

Breakthrough Foundation
Company Limited by Guarantee
Amended Financial Statements
For the year ended
31 December 2020

These accounts replace the original accounts.
These accounts are now the statutory accounts.
These accounts are prepared as they were at the date of the original accounts.

D H Forsdick
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Denise Forsdick
Company Secretary

CRITCHLEYS AUDIT LLP
Chartered Accountants & statutory auditor
Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP

Breakthrough Foundation
Company Limited by Guarantee
Amended Financial Statements
Year ended 31 December 2020

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Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report)

Year ended 31 December 2020

The trustees, who are also the directors for the purposes of company law, present their report and the amended financial statements of the charity for the year ended 31 December 2020.

With effect from 2 April 2020, the name of the company was changed from Milner Foundation to Breakthrough Foundation.

Reference and administrative details

Registered charity name Breakthrough Foundation

Charity registration number 1162536

Company registration number 09335387

Principal office and registered office 4 Hill Street
London
W1J 5NE

The trustees

B G J Gripton	(Retired 22 August 2022)
Ms S Pavlova	
Mrs D A Forsdick	(Appointed 22 April 2021)
R J Bonney	(Appointed 24 August 2022)
C F J Chan	(Appointed 24 August 2022)
J A Hutchinson	(Appointed 24 August 2022)

Company secretary Mrs D A Forsdick

Auditor Critchleys Audit LLP
Chartered Accountants & statutory auditor
Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP

Bankers Credit Suisse AG
Talacker 16,
8001 Zurich,
Switzerland; and
1 Cabot Square, London E14 4QJ

Solicitors Goodwin Procter LLP
901 New York Avenue NW
Washington DC 20001; and
100 Cheapside
London EC2V 6DY

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2020

Structure, governance and management

The charity is a charitable company limited by guarantee. The charity is governed by its Memorandum and Articles of Association.

The charity is managed by its Board of trustees.

The major risks, as identified by the trustees, have been reviewed and systems established to mitigate those risks. The charity is dependent on the continued ability of its major donor to continue to support the charity.

The Trustees have been selected from their skills and professionalism and come with many years of experience in different walks of life. New trustees are appointed by the existing board of trustees for a term of 3 years (subject to re-election). New trustees are inducted into their role as trustees in a series of briefings on the work of the charity, where not already familiar with the work of the charity.

The Trustees, who are also the directors for the purpose of Company Law and who were directors during the year or were appointed prior to the date of signature of the financial statements are:

B G T Gripton	(resigned 22nd August 2022)
S Pavlova	
D A Forsdick	(appointed 22nd April 2021)
R J Bonney	(appointed 24th August 2022)
C F J Chan	(appointed 24th August 2022)
J A Hutchinson	(appointed 24th August 2022)

Objectives and activities

The main objects of the charity are for the public benefit, to advance knowledge and learning in research of useful subjects of study by:

- (a) granting awards for undertaking research and disseminating the useful results to the public; and
- (b) recognising the outstanding achievements in research to act as an incentive to others.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission.

Grant-making policy

The Trustees are of the view that the majority of their grant making will lie in the provision of grants to the two US organizations, Breakthrough Prize Foundation and Breakthrough Prize in Life Sciences Foundation. (see <https://breakthroughprize.org>).

The charity current policy is normally to only accept grant proposals which have been initiated by the Trustees.

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2020

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

Grants from the Charity and other donors in 2020 included \$21.75 million in Breakthrough Prizes and New Horizons prizes for researchers working in fundamental science.

Breakthrough Prizes in Life Sciences were awarded for discovering fetal DNA in maternal blood, and the resultant development of safe, non-invasive pre-natal tests now used by millions of women around the world; for insights into the neural circuitry underlying sex-specific parenting behaviors in mammals; for the design of synthetic proteins with the potential for a new class of medical therapies; and for describing a quality control pathway that clears damaged mitochondria and thereby protects against Parkinson's Disease. Breakthrough Prizes in Fundamental Physics went to the lead scientists of the the Eöt-Wash Group at the University of Washington, which has designed and build precise table-top experiments to test our understanding of phenomena such as gravity and dark matter; and a Special Breakthrough Prize honored Steven Weinberg, one of the greatest physicists of the last generation, who was integral to the development of the Standard Model of particle physics. Meanwhile, the Breakthrough Mathematics went to Martin Hairer, who has transformed the study of stochastic partial differential equations.

Along with 6 New Horizons Prizes for early-career physicists and mathematicians, 2021's cohort of laureates also included 3 inaugural recipients of the Maryam Mirzakhani New Frontiers Prize for young female mathematicians.

The following prizes were awarded:

Breakthrough Prizes in Life Sciences to: David Baker, Catherine Dulac, Yuk Ming Dennis Lo, Richard J. Youle.

Breakthrough Prize in Mathematics to: Martin Hairer.

Breakthrough Prize in Fundamental Physics to: Eric Adelberger, Jens H. Gundlach, Blayne Heckel.

Special Breakthrough Prize in Fundamental Physics to: Steven Weinberg.

Six New Horizons Prizes and three Maryam Mirzakhani New Frontiers Prize were awarded for early-career achievements in Physics and Mathematics.

Breakthrough Junior Challenge

The 5th annual Breakthrough Junior Challenge took place in 2020, with high school students around the world entering the competition for the best short video explaining an idea or principle in science or mathematics. Operations to run the competition included processing the thousands of applications and co-ordinating the various stages of adjudication (peer-to-peer review, expert judging, candidate evaluation and fact-checking), as well as the distribution of prizes (including funding Cold Spring Harbor Laboratory to build a state-of-the-art science lab for the winner's high school). Promotion of the Challenge involved worldwide publicity and communications, video production, and managing relationships with partner organizations. In 2020 5,600 applicants from over 200 countries took part in the competition, which was ultimately won by 17-year-old Maryam Tsegaye from Canada. She received a \$250,000 scholarship, and is now studying at Stanford University. In 2023, she was chosen to represent Canada at the coronation of Charles III, as part of Prime Minister Justin Trudeau's official delegation. The science teacher who inspired her also won a \$50,000 prize, and her school, École McTavish High School in Fort McMurray, Alberta, received a new \$100,000 science lab.

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2020

Breakthrough Initiatives projects

Although the Foundation's scientific research programs in SETI and astrobiology, the Breakthrough Initiatives, were affected by the Covid-19 pandemic in 2020, important work on the programs nevertheless took place.

Breakthrough Listen is a global astronomical program searching for scientific evidence of the existence of civilizations beyond our planet. In 2020, the program released data from the most comprehensive survey ever taken of radio emissions from the plane of the Milky Way Galaxy and the region around the supermassive black hole of its center, as well as from the interstellar comet 2I/Borisov. A "data dump" of nearly 2 petabytes of data were released (the second major data dump from the Listen program, after one the previous year), and some results of the survey were presented at an annual meeting of the American Association for the Advancement of Science. About half of the data came from observations by the Parkes Radio Telescope in New South Wales, Australia.

Later that year, Listen released a catalog of "Exotica" - a diverse list of objects of potential interest to astronomers searching for technosignatures. The catalog is a collection of over 700 distinct targets intended to include "one of everything" in the observed Universe, from comets to galaxies, from mundane objects to the most rare and violent celestial phenomena. The comprehensive new catalog is the first in recent times that aims to span the entire breadth of astrophysical phenomena, from distant galaxies to objects in our own solar system. The Listen team developed it conceptually, compiled it, and shared it with the astronomical community in the hope that it can guide future surveys - studying life beyond Earth and/or natural astrophysics - and serve as a general reference guide for the field.

The Breakthrough Initiatives also launched a new research study into the possibility of primitive cellular life on the planet Venus. Inspired by the possible presence in the Venutian atmosphere of the chemical phosphine, identified in recent observations, the study brought together a team of outstanding world-class physicists, astronomers, astrobiologists, chemists and engineer from the Massachusetts Institute of Technology, Caltech, Georgia Tech, the Planetary Science Institute and the Breakthrough Initiatives itself to investigate the scientific case for life and analyze the technical challenges of an exploratory mission in the event that such evidence should prove compelling.

Meanwhile, the Breakthrough Watch program continued to perform observations and develop instrumentation for optical searches for primitive life on exo-planets in our local star systems. These included using the upgraded planet-finding instrument on the Very Large Telescope in Chile to scan nearby stars Alpha Centauri A and B. And the Breakthrough Starshot program - also focused on Alpha Centauri, in this case research and engineering for a proof-of-concept uncrewed mission to the star system - continued its Phase I work. Progress in the three key areas of lightsail metamaterials and design, laser phasing and adaptive optics, and design of the miniature "starchip" at the heart of the mission concept.

Planning and logistical work was done on the annual Breakthrough Discuss academic conference, but ultimately the event had to be canceled due to the pandemic.

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2020

COVID-19 Response

In the spring of 2020, during the global COVID-19 pandemic, the Foundation donated funds to various charitable organizations around the world. The specific projects included:

- \$3 million was committed to three Israeli institutions working to prevent the spread of the novel coronavirus in Israel. The donation was split between:
 - Magen David Adom, Israel's national emergency medical response organization, supporting its innovative telemedicine project to reduce the number of people coming to clinics
 - Tel Aviv University's Sackler Faculty of Medicine and George S. Wise Life Sciences, helping to fund research efforts aimed at developing treatments for the virus
 - Tel Aviv Sourasky Medical Center, Ichilov Hospital, an intensive care unit caring for COVID-19 patients

Israel related donations

Following the celebration of 70th anniversary of Israel the Charity went on to establish Friends of Israel MBA Fellowship at the Wharton School of Business. This \$10m fund provides full tuition over the course of the two-year Wharton MBA program for over 60 students over the course of a decade. The first tranche of this program was funded in 2020.

The Charity continued to fund the 70 at 70 Fellowship, a \$7 million program to support postgraduate students at three Israeli universities: Tel Aviv University, the Hebrew University and the Technion. The program will award 70 outstanding science PhD candidates, each of whom will receive \$25,000 a year for 4 years.

Financial review

The results of the charity in the year are set out in the Statement of Financial Activities on page 11.

As at 31 December 2020 free reserves (represented by unrestricted funds) were \$755,971, surplus.

The charity does not raise money from the public and is dependent on grants from a major donor.

Due to the funding arrangements the Trustees consider there is no requirement for the charity to hold reserves.

Plans for future periods

The charity's future plans are to continue to provide grants the two US Foundations: Breakthrough Prize Foundation and Breakthrough Prize in Life Sciences Foundation.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the amended financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Breakthrough Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 December 2020

Company law requires the charity trustees to prepare amended financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these amended financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the amended financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the amended financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

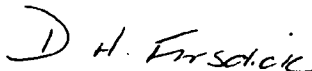
Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The trustees' annual report (incorporating the directors' report) and the strategic report were approved on 1 August 2023 and signed on behalf of the board of trustees by:



Mrs D A Forsdick
Trustee

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation

Year ended 31 December 2020

Opinion

We have audited the amended financial statements of Breakthrough Foundation (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the amended financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the amended financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the amended financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the amended financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the amended financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the amended financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the amended financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the amended financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the amended financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the amended financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the amended financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the amended financial statements are prepared is consistent with the amended financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the amended financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation

(continued)

Year ended 31 December 2020

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the amended financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of amended financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the amended financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the amended 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 a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;

Breakthrough Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Breakthrough Foundation (continued)

Year ended 31 December 2020

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing relevant correspondence.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland (Senior Statutory Auditor)

For and on behalf of
Critchleys Audit LLP
Chartered Accountants & statutory auditor

Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP

14 August 2023

Breakthrough Foundation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)

Year ended 31 December 2020

		2020	2019
		Unrestricted funds	Total funds
	Note	\$	\$
Income and endowments			
Donations and legacies	5	36,519,000	35,000,000
Investment income	6	20,265	82,523
Total income		<u>36,539,265</u>	<u>35,082,523</u>
Expenditure			
Expenditure on raising funds:			
Costs of raising donations and legacies	7	53,537	-
Expenditure on charitable activities	8,9	35,825,540	27,680,061
Total expenditure		<u>35,879,077</u>	<u>27,680,061</u>
Net income and net movement in funds		<u>660,188</u>	<u>7,402,462</u>
Reconciliation of funds			
Total funds brought forward		95,783	(7,306,679)
Total funds carried forward		<u>755,971</u>	<u>95,783</u>

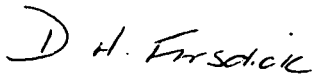
The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 14 to 20 form part of these amended financial statements.

Breakthrough Foundation
Company Limited by Guarantee
Statement of Financial Position
31 December 2020

	Note	2020 \$	2019 \$
Fixed assets			
Investments	15	10,000,000	—
Current assets			
Cash at bank and in hand		1,255,993	8,453,383
Creditors: amounts falling due within one year	17	<u>2,500,022</u>	<u>1,607,600</u>
Net current assets/(liabilities)		<u>(1,244,029)</u>	<u>6,845,783</u>
Total assets less current liabilities		<u>8,755,971</u>	<u>6,845,783</u>
Creditors: amounts falling due after more than one year	18	<u>8,000,000</u>	<u>6,750,000</u>
Net assets		<u>755,971</u>	<u>95,783</u>
Funds of the charity			
Unrestricted funds		<u>755,971</u>	<u>95,783</u>
Total charity funds	19	<u>755,971</u>	<u>95,783</u>

These amended financial statements were approved by the board of trustees and authorised for issue on 1 August 2023, and are signed on behalf of the board by:



Mrs D A Forsdick
Trustee

The notes on pages 14 to 20 form part of these amended financial statements.

Breakthrough Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Net income		660,188	7,402,462
<i>Adjustments for:</i>			
Dividends, interest and rents from investments		(20,265)	(82,523)
Accrued expenses/(income)		2,142,422	(355,366)
Donation received in-kind		(10,000,000)	—
<i>Changes in:</i>			
Trade and other debtors		—	4,359
Trade and other creditors		—	(250,000)
Cash generated (used in)/ from operations		<u>(7,217,655)</u>	<u>6,718,932</u>
Net cash (used in)/from operating activities		<u>(7,217,655)</u>	<u>6,718,932</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		20,265	82,523
Net cash from investing activities		<u>20,265</u>	<u>82,523</u>
Net (decrease)/increase in cash and cash equivalents		(7,197,390)	6,801,455
Cash and cash equivalents at beginning of year		8,453,383	1,651,928
Cash and cash equivalents at end of year	16	<u>1,255,993</u>	<u>8,453,383</u>

The notes on pages 14 to 20 form part of these amended financial statements.

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements

Year ended 31 December 2020

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 4 Hill Street, London, W1J 5NE.

2. Statement of compliance

These amended financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements are prepared in US dollars, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of financial activities.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. Grants are recognised as an expense when they have been approved by the Trustees and communicated to the beneficiary.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

4. Limited by guarantee

The company is limited by guarantee. Every member of the charity undertakes to contribute such amount as may be required (not exceeding £1) to the charity's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the charity's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

5. Donations and legacies

	Unrestricted Funds \$	Total Funds 2020 \$	Unrestricted Funds \$	Total Funds 2019 \$
Donations				
Donations	36,519,000	36,519,000	35,000,000	35,000,000

6. Investment income

	Unrestricted Funds \$	Total Funds 2020 \$	Unrestricted Funds \$	Total Funds 2019 \$
Income from cash investments	20,265	20,265	82,523	82,523

7. Costs of raising donations and legacies

	Unrestricted Funds \$	Total Funds 2020 \$	Unrestricted Funds \$	Total Funds 2019 \$
Costs of raising donations and legacies - Investment management costs	53,537	53,537	—	—

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements (continued)

Year ended 31 December 2020

8. Expenditure on charitable activities by fund type

	Unrestricted Funds 2020 \$	Total Funds 2020 \$	Unrestricted Funds 2019 \$	Total Funds 2019 \$
Sponsorship	—	—	250,000	250,000
Donations	35,824,844	35,824,844	27,390,961	27,390,961
Bank charges	967	967	769	769
Support costs	(271)	(271)	38,331	38,331
	<u>35,825,540</u>	<u>35,825,540</u>	<u>27,680,061</u>	<u>27,680,061</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly \$	Grant funding of activities \$	Support costs \$	Total funds 2020 \$	Total fund 2019 \$
Sponsorship	—	—	—	—	250,000
Donations	—	35,824,844	—	35,824,844	27,390,961
Bank charges	967	—	—	967	769
Governance costs	—	—	(271)	(271)	38,331
	<u>967</u>	<u>35,824,844</u>	<u>(271)</u>	<u>35,825,540</u>	<u>27,680,061</u>

10. Analysis of support costs

	Analysis of support costs activity 1 \$	Total 2020 \$	Total 2019 \$
Finance costs	(271)	(271)	(111)
Legal and professional fees	—	—	25,799
Travel expenses	—	—	12,643
	<u>(271)</u>	<u>(271)</u>	<u>38,331</u>

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements *(continued)*

Year ended 31 December 2020

11. Analysis of grants

	2020 \$	2019 \$
Grants to institutions		
Breakthrough Prize Foundation	21,446,000	16,600,000
Breakthrough Prize in Life Sciences Foundation	2,142,000	9,694,208
Trustees of the University of Pennsylvania	500,000	—
Academy Foundation	1,000,000	—
Friends of Tel Aviv Sourasky Medical Centre	1,000,000	—
Los Angeles County Museum of Art	—	1,000,000
Magen David Adom in Israel	1,000,000	—
Stanford University - Development Services	1,000,000	—
Keren Hayesod Jerusalem	300,000	—
University of Cambridge	(3,612)	(3,247)
The Foundation to Combat Anti-Semitism	5,000,000	—
Tel Aviv University	1,000,000	—
Beijing Xiaomi Foundation	1,423,710	—
Teach for America	—	100,000
Other	16,746	—
	<u>35,824,844</u>	<u>27,390,961</u>
Total grants	<u>35,824,844</u>	<u>27,390,961</u>

12. Net income

Net income is stated after charging/(crediting):

	2020 \$	2019 \$
Foreign exchange differences	<u>(271)</u>	<u>(111)</u>

13. Staff costs

The average head count of employees during the year was Nil (2019: Nil).

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

14. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees; As at 31 December 2020, no travel costs (2019: \$6,170 to 1 trustee) were incurred by trustees.

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements *(continued)*

Year ended 31 December 2020

15. Investments

	Other investments \$
Cost or valuation	
At 1 January 2020	—
Additions	10,000,000
At 31 December 2020	<u>10,000,000</u>
Impairment	
At 1 January 2020 and 31 December 2020	<u>—</u>
Carrying amount	
At 31 December 2020	<u>10,000,000</u>
At 31 December 2019	<u>—</u>

All investments shown above are held at fair value.

The investment remained as convertible investment securities as of 31 December 2020.

16. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 \$	2019 \$
Cash at bank and in hand	1,255,993	8,453,383
	<u>1,255,993</u>	<u>8,453,383</u>

17. Creditors: amounts falling due within one year

	2020 \$	2019 \$
Bank loans and overdrafts	22	—
Accrual for grants payable	2,500,000	1,607,600
	<u>2,500,022</u>	<u>1,607,600</u>

18. Creditors: amounts falling due after more than one year

	2020 \$	2019 \$
Accrual for grants payable	8,000,000	6,750,000
	<u>8,000,000</u>	<u>6,750,000</u>

Breakthrough Foundation

Company Limited by Guarantee

Notes to the Amended Financial Statements *(continued)*

Year ended 31 December 2020

19. Analysis of charitable funds

Unrestricted funds

	At 1 January 2020	Income	Expenditure	At 31 December 2020
	\$	\$	\$	\$
General funds	<u>95,783</u>	<u>36,539,265</u>	<u>(35,879,077)</u>	<u>755,971</u>

	At 1 January 2019	Income	Expenditure	At 31 December 2019
	\$	\$	\$	\$
General funds	<u>(7,306,679)</u>	<u>35,082,523</u>	<u>(27,680,061)</u>	<u>95,783</u>

20. Analysis of net assets between funds

	Unrestricted Funds 2020 \$	Total Funds 2020 \$
Investments	10,000,000	10,000,000
Current assets	1,255,993	1,255,993
Creditors: amounts falling due within one year	(2,500,022)	(8,000,022)
Creditors: amounts falling due after more than one year	<u>(8,000,000)</u>	<u>(2,500,000)</u>
Net assets	<u>755,971</u>	<u>755,971</u>

	Unrestricted Funds 2019 \$	Total Funds 2019 \$
Investments	—	—
Current assets	8,453,383	8,453,383
Creditors: amounts falling due within one year	(1,607,600)	(1,607,600)
Creditors: amounts falling due after more than one year	<u>(6,750,000)</u>	<u>(6,750,000)</u>
Net assets	<u>95,783</u>	<u>95,783</u>

21. Analysis of changes in net debt

	At 1 January 2020 \$	Cash flows	At 31 December 2020 \$
Cash at bank and in hand	8,453,383	(7,197,390)	1,255,993
Bank overdrafts	<u>—</u>	<u>(22)</u>	<u>(22)</u>
	<u>8,453,383</u>	<u>(7,197,412)</u>	<u>1,255,971</u>

22. Related parties

There were no related party transactions in the year.