

GiveWell Financial Summary



Meeting of the GiveWell Board of Directors – June 18, 2018

Agenda

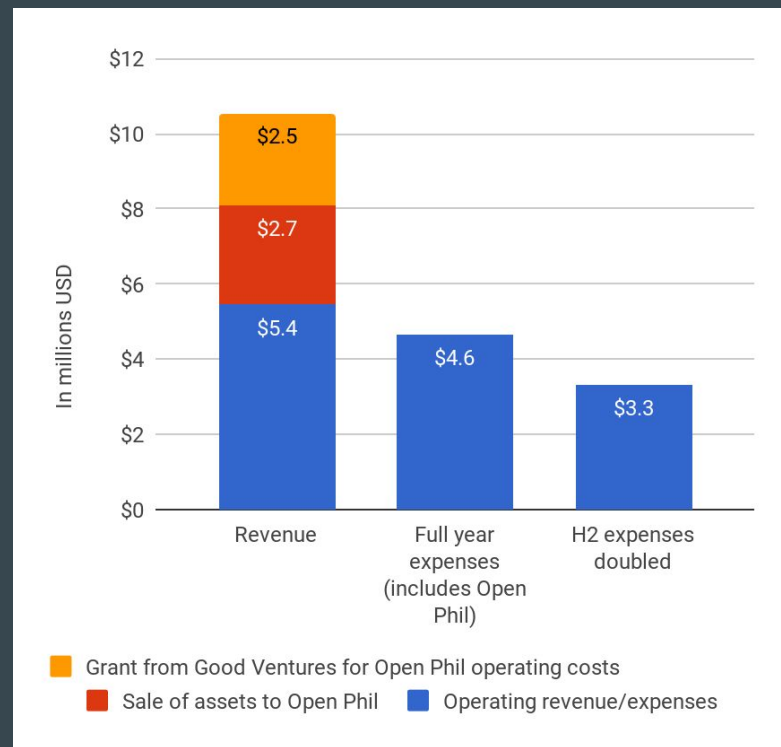
1. Overview of board votes
2. Looking back: Expenses and revenues in 2017
 - a. For review and discussion only
3. Looking forward: Expense and revenue projections 2018-2020
 - a. Board decisions – more detail
 - b. Our approach
 - c. Budget proposal
 - d. Revenue projections
4. Board decisions – discussion and votes

Summary of board votes

1. Vote to approve 2018 and 2019 budgets
 - a. The 2018 budget was approved last year. We are requesting an increase in that budget of \$0.7 million.
 - b. The 2019 budget represents a \$2.2 million increase over 2018.
2. Vote to restrict unrestricted assets as restricted to grants to recommended charities
 - a. Restrict a portion of an individual's donation so that their contribution does not exceed 20% of our expected operating budget.
 - b. Restrict a portion of our unrestricted assets in accordance with our excess assets policy.

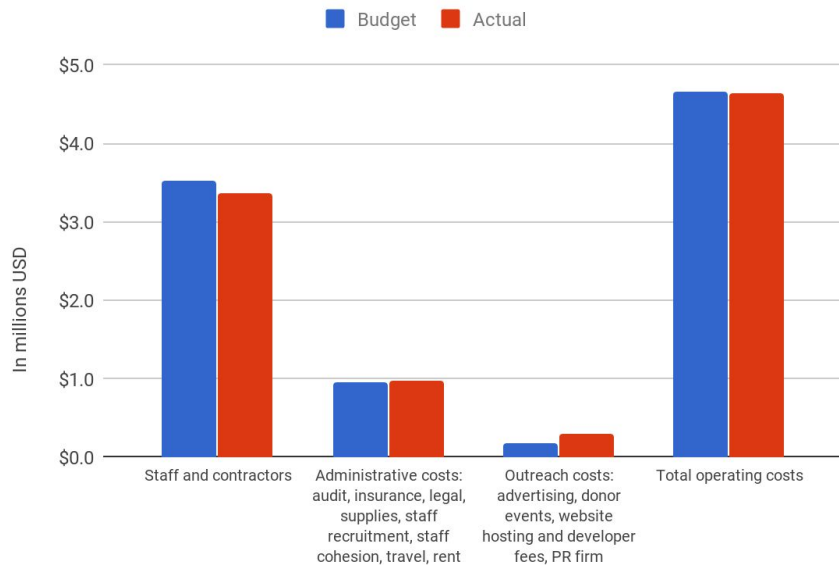
Looking back: 2017 summary

- We spent very slightly less than we budgeted in 2017 (-0.2%).
 - Open Phil expenses are included through May.
 - We spent 11% less than budgeted in the 2nd half of 2017 (after the Open Phil/GiveWell split).
- Higher revenue in 2017 than expected, plus two large payments from Good Ventures related to Open Phil separation.

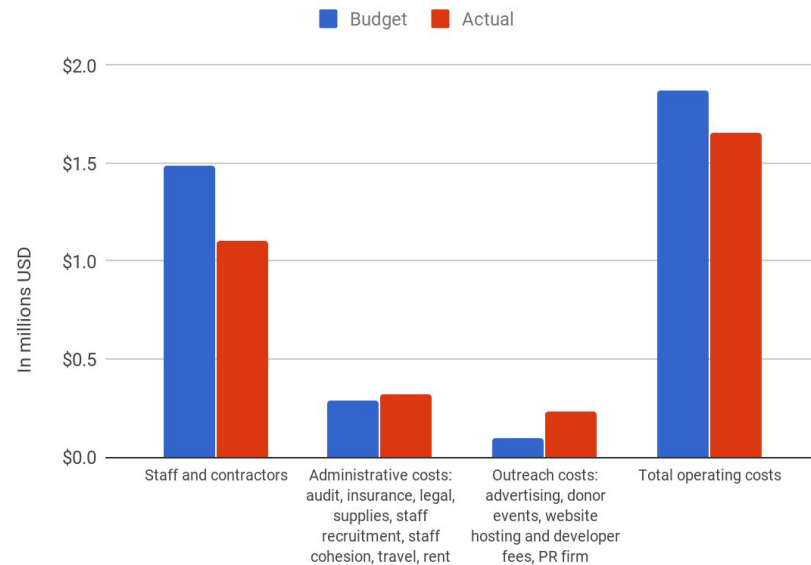


Expense projections vs. actuals for 2017

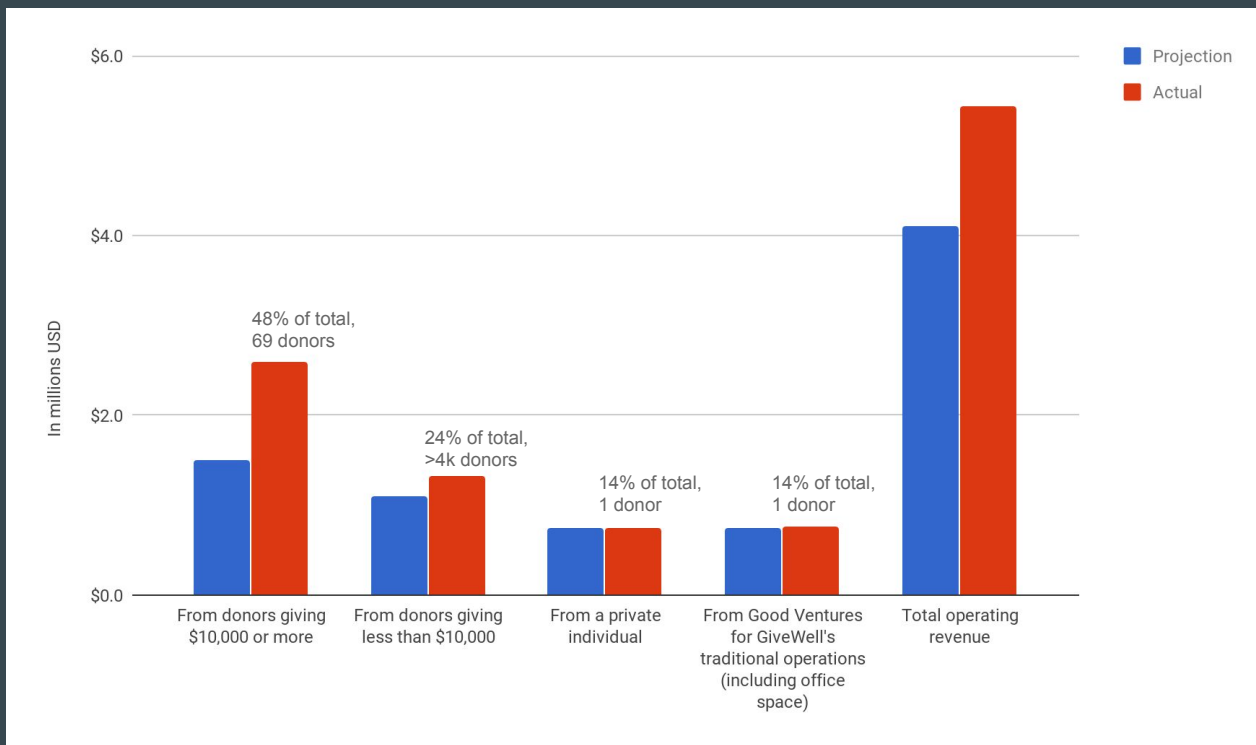
2017 expenses – full year



2017 expenses – second half (post-OP split)



Revenue projections vs. actuals for 2017



In addition, we received:

- \$2.45 million from Good Ventures/Open Philanthropy Project to cover costs of operating the Open Philanthropy Project from October 2016 to May 2017. Received in 2018.
- \$2.65 million from Good Ventures/Open Philanthropy Project for the sale of assets to the Open Philanthropy Project LLC.

Looking forward: revenue projections and spending proposal

- We propose planning for significant growth in spending, driven by hiring (primarily in outreach but some in research) from ~\$5m year in 2018 to ~9m/year in 2020.
 - We project that our revenues will continue to keep pace with such a growth in expenses over the next two years.
- Our asset level is high. Based on conservative revenue projections and the proposed spending plan, we recommend granting out ~\$1.75m in unrestricted funds per excess assets policy.

Items for board vote – more detail

1. Approval of budget:

Vote on revised 2018 budget and 2019 budgets. Note that we will propose an update to the 2019 budget in early to mid 2019.

2. Application of 20% cap on single revenue source:

One individual gave a unrestricted donation that exceeds 20% of our 2018 operating budget. To action the rule of not supporting more than 20% of our operations from a single revenue source, we are proposing a vote to irrevocably designate a portion of this donation as restricted for grants to recommended charities.

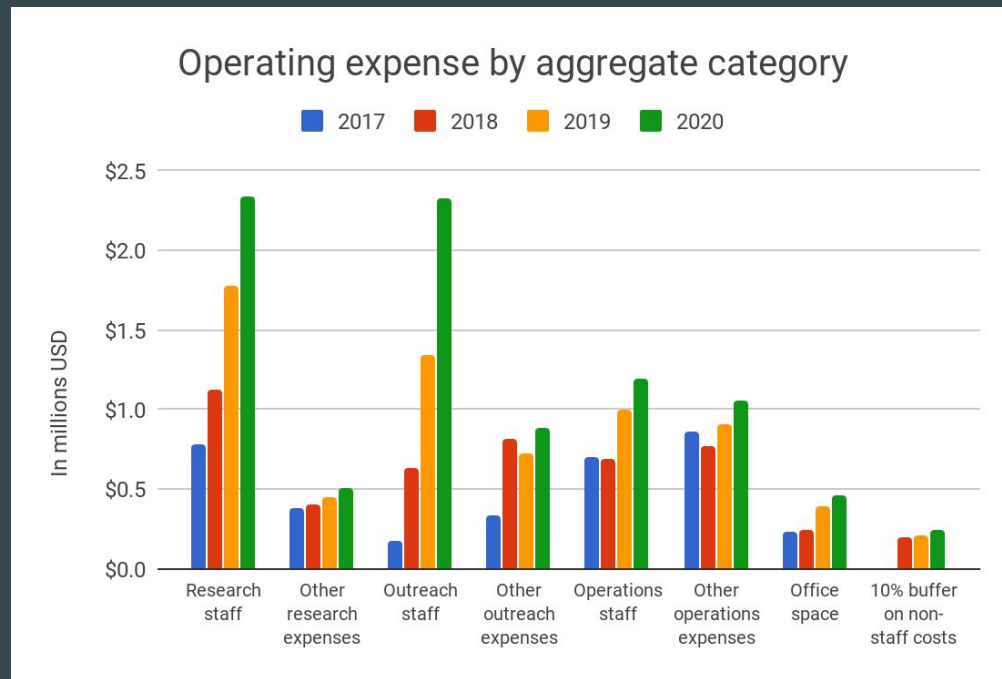
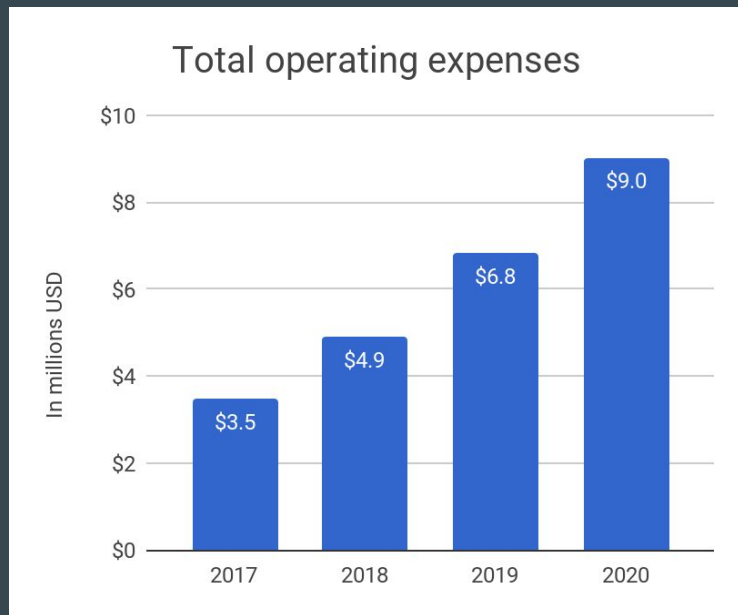
3. Application of ["Excess Assets" policy](#):

GiveWell has an "excess assets" policy, specifying that once we surpass a certain level of unrestricted assets, we grant out the excess rather than continue to hold it ourselves. We estimate that our current asset level is above the level specified in the policy and that the board should irrevocably designate a portion of unrestricted assets as restricted for grants to recommended charities.

Budget for 2018-2020 – approach

- Be conservative: Set the budget to minimize (<5% chance) the chance that we identify a high-impact opportunity to spend funds but don't have funds available to take advantage of that opportunity.
 - Budgeting for major growth in staff, across all three areas of the organization (operations, outreach, and research) in both entry-level and senior positions, as well as for significant growth in advertising, outreach consultants, and staff recruitment.
- Budget for current staff compensation with annual increases, projected hires, and other expense categories based on experience and anticipated changes. Add 10% of non-staff total for unexpected expenses.

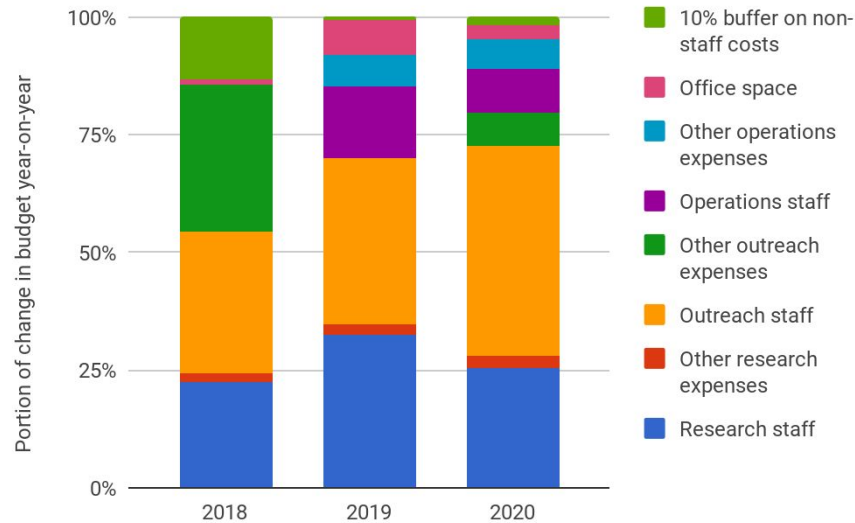
Proposed budget for 2018-2020



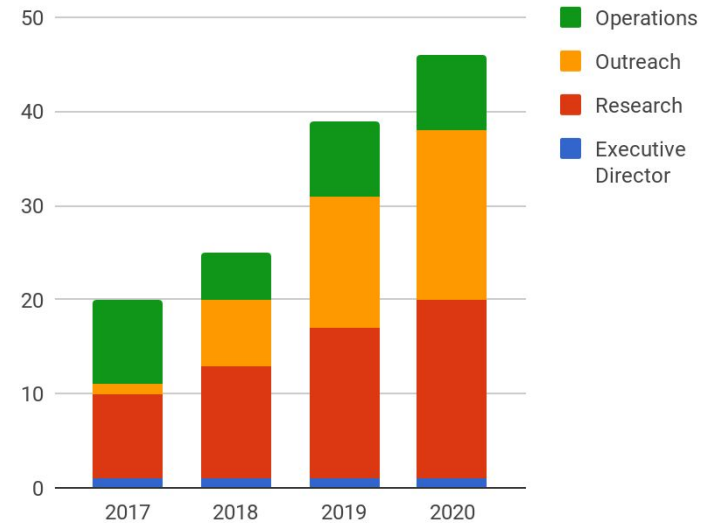
* 2017 total is H2 amount doubled, because H1 includes Open Philanthropy costs and is not comparable to 2018-2020

Budget for 2018-2020

Changes in budget compared with prior year

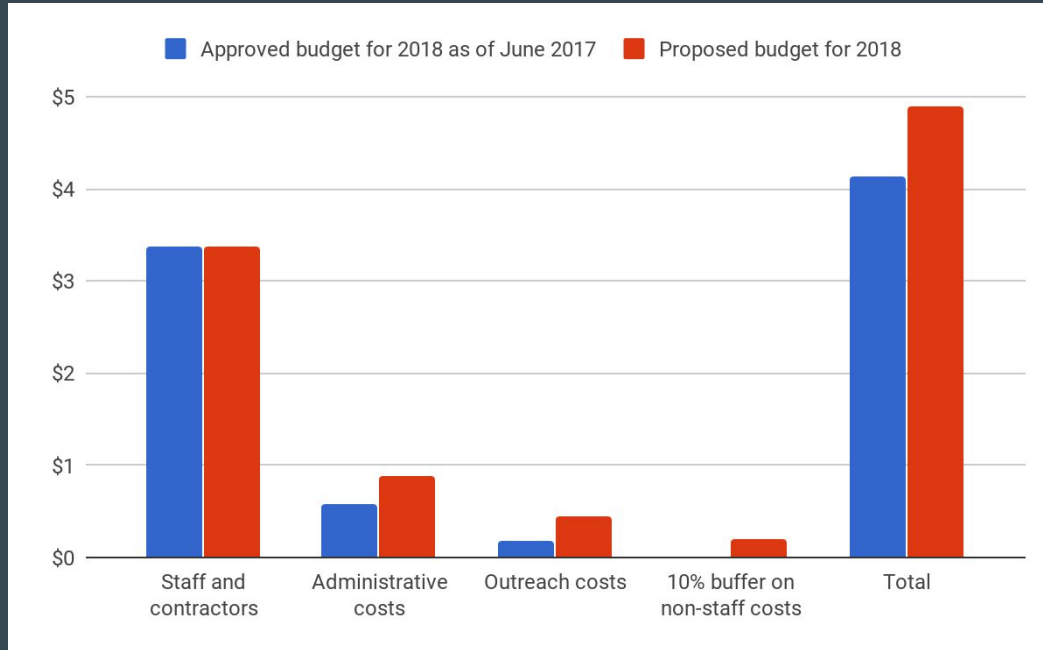


Number of staff at year end



* 2018 amount is compared to doubled amount from H2 2017

Changes to 2018 budget since mid-2017



Notes:

- Budget increase of \$750k.
- Increase driven by advertising (+\$225k), addition of buffer (+\$200k), staff recruitment (+\$140k), accounting fees (+\$85k) and travel (+\$75k).

Revenue projections for 2018-2020 – approach

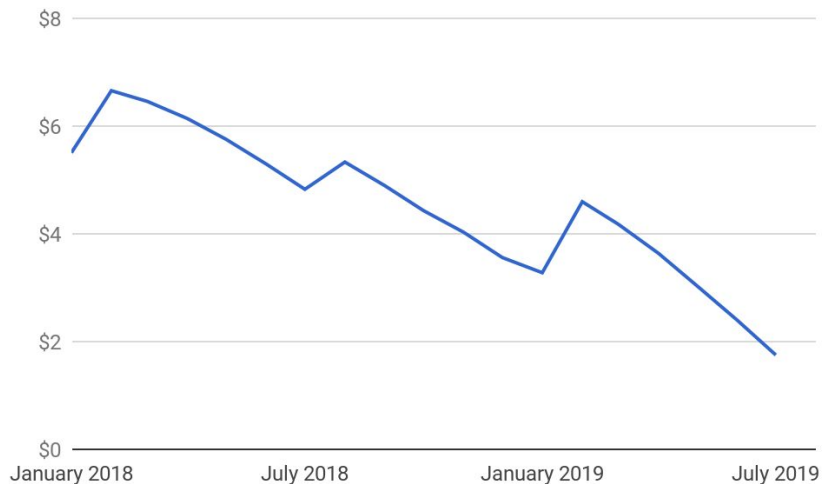
Category	Projected growth rate – best guess	Projected growth rate – conservative	Comments
Good Ventures	Set at 20% of operating expenses	Same	
Private individual	Set at 20% of operating expenses	Same	Unlikely to exceed ~\$2 million/year
Other major institutions	No growth	No growth	
Other \$100,000+ donors	0%	0%	No sustained recent growth in this group
Donors giving \$10,000 - \$99,999	10%	0%	Amount from this group has been quite variable but growth in number of donors suggests this category will at least be maintained and likely grow modestly.
Donors giving \$1,000 - \$9,999	10%	0%	Same as above.
Donors giving \$100 - \$999	36% in 2018, then 10% per year	0%	Have seen sustained growth from this group.
Donors giving under \$100	50% in 2018, then 10% per year	0%	Have seen high, sustained growth from this group.
Anonymous donors	0%	0%	Donations received without designations and without donor contact information are recorded as unrestricted.

Excess assets test

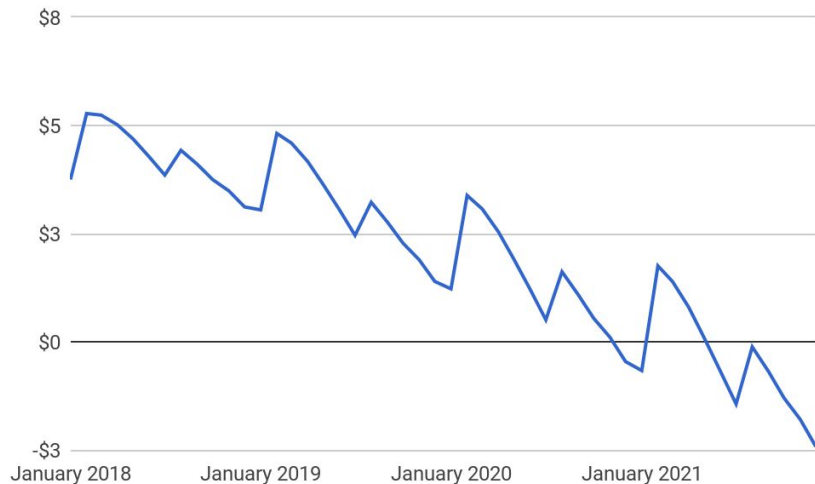
- Using the proposed budget and conservative revenue projection indicates that, according to the Excess Assets policy, the board should vote to designate \$1.75 million in unrestricted assets as restricted to grants to recommended charities.
- Using the proposed budget and best guess revenue projection, we project that, if we make the proposed excess assets grant, we will continue to have at least 12-months of reserves available until late 2020. In other words, we expect to have ample time to make adjustments (e.g. increase fundraising efforts, reduce spending growth) as of the next planned board review in mid-2019.

Excess assets test

Reserves less 12-month-forward expenses – conservative revenue projection



Reserves less 12-month-forward expenses – best guess revenue projection, after proposed excess assets grant



Items for board vote

1. Approval of budget:

Vote on revised 2018 budget and 2019 budgets. Note that 2019 budget will likely be updated in early to mid 2019.

With the approval of this budget, GiveWell will request a grant from Good Ventures of 20% of 2018 operating expenses, less the estimate of rent replacement value: \$751,179.

2. Application of 20% cap on single revenue source:

Vote on proposal to irrevocably designate \$1,121,005 of the \$2,100,000 unrestricted donation from a private individual as restricted for grants to recommended charities. \$1,121,005 is the difference between \$2,100,000 and 20% of our budgeted operating costs for 2018 (\$978,995).

3. Application of "Excess Assets" policy:

Vote on proposal to irrevocably designate \$1,751,256 of unrestricted assets as restricted to grants to recommended charities.