss)		1,560,676		827,590
Total	$	8,109,336	$	7,415,861

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Investments (Continued)

Investment income consists of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	$ 193,693	$ 177,839
Realized gain	4,400	7,173
Unrealized gain/(loss)	733,086	1,076,367
Total	$ 931,179	$ 1,261,379

Note D – Intangible Assets – Cryptocurrencies

The Organization receives donations in the form of cryptocurrencies from a number of donors. The cryptocurrencies and their values held by the Organization at December 31, are listed below:

	2020	2019
Sellar Lumens	$ 125,675	$ 43,353
Ripple	113	113
Total	$ 125,788	$ 43,466

During the years ended December 31, 2020 and 2019, the Organization received $15,666 and $233,448 respectively, in cryptocurrency donations. As shown in the Statement of Cash Flows a significant amount of these cryptocurrencies were sold and converted to cash and investments. The value of these assets fluctuates frequently based on market conditions. No material declines in these asset's values were noted between December 31, 2020, and November 3, 2021 the date of financial statement issuance.

Cryptocurrencies as of December 31, are summarized as follows:

	2020	2019
Cost	$ 8,377	$ 6,677
Unrealized gain	117,411	36,789
Total	$ 125,788	$ 43,466

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Intangible Assets – Cryptocurrencies (Continued)

Change in fair value of cryptocurrencies consists of the following for the years ended December 31:

	2020	2019
Unrealized gain (loss)	$ 80,622	$ (68,307)
Realized gain (loss)	(130)	(7,180)
Donations	17,366	233,448
Proceeds from sales	(15,536)	(223,730)
Total	$ 82,322	$ (65,769)

Note E – Fair value of Assets and Liabilities

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1   Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2   Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3   Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note E – Fair value of Assets and Liabilities (Continued)

Equity securities and cryptocurrencies are valued at unadjusted quoted prices and are considered Level 1. The valuation of the investment held in the Silicon Valley Community Foundation (SVCF) is part of a larger investment pool. The investment is shown at net asset value, the Organization's pro rata share of the aggregate fair value of all assets contained in the fund. The investment fund is considered a Level 3 asset. Additionally, the investment is not part of a long term endowment and can be liquidated at any time by the Organization. As a result, it has been shown as an investment.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value measured on a recurring basis as of December 31:

| December 31, 2020 | Total | Fair Value Measurements Using | | |
		Level 1	Level 2	Level 3
Equity securities	$ 7,767,811	$ 7,767,811	$ 0	$ 0
Cryptocurrencies	125,788	125,788		
Fund of Funds – SVCF	341,525			341,525
Total	$ 8,235,124	$ 7,893,599	$ 0	$ 341,525

| December 31, 2019 | Total | Fair Value Measurements Using | | |
		Level 1	Level 2	Level 3
Equity securities	$ 7,103,090	$ 7,103,090	$ 0	$ 0
Cryptocurrencies	43,466	43,466		
Fund of Funds – SVCF	312,771			312,771
Total	$ 7,459,327	$ 7,146,556	$ 0	$ 312,771

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note E – Fair value of Assets and Liabilities (Continued)

The table below sets forth a summary of changes in the fair value of the Organization's investments valued at net asset value as of December 31:

	2020	2019
Beginning Balance	$ 312,771	$ 291,572
Interest and dividend income	2,645	3,258
Net realized gain	4,300	7,173
Net unrealized gain (loss)	25,694	14,353
Investment management fees	(763)	(1,222)
Support fees	(3,122)	(2,363)
Ending Balance	$ 341,525	$ 312,771

Note F – Fixed Assets

As of December 31, fixed assets consisted of the following:

	2020	2019
Leasehold improvements	$ 239,156	$ 239,156
Furniture & fixtures	84,609	78,215
Computer equipment	167,456	139,190
Intangible assets: domains	8,170	8,170
Total fixed assets	499,391	464,731
Accumulated depreciation	(391,846)	(236,702)
Fixed assets, net	$ 107,545	$ 228,029

Note G – Net Assets

The Organization reports net assets according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. All net assets with donor restrictions are restricted for the purpose of use within the program for which the grants or donations were received.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note G – Net Assets (Continued)

The detail of the Organization's net asset categories at December 31, is as follows:

	2020	2019
Without donor restrictions:		
Invested in property and equipment	$ 107,545	$ 228,029
Undesignated surplus	9,306,764	8,100,475
Total net assets without donor restrictions	9,414,309	8,328,504
With donor restrictions:		
AI Impacts	139,017	226,314
AI Safety Retraining	5,400	66,000
Total net assets with donor restrictions	144,417	292,314
Total net assets	$ 9,558,726	$ 8,620,818

Note H – Operating Lease

The Organization rented a residential apartment in Berkley, California (Haste St. Lease) under an operating lease. Monthly payments on this lease were $2,395 and the lease expired in May 2020.

The Organization leases office space under an operating lease (Bancroft Lease). Monthly lease payments on the lease are $48,720 through November 30, 2021, then increases to $50,182 through November 30, 2022, and then increases again to $51,687 until the lease expires in November of 2023. The Organization has a signed agreement to sublease a portion of this leased office space to another tenant.

The Organization leases office space under an operating lease (580 California St. Lease). Monthly payments are $1,447. The lease started on September 26, 2020 and terminates on September 30, 2021.

The Organization leased office/living space under an operating lease (Research Venue Lease) to enable its staff to continue to work together in person during the COVID 19 pandemic. Monthly lease payments were $66,667 starting on March 13, 2020, then decreased to $50,000 from July 13, 2020 until the end of the lease on September 13, 2021. Due to moving staff back to the normal Bancroft office space, the lease was terminated a month early in August 2021.

MACHINE INTELLIGENCE RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

Note H – Operating Lease (Continued)

The Organization leased office space under an operating lease (71 Stevenson St. Lease). Monthly payments are $1,572. The lease started on January 1, 2020 and terminated on December 31, 2020.

For the year ended December 31, 2020, rental expense under operating leases totaled $1,258,173, offset by rental income from the sublease agreement for shared workspace of $144,514, for a total rental expense from operating leases of $1,113,659.

For the year ended December 31, 2019 rental expense under operating leases totaled $578,894, offset by rental income from the sublease agreement for shared workspace of $139,175, for a total rental expense from operating leases of $439,719.

The future minimum lease payment, without sublease adjustments, are as follows:

2021	$	999,125
2022		568,557
	$	1,567,682

The future minimum income under the sublease agreement are as follows:

2021	$	554,611
2022		424,043
	$	978,654

Note I – Risks and Uncertainties

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The extent of the impact of COVID-19 on Machine Intelligence Research Institute operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Machine Intelligence Research Institute members, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Machine Intelligence Research Institute financial position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.