

THE CLEAR FUND D.B.A. GIVEWELL

DECEMBER 31, 2021

REPORT TO THE AUDIT COMMITTEE



A Century Strong

May 31, 2022

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, 2021. 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 Internal Control Recommendations

Appendix A

The Clear Fund d.b.a GiveWell

Report to The Audit Committee

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 engagement letter dated February 22, 2022. 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 engagement 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 In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, <i>Leases (Topic 842)</i> . Under the new guidance, lessees are 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 with early adoption permitted. GiveWell adopted Topic 842 beginning January 1, 2021.

The Clear Fund d.b.a GiveWell

Required Communications

Area	Comments
Accounting Policies and Practices (Continued)	<p>GiveWell did not adopt any other significant new accounting policies, nor have there been any other changes in existing significant accounting policies during the current period. Significant accounting policies used by GiveWell are described in detail in the notes to the financial statements.</p>
	Significant Unusual Transactions
	<p>We did not identify any significant unusual transactions.</p>
	Management’s Judgments and Accounting Estimates
	<p>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>The following describes the significant accounting estimate reflected in GiveWell’s December 31, 2021 financial statements:</p>
	<ul style="list-style-type: none"><li data-bbox="764 1245 1421 1539">- 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.<li data-bbox="764 1570 1421 1829">- Lease right-of-use asset and lease liability discount rate - to calculate the lease right-of-use asset and lease liability, GiveWell uses a discount rate derived from the incremental borrowing rate, the rate of interest GiveWell would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment

The Clear Fund d.b.a GiveWell

Required Communications

Area	Comments
Audit Adjustments and Uncorrected Misstatements	<p>GiveWell's processes for estimates appear reasonable, consistent with prior years and consistent with industry practice and accounting principles generally accepted in the United States of America.</p> <p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p> <p>We are not aware of any uncorrected misstatements.</p>
Disagreements with Management	<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>With the exception of the engagement of BPM to provide accounting services, 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 significant issues arising from the audit were discussed or were the subject of correspondence with management.</p>
Significant Difficulties Encountered in Performing the Audit	<p>We did not encounter any difficulties in dealing with management during the audit.</p>
Significant Written Communications Between Management and Our Firm	<p>The 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 recommendations (attached).</p>



A Century Strong

May 31, 2022

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, 2021, 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control during our audit that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Hood & Strong LLP

CURRENT YEAR RECOMMENDATION

Accounting Standards Update (ASU) 2020-07 - Presentation and disclosure by NFP entities for contributed nonfinancial assets (gifts in-kind).

This new accounting pronouncement changes required presentation for in-kind contributions other than financial assets. The first element will require separate presentation on the statement of activities (GiveWell already complies) and the second element will require additional disclosure about how the in-kind gifts were utilized (in program, part of management and general or fundraising), donor restrictions associated with the gifts and valuation techniques employed. While it is unlikely that the adoption of this ASU will prove challenging for GiveWell, we recommend that management develop an implementation plan and begin to accumulate the necessary information for disclosure purposes. It becomes effective in 2022.

STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCY

Net Asset Classifications

Observation

We noted that in the fiscal year ending December 31, 2020, GiveWell accounted for new internally designated funds alongside its donor restricted funds (because the designations and restrictions were virtually identical). While none of the funds were improperly allocated, the manner in which funds were being tracked did result in a misclassification of approximately \$3.8 million in revenue with an off-setting error in grant expense, resulting in no impact to the overall change in net assets.

Recommendation

We recommend that GiveWell update its net asset tracking schedule to allow for easier reconciliation of additions to board designated funds, along with new contributions containing donor restricted funds. The supervisory review should include a reconciliation of both restricted gifts and any new board designations. This is necessary to achieve accurate and reliable accounting and financial reporting.

Status

The recommendation has been implemented.

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

STATUS OF PRIOR YEAR RECOMMENDATIONS

Check Sequence

Observation

During our testing, we noted that GiveWell keeps multiple manual checkbooks for the same bank account. Checks were written out of sequence leaving multiple checks unwritten out of each checkbook and unnecessarily complicating bank reconciliations and control of blank checks.

Recommendation

We recommend that checks, whether manual or electronic, are issued in sequential order. This provides records that are easier to review to ensure that all checks are accounted for and recorded properly.

Status

The recommendation has been implemented.

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

We inspected the user access rights to the accounting system and determined that administrative access rights have been limited to an appropriate select number of individuals.

We continue our previous recommendation, and we recommend that all system users utilize email domains provided by GiveWell to ensure that GiveWell administrators can easily track and manage account access and ensure company information is stored on the GiveWell email server.

This communication 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.