

THE CLEAR FUND  
(aka GIVEWELL)

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS  
THE CLEAR FUND

We have audited the accompanying financial statements of The Clear Fund which comprise the statement of financial position as of December 31, 2012, and the related statements of activities 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.

***Auditor's 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 The Clear Fund as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Comparative Information***

The prior year summarized comparative financial information has been derived from The Clear Fund's 2011 financial statements, and in our report dated October 9, 2012, we expressed an unqualified opinion on those financial statements.

***Other-Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
FRUCHTER ROSEN & COMPANY, P.C.  
Certified Public Accountants

New York, New York  
June 6, 2013

THE CLEAR FUND  
(aka GIVEWELL)  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,

	2012	2011
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,338,774	\$ 1,423,237
Investments	29,945	7,491
Prepaid expenses and other current assets	2,756	3,486
<b>TOTAL CURRENT ASSETS</b>	<b>2,371,475</b>	<b>1,434,214</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,371,475</b>	<b>\$ 1,434,214</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,313	\$ 7,699
Grants payable	1,327,374	587,633
<b>Total Current Liabilities</b>	<b>1,333,687</b>	<b>595,332</b>
Net Assets:		
Unrestricted	1,037,788	771,687
Temporarily restricted	-	67,195
<b>Total Net Assets</b>	<b>1,037,788</b>	<b>838,882</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,371,475</b>	<b>\$ 1,434,214</b>

The accompanying notes are an integral part of the financial statements.

THE CLEAR FUND  
(aka GIVEWELL)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

	2012			2011
	Unrestricted	Temporarily Restricted	Total	
Revenue and other support:				
Contributions	\$ 813,053	\$ 1,683,506	\$ 2,496,559	\$ 1,345,838
Donated goods and services	154,537	-	154,537	61,506
Interest and other income	2,601	-	2,601	2,197
Special events, net of expenses of \$-0- and \$12,094, respectively	-	-	-	(4,254)
Net assets released from restrictions- satisfaction of purpose restriction	1,750,701	(1,750,701)	-	-
Total revenue and other support	<u>2,720,892</u>	<u>(67,195)</u>	<u>2,653,697</u>	<u>1,405,287</u>
Expenses:				
Program expenditures	2,293,770	-	2,293,770	999,488
Fundraising	27,352	-	27,352	16,453
General and administrative	133,669	-	133,669	72,497
Total expenses	<u>2,454,791</u>	<u>-</u>	<u>2,454,791</u>	<u>1,088,438</u>
Changes in net assets	266,101	(67,195)	198,906	316,849
Net assets - beginning of year	<u>771,687</u>	<u>67,195</u>	<u>838,882</u>	<u>522,033</u>
Net assets - end of year	<u>\$ 1,037,788</u>	<u>\$ -</u>	<u>\$ 1,037,788</u>	<u>\$ 838,882</u>

The accompanying notes are an integral part of the financial statements.

THE CLEAR FUND  
(aka GIVEWELL)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 198,906	\$ 316,849
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(312)	(301)
Decrease (Increase) in certain assets:		
Contributions receivable	-	49,156
Prepaid expenses	730	(2,038)
(Decrease) Increase in certain liabilities:		
Accounts payable and accrued expenses	(1,386)	5,498
Grants payable	739,741	587,633
	937,679	956,797
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of investments	(22,142)	(7,190)
CASH FLOWS FROM FINANCING ACTIVITY		
Due to officers	-	(3,506)
NET INCREASE IN CASH AND CASH EQUIVALENTS	915,537	946,101
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,423,237	477,136
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,338,774	\$ 1,423,237

The accompanying notes are an integral part of the financial statements.

THE CLEAR FUND  
(aka GIVEWELL)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ACTIVITIES

The Clear Fund (aka Givewell) is a not-for-profit organization incorporated February 22, 2007, under the laws of the State of New York. The Clear Fund finds outstanding giving opportunities and publishes the full details of its analysis to help donors decide where to give. The Clear Fund sometimes gives grants to outstanding charities, to improve incentives for doing demonstrably effective work and sharing information on that work. More information, including all recommendations, grants and reasoning, is available at [www.givewell.org](http://www.givewell.org).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted

Unrestricted net assets of The Clear Fund are assets whose use has not been restricted by an outside donor or by law. The unrestricted net assets represent the portion of expendable funds that are available for the support of the operations of The Clear Fund.

Temporarily Restricted

Temporarily restricted net assets are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or for a specific purpose. Temporarily restricted gifts are recorded as additions to temporarily restricted net assets in the period received. When restricted net assets are expended for their stipulated purpose, temporarily restricted net assets become unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets are contributions and other outflows of assets whose use by The Clear Fund is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The income derived from these permanently restricted funds is usually classified as unrestricted and can be used for the general purpose of The Clear Fund.

At December 31, 2012 and 2011, The Clear Fund had no permanently restricted net assets.

Revenue and Support

The Clear Fund’s primary source of revenue is contributions from individuals and other organizations. Cash contributions and unconditional promises to give from donors are recorded as received. Donated securities are recorded at market value at the time of donation. The Clear Fund 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.



THE CLEAR FUND  
(aka GIVEWELL)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with The Clear Fund's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, The Clear Fund considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject The Clear Fund to concentrations of credit risk are cash and cash equivalents. The Clear Fund places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the FDIC insured levels of \$250,000 per institution at various times during the year. The Clear Fund believes that there is little risk in any losses and has not experienced any losses in such accounts.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time analysis. Fundraising and general and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of The Clear Fund .

THE CLEAR FUND  
(aka GIVEWELL)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-Exempt Status

The Clear Fund 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, The Clear Fund qualifies for the charitable contribution deduction under Section 170(b)(1)(a)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Clear Fund is subject to income taxes only on net unrelated business income. The Clear Fund did not have any unrelated business income for the years ended December 31, 2012 and 2011.

The Clear Fund'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, including resolutions of any related appeals or litigation processes, based on the technical merits. The Clear Fund has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS Forms 990 filed by The Clear Fund are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms filed by The Clear Fund are no longer subject to examination for the fiscal years December 31, 2008, and prior.

Advertising Costs

The Clear Fund uses advertising specifically aimed at encouraging potential donors to use its research, featured at its public website, for their own giving. The Website provides prominent links for donating to recommended charities. Accordingly, a substantial portion of advertising costs have been allocated to program expenditures and costs are expensed as incurred. For the years ended December 31, 2012 and 2011, The Clear Fund incurred \$594 and \$3,054 of advertising expenses, respectively. For the years ended December 31, 2012 and 2011 The Clear Fund also received donated advertising expenses in the amount of \$149,037 and \$57,878, respectively (see Note 6).

Trademark and Domain Name

During the year ended December 31, 2010, The Clear Fund purchased the trademark and domain name under Givewell.org in the amount of \$25,000 and the domain name Givewell.com in the amount of \$1,600. The Clear Fund did not capitalize and amortize these costs and determined that the fair value of these costs have been impaired when computed using the present value of the expected future cash flows. Accordingly, The Clear Fund expensed costs associated with the purchase of the trademark and domain name.

THE CLEAR FUND  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain 2011 accounts have been reclassified to conform to the 2012 financial statement presentation. The reclassifications have no effect on 2011 total assets, liabilities, net assets and changes in net assets.

In prior year financial statements, The Clear Fund included assets held in a Vanguard Charitable donor-advised account. In 2012, The Clear Fund determined that these assets should not be included in the financial statements since they are legally owned by Vanguard Charitable and advised by The Clear Fund. To reflect this change, the assets recorded in this account at December 31, 2011 have been expensed as released from restriction at December 31, 2012.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly including inputs in markets that are not considered to be active.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THE CLEAR FUND  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, The Clear Fund's investments at December 31,:

	2012			
	Level 1	Level 2	Level 3	Total
Unrestricted:				
Cash and cash equivalents	\$ 19,823	\$ -	\$ -	\$ 19,823
Equity securities	10,122	-	-	10,122
	\$ 29,945	\$ -	\$ -	\$ 29,945

	2011			
	Level 1	Level 2	Level 3	Total
Unrestricted:				
Equity securities	\$ 7,491	\$ -	\$ -	\$ 7,491

NOTE 4 - GRANTS PAYABLE

The Clear Fund made grants to various causes during the years ending December 31, 2012 and 2011. Grants payable for the years ending December 31, 2012 and 2011 amounted to \$1,327,374 and \$578,633, respectively. This represents amounts that have been committed to various grants, but not yet paid as of December 31, 2012. These grants were paid in March 2013.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted net assets as of December 31, 2012. Temporarily restricted net assets in the amount \$67,195 were available for various causes as of December 31, 2011 .

Net assets for the years ended December 31, 2012 and 2011, were released from donor restrictions by satisfying the purpose specified by donor as follows:

	2012	2011
Doctors Without Borders USA	\$ 1,000	\$ -
Against Malaria Foundation	598,337	227,882
GiveDirectly	401,615	-
Nurse – Family Partnership	1,085	-
Small Enterprise Foundation	47,283	69,440

THE CLEAR FUND  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	2012	2011
VillageReach	9,493	23,558
Innovations for Poverty Action	1,317	-
KIPP Houston	4,251	-
Nyaya Health	2,306	-
Pratham	11,273	-
Imperial College Foundation	595,746	325,798
The Give Foundation	10,000	10,010
Vanguard Charitable (see Note 2)	66,995	-
Living Goods	-	2,500
	\$ 1,750,701	\$ 659,188

NOTE 6 - DONATED GOODS AND SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 605, “Accounts for Contributions Received and Contributions Made,” if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Individuals have provided various services to The Clear Fund at no charge. The value of these services meets the criteria for recognition in the financial statements and is recorded at fair value.

For the years ended December 31, 2012 and 2011, the value of various donated services are as follows:

	2012	2011
Legal	\$ 1,400	\$ 1,125
Bookkeeping	3,500	-
Advertising	149,037	57,878
	\$ 153,937	\$ 59,003

For the years ended December 31, 2012 and 2011, The Clear Fund also received donated goods valued at \$600 and \$2,503, respectively.

THE CLEAR FUND  
(aka GIVEWELL)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 7 - SUBSEQUENT EVENTS

In preparing the financial statements, The Clear Fund has evaluated subsequent events and transactions for potential recognition or disclosure through June 6, 2013, the date which the financial statements were available to be issued.

THE CLEAR FUND  
(aka GIVEWELL)  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31,

	2012				
	Program	Fundraising	General and Administrative	Total	2011
Salaries	\$ 316,741	\$ 9,200	\$ 70,795	\$ 396,736	\$ 251,389
Payroll taxes and benefits	52,084	1,416	11,475	64,975	37,753
Grants	1,740,316	-	-	1,740,316	659,188
Public website	9,517	1,058	747	11,322	6,036
Advertising	535	59	-	594	3,054
Professional fees	3,750	-	23,428	27,178	33,983
In-Kind goods and services	134,133	14,904	5,500	154,537	61,506
Occupancy	9,770	241	2,050	12,061	7,875
General insurance	-	-	2,233	2,233	1,894
Office expenses	3,225	11	2,097	5,333	2,280
Dues and subscriptions	180	-	177	357	1,160
Registration fees	-	-	100	100	25
Software	20	-	736	756	1,160
Travel and conferences	13,003	463	4,024	17,490	18,979
Bank and payment processing fees	10,381	-	1,229	11,610	-
Miscellaneous	115	-	9,078	9,193	725
Totals	<u>\$ 2,293,770</u>	<u>\$ 27,352</u>	<u>\$ 133,669</u>	<u>\$ 2,454,791</u>	<u>\$ 1,087,007</u>

The notes are an integral part of these financial statements