

COOPERATIVE AI FOUNDATION
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022



COOPERATIVE AI FOUNDATION
(A company limited by guarantee)

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COOPERATIVE AI FOUNDATION
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Trustees	A Dafoe D Amodei R Donnelly G Hadfield E Horvitz
Company registered number	13485176
Charity registered number	1201294
Registered office	Courtenay House Pynes Hill Exeter EX2 5AZ
Key management personnel	L Hammond (Acting Executive Director) A Bradbury (Chief Operating Officer) (resigned 16 June 2023)
Independent auditors	Griffin Chartered Accountants Courtenay House Pynes Hill Exeter EX2 5AZ

COOPERATIVE AI FOUNDATION
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022

The Trustees present their annual report together with the audited financial statements of the Charity for the period 1 July 2022 to 31 December 2022. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The charitable objectives of Cooperative AI Foundation are:

- To advance education and research for the public benefit, in particular (but not exclusively) by promoting and supporting research into artificial intelligence ("AI") and related fields, with a focus on cooperative intelligence in the context of AI systems, and to disseminate the useful results of such research.
- To promote the preservation and protection of the safety and health of the public by promoting the use, development and regulation of AI systems in ways that are safe for the public.
- For the purposes of the above, "cooperative intelligence" refers to methods for achieving or enhancing cooperation (with other AI systems and/or with humans). In what follows, we provide a more detailed description of how these objectives inform our organisational strategy and this our activities to date.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Vision

As progress in AI continues and AI systems are deployed increasingly widely, the cooperative intelligence of such systems will become increasingly important. On the one hand, coordination failures could lead to catastrophic consequences; on the other hand, better tools to help humans coordinate could enable us to solve many of our biggest challenges.

CAIF's vision is a world in which we have a strong understanding of cooperative intelligence as it applies to AI systems, and are able to put this into practice to benefit everyone. CAIF exists to serve as an inclusive hub for research within this field and to enable the research community to best contribute to the area's most pressing problems.

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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Objectives and activities (continued)

c. Strategy

We aim to do this by supporting and promoting research that has the potential to improve the cooperative intelligence of advanced AI and by working to ensure that decision-makers and the general public understand the importance of cooperative AI so that this research is put into practice and the benefits shared.

In particular, our strategy can be broken down into: a) helping produce research; and b) helping to disseminate (or otherwise put into practice) such research. Given the nascency of the field, and the somewhat sequential nature of this strategy, we are focussing primarily on the former objective, being mindful of the second.

In terms of producing research, we aim to engage with the world's leading experts on these topics, increasing both the volume of work in this area and its relevance to the most important problems (from the perspective of public safety). In practice, this involves researchers from academia, industry, other non-profits, and governments, though in order to first help build the academic field of cooperative AI, we are currently focused on the first of these.

d. Current goals

Due to CAIF's nascency, our current aim is to prioritise our stability and long-term impact. In order to do so, we have identified two overarching goals. These two goals can be further broken down along a spectrum of whether they are internal or external to CAIF, leading to the following sub-goals:

1. Assembling a group of competent and conscientious people working to build the field of cooperative AI.
 - a. Recruiting a core team.
 - b. Building a network.
2. Beginning to spend some of our initial funding on priority areas and key projects.
 - a. Running several flagship projects or events.
 - b. Grantmaking in several priority areas.

We view these goals as being most important for (either directly or indirectly) increasing the positive impact of our work in future years. During the period 01.07.22-31.12.22 (henceforth "the reporting period") CAIF had limited staff capacity (approximately 1.5-2 FTE) and so progress towards these objectives (which we expect to pursue for the remainder of 2023 and beyond) was gradual. CAIF only officially became registered as a charity on 07.12.22.

e. Activities undertaken to achieve objectives

A summary of our major activities during the reporting period is shown in the table further below. These can be categorised broadly as follows.

Grantmaking

CAIF issued its first call for proposals in 2022 on the topic of 'Evaluation for Cooperative AI'. We received 43 proposals from a wide range of researchers. During the reporting period we were focused on rigorously reviewing these proposals with the help of expert advisors. (Final decisions were subsequently made outside the reporting period, and the grant agreements are being finalised at the time of writing.) We also developed a thorough grantmaking process during this time, including the design of a software system for future grantmaking rounds.

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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Objectives and activities (continued)

CAIF made its first grant in December 2021. This grant has been used to support the development of a Foundations of Cooperative AI Lab at Carnegie Mellon University. The lab now contains six members and has published a number of papers on cooperative AI in top venues. CAIF is now considering a further release of funds to enable the continuation of this work. In January 2022, a grant was made to the University of Oxford. This has supported the new Foerster Lab for AI Research, which has similarly produced a string of relevant publications and is quickly expanding (the group now has more than 10 members). In the reporting period we also made a number of smaller grants (approximately £5000 each) to support more junior researchers on smaller projects.

Hiring

We successfully hired a Chief Operating Officer during this period, whose primary responsibilities have been:

- Designing and implementing the internal processes required for CAIF to run smoothly and efficiently,
- Shaping the structure and culture of the foundation, including building and managing the rest of the team,
- Overseeing and helping to evaluate the progress of CAIF's activities, with respect to its mission.

We also hired a second Research Analyst, in order to assist with grant reviewing and the running of various events and projects, as well as a People & Operations Manager. In the reporting period we began planning the onboarding of a group of more senior advisors as well, the process of which is still ongoing.

Events

Our other primary activities in this reporting period revolved around running various events. Concretely, these were:

- An online seminar series on 'New Directions in Cooperative AI'. Due to a lack of staff capacity and some scheduling clashes with a couple of speakers we decided to place this series on hold.
- A cooperative AI contest. We collaborated with researchers from Google DeepMind and MIT on a proposal that was accepted at the world's largest AI conference (NeurIPS). We supported the hiring of a researcher at MIT to work on this project.
- A cooperative AI workshop. We also submitted an application for a workshop at the aforementioned conference, which was unfortunately not approved. We plan to resubmit to another venue shortly.
- A retreat/summer school. We began planning to host an academic retreat (for senior researchers) and summer school (for junior researchers) in Summer 2023 during the reporting period. (These events were recently held successfully.)
- A workshop on AI for institutions. We developed plans to run this workshop alongside the Collective Intelligence Project. (The event was later held successfully in spring 2023.)
- A symposium on learning to cooperate. This was held alongside NeurIPS 2022 in December and helped to promote a proposed special issue of a journal on how machines can learn to cooperate.

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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Objectives and activities (continued)

Activity	Status (On 31.12.22)	Goal(s)
Create our grantmaking process	Complete	2b
Run a first grantmaking round	In Progress	2b, 1b
Hire a Chief Operating Officer	Complete	1a
Hire a second Research Analyst	Complete	1a
Hire a People & Operations Manager	Complete	1a
Onboard an initial set of advisors	In Progress	1b
Resume our public online seminar series	On Hold	1b, 2a
Run a cooperative AI contest	In Progress	1b, 2a
Run a cooperative AI workshop	On Hold	1b, 2a
Run a retreat/summer school	In Progress	1b, 2a
Run a workshop on AI for institutions	In Progress	1b, 2a
Run a symposium on learning to cooperate	Complete	1b

f. Volunteers

CAIF solicited expert advice (from senior researchers) when reviewing grant applications, but otherwise did not use a significant number of volunteers during the reporting period.

COOPERATIVE AI FOUNDATION
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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Achievements and performance

a. Main achievements of the Company

In terms of the activities described in the previous section, our primary achievements in the reporting period have been:

- Assessing 43 grant proposals (eventually leading to over \$1M in grants approved) and developing a new grantmaking process;
- Hiring three new members of staff and beginning plans to onboard a set of advisors;
- Planning five events (one held in the reporting period, four held afterwards).

As well as these successes, we:

- Secured a commitment of a \$3M donation (processed in January 2023);
- Created an internal strategic plan for 2023, including a hiring roadmap, plan of activities, and budget.

b. Measuring success

Due to the relatively long and complex path to impact involved in CAIF's objectives (involving building the nascent academic field of cooperative AI and effecting relevant change in the creating and deploying advanced AI systems all over the world), measuring success is not always straightforward. For example, bringing together researchers from different disciplines to help promote shared understanding and seed new collaborations can be intangible (in the former case) or lead to impact long after the event itself (in the latter case). With that said, for the majority of the activities tracked in the previous section we aimed to concretely track our progress using metrics such as those below.

Grantmaking	Hiring	Events
# Applications Processing time # Grants \$ Grants Applicant diversity Applicant feedback Projects satisfying plans	# Applications Application quality Processing time Applicant diversity Applicant feedback	# Attendees Attendee feedback Attendee diversity # New projects seeded Quality of associated event # Applicants (if relevant) Applicant diversity (if relevant)

Due to our limited capacity during the reporting period (two of our three new members of staff began work at the beginning of 2023) we have not yet developed a full suite of metrics and methods for monitoring our overall impact vis-a-vis our charitable objectives, but this is something we have been working towards in the intervening period and will continue to do so.

c. Investment policy and performance

CAIF does not hold any investments and does not intend to for the foreseeable future.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Achievements and performance (continued)

d. Future plans

For the foreseeable future CAIF plans to maintain the course of action outlined in the section on our current goals. This is because we believe that these remain the most important steps in order to advance our charitable objectives, and maximise the positive impact that we are able to have over the long term.

e. Next steps

In approximate order of priority, we plan to work towards these objectives by means of the following activities:

- Collaborate with the UK government's new Foundation Models Task Force (FMTF) in investigating multi-agent risks from advanced AI;
- Create a postdoctoral fellowship for early career researchers in cooperative AI;
- Run our cooperative AI contest at NeurIPS in December 2023;
- Plan a second iteration of the cooperative AI retreat and summer school to be held in 2024;
- Prepare to open a second grantmaking round;
- Publish write-ups on risks from AI cooperation failures and work on formalising cooperation in the context of AI, in order to further motivate the field;
- Run a contest on negotiation in the context of state-of-the-art language models (such as those underlying ChatGPT);
- Curate a set of public resources on cooperative AI (including papers, code, videos, etc.) to inform newcomers to the field;
- Create a summer fellowship scheme for students and junior researchers, in collaboration with top academic labs.

We also plan to hire a new Managing Director for the foundation, alongside a permanent Program Manager. Other roles will be hired for once the new director is in place.

f. Lessons learnt

During the initial phase of the foundation's operation, we have learned several lessons that we plan to act on in order to increase our impact going forwards. Some of the most important lessons have been on:

- The importance of timely grantmaking decisions and the delays that involving multiple reviewers can lead to;
- The number of interested junior researchers and the need to provide them with more opportunities (we ended up receiving ~300 applications for our summer school and only 50 places, for example);
- The interest of new stakeholders such as the new FMTF in topics such as cooperative AI, and the potential for beneficial collaboration;
- The difficulty of maintaining momentum with a large range of activities and several part-time staff.

Needless to say, we are working hard to address these challenges wherever we can, while seizing the opportunities presented to us. We are optimistic regarding the foundation's future and the benefits to the public that it will bring.

COOPERATIVE AI FOUNDATION
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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Financial review

a. Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

b. Reserves policy

Cooperative AI Foundation aims to hold a minimum of 3 months' of general operating costs at any time which is approximately £25,000. On 31 December 2022, the Charity is holding £201,436 of unrestricted cash funds, which is adequate to meet this policy.

c. Financial statement

The Statement of Financial Activities shows total income received for the period to 31 December 2022 of £2,423,943 with total expenditure for the year of £91,509, to generate a surplus of £2,332,434. Therefore, the charity has closing reserves of £2,459,138 which is way in excess of its reserve policy. The bank balance at 31 December 2022 was £201,436.

Structure, governance and management

a. Constitution

Cooperative AI Foundation is registered as a charitable company limited by guarantee and was set up by a Trust deed.

b. Methods of appointment or election of Trustees

The management of the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

COOPERATIVE AI FOUNDATION
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial period. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

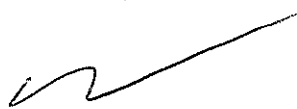
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Griffin, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on
and signed on their behalf by:



Sept 27 2023

A Dafoe
Chair of Trustees

COOPERATIVE AI FOUNDATION
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COOPERATIVE AI FOUNDATION

Opinion

We have audited the financial statements of Cooperative AI Foundation (the 'charitable company') for the period ended 31 December 2022 which comprise the Statement of financial activities, the Balance sheet, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the 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.

COOPERATIVE AI FOUNDATION
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COOPERATIVE AI FOUNDATION
(CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

COOPERATIVE AI FOUNDATION
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COOPERATIVE AI FOUNDATION
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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.

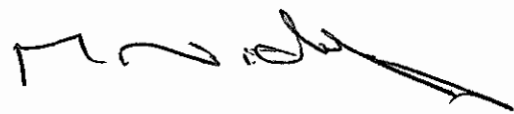
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our audit procedures have reviewed for evidence of management override, any ongoing legal cases, completeness of related party transactions, as well as an ongoing consideration of fraud and irregularities during the whole audit process.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Misty Nickells FCA (Senior statutory auditor)

for and on behalf of Griffin
Courtenay House
Pynes Hill
Exeter
EX2 5AZ

Date: 02/01/23

Griffin are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

COOPERATIVE AI FOUNDATION
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	Unrestricted funds Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £	Total funds Year ended 30 June 2022 £
Income from:				
Donations and legacies	4	2,423,939	2,423,939	413,991
Charitable activities	5	-	-	4,734
Investments	6	4	4	-
Total income		2,423,943	2,423,943	418,725
Expenditure on:				
Charitable activities	8	91,509	91,509	292,021
Total expenditure		91,509	91,509	292,021
Net movement in funds		2,332,434	2,332,434	126,704
Reconciliation of funds:				
Total funds brought forward		126,704	126,704	-
Net movement in funds		2,332,434	2,332,434	126,704
Total funds carried forward		2,459,138	2,459,138	126,704

The Statement of financial activities includes all gains and losses recognised in the period.

The notes on pages 17 to 31 form part of these financial statements.

COOPERATIVE AI FOUNDATION
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BALANCE SHEET
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	31 December 2022 £	30 June 2022 £
Fixed assets			
Tangible assets	12	778	-
		<u>778</u>	<u>-</u>
Current assets			
Debtors	13	2,263,484	850
Cash at bank and in hand		201,436	128,175
		<u>2,464,920</u>	<u>129,025</u>
Creditors: amounts falling due within one year	14	(6,560)	(2,321)
Net current assets		<u>2,458,360</u>	<u>126,704</u>
Total assets less current liabilities		<u>2,459,138</u>	<u>126,704</u>
Net assets excluding pension asset		<u>2,459,138</u>	<u>126,704</u>
Total net assets		<u><u>2,459,138</u></u>	<u><u>126,704</u></u>
Charity funds			
Restricted funds		-	-
Unrestricted funds		2,459,138	126,704
Total funds		<u><u>2,459,138</u></u>	<u><u>126,704</u></u>

COOPERATIVE AI FOUNDATION
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BALANCE SHEET (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

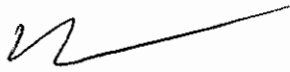
The members have not required the entity to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on
and signed on their behalf by:



Sept 27 2023

A Dafoe
Chair of Trustees

The notes on pages 17 to 31 form part of these financial statements.

COOPERATIVE AI FOUNDATION
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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Period ended 31 December 2022 £	<i>Year ended 30 June 2022 £</i>
Cash flows from operating activities		
Net cash used in operating activities	74,299	128,175
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,038)	-
Net cash (used in)/provided by investing activities	(1,038)	-
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the period	73,261	128,175
Cash and cash equivalents at the beginning of the period	128,175	-
Cash and cash equivalents at the end of the period	201,436	128,175

The notes on pages 17 to 31 form part of these financial statements

COOPERATIVE AI FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

1. General information

Cooperative AI Foundation is a Charitable Company registered in England and Wales, registration number 13485176. The registered office is Courtenay House, Pynes Hill, Exeter, EX2 5AZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Cooperative AI Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The directors confirm that, having considered their expectations and intentions for the next twelve months, and the availability of working capital, the company is a going concern.

2.3 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Expenditure (continued)

Grants payable are charged in the period when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the period end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £100 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-	25% straight-line
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2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.11 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Pensions

The Company operates a defined benefits pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There were no estimates or assumptions that we considered to be significant.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

4. Income from donations and legacies

	Unrestricted funds Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £
Grants	2,423,939	2,423,939

	<i>Unrestricted funds Year ended 30 June 2022 £</i>	<i>Total funds Year ended 30 June 2022 £</i>
Grants	413,991	413,991

5. Income from charitable activities

	Total funds Period ended 31 December 2022 £
Event funding	-

	<i>Unrestricted funds Year ended 30 June 2022 £</i>	<i>Total funds Year ended 30 June 2022 £</i>
Event funding	4,734	4,734

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

6. Investment income

	Unrestricted funds Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £	<i>Total funds Year ended 30 June 2022 £</i>
Investment income	4	4	-

7. Analysis of grants

	Grants to Institutions Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £
Grant disbursements	12,750	12,750

	<i>Grants to Institutions Year ended 30 June 2022 £</i>	<i>Total funds Year ended 30 June 2022 £</i>
Grant disbursements	241,779	241,779

During the period ended 31 December 2022, the following grant disbursements were made:

1. £6,000 to Francis Rhys Ward
2. £6,750 to Emanuel Tewolde

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

8. Analysis of expenditure by activities

	Activities undertaken directly Period ended 31 December 2022 £	Grant funding of activities Period ended 31 December 2022 £	Support costs Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £
Charitable activities	50,659	12,750	28,100	91,509

	Activities undertaken directly Year ended 30 June 2022 £	Grant funding of activities Year ended 30 June 2022 £	Support costs Year ended 30 June 2022 £	Total funds Year ended 30 June 2022 £
Charitable activities	46,776	241,779	3,466	292,021

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Activities Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £
Staff costs	41,197	41,197
Events	1,622	1,622
Grantmaking	1,320	1,320
Consulting	6,520	6,520
	<u>50,659</u>	<u>50,659</u>

	Activities Year ended 30 June 2022 £	Total funds Year ended 30 June 2022 £
Staff costs	20,143	20,143
Events	26,010	26,010
Grantmaking	623	623
	<u>46,776</u>	<u>46,776</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities Period ended 31 December 2022 £	Total funds Period ended 31 December 2022 £
Depreciation	260	260
Recruitment costs	8,815	8,815
Web design	430	430
Advertising and marketing	2,534	2,534
IT costs	3,025	3,025
Accountancy	3,546	3,546
Insurance	360	360
(Gain)/loss of foreign transactions	(2,161)	(2,161)
Travel and subsistence	1,130	1,130
Entertainment	98	98
Governance costs	10,063	10,063
	<u>28,100</u>	<u>28,100</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Activities Year ended 30 June 2022 £</i>	<i>Total funds Year ended 30 June 2022 £</i>
Recruitment costs	673	673
Web design	9,060	9,060
Advertising and marketing	750	750
IT costs	1,271	1,271
Accountancy	432	432
Insurance	373	373
(Gain)/loss of foreign transactions	(11,614)	(11,614)
Governance costs	2,521	2,521
	<u>3,466</u>	<u>3,466</u>

9. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £5,400 (2022 - £2,160).

10. Staff costs

	Period ended 31 December 2022 £	<i>Year ended 30 June 2022 £</i>
Wages and salaries	39,952	19,688
Contribution to defined contribution pension schemes	1,245	455
	<u>41,197</u>	<u>20,143</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

10. Staff costs (continued)

The average number of persons employed by the Company during the period was as follows:

	Period ended 31 December 2022 No.	<i>Year ended 30 June 2022 No.</i>
Average number of employees	<u>3</u>	<u>2</u>

No employee received remuneration amounting to more than £60,000 in either year.

The total employee benefits, including employers pension costs, of the key management personnel of the charity were £35,147 (2022 - £11,843).

11. Trustees' remuneration and expenses

During the period, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the period ended 31 December 2022, no Trustee expenses have been incurred (2022 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

12. Tangible fixed assets

	Computer equipment £
Cost or valuation	
Additions	1,038
At 31 December 2022	<u>1,038</u>
Depreciation	
Charge for the period	260
At 31 December 2022	<u>260</u>
Net book value	
At 31 December 2022	<u><u>778</u></u>
At 30 June 2022	<u><u>-</u></u>

13. Debtors

	31 December 2022 £	30 June 2022 £
Due within one year		
Other debtors	51	583
Prepayments and accrued income	2,263,433	267
	<u><u>2,263,484</u></u>	<u><u>850</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Creditors: Amounts falling due within one year

	31 December 2022 £	<i>30 June 2022 £</i>
Trade creditors	128	-
Pension fund loan payable	1,032	161
Accruals and deferred income	5,400	2,160
	<u>6,560</u>	<u>2,321</u>

15. Summary of funds

Summary of funds - current period

	Balance at 1 July 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
General funds	126,704	2,423,943	(91,509)	2,459,138

Summary of funds - prior period

	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 30 June 2022 £</i>
General funds	418,725	(292,021)	126,704

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 31 December 2022 £	Total funds 31 December 2022 £
Tangible fixed assets	778	778
Current assets	2,464,920	2,464,920
Creditors due within one year	(6,560)	(6,560)
Total	2,459,138	2,459,138

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 30 June 2022 £</i>	<i>Total funds 30 June 2022 £</i>
Current assets	129,025	129,025
Creditors due within one year	(2,321)	(2,321)
Total	126,704	126,704

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Reconciliation of net movement in funds to net cash flow from operating activities

	31 December 2022 £	30 June 2022 £
Net income for the period (as per Statement of Financial Activities)	2,332,434	126,704
Adjustments for:		
Depreciation charges	260	-
Increase in debtors	(2,262,634)	(850)
Increase in creditors	4,239	2,321
Net cash provided by operating activities	74,299	128,175

18. Analysis of cash and cash equivalents

	31 December 2022 £	30 June 2022 £
Cash in hand	201,436	128,175
Total cash and cash equivalents	201,436	128,175

19. Analysis of changes in net debt

	At 1 July 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	128,175	73,261	201,436
	128,175	73,261	201,436

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NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £1,245 (2022 - £455) and £1,032 (2022- £NIL) were payable to the fund at the balance sheet date and are included in creditors.

21. Related party transactions

The Charity has not entered into any related party transaction during the period, nor are there any outstanding balances owing between related parties and the Charity at 31 December 2022.