

Center for **Emerging Risk Research**

Annual Financial Statement 2019

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## **Preliminary remarks**

The present financial statement of the Center for Emerging Risk Research documents the financial year ended December 31, 2019.

The financial statement is composed of the balance sheet, the profit and loss statement, and an appendix.

All amounts are shown in Swiss francs (CHF).

# Balance Sheet

## Bilanz

December 31, 2019 (31. Dezember 2019)

CHF / 31.12.2018  
(PY / Vorjahr)

CHF / 31.12.2019

### Assets (Aktiven)

#### Current assets (Umlaufvermögen)

1021 Bank account EUR (Bankkonto EUR)	0	-1
1022 Bank account USD (Bankkonto USD)	0	48,349
1025 USD Coin (USDC)	0	1,692,251
1026 Tether USD Coin (USDT)	0	96
1027 TrueUSD Coin (TUSD)	0	19
1028 USD Paxos Standard Coin (PAX)	0	181,977
1040 Coinbase EUR (Coinbase EUR)	0	2
1061 FTX Token (FTT)	0	17,801,865
1062 Value adjustments on FTX Token (Wertberichtigungen FTX Token)	0	-728,217
<b>Total Current Assets (Total Umlaufvermögen)</b>	<b>0</b>	<b>18,996,342</b>

#### Capital assets (Anlagevermögen)

-	-	-
<b>Total capital assets (Total Anlagevermögen)</b>	<b>0</b>	<b>0</b>
<b>Total assets (Total Aktiven)</b>	<b>0</b>	<b>18,996,342</b>

### Liabilities and equity (Passiven und Eigenkapital)

#### Current liabilities (Kurzfristiges Fremdkapital)

2300 Accrued expenses (Transitorische Passiven (Aufwand))	0	21,187
<b>Total current liabilities (Total kurzfristiges Fremdkapital)</b>	<b>0</b>	<b>21,187</b>

#### Equity capital (Eigenkapital)

Profit or loss (Jahreserfolg)	0	18,975,155
2970 Retained earnings (Saldo vortrag (Gewinn-/Verlust vortrag))	0	0
<b>Total equity capital (Total Eigenkapital)</b>	<b>0</b>	<b>18,975,155</b>
<b>Total liabilities and equity (Total Passiven und Eigenkapital)</b>	<b>0</b>	<b>18,996,342</b>

# Profit and Loss

## Erfolgsrechnung

Center for  
Emerging Risk Research

January - December 2019 (Januar - Dezember 2019)

	CHF / 2018 (PY / Vorjahr)	CHF / 2019
<b>Operating revenue (Betriebsertrag)</b>		
<i>Revenue from donations (Ertrag aus Spenden)</i>		
3000 Donations (Spenden)	0	20,107,907
3001 Value adjustments on donations (Wertberichtigungen Spenden)	0	-752,160
<b>Total revenue from donations (Total Ertrag aus Spenden)</b>	<b>0</b>	<b>19,355,747</b>
<i>Other operating revenue (Anderer Betriebsertrag)</i>		
-	-	-
<b>Total other operating revenue (Total anderer Betriebsertrag)</b>	<b>0</b>	<b>0</b>
<b>Total operating revenue (Total Betriebsertrag)</b>	<b>0</b>	<b>19,355,747</b>
<b>Operating expenses (Betriebsaufwand)</b>		
<i>Grants (Zuwendungen)</i>		
-	-	-
<b>Total grants (Total Zuwendungen)</b>	<b>0</b>	<b>0</b>
<i>Other operating expenses (Anderer Betriebsaufwand)</i>		
5820 Travel expenses (Reisespesen)	0	3,018
5822 Accommodation expenses (Übernachtungsspesen)	0	2,588
5900 Contractor expenses (Leistungen Dritter)	0	21,704
6650 Event expenses (Veranstaltungsaufwand)	0	5,843
<b>Total other operating expenses (Total anderer Betriebsaufwand)</b>	<b>0</b>	<b>33,153</b>
<b>Total operating expenses (Total Betriebsaufwand)</b>	<b>0</b>	<b>33,153</b>
<b>Operating profit (Betriebsergebnis)</b>	<b>0</b>	<b>19,322,594</b>
<b>Financial and extraordinary profit (Finanz- und ausserordentlicher Erfolg)</b>		
<i>Financial profit (Finanzerfolg)</i>		
6344 Financial intermediary fees (Gebühren Finanzintermediäre)	0	-2,646
6949 Exchange losses (Währungsverluste)	0	-344,793
<b>Total financial profit (Total Finanzerfolg)</b>	<b>0</b>	<b>-347,440</b>
<i>Extraordinary profit (Ausserordentlicher Erfolg)</i>		
-	-	-
<b>Total extraordinary profit (Total ausserordentlicher Erfolg)</b>	<b>0</b>	<b>0</b>
<b>Total financial and extraordinary profit (Total Finanz- und ausserordentlicher Erfolg)</b>	<b>0</b>	<b>-347,440</b>
<b>Profit or loss (Jahreserfolg)</b>	<b>0</b>	<b>18,975,155</b>

# Appendix

## I. Foundation and organisation

### 1. Details about the organisation

Name	Center for Emerging Risk Research (CERR)
UID	CHE-455.562.321
Legal form	An independent association as defined in Article 60 et seq. of the Swiss Civil Code (ZGB).
Legal foundation	Articles of Association from 16 July, 2019
Purpose	<p>The association aims to improve the quality of life of future generations to the best possible extent. For this purpose, the association in particular promotes the research and implementation of approaches for the prevention of technological risks. Subject areas of particular relevance for this are artificial intelligence, decision and game theory, prioritisation research, moral philosophy and population ethics as well as peace and conflict research.</p> <p>The association realises its purpose in particular by pursuing scientific research and procuring and granting subsidies. It employs scientific methods to achieve its goals in the most cost-efficient way. The association operates both in Switzerland and abroad.</p> <p>It does not pursue any commercial interests and is not profit-oriented.</p>
Seat	Innere Margarethenstrasse 5, 4051 Basel, Switzerland
Board members (March 2020)	<p><i>Name, Period of office, Signature authority</i></p> <p>Ruairí Donnelly, President, joint signature of two David Althaus, Vice President, joint signature of two Jonas Vollmer, Executive Director, joint signature of two Daniel Kestenholz, Finance Officer, joint signature of two</p> <p>The members of the board carry out their duties in an honorary capacity and gratuitously.</p>
Audit authority	Balfina Revision AG (CHE-330.489.601) Lange Gasse 90, 4052 Basel

### 2. Funding

CERR is financed by donations from private donors and charitable organizations.

## II. Bookkeeping and assessment

### 1. Details about the guidelines used in the financial statement

The present financial statement was generated according to the guidelines established by

Swiss law, in particular Articles 957 to 962 (*Artikel über die kaufmännische Buchführung und Rechnungslegung des Obligationenrechts*).

## **2. Shortened first fiscal year**

The Center for Emerging Risk Research was established on July 16, 2019. The first fiscal year covers the period from July 16, 2019 to December 31, 2019.

## **3. Assessment**

Bank credit balances and receivables have been included at their nominal value. Foreign currency items were evaluated at the end of the year according to the following conversion rates<sup>1</sup>:

- a. 1 EUR = 1.087000 CHF
- b. 1 GBP = 1.282822 CHF
- c. 1 USD = 0.968374 CHF

# **III. Details, breakdown and clarification of items in balance sheet**

## **1. 1025 USD Coin**

The balance sheet shows a USD coin (USDC) balance of CHF 1,692,251. USDC is a stable crypto currency backed by US dollars. Each currency unit (so-called "token") can be redeemed for one US dollar, making USDC a price-stable crypto currency. A USDC can therefore be regarded as a US dollar.

The USDC balance resulted from the sale of FTX Token (see *III.3 1061 FTX Token and 1062 Value adjustments on FTX Token*) and served as an intermediate step to change into US dollars. CERR was able to convert the entire USDC balance reported in the balance sheet into US dollars in the first quarter of 2020.

## **2. 1028 USD Paxos Standard Coin**

The balance sheet shows a USD Paxos Standard Coin (PAX) balance of CHF 181,977. Like USDC, PAX is supported by the US dollar at a ratio of 1:1.

## **3. 1061 FTX Token und 1062 Value adjustments on FTX Token**

The balance sheet shows a value-adjusted FTX Token (FTT) balance of CHF 17'073'648. FTT is one of the most-traded crypto currencies (the tenth largest crypto currency in the world in terms of market capitalization).

In July 2019, CERR received a grant of 11,850,729 FTT from a US charitable foundation, the Effective Altruism Foundation, Inc. At the current market price of USD 1.72, the value of this grant was CHF 20,107,774.

In November 2019, CERR liquidated a stake of 1,600,000 FTT, generating proceeds equivalent to CHF 2,000,426, resulting in an accounting loss of 728,217 due to the lower

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<sup>1</sup> The rates of exchange correspond to the [ICTAX Course listings](#) as of 31.12.2019

sales price of USD 1.25 compared to the valuation at the time of receipt of the grant. This accounting loss is reflected in the balance sheet account *1062 Value adjustments on FTX Token*.

No additional value adjustment was made to the FTT position at year-end. The market price of FTT at that time was USD 2.14. However, the Board was of the opinion that the previous valuation at USD 1.72 was appropriate because the liquidity of FTX Token for large amounts is limited and the tokens are still partially locked.

#### **4. 2300 Accrued expenses**

CERR cooperated with the Swiss Effective Altruism Foundation to identify relevant research fields and questions in the field of the association's purpose and to develop a research agenda based on these. This resulted in a total cost of CHF 21,187, which CERR transferred to the Effective Altruism Foundation in the first quarter of 2020.

### **IV. Details, breakdown and clarification of items in profit and loss statement**

#### **1. 3000 Donations and 3001 Value adjustments on donations**

The account *3000 Donations* includes donations and grants received used to support CERR's own projects. The CHF 20,107,907 reported in the income statement is dominated by the FTT grant mentioned above (see *III.3. 1061 FTX Token* and *1062 Value adjustments FTX Token*).

This grant was valued at the time of receipt at the equivalent of CHF 20,107,774. A lower price was achieved on the sale of a first portion of the FTT position, as a result of which the value of this portion of the FTT grant was adjusted downwards by CHF 752,160. This situation is reflected in the account *3001 Value adjustments on donations*.

#### **2. 6949 Exchange losses**

Due to exchange rate fluctuations of the CHF-USD currency pair and the high holdings of US dollars and US dollar-based stablecoins (see *III.1. 1025 USD Coin* and *III.2. 1028 Paxos Standard Coin*), an exchange loss of CHF 344,793 resulted.

### **V. Further details**

#### **1. Number of employees (annual average of full-time positions)**

In 2019, CERR did not employ any staff.

#### **2. Confirmation of appropriate allocation of resources**

The assets and proceeds of the association were allocated according to the foundation's purpose as defined in its charter.