

THE CLEAR FUND
D.B.A. GIVEWELL

DECEMBER 31, 2019

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

The Clear Fund d.b.a. GiveWell

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Independent Auditors' Report

THE BOARD OF DIRECTORS
THE CLEAR FUND d.b.a. GIVEWELL
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)**, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GiveWell as of December 31, 2019, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited GiveWell's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
June 15, 2020

The Clear Fund d.b.a. GiveWell

Statement of Financial Position

<i>December 31, 2019 (with comparative totals for 2018)</i>	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents	\$ 42,945,030	\$ 26,236,791
Prepaid expenses and other current assets	252,116	106,204
Total current assets	43,197,146	26,342,995
Property, Equipment and Intangible Assets, net	711,239	6,461
Total Assets	\$ 43,908,385	\$ 26,349,456
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 550,241	\$ 301,022
Leasehold allowance, current portion	116,127	
Grants payable	20,332,254	13,777,053
Total current liabilities	20,998,622	14,078,075
Long-Term Liabilities:		
Leasehold allowance, net of current portion	454,832	-
Total liabilities	21,453,454	14,078,075
Net Assets:		
Without donor restrictions	21,981,022	11,884,594
With donor restrictions	473,909	386,787
Total net assets	22,454,931	12,271,381
Total Liabilities and Net Assets	\$ 43,908,385	\$ 26,349,456

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Statement of Activities and Changes in Net Assets

Year ended December 31, 2019 (with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Support:				
Contributions	\$ 15,306,737	\$ 35,751,516	\$ 51,058,253	\$ 36,008,006
Donated goods and services	479,543		479,543	632,780
Investment income and other, net	16,620		16,620	17,748
Net assets released from restrictions	35,664,394	(35,664,394)	-	-
Total revenue and support	51,467,294	87,122	51,554,416	36,658,534
Expenses:				
Program services	39,605,019		39,605,019	31,318,762
Management and general	1,570,944		1,570,944	1,268,054
Fundraising	194,903		194,903	232,523
Total expenses	41,370,866	-	41,370,866	32,819,339
Total Change in Net Assets	10,096,428	87,122	10,183,550	3,839,195
Net Assets, beginning of year	11,884,594	386,787	12,271,381	8,432,186
Net Assets, end of year	\$ 21,981,022	\$ 473,909	\$ 22,454,931	\$ 12,271,381

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Statement of Cash Flows

<i>Year ended December 31, 2019 (with comparative totals for 2018)</i>	2019	2018
Operating Activities:		
Change in net assets	\$ 10,183,550	\$ 3,839,195
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	37,389	27,574
Loss on disposal of equipment	4,744	
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(145,912)	(35,698)
Accounts payable and accrued expenses	249,219	6,400
Grants payable	6,555,201	1,894,125
Net cash provided by operating activities	16,884,191	5,731,596
Investing Activities:		
Purchase of equipment	(175,952)	
Net cash used in investing activities	(175,952)	-
Net Change in Cash and Cash Equivalents	16,708,239	5,731,596
Cash and Cash Equivalents, beginning of year	26,236,791	20,505,195
Cash and Cash Equivalents, end of year	\$ 42,945,030	\$ 26,236,791

Non-Cash Operating Activities:

Value of stock donations received	\$ 5,670,413	\$ 1,419,588
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Non-Cash Investing Activities:

Acquisition of leasehold improvements to be amortized over the term of the lease.	\$ 622,706	
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See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Statement of Functional Expenses

Year ended December 31, 2019 (with comparative totals for 2018)

	2019				2018
	Program	Management and General	Fundraising	Total	
Grants	\$ 35,341,596			\$ 35,341,596	\$ 28,239,288
Salaries	2,486,279	\$ 541,625	\$ 86,224	3,114,128	1,960,661
Payroll taxes and benefits	379,236	157,153	12,458	548,847	312,000
Staff recruitment	208,081	26,081	11,261	245,423	35,871
Advertising	109,865		12,207	122,072	268,906
Outreach	40,440		13,436	53,876	23,589
Professional fees	197,703	415,909	22,118	635,730	831,896
Occupancy	91,553	22,347	5,342	119,242	23,177
Insurance		40,448		40,448	42,935
Office expenses	20,998	102,778		123,776	40,492
Information technology	5,313	14,677	522	20,512	19,580
Travel and conferences	59,164	58,435	1,548	119,147	61,127
Bank and payment processing fees	307,009	10,457		317,466	281,977
Miscellaneous		51,671		51,671	17,486
Donated goods and services	357,782	91,974	29,787	479,543	632,780
Depreciation and amortization		37,389		37,389	27,574
Total expenses	\$ 39,605,019	\$ 1,570,944	\$ 194,903	\$ 41,370,866	\$ 32,819,339

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 1 - Nature of the Organization:

The Clear Fund d.b.a. GiveWell (GiveWell) is a nonprofit organization incorporated February 22, 2007, under the laws of the State of New York. GiveWell aims to find outstanding giving opportunities and publishes the full details of its analysis to help donors decide where to give. GiveWell also gives grants to charities, to improve incentives for doing demonstrably effective work and sharing information on that work. GiveWell's office is located in Oakland, California.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. Revenue and Support

GiveWell's primary source of revenue is contributions from individuals and other organizations. Contributions and unconditional promises to give are recorded at fair value and are recognized as revenue when the donor makes an unconditional promise to give. Donated securities are recorded at fair value at the time of donation. GiveWell reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. GiveWell maintains variance power over contributions, including gifts that are restricted by donors for specific charities.

Donated services are recognized as contributions if the services create or enhance non-financial assets or if the service requires specialized skills and would otherwise be purchased by GiveWell.

c. Cash and Cash Equivalents

GiveWell considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

d. Equipment and Intangible Assets

GiveWell capitalizes equipment and intangible asset acquisitions over \$2,000. Equipment and intangible assets are recorded at cost and consist primarily of office equipment and web development costs. Donated equipment is recorded at its estimated fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to five years.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

e. Grants

Grants are expensed following approval by the board of directors. Contributions restricted to recommended charities are granted to specific charities net of fees GiveWell paid to payment processors (primarily credit card processors), before being released from restrictions. Donations restricted by donors to “grants to recommended charities” received during 2019 were allocated 53% to Malaria Consortium (SMC program), 28% to Against Malaria Foundation (AMF) and 19% to Helen Keller International (VAS program). The allocations are approved by GiveWell’s board of directors during the quarterly granting process.

f. Functional Expenses

The cost of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets, and functional expenses.

Grant expense is charged directly to program. Other directly identifiable expenses are charged to the related program or service benefited. These include salaries and related benefits, professional fees, advertising and travel, which are charged to the functional area of the employee who incurred the expense. Employees who performed work in multiple functional areas prorate expenses based on the actual hours worked.

For GiveWell’s efforts to educate donors on the benefits of effective charities and to promote GiveWell’s grant making programs to effective charities, management allocates 90% of these expenses to program and 10% to fundraising based on estimates of personnel time devoted to the respective functions. Management allocates 70% to program and 30% to fundraising for website and technology resources required to process and record donations based on the percentage of donors who donate funds for the purposes of GiveWell’s granting program versus those who give, at least in part, unrestricted donations that may be used for GiveWell operating expenses.

Occupancy related expenses are allocated to program and services based on a headcount by functional category. Other indirect expenses, including those associated with office administration, human resources, finance, general insurance and legal are all allocated to management and general.

g. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. GiveWell’s donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

h. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i. Tax-Exempt Status

GiveWell is a non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and a similar provision for state taxing authorities. In addition, GiveWell has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

GiveWell’s accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination. Management has determined that GiveWell has taken no uncertain tax position that would require adjustment to the financial statements.

j. Advertising Costs

GiveWell uses advertising specifically aimed at encouraging potential donors to use its research, featured at its public website. The website provides prominent links for donating to recommended charities. Accordingly, advertising costs have been allocated between fundraising and program. Costs are expensed as incurred. For the year ended December 31, 2019 GiveWell incurred \$122,072 of advertising expenses. For the year ended December 31, 2019 GiveWell also received donated advertising expenses in the amount of \$109,539 (see Note 6).

k. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not in sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with GiveWell’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

1. Recent Accounting Pronouncements

Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update are designed to assist entities in evaluating whether transactions should be accounted for as contributions, or as exchange transactions, as well as determining whether a contribution is conditional. The amendments in this ASU related to contributions received are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, while the amendments related to contributions made are effective one year later. GiveWell adopted ASU 2018-08 beginning January 1, 2019 as it relates to contributions received.

Adopted Pending

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use, or control the use of, a specified asset for the lease term. This guidance is effective for fiscal years beginning after December 15, 2021. GiveWell is currently evaluating the impact of this pronouncement on its financial statements.

m. Subsequent Events

GiveWell evaluated subsequent events from December 31, 2019 through June 15, 2020, the date these financial statements were available to be issued. Except as described below, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Since January 2020, there has been an occurrence and threat of an extraordinary event from the COVID-19 virus epidemic. Public health concerns such as contagious disease outbreaks, natural disasters or similar events, may catastrophically effect businesses. Since March 2020, the epidemic was categorized as a pandemic by the World Health Organization and a National Emergency by the President of the United States. The fears from publicized contagious disease outbreaks have raised numerous challenging operating factors for GiveWell's business, those of GiveWell's future donors, and the business environment as a whole. This may result in decreases to future revenue and cash flow, or expose GiveWell to substantial liability. At this time, GiveWell has not observed significant negative impacts on revenue but there is limited information about the future effects of this subsequent event.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 3 - Property, Equipment and Intangible Assets, net:

GiveWell's property, equipment and intangible assets consisted of the following at December 31, 2019:

Intangible – website	\$ 225,000
Equipment and machinery	29,808
Furniture	120,960
Computer	33,918
Leasehold improvements	562,226
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	971,912
Accumulated depreciation and amortization	(260,673)
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	\$ 711,239

Depreciation expense for the year ended December 31, 2019 was \$37,389.

Note 4 - Grants Payable:

Grants payable at December 31, 2019 in the amount of \$20,332,254 represents amounts that have been committed to various grantees, but not yet paid. These grants were fully paid in the subsequent year.

Note 5 - Net Assets with Donor Restriction:

Net assets with donor restrictions at December 31, 2019 consist of incentive grants to potential top charities in the amount of \$260,000 and funds for future allocations to current top charities in the amount of \$213,909.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Net assets with donor restrictions for the year ended December 31, 2019 were released from restrictions by satisfying the purpose specified by the donor as follows:

Malaria Consortium (SMC program)	\$ 13,862,739
Against Malaria Foundation (AMF)	8,899,793
Helen Keller International (VAS program)	4,804,947
GiveDirectly	2,274,997
Development Media International	2,177,694
Evidence Action (Deworm the World Initiative)	945,106
SCI Foundation	701,247
Effective Altruism Foundation	606,118
Iodine Global Network	447,187
IPEN	250,000
Sightsavers (Deworming program)	195,155
END Fund (Deworming program)	133,741
Incentive grants to potential top charities	100,000
Evidence Action (Dispensers for Safe Water)	50,543
Food Fortification Initiative	43,982
Global Alliance for Improved Nutrition (USI program)	40,313
Project Healthy Children	34,475
Living Goods	30,806
VisionSpring	25,000
Vitamin Angel Alliance Inc.	25,000
Zusha! Road Safety Campaign	10,267
Evidence Action (No Lean Season)	3,784
GiveDirectly – Basic Income Project	1,500
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	\$ 35,664,394

Note 6 - Donated Goods and Services:

For the year ended December 31, 2019 the value of various donated goods and services are as follows:

Advertising	\$ 109,539
Use of facilities and office expenses	366,408
Task management software	3,596
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	\$ 479,543

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 7 - Operating Lease Commitments:

In October 2019, GiveWell began leasing space in Oakland, California. The operating lease expires November 1, 2024 and requires escalating monthly rent payments.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending December 31,

2020	\$ 474,842
2021	489,087
2022	503,760
2023	518,873
2024	488,908
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	\$ 2,475,470

Total lease expense for the Oakland lease was \$119,242 and total in-kind lease expense under the San Francisco location was \$366,408 for the year ended December 31, 2019.

Note 8 - Related Party Transactions:

One board member of GiveWell is also a board member of Good Ventures, a not-for-profit organization. Three board members of GiveWell (one of whom is also a GiveWell officer) are also members of the board of managers of Open Philanthropy Project LLC. GiveWell shared office space with Good Ventures and Open Philanthropy Project LLC until October 2019.

Open Philanthropy Project LLC contributed \$366,408 in donated use of facilities for the year ending December 31, 2019, and Open Philanthropy Project Fund made cash contributions of \$100,000.

During the year ended December 31, 2019, GiveWell incurred \$75,650 of expenses in connection with activities for Open Philanthropy Project LLC during 2019, of which \$59,265 was reimbursed during the year ended December 31, 2019 and \$16,385 is included in other current assets. Additionally, Open Philanthropy Project LLC incurred \$28,316 of expenses in connection with activities for GiveWell during 2019, of which \$8,080 was reimbursed during the year ended December 31, 2019 and \$20,236 is included in accounts payable.

Contributions from individual board members and officers were less than 1.5% of total contribution revenue for the year ending December 31, 2019.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 9 - Concentrations:

Financial instruments which potentially subject GiveWell to concentrations of credit risk consist primarily of cash and cash equivalents. GiveWell maintains its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. GiveWell's deposits may at times exceed the federally insured limit.

GiveWell had one major donor in 2019 whose donation resulted in 15% of GiveWell's total contributions for the year.

Note 10 - Available Resources and Liquidity:

GiveWell's financial assets at December 31, 2019 that are available to meet general expenditures over the next twelve months are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$ 42,945,030
Accounts receivable included in other current assets	54,150
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Total financial assets	42,999,180
Less amounts not available for general expenditures:	
Net assets with donor restrictions	(261,794)
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Financial assets available to meet general expenditures over the next twelve months	\$ 42,737,386
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GiveWell's cash and cash equivalents typically include cash held in deposit accounts, highly liquid investments and investments with an original maturity of three months or less.

GiveWell holds in its financial assets available for general expenditure an amount that is judged by management as sufficient to support GiveWell's operations for the next 12 months, including the disbursement of its grants payable in the amount of \$20,544,369. Financial assets available for general expenditure over and above that amount are considered excess assets. GiveWell's board of directors grant out any excess assets on an annual basis at the annual financial meeting according to an excess asset policy. Financial assets available for general expenditure arising from an extraordinary transaction, such as a sale of assets, may be considered up to one year following the close of such transaction, rather than at the next board meeting at which a budget is approved.