

THE CLEAR FUND
D.B.A. GIVEWELL

DECEMBER 31, 2019

REPORT

TO

THE AUDIT COMMITTEE



A Century Strong

June 15, 2020

TO THE AUDIT COMMITTEE
THE CLEAR FUND d.b.a. GIVEWELL
San Francisco, California

We are pleased to present this report related to our audit of the financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)** for the year ended December 31, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for GiveWell's financial reporting process.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciated the opportunity to be of service to GiveWell.

Hood & Strong LLP

The Clear Fund d.b.a GiveWell

Report to The Audit Committee

Required Communications

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Attachment:

Letter Communicating Deficiencies in Internal Control

Appendix A

The Clear Fund d.b.a GiveWell

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated January 9, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit as an attachment to our arrangement letter.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.
	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by GiveWell. GiveWell adopted Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, and ASU 2014-09, Revenue from Contracts with Customers, beginning January 1, 2019. GiveWell did not adopt any other significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

The Clear Fund d.b.a GiveWell

Required Communications

Area	Comments
	<p data-bbox="727 457 1182 489">Significant or Unusual Transactions</p> <p data-bbox="727 516 1419 646">We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p data-bbox="727 674 1393 705">Management’s Judgments and Accounting Estimates</p> <p data-bbox="727 732 1419 961">Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses its knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p> <p data-bbox="727 989 1419 1083">The following describes the significant accounting estimate reflected in GiveWell’s December 31, 2019 financial statements:</p> <ul data-bbox="776 1115 1419 1409" style="list-style-type: none">- Functional allocation of expenses – directly identifiable expenses are charged to the related program or service benefited. Indirect expenses are allocated to programs and services based principally on the percentage of personnel time spent in each area; and, to a lesser extent, based on a percentage of donors who donate funds to programs versus those who donate unrestricted funds. <p data-bbox="727 1440 1419 1503">GiveWell’s processes for estimates appear reasonable and are consistent with industry practice and U.S. GAAP.</p>
Audit Adjustments	<p data-bbox="727 1535 1419 1661">The only audit adjustments were two proposed by GiveWell’s management and one proposed by the auditors. The adjustments were not considered significant and are summarized as follows:</p> <ul data-bbox="776 1692 1419 1814" style="list-style-type: none">- An adjustment to record \$56,511 in additional contributions receivable, with \$545 of that also increasing grants payable, and release from restrictions.

The Clear Fund d.b.a GiveWell

Required Communications

Area	Comments
Uncorrected Misstatements	<ul style="list-style-type: none">- An adjustment to record \$3,254 in additional employee expense reimbursements.- An auditor proposed adjustment to remove \$212,115 in grants from grants payable and releases from restrictions. <p>There were no other adjustments made to the original trial balance presented to us to begin our audit.</p>
Disagreements with Management	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p> <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>
Consultations with Other Accountants	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
Significant Issues Discussed with Management	<p>No other significant issues arising from the audit were discussed or the subject of correspondence with management.</p>
Significant Difficulties Encountered in Performing the Audit	<p>We did not encounter any other difficulties in dealing with management during the audit.</p>
Significant Written Communications Between Management and Our Firm	<p>The only written communications between our Firm and management of GiveWell are the representation letter provided to us by management (available upon request) and a letter reporting control deficiencies (attached).</p>



A Century Strong

June 15, 2020

TO MANAGEMENT
THE CLEAR FUND d.b.a. GiveWell
San Francisco, California

In planning and performing our audit of the financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)** as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered GiveWell's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GiveWell's internal control. Accordingly, we do not express an opinion on the effectiveness of GiveWell's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Hood & Strong LLP

Following are descriptions of identified deficiencies in internal control that we determined did not constitute a significant deficiency or material weakness:

CURRENT YEAR RECOMMENDATIONS

Financial System User Access Rights

Observation

Upon inspection of the financial system user access rights, we noted that there were more external financial system users with full administrator privileges than is prudent.

Recommendation

We recommend the organization evaluate access rights to the financial system based on the minimum level required to perform the employee's job function and reduce the level of access based on this requirement. Full administrator privileges should be assigned to a select few.

In addition to revising the external user accounts with administrator access rights, we recommend performing a regular (on a quarterly or bi-annual basis) review of access rights to ensure access remains appropriate. For example, when users leave an organization, we suggest disabling the account. By performing reviews and monitoring user accounts, GiveWell can help reduce control risks.

STATUS OF PRIOR YEAR RECOMMENDATIONS (as previously reported, along with status update)

Functional Expense Presentation

Observation

We noted that GiveWell has included a line item on its functional expense called "donated goods and services". The functional expense presentation should only include natural expense classifications such as rent or advertising.

Recommendation

We recommend that GiveWell begin to record its in-kind expenses in a manner that allows for these expenses to easily be presented into their respective natural expense categories.

Status

GiveWell has changed its manner of recording its in-kind expenses that now allows for separate reporting of the different type of in-kind expenses incurred but elected to continue to present its in-kind expenses all combined into one line item on the statement of functional expenses.

This letter is intended solely for the information and use of management and GiveWell's Audit Committee and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving GiveWell and would be happy to assist you in addressing and implementing any of the suggestions in this letter.