



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Singularity Institute of Artificial Intelligence  
Berkeley, California 94705

We have reviewed the accompanying Statements of Assets, Liabilities and Net Assets Cash-Basis of Singularity Institute of Artificial Intelligence as of December 31, 2012, and the related Statements of Revenues, Expenses and Other Changes in Net Assets Cash Basis and Functional Expenses Cash Basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organizational personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles in the United States of America.

SNOW, BITTLESTON & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

By:   
Susan G. Bittleston, CPA

May 29, 2013

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NON-PROFIT ORGANIZATION)  
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS  
CASH BASIS  
DECEMBER 31, 2012

	2012
<b>ASSETS</b>	
Current Assets	
Cash in Bank	\$ 752,987
Total Current Assets	752,987
Fixed Assets	
Furniture and Fixtures	5,583
Computer Equipment	2,981
Accumulated Depreciation	(5,188)
Total Fixed Assets	3,376
Other Assets	
Refundable Deposit	2,025
Total Other Assets	2,025
<b>TOTAL ASSETS</b>	<b>\$ 758,388</b>

	2012
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Credit Card Payable - Wells Fargo Bank	\$ 6,098
Total Liabilities	6,098
Net Assets	
Unrestricted	752,290
Total Net Assets	752,290
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 758,388</b>

See accompanying notes and independent accountant's review report

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 1,006,055	0	\$ 1,006,055
Program Services	295,086	0	295,086
Gain on sale of Intellectual Property	333,333	0	333,333
Loss on disposal of assets	(1,009)	0	(1,009)
Interest Income	481	0	481
Total Revenue and Other Support	<u>1,633,946</u>	<u>0</u>	<u>1,633,946</u>
EXPENSES			
Program Services	1,170,855	0	1,170,855
Management and General	90,136	0	90,136
Fund Raising	53,108	0	53,108
Total Expenses	<u>1,314,099</u>	<u>0</u>	<u>1,314,099</u>
CHANGE IN NET ASSETS	<u>319,847</u>	<u>0</u>	<u>319,847</u>
NET ASSETS AT BEGINNING OF YEAR	430,443	0	430,443
Other changes	2,000	0	0
NET ASSETS AT END OF YEAR	<u><u>752,290</u></u>	<u><u>0</u></u>	<u><u>750,290</u></u>

See accompanying notes and independent accountant's review report

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	Management & General	Fund Raising	Total
Salaries	\$ 382,029	\$ 12,950	\$ 12,950	\$ 407,929
Payroll taxes and employee benefits	57,263	2,626	2,625	62,514
Total Compensation	439,292	15,576	15,575	470,443
Advertising and Marketing	31,493	-	-	31,493
Auto Expenses	3,484	436	436	4,356
Bank and Merchant service charges	-	14,827	-	14,827
Depreciation	12,463	3,116	-	15,579
Dues and subscriptions	313	-	-	313
Fees				
Legal	-	8,387	-	8,387
Accounting	-	21,399	-	21,399
Payroll Processing	1,425	48	48	1,521
Total Fees	1,425	29,834	48	31,307
Information Technology	8,156	758	-	8,914
Insurance	6,755	-	-	6,755
Meals and Meetings	7,835	796	796	9,427
Miscellaneous	-	116	-	116
Occupancy	36,321	9,080	-	45,401
Office Expenses	7,703	1,927	-	9,630
Outside Professional Services	247,767	-	-	247,767
Postage and Shipping	1,650	206	206	2,062
Printing and Reproductions	1,902	-	-	1,902
Program Service Expense	337,249	-	34,029	371,278
Repairs and Maintenance	205	51	-	256
Supplies	4,283	-	-	4,283
Taxes, Licenses and Registration	-	9,791	-	9,791
Telephone	6,416	1,604	-	8,020
Travel	16,143	2,018	2,018	20,179
	<u>1,170,855</u>	<u>90,136</u>	<u>53,108</u>	<u>1,314,099</u>

See accompanying notes and independent accountant's review report

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Reviewed)

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Singularity Institute for Artificial Intelligence (Institute) was incorporated in 2000 under the State of Georgia. The Institute has been operating in California since 2004. The primary activity of the Institute is to ensure that the creation of smarter-than-human intelligence benefits society

Basis of Accounting

The accounts of the Institute are maintained, and the financial statements are prepared on the cash basis of accounting. Accordingly, revenues are recognized when received, and expenses are recognized when paid.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Institute considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Donor-Restricted Contributions

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of December 31, 2012 all funds were unrestricted.

Basis of Presentation

The Institute's financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets,

Unrestricted net assets represent unrestricted resources available to support the Institute's operations and temporarily restricted resources that become available for use by the Institute in accordance with the intentions of donors.

Temporarily restricted net assets represent contributions that are limited in use by the Institute in accordance with temporary donor imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Institute

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Reviewed)

according to the terms of the contribution. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the Institute classifies the support as unrestricted.

Permanently restricted net assets represent contributions to be held as investments in perpetuity as directed by the original donor.

#### Use of Estimates

Management uses estimates and assumptions, such as depreciation, in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from those estimates.

#### Income Taxes

The Institute is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Institute's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Institute qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

#### Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with high credit quality institutions. The Institute has deposits held in one institution in excess of the \$250,000 federally insured limit by Federal Deposit Insurance Corporation. At December 31, 2012 the balance in this institution exceeded the limit by approximately \$271,077.

#### Property, Plant and Equipment and Depreciation

Property, plant and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Reviewed)

as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Institute reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchases in excess of \$500 are capitalized. Property and equipment are depreciated using the straight-line and double declining balance methods using useful lives ranging from three years to 40 years.

Property and equipment consists of the following:

	<u>2012</u>
Computer Equipment	\$ 5,583
Furniture and Fixtures	2,981
Less accumulated depreciation	<u>(5,188)</u>
Net Cost	<u>\$ 3,376</u>

Depreciation expense for the year ended December 31, 2012 amounted to \$15,579.

#### Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, management and fund-raising based on management's judgment.

#### Advertising

The Institute uses advertising and marketing to promote its programs among the audiences it serves. The costs of advertising and marketing are expensed as incurred. During 2012, advertising and marketing costs totaled \$31,493.

#### Donated Services

No amounts have been reflected in the financial statements for donated services. The Institute generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Institute with carrying out their programs. Management estimates the fair value of those services to be approximately \$31,068 for the year ended December 31, 2012.

SINGULARITY INSTITUTE FOR ARTIFICIAL INTELLIGENCE  
(A NONPROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Reviewed)

Building Lease and Security Deposits

Operating Lease – The Institute leases its current office space located at 2930 Shattuck Avenue, Ste. 306, Berkeley, CA. The Institute entered into the lease on June 1, 2012. The Institute has paid a security deposit in the amount of \$2,025, which is classified under Other Assets. The following is the future lease commitments:

<u>Period</u>	<u>Rental Amount Per Month</u>
06/01/2012 – 05/31/2013	\$ 1,899
06/01/2013 – 05/31/2014	\$ 2,025

<u>Years</u>	<u>Total Rent Expense</u>
2013	\$ 23,670
2014	\$ 10,125
	<u>\$33,795</u>

Other Notes

On December 5, 2012, the Institute entered into an agreement with the Singularity Education Group for the purchase of certain rights in registered Intellectual Property and Trademarks related to the annual Singularity Summit conference. This sale will enable the Institute to further its research ensuring that the creation of smarter-than – human intelligence will benefit society.

Subsequent Events

Management has evaluated subsequent events through May 29, 2013, which is the date the financial statements were available to be issued.