

The Case for the Clear Fund

Executive summary

GiveWell was formed by a group of friends trying to accomplish the most possible good with their charitable donations, with a focus on humanitarianism (reducing suffering, increasing opportunity). We have come to believe that there is a huge need for better public information and dialogue on the nonprofit sector. This paper describes our plan to attack this need by establishing the Clear Fund, the world's first charitable grantmaker that is devoted to transparency in its decision making.

We hope to convince you that helping the Clear Fund – with your donations, your contacts, and your insights – is your best opportunity to help improve others' lives.

The need

There are enormous opportunities to help people today, and many different approaches (and organizations) for doing so. It is extremely difficult to find good information on the effectiveness of these different approaches, and no resource exists for publicly evaluating the actual effectiveness of charities. Creating this resource means giving every donor convenient, usable access to the kind of intelligence and due diligence that is currently exclusive to large grantmakers. Doing so could have an enormous impact on the flow of charitable donations, on the terms on which charities compete, and on the global dialogue around methods for improving the world.

The plan

The Clear Fund will be the first charitable grantmaker that is devoted to transparency in its decisions. We will invite charities to apply for grants; award the ones that have the most proven, effective, scalable approaches to helping people; and publish everything that goes into our decisions on a useful, usable website by December 2007, at which point we will focus on publicizing the resource and soliciting donations for continuing work in 2008. For our first year, we are focusing on a subset of causes within direct humanitarian aid: helping the poorest of the poor in the developing world, and reducing barriers to opportunity in New York City. We compare charities directly only when their philosophical goals are commensurable, ensuring that the most philosophical decisions (i.e., prevent death vs. provide education) remain with the donor.

The opportunity

We offer the opportunity to help people today – far more effective than saving and giving later – while ensuring that your donations are used in the most effective way possible. Unlike other managed giving options, we offer extreme transparency and thus leverage: the research that goes into allocating your donation will be able to contribute to global dialogue and influence donors, large and small, all over the world.

You can help by providing (a) thoughts and feedback; (b) donations; and (c) contacts who might be able to provide these.

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The Need

Our project exists because as donors, we couldn't find the resource we needed to figure out how to accomplish the most possible good. In trying to create this resource, we've concluded that doing so is both challenging enough and valuable enough to require a significant commitment of time and money.

Where we're coming from

GiveWell started with a simple question: where should I donate?

We wanted to give. We could afford to give. And we had no prior commitments to any particular charity; we were just looking for the channel through which our donations could help people (reduce suffering; increase opportunity) as much as possible.

The first step was to survey our options. We found that we had more than we could reasonably explore comprehensively. There are 2,625 public charities in the U.S. with annual budgets over \$100 million, 88,812 with annual budgets over \$1 million. Restricting ourselves to the areas of health, education (excluding universities), and human services, there are 480 with annual budgets over \$100 million, 50,505 with annual budgets over \$1 million.¹

We couldn't explore them all, but we wanted to find as many as possible that fit our broad goal of helping people, and ask **two simple questions: what they do with donors' money, and what evidence exists that their activities help people?**

Existing online donor resources, such as Charity Navigator, give only basic financial data and short, broad mission statements (provided by the charities and unedited). To the extent they provide metrics, they are generally based on extremely simplified, problematic assumptions, most notably the assumption that the less a charity spends on administrative expenses, the better. **These resources could not begin to help us with our questions,² and they weren't even very useful in narrowing the field** (for example, even if we assumed Charity Navigator's metrics to be viable, there are 1,277 total charities with the highest possible rating, 562 in the areas of health, education and human services).³

We scoured the Internet, but couldn't find the answers to our questions either through charities' own websites⁴ or through the foundations that fund them.⁵ It became clear to us that answering these questions was going to be a lot of work. We formed GiveWell as a formal commitment to doing this work, and to putting everything we found on a public website so other donors wouldn't have to repeat what we did. Each of the eight of us chose a problem of interest (malaria, microfinance, diarrheal disease, etc.) – this was necessary in order to narrow our scope – and started to evaluate charities that addressed the problem.

Big problems with complex solutions

¹ Internal Revenue Service, Exempt Organizations Business Master File (2007). The Urban Institute, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2007

² See Appendices B and C for an examination of current donor resources and their methodology.

³ Using Charity Navigator advanced search:
<http://www.charitynavigator.org/index.cfm/bay/search.advanced>

⁴ See Appendix A.

⁵ See Appendix D.

We immediately found that **there are enormous opportunities to help people, but no consensus whatsoever on how to do it best.** A couple examples will illustrate both the size and complexity of the problems charities seek to address.

Example 1: saving lives from acute diarrheal illness in the emerging world. Severe diarrhea, leading to dehydration and death, accounts for approximately 1.6 million child deaths annually,⁶ even though such diarrhea is both preventable (through better sanitation) and curable (through extremely inexpensive oral rehydration therapy). Some organizations focus on providing clean water; others believe the problem goes far beyond water, and attack sanitation more broadly (giving classes, building latrines, etc.); others believe in attacking the disease rather than the conditions, providing water purification tablets and oral rehydration therapy. Meanwhile, organizations including the Bill and Melinda Gates Foundation are focused on research, trying to find better drugs and tools for prevention and treatment.⁷ Many organizations use a combination of these strategies, which may be more or less effective depending on the region. **It's clear that children are dying who can easily be saved with more charitable aid; it isn't clear what the most cost-effective ways are of saving them.**

Example 2: improving educational opportunity in the U.S. It's undeniable that the quality of public education varies drastically by region, and children of certain ethnicities drastically underperform others in terms of education and college readiness.⁸ There are charities providing charter schools that seek to do what public schools can't; charities seeking to reform the public schools themselves; charities that focus on after-school activities, recreation, and general health and character development for children; charities that are more focused on early-childhood care and development; and charities that address basic human needs such as nutrition and health care, believing these to be important factors in children's abilities to be good students. **It's clear that children in our wealthy society are missing opportunities that well-spent aid can provide; it's unclear what the best way is to give them these opportunities.**

Getting our questions answered

Realizing that we were trying to make complex decisions, we called charities and questioned them thoroughly. We wanted to see what our money was literally being spent on, and for charities with multiple programs and regions of focus we wanted to know how much of their budget was devoted to each. We wanted to see statistics – or failing that, stories – about people who'd benefited from these programs, so we could begin to figure out what charities were pursuing the best strategies. But when we pushed for these things, charities could not provide them.

They responded with surprise (telling us they rarely get questions as detailed as ours, even from multi-million dollar donors) and even suspicion (one executive from a large organization accused Holden of running a scam, though he wouldn't explain what sort of scam can be run using information about a charity's budget and activities). See Appendix A for details of these exchanges. What we saw led us to conclude that **charities were neither accustomed to nor capable of answering our basic questions: what do you do, and what is the evidence that it works?**

After several months of hard work, we created the website that currently occupies givewell.net. It includes the charity ratings that were the end goal of our investigations, but their presence is secondary – the site's focus is on providing all the information that went into these ratings, and

⁶ See "Top 10 causes of death for Ages 0-14 by Broad Income Group, 2001," an overview from the World Health Organization, available at <http://www.dcp2.org/pubs/GBD/3/Table/3.8>

⁷ See Exhibit 7.

⁸ See "National Center for Education Statistics: Trends in the Achievement Gap," available at <http://nces.ed.gov/programs/coe/2006/section2/indicator14.asp>

letting donors choose for themselves. It is a unique resource, and for the few charities it covers, it provides more information about their ability to improve the world than can be found anywhere else. But it is so far from complete – really, it’s barely a start – that we’ve concluded the only way to answer our questions is through a determined, money-backed, full-time effort.

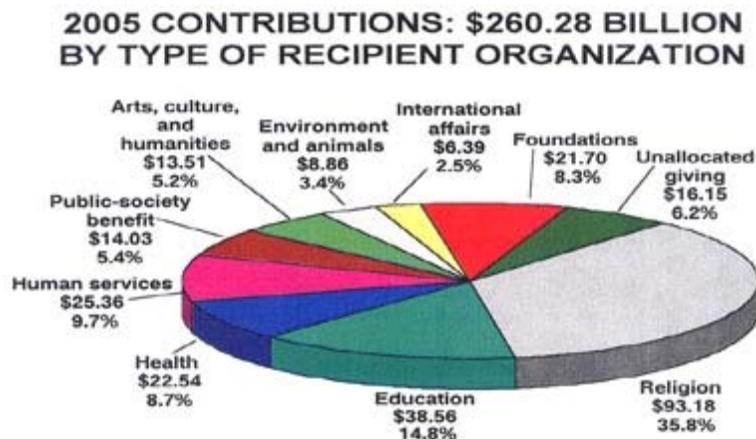
This is why we are starting the Clear Fund, the world’s first completely transparent charitable grantmaker. It’s not because we were looking for a venture to start; everyone involved with this project likes his/her current job. Rather, **the Clear Fund comes simply from a need for a resource that doesn’t exist: an information source to help donors direct their money to where it will accomplish the most good.**

We feel that the questions necessary to decide between charities aren’t being answered or, largely, asked. Foundations often focus on new projects and innovations, as opposed to scaling up proven ways of helping people; and even when they do evaluate the latter, they do not make what they find available to foster dialogue or help other donors (see Appendix D for more on this). Meanwhile, charities compete for individual contributions in many ways, from marketing campaigns to personal connections, but not through comparison of their answers to our two basic questions. **Public scrutiny, transparency, and competition of charities’ actual abilities to improve the world is thus practically nonexistent.** That makes us worry about the quality of their operations – as we would for any set of businesses that doesn’t compete on quality – and without good operations, a charity is just throwing money at a problem.

What we can accomplish

With money and persistence, we believe we can get the answers to our questions – or at least establish the extent to which different charities are capable of answering them. If we succeed, the tremendous amount of money available for solving the world’s problems will become better spent, and the world will reap enormous benefits. We believe our project will accomplish the following:

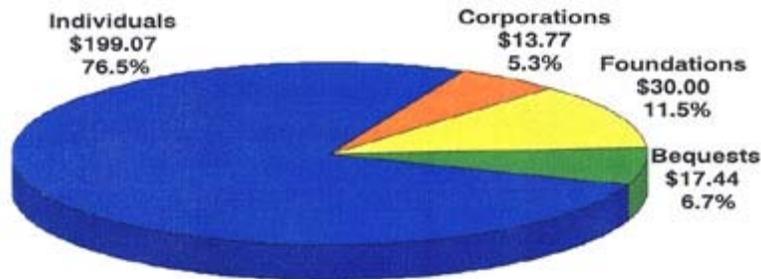
1. Help individual donors find the best charities to give to. This is our immediate goal, and even a small impact on the way donors spend their money would be significant. As the following chart shows, giving in the US – even if we exclude all areas other than health, education, and human services – totaled \$86 billion in 2006 (an increase over 2005, but not an anomaly). This number includes universities in “education,” but also ignores unallocated giving and international affairs.



Source: Giving USA 2006 Annual Report on Philanthropy for 2005

An overwhelming 76% of this giving came from private individuals rather than foundations or bequests (which are the most common ways for mega-donors to give). A crude estimate from these two numbers implies **roughly \$66 billion** of giving from private donors to public charities.

2005 CONTRIBUTIONS: \$260.28 BILLION BY SOURCE OF CONTRIBUTION



Source: Giving USA 2006 Annual Report on Philanthropy for 2005

For context, the Gates Foundation gives about \$1 billion annually, over twice as much as the Ford Foundation, America's second-largest grantmaker. These foundations are often focused on, rightly, as having a huge impact on the way capital flows to address problems. But the **lion's share of giving in America doesn't come from large grantmakers with developed evaluation programs**, or even from large private donations (which generally go through foundations). **It comes from the same individuals who lack the resource we seek to build.** Any noticeable improvement in the information these individuals use could dwarf the impact of the world's largest foundations.

We don't expect to change the way everyone gives. But preliminary evidence suggests that even our current site at givewell.net has had a noticeable influence on the giving patterns of those who know about it,⁹ and giving communities on the Internet are already pointing to it as a uniquely useful donor resource¹⁰ – despite its tiny scope (looking at the essentially arbitrary problems we chose to focus on, to make the project doable), our lack of attempt to publicize it, its lack of professional or attractive design, and the warnings about incompleteness that cover it.

The Clear Fund will seek not only to give its own grants well, but to replace givewell.net by next giving season with a well-designed, usable site that can claim a reasonable (though still far from complete) coverage of the nonprofit sector. If we accomplish this, the impact will be immediate – and will continue to grow as the site's quality and scope improves.

2. Foster competition to find the best ways of improving the world. Since our criteria will be available for all to see, any impact on how donations are given will also mean an impact on how charities seek them.

We envision a world in which a charity can increase its share of donations not through more aggressive fundraising, but simply through a great plan and great people that translate to demonstrable impact on the world. The more possible this becomes, the more great plans and great people will emerge. Just as businesses in more competitive sectors are pressured to provide higher quality service, charities that compete to improve the world will be pressured to improve it more effectively. This is true both within particular problems (malaria-centric charities competing for funds will be pressured to find more effective ways of attacking

⁹ More information available on request.

¹⁰ See Appendix E.

malaria) and between them (finding an important problem that others aren't working on – and thus a new way to improve the world – will be rewarded).

To bring this vision about, we need a way to reward charities for accomplishing good, and that in turn means that we need a way to examine and publicize what they're accomplishing. The Clear Fund aims to meet this unmet need.

3. Foster global dialogue between everyone interested – both amateur and professional – in the best tactics for improving the world. Not all great ideas need come from the charities themselves, or from us. Like our current website, givewell.net, our resource will not only include all of the information that goes into our evaluations, but will also provide means for anyone and everyone to comment and contribute. (The current website attaches a discussion tab to each page; we plan to keep this model as the site develops.) By holding up everything we find to public scrutiny, we will vastly improve the quality of information and analysis, and allow anyone to survey the world's problems and propose innovative solutions.

Though the nonprofit sector faces unique challenges – one of them being that donors do not consume what they purchase, and therefore can't directly evaluate it – it also has the unique characteristic that **total transparency is in everyone's interest**. Unlike a for-profit company, we have no good reason to hide anything we know about the best methods for improving the world – and nobody else does either. This fact makes it even more surprising that we haven't been able to find the information we need to figure out where to donate – and it makes it even more urgent that we push the nonprofit sector to become as transparent as it has the potential to be. Structurally, charities have the potential to be not laggards but world leaders in organizational self-evaluation, accountability, and honest communication with their investors and customers; and the dialogue over charities has the potential to be a model of open, goal-driven discussion powered by a meritocracy of ideas. The right competitive pressures can bring this vision about.

4. Increase engagement and participation in charitable causes. Over the last few years there have been many expensive, concerted attempts to make charity a bigger part of our culture, but when we look at them, we see a consistently missing piece. Current campaigns present charity as consisting purely of generosity: writing a check, whether it's a donation (the Don't Almost Give campaign) or a consumer purchase (the (RED) campaign). They do not offer ways for people to turn donating into a hobby, a source of constant involvement. Speaking only from personal experience, we find it hard to sustain interest and enthusiasm over writing a check, and easy to sustain interest in something that challenges us and makes us think. Yet charity certainly provides this: the problems that charities exist to solve are complex ones, demanding complex understanding and complex solutions. The eight people who created the original givewell.net website have all become more interested in charity in general as we have discussed it, debated it, and found it to be something that demands all the intelligence we have and more. As a result, all of us are not just better informed, but more interested, and more inclined to give. We believe that a resource fostering interesting, challenging discussions of complex issues will result in newly interested people and thus in new and more generous givers.

The big picture

All of the benefits above fall under the same general principle. **The Clear Fund will put a new focus on the strategies – as opposed to the funds – being used to attack the world's problems.**

Even unlimited amounts of money are rarely enough to solve a tough problem – and a great idea can often achieve the kind of progress that no funding could. In charity, as in everything else, generosity and good intentions are helpful but not sufficient.

Exposing everyone's strategies will allow donors can choose the best ones and all interested parties to further dialogue, debate, and development of new ideas. We believe this simple

change in the dynamics of the nonprofit sector – from opaque and money-centered to transparent and dialogue-centered – has more potential to improve the world than does any single existing program.

The Plan

The Clear Fund will be the world's first charitable grantmaker that is devoted to transparency in its decisions. In our first year, we will invite charities within several different causes (details below) to apply for Clear Fund grants, and award one major grant to the charity in each cause that appears, from all the evidence we have, to have the most proven, effective, scalable approach to helping people.

On our public website, we will publish a complete description of everything that went into our decisions. We will not only provide all of our information – we will focus on making it practical for an interested donor to read it, understand the big-picture reasons that we chose the grant recipients we chose, and have the option of digging deeper to see every single piece of information that we used, as well as comment publicly on it. **True transparency means information is not just available but accessible, coherent, and understandable.** Usability and clarity of communication, as well as open participation, will be a priority of our website.

We will thus create a unique resource: a true window into the full process of figuring out how to accomplish the most possible good with our charitable donations. Any interested party will be able to either (a) give directly to the Clear Fund, if they like the way we make decisions and want us to use their money as effectively as possible for the philosophical goal they choose; (b) simply use what we've done to inform their own giving. They will also be able to add their own thoughts and comments directly on the website. Our goal is to create this resource by December 2007, and publicize it actively during peak giving season so that donors can take advantage.

Why is it necessary to give our own grants?

Grants will provide the leverage we need to break the cycle of opacity that we believe currently plagues the nonprofit sector. Charities have often been hesitant to share their information with us;¹¹ foundations are also tentative about transparency;¹² and when we ask why, we commonly get the answer that whoever is first to embrace transparency is also first to show imperfections, bad news, and failures (an inevitable part of any difficult endeavor).¹³ It seems that no one wants to be first to become transparent – but we can change that. We seek to offset the intangible benefits of hiding weakness with the very tangible benefits of significant grants.

When we originally started GiveWell, we put a great deal of time and effort into getting charities to share their information. In many cases it took months of dealing with marketers just to get in touch with someone *capable* of answering our questions. Since we were researching personal donations, different members of the project offered different amounts; those who offered more got quicker and better information, but none of us got enough. (See Appendix A for details.)

We believe that the larger our grants are, the more charities will want to help us get the information we're looking for. This will save time that we can use to do a better job examining, understanding, organizing, and summarizing (via our website) the information we get. We believe this is a far more cost-effective way, in the short term, to speed up our project than trying to do so via hiring more help, with all the recruiting and management overhead that involves.

Furthermore, adopting this strategy means that the bulk of our budget will not simply be facilitating our project: it will literally fund the activities of the charities that we select as the best. A donation to the Clear Fund will therefore *both* fund the best charities the Clear Fund can find,

¹¹ See Appendix A.

¹² See Appendix D.

¹³ See Appendix D for the details of how we've gotten this impression.

and facilitate our work in creating a resource that all donors can use. For a donor who knows what they want philosophically (i.e., improve education or fight disease) but not tactically (i.e., fund one organization or another), **the Clear Fund offers a unique opportunity: we will do the work of finding the best ways to translate money into helping the world, and be transparent enough so that this work does not have to be repeated.** This is the kind of "money management" that makes the most sense when the goal is to improve the world: allow the work that goes into managing your giving to inform everyone else's.

The rest of this section gives the details of how we plan to find charities, evaluate charities, and build a useful donor resource, and closes with a summary of our timeline, budget and personal qualifications.

Scope

One of the challenges of our project is to narrow our focus so that we can create a truly useful resource as quickly as possible (our target being December 2007). Attempting to cover all of the many problems that charities address would make this impossible.

Instead, we have constructed a full map of the causes that charities address, and chosen a preliminary subset for our first year.¹⁴ We are open to our modifying our agenda based on donors' preferences, but for now, we have put our emphasis on:

1. **Helping people who are unfortunate and disadvantaged, but not irrevocably so.** This excludes organizations serving the permanently disabled and terminally ill; it also excludes organizations focused on public goods (museums, parks, etc.) and on animal welfare.
2. **Translating money directly and reasonably quickly into improving people's lives, without reliance on changing others' opinions or laws.** This excludes organizations focused on public awareness, outreach, and political advocacy, as well as organizations devoted to research and organizations devoted to environmental protection. This criterion will help avoid the programs that are hardest to evaluate, and is thus appropriate for our first year.

Using these criteria, we have assembled a list of seven causes, with the intent of giving a single large grant within each cause. (The philosophy behind giving one grant per cause is detailed more under "Evaluation criteria.")

Our seven causes

Causes 1-3: aid the poorest of the poor, focusing on Africa.

Cause 1: Provide for basic human needs including basic health care, food, water, and shelter.

Cause 2: Fight epidemic curable/treatable diseases, including malaria, diarrhea, tuberculosis, AIDS, measles, and pneumonia.

Cause 3: Enable economic opportunity through microcredit, job assistance and training, and education.

Causes 4-7: remove barriers to opportunity in wealthy societies, focusing on New York City.

Cause 4: Provide for basic human needs including basic health care, food, and shelter.

Cause 5: Aid youth development (pre-high school) through after-school activities, child care programs, etc.

Cause 6: Improve educational opportunities at the high school level through charter schools, summer schools, and public school reform.

¹⁴ See Appendix F.

Cause 7: Enable economic opportunity through microcredit, job assistance and training.

Regional focus

We have further narrowed our scope by picking particular regions to focus on, as indicated above. This allows us to study the regions independently and examine the interconnection of the problems that charities address, and further facilitates comparing charities to one another. Like our choice of causes, our choice of regions does not indicate that these are the only regions worth assisting with donations – we are just narrowing our scope so that we can have an attainable goal. We took the existing structure of the nonprofit sector into account, which explains why the regions vary so much in size (most of the charity in New York City is done by organizations focused on New York City, whereas most of the charity in Nigeria is done by organizations with a broad mandate of serving Africa).

Types of organizations

We will focus on registered 501(c)(3) public charities that have projected budgets of at least \$1 million. Since we will be reviewing these organizations for the benefit of independent donors, we will place an emphasis on ability to scale with incremental donations. For example, if a charity's best program is overfunded such that new funds will end up funding other programs, we will focus our evaluation on its other programs. Our goal is to find charities we can confidently recommend to a large number of independent donors.

At the same time, we are looking to fund organizations that design all or a large share of the strategies they implement. This is because it's easier to compare programs than to compare program evaluators. We will not evaluate foundations, or other organizations whose primary role is to evaluate grant applications within broad mandates.

See Appendix F for the details of how we settled on this scope as the right compromise between creating a broadly useful resource and setting an achievable short-term goal.

Evaluation criteria

Separating analysis and philosophy

A charity that focuses on fighting malaria and a charity that focuses on fighting tuberculosis are largely aiming for the same end goal – preventing death – and if one were clearly better at preventing death than the other, it would be reasonable to declare it a better use of funds. By contrast, a charity that focuses on creating economic opportunity has a fundamentally different end goal. It may be theoretically possible to put jobs created and lives saved in the same terms (and there have been some attempts to create metrics that do so), but ultimately different donors are going to have very different perspectives on whether it's more worthwhile to create a certain number of jobs or prevent a certain number of deaths.

We believe that pitting charities against each other using concrete, consistent criteria is the best way to evaluate them in a way that is thorough and understandable to others. At the same time, we do not want to compare *all* charities in the same terms, because this would involve making philosophical decisions that should be made explicit rather than buried in conversion factors. We've therefore taken the approach of **dividing charities into causes by broad philosophical goal (see above), and giving one grant per cause**. Charities are pitted directly against each other within causes, but not between them.

The basic rule of thumb is that where most donors would be comfortable letting an intelligent, competent, well-informed person choose between charities for them, we will do so; where they wouldn't, we won't. There is no ironclad way to apply this principle (i.e., no perfect way to

separate charities by cause), and people will disagree over how we've applied it. We invite donors to discuss our choices with us, and we are very open to changing our configuration of causes to meet our donors' preferences.

This approach is useful to those who give directly to the Clear Fund, because we allow donors to designate their philosophical goal, while leaving the choice of organization (and the leverage that comes with it) to us. It will also be useful to those who come to our website for recommendations – our recommendations will save them the time of reading through everything, but will not be excessively built on embedded philosophical assumptions that they are likely to disagree with.

Comparing charities within causes

We will seek to identify the charity within each cause that has the most **effective, proven, scalable** approach to its philosophical goal. This contrasts starkly with the approach of most other major grantmakers, which prioritize creation and innovation and are often active in designing projects (more in Appendix D). We exist to steer the vast amount of charitable capital to those who have already developed excellent ways to use it.

Having grouped charities together only where their goals are roughly commensurable, we're able to articulate in concrete terms what we're looking for charities to accomplish within each cause. Below is our list of seven causes; for each, we have included what our *ideal* metric would be for comparing charities within a cause. If we could completely understand the effects of each charity's activities (which is never possible, as we discuss more below), we would compare them using these ideal metrics. We recognize that there is room to dispute our philosophical choices regarding what's important about each cause, and we are interested in discussing these choices with anyone who questions them.

Ideal metrics

Causes 1-3: aid the poorest of the poor, focusing on Africa.

Cause 1: Provide for basic human needs including basic health care, food, water, and shelter.

Ideal metric: number of people for whom *all* such basic needs are met, and wouldn't have been met without the charity's activities, per dollar per year.

Cause 2: Fight epidemic curable/treatable diseases, including malaria, diarrhea, tuberculosis, AIDS, measles, and pneumonia.

Ideal metric: number of people who are alive and functioning, but would have been killed or debilitated without the charity's activities, per dollar per year.

Cause 3: Enable economic opportunity through microcredit, job assistance and training, and education.

Ideal metric: number of people whose jobs produce the income necessary to give them and their families a relatively comfortable lifestyle (including health, nourishment, relatively clean and comfortable shelter, and some leisure time), but would have been unemployed or working completely non-sustaining jobs without the charity's activities, per dollar per year. (Systematic differences in family size would complicate this.)

Causes 4-7: remove barriers to opportunity in wealthy societies, focusing on New York City.

Cause 4: Provide for basic human needs including basic health care, food, and shelter.

Ideal metric: number of people for whom *all* such basic needs are met, and wouldn't have been met without the charity's activities, per dollar per year. Note that this cause remains philosophically distinct from Cause 1, because living as described in the developed world is a fundamentally different experience – and means different things to different donors – relative to living as described in the developing world.

Cause 5: Aid youth development (pre-high school) through after-school activities, child care programs, etc.

Ideal metric: number of children who enter high school with normal levels of learning abilities and mental health, but wouldn't have without the charity's activities, per dollar per year.

Cause 6: Improve educational opportunities at the high school level through charter schools, summer schools, and public school reform.

Ideal metric: number of children who graduate from high school well equipped for college (as demonstrated by later college grades), but wouldn't have done so without this charity's activities, per dollar per year.

Cause 7: Enable economic opportunity through microcredit, job assistance and training.

Ideal metric: number of people whose jobs produce the income necessary to give them and their families a relatively comfortable lifestyle (including health, nourishment, relatively clean and comfortable shelter, some leisure time, and some room in the budget for luxuries), but would have been unemployed or working completely non-sustaining jobs without the charity's activities, per dollar per year. (Systematic differences in family size would complicate this.)

We have deliberately put affected *people* at the core of each of our ideal metrics; furthermore, we have generally designed our metrics around the number of people whose relevant needs are fully (or nearly fully) met with the charity's activities, and would have been completely (or nearly completely) unmet without them. Cause 1 is a good example: people who lack shelter tend to lack nourishment and/or health care, and we feel that addressing one of these needs while the others remain drastically unmet is a deed that pales in comparison with that of addressing all of these needs. If one organization focuses on health care and another focuses on shelter, we feel it is reasonable to say that the better donation is the one that ultimately helps more people to have *both*.

Thinking of metrics in this way introduces theoretical imperfection: we purposefully do not try to weigh helping many people slightly against helping a few people completely, but instead focus squarely on the latter. Because of the way we've constructed our causes, the two should, generally and logically speaking, be correlated within a cause – for example, a malaria program that saves more people from death probably also saves more people from minor infections, whereas the same does not hold between causes (a malaria program can easily save more people from death than an education program, while causing fewer to live lives of full opportunity). In the cases where we are wrong about this relationship and the two diverge significantly, we will (a) consider modifying our set of causes, to separate philosophically distinct options and allow donors to choose between them; (b) **focus on making people's lives significantly better, rather than on the theoretical mathematical product of people affected times size of effect.** This criterion (fully serve as many people as possible) matches with our intuitions, and we also feel that it is clearer – easier to understand, relate to, and make your own decisions regarding – than any conversion factor between partially and fully helped people that we could create. The basic unit of a humanitarian metric should be people, not anything else.

Putting aside the issues with our ideal metrics, a lot stands between them and the figures we'll actually be able to put together. Complicating factors include:

1. Lack of data about people served. In our experience, charities frequently are not able to provide any systematic self-evaluation. When they do, the evaluation often stops far short of what would be necessary to compile these metrics: it is limited to monitoring (making sure that the intended activities were carried out, without examining their results), or to measuring only the most proximate results (for example, microfinance organizations can often provide information on how many loans were repaid, but not on whether the people they've served have gotten sustaining jobs). And in many cases, it is not even theoretically possible to collect relevant measurements in the short term (for example, a high school program must be in place for years before its effect on college readiness can really be measured).

2. The question of causality: what would have happened without the charity's activities?

This is frequently impossible to measure directly; it is rare that a charity is able to provide a study comparing the people they served to a truly representative "control group."

3. The question of what impact incremental funds have. “Lives saved per dollar” can’t simply be calculated as lives saved divided by a charity’s total budget. This calculation would frequently overstate costs, since many operational costs are fixed, and more money could allow cheap expansion of operations. It would also frequently understate costs, since many programs face bottlenecks other than funding (for example, a program to fund local doctors will stall when it can’t find more local doctors, no matter how much funding is available), and so incremental dollars won’t necessarily translate into more of a charity’s most effective activities.

These concerns can only be addressed using case-by-case analysis, estimation where feasible, and common sense in all cases. The field of charity evaluation is new enough that there are no real precedents or established qualifications;¹⁵ statistical literacy is essential, but beyond that there is no particular field of study or experience for picking up the necessary skills, and thus no resume item that can demonstrate them. What we can say for ourselves is that:

- 1. We believe we are exceptionally strong in the general abilities needed to conduct this analysis, and the people who have worked with us and managed us – in the context of extremely competitive and selective environments – will attest to that.** More on our particular qualifications is covered in the “Why Us?” section.
- 2. Whenever expertise in a particular field is relevant to cracking a problem, we will seek it out.**
- 3. We will be 100% transparent in all of our evaluations.** Every piece of information we use to come to our conclusions will be available on our website, as will every step of our thought process. We will also use our public weblog to share our thoughts as they develop, so that anyone in the world can criticize and comment on them. **We will thus be more accountable for our decisions than any other donors or grantmakers in the world.**
- 4. Our current website at givewell.net gives a flavor of how we conduct evaluations with limited information.** We believe our current reviews demonstrate diligence, intelligence, common sense, and honesty about what we don’t know. We also believe they are the first attempts by anyone to reach this degree of openness about what went into their donating decisions. We encourage you to read through our website thoroughly and share whatever thoughts you have.

We will argue more fully below (see “Why us?”) that while there are no precise or “safe” ways to conduct charity evaluation, the Clear Fund represents the best current option for doing so – and for improving (through dialogue) the quality of charity evaluation across the world.

Evaluation process

Charities that meet the criteria detailed under “Scope” will be invited to apply for Clear Fund grants, starting with our grant application. The details of our application will vary by cause, but our basic approach will be:

- 1. Start with a detailed budget breaking out past and projected expenses by program area, geographic region, and expense type.** We expect to have to push to get information along these lines – charities are used to sending the budget from the tax return, which is generally much less detailed than what we want¹⁶ – but this is an essential first step in understanding a charity. A good budget shows us how a charity’s strategies are intended to work (opening the door to more detailed questions about implementation and results) and what priority it places on different strategies.

¹⁵ See Appendix G.

¹⁶ Appendix C has more on the tax return and its prevalence in current charity evaluation.

2. **Focus on understanding the programs that are significant parts of the budget, as well as the programs that new dollars would most likely fund.** The former helps us evaluate a charity's overall quality by looking at how its most significant and prioritized programs work; the latter helps to understand the relevance of incremental donations, and is something charities should be able to tell us directly.
3. **For programs we focus on, ask for a description of the process by which the programs are monitored and evaluated – and for *all* the results of these evaluations.** Willingness to share self-evaluation results – especially when they are not polished or encouraging – reflects on a charity's commitment to transparency.
4. **Thoroughly read through all program descriptions and evaluation results, with the aim of getting as close as possible to the ideal metrics listed above.** We believe we are well equipped to do most analysis ourselves, but when we need help, we will have the willingness and ability to get it.
5. **Question charities thoroughly.** We expect a lot of back-and-forth communication, as we had last fall while putting together our current website. We are determined to understand charities as fully as possible.

At the same time, we will pursue other sources of information about the charities we're evaluating and the problems they address. These include:

1. **Knowledge bases of other foundations.** We have no interest in repeating others' research; we will locate other foundations that have worked with the same charities and problems, using resources including the Foundation Center, and ask them to share their information with us. We don't expect to have an easy time obtaining this information,¹⁷ but we will be persistent in pursuing it.
2. **Academic studies of the relevant regions, problems, and possible solutions.**
3. **Interviews with people who have worked with the charities we're evaluating – either as partners or clients.** When we are evaluating a strong organization devoted to public school reform, we will aim to interview teachers and students at the schools they serve. When we are evaluating a strong organization that funds small community-based projects, we will aim to get in touch with those who run these projects and deal with the larger organizations' grantmaking processes. When we are evaluating a strong organization that feeds the hungry, we will visit their site and talk to the people they are serving. The information we get from these interviews will rarely result in concrete metrics, but it will give us a more complete picture and raise other questions, and we will include as much as we have permission to include on our website.
4. **At least one personal visit to a relevant location within each cause's region of focus.** We will be sure to conduct at least one personal visit to a major region within each cause, to further improve our understanding of the problems we're addressing and the connections between them. Operating out of New York City will make many of these visits easy; we will also make at least one trip to a relevant area within Africa.

Our awards

Our funding allocation between causes will be largely donor-determined, but we are targeting a minimum of **\$50,000 per cause**, in the hopes of making applicants as cooperative as possible and thus using our own labor as effectively as possible.¹⁸ Since we are focusing on charities' ability to scale with incremental donations, we don't expect to run into situations where we have more money available than a charity can effectively absorb. (If this does happen, we will make more than one grant within that cause.)

¹⁷ See Appendix D.

¹⁸ We arrived at this number through a combination of looking at statistics on the distribution of foundation grant size (using the Foundation Center), and talking to people in the sector (Appendix G includes an overview of the people we've talked to).

The single grant we give within each cause will be unrestricted: not designated for any particular program, region, or category of expense. Although we are evaluating charities by looking at their programs, we are ultimately evaluating charities, not tactics. Unlike many other “results-oriented grantmakers,” we believe that the most promising approach to solving the world’s problems is *not* to micromanage charities and make them follow our own agendas; rather, it is to find excellent people who understand their areas well, then let them do what they do best, giving them the flexibility to adjust to circumstances as they change and direct funds where they are most needed. **As investors in for-profit businesses do, we will give discretion but demand transparency, and count on the combination of freedom and competition (rather than our own design principles) to produce the best programs.**

We believe that donor choice can be valuable, but that donor micromanagement is harmful to the world.¹⁹ The division of labor that makes sense to us is as follows: **our donors choose their philosophical goals, we choose the organizations best for accomplishing these goals, and the organizations choose their tactics.**

Transparency via the web

As we have said repeatedly, we will aim for complete transparency in our evaluation and decision making. **Complete transparency means more than making our information sources available. It means making our logic clear and our materials truly usable even to the casual reader.**

As such, we expect to put significant effort into both the content and design of our website, which will be available at both <http://www.givewell.net> and <http://www.clearfund.org>. The reviews currently up at givewell.net (see Exhibit 1) give a flavor of what we seek to do: we provide our full take on each organization at **several different levels of detail**, to serve both readers who want to glance at the highlights and readers who want to understand everything we do, and within our reviews we **link every statement to the material(s) it is based on.**

Our current website was hacked together using wiki software, with a focus on minimal time investment. It works for a very small number of reviews, but we will need a new website capable of presenting a lot of information in a way that allows readers to find it easily. We intend to hire a professional firm to work with us on the design, at a projected cost of \$20,000.²⁰

Personnel

We, and most people we know, have good jobs in the finance industry where we are comfortable and treated well. A partner in this project must be both up to the challenge of this project and ready to leave his or her job to work on it full-time with little to no security.

Two people will be working full-time in the first year of this project: Holden, who is committing to GiveWell indefinitely and will begin work in June of 2007, and Elie, who is taking a leave of absence from his current job and will work full-time for GiveWell from August through November 2007. Each will take an annualized salary of \$65,000, plus a \$300 per month health benefit allowance. In 2008, pay will be reviewed by the board, along with the direction and scope of the project as a whole. This salary represents a dramatic drop from our current salaries; it is well

¹⁹ See Garrett, “The Challenge of Global Health,” *Foreign Affairs* January/February 2007, for an excellent analysis of the problems that can be caused by excessive grant restriction.

²⁰ We arrived at this figure after writing up a detailed spec for our website and discussing it with several professionals in the sector.

below both our market value and what we would require to continue with the project over the very long term, if it turns out to be an impactful and valued donor resource.

Several of our colleagues will be helping us on a part-time, volunteer basis, and in September of 2007 we will go to colleges recruiting more such part-time volunteers. Volunteers will be given confined assignments to read over the materials charities send and ask good questions about them. Any college volunteers will be given particularly confined assignments at first; our main purpose in working with them will be to identify people who might be valuable interns or full-time employees when they leave school in 2008, if we have the funds and the need.

From what we've done so far, we know that effectively investigating charities takes a great deal of commitment, hard work, and independence, as well as intelligence. Our philosophy is therefore to give significant responsibility only to people whom we know will do an excellent job with it. During our first year, we are going to avoid the overhead involved with recruiting and managing; through this, and large grants aimed at making charities help us get information, we will maximize the amount of our time that can be used for forming and writing up evaluations.

Timeline

Our first priority is to raise enough funds so that we can invite charities to apply for grants, and truthfully hold out the possibility of reasonably large awards. Our project can't begin in earnest until we have secured these funds (see "Budget" below).

As soon as we have secured enough funding, we will send out grant applications to charities that meet the criteria detailed above. From that point until November of 2007, we will focus entirely on understanding the charities and the problems they solve, using the process detailed above (under "Evaluation process").

In the meantime, we will visit college campuses in September of 2007 to recruit volunteers. This is not a significant part of our first-year plan, but we expect it to pay dividends if and when we expand our activities in 2008.

In November, our focus will switch from gathering and evaluating information to writing up what we have and creating the website to make it available. Our goal is to have a useful, usable website that makes it easy to see everything that went into our decisions by late November. At that point we will meet with our board, go over our reasoning, and allocate grants.

We will spend December of 2007 publicizing our website as a donor resource, as well as forming a realistic and promising plan and budget for 2008 and soliciting any necessary funding. We expect to be successful in attracting attention and traffic,²¹ and as such we expect to spend significant time participating in the discussion around what we've done, and having open dialogue with those who question our giving decisions.

The size, scope, and even direction of our project beyond 2007 will depend entirely on the public reaction to it, and the funds we're able to raise once we have a solid proof of concept.

Budget: June through December 2007

²¹ See Appendix E.

| Item | Details | Amount |
|--|---|------------------|
| Grants (see "Evaluation process") | \$50,000 per cause, 7 causes | \$350,000* |
| Personnel (see "Personnel") | \$68,600 ann. for Holden (June through December) and Elie (August through November) | \$62,883 |
| Website (see "Transparency via the web") | Includes functionality, design, and hosting fees | \$20,000 |
| Legal and accounting fees | \$15,000 for financial audit; \$10,000 for legal help | \$25,000 |
| Miscellaneous | Travel expenses to visit regions of focus; information resources including libraries and Foundation Center subscription; fundraising materials and expenses | \$15,000 |
| Total fundraising target | | \$472,883 |

Total fundraising target: \$472,883

*All of this money will be allocated directly to the best charities we can find, and will thus fund their strategies for accomplishing the world (as well as helping our project).

Why us?

Why do we have to be the ones to do this project? Why not entrust it to an existing foundation or other group of people with stable financial resources and years of direct experience in the sector?

The short answer is that **we are setting out to create the kind of transparency that existing foundations and charities should have been providing – and have failed to provide – for decades.** Our existing website (see Exhibit 1) already contains a degree of honesty, thoroughness, and intent to communicate about our giving decisions that does not exist anywhere else, and throughout our project plan is a commitment to a level of openness that is unprecedented. We have looked – and asked – for another resource with the kind of transparency we seek, and if we could find it we would use it for our donating choices, share our thoughts via its open communication channels, and keep our current jobs.

Existing online donor resources give only the most superficial, and often distortive, financial information about charities – they contain no independent analysis of effectiveness. Meanwhile, those who *are* investigating such effectiveness share next to nothing about what they find, and most explicitly refuse to do so.

See Appendix B for a complete list of existing donor resources and their shortcomings; Appendix C for an analysis of the most commonly performed public evaluations, and why they are not useful; Appendix D for more about existing foundations and the unacceptable level of their current transparency; and Appendix A for the general difficulty of finding the most important information for donors.

We believe that our commitment to transparency is more valuable than any other qualification you could ask for in a charity evaluator. If all we do is gather information and make it accessible to

anyone in the world who wants to see it, we will create value in ways that no existing foundation or advisor has. **The resource we need could have existed decades ago; it does not exist today; there are no signs of that anyone else is building it; and we feel that the sooner it exists, the sooner progress on the world's problems will accelerate.** The best path we see is therefore to start building this resource immediately. If the result is that others are goaded into following suit and building their own, superior donor resources, so much the better.

Our qualifications

We are not health experts, education experts, or social science experts; we are donors, working through – and communicating about – the decisions all donors must work through. We do not see our role as designing, managing, improving, or measuring charitable programs; we see our role as understanding these programs as well as non-experts can, **with whatever help and testimony from experts is necessary to do so**, and sharing our understanding with other non-experts.

That said, it is important that we be able to make and communicate our giving decisions intelligently. **There is no established consensus on how giving decisions, program evaluation or charity metrics should be conducted;** the “field” (to the extent it is even considered one) is young not very developed.²² Rather than credentials, we think it is appropriate to focus on abilities.

One indication of our abilities can be found in the opinions of the people who have worked with and managed us for the past few years. They will attest that even in a highly selective environment, we have stood out for our intelligence, particularly the kind that will be most important for this endeavor: the ability to combine analysis with common sense, and the ability to pick out and summarize what's important from a vast array of information.²³

Another, and in our opinion better, indication of our abilities is the set of reviews on our current website at <http://www.givewell.net> (see Exhibit 1 for an example). Although we were short on time and information, we still took care to write reviews that make it clear what we look for and how we think – reviews that are reasonable, intelligent, and transparent, and indicate an ability to approach giving decisions with common sense and honesty.

Transparency first

As we have discussed above (see “Evaluation criteria”), evaluating charities involves fundamental analytical and philosophical hurdles. There is no way to do it with perfect - or even very much - certainty, safety, or precision. Any giving decision can be fairly criticized; yet these decisions can't be avoided, as they are made with every dollar that is donated. Making the decisions *transparent* means being honest about the parts of them that are philosophical and intuitive – and although being systematic and consistent is valuable, philosophy and intuition can't be eliminated without making the decisions worse.

We believe this is exactly why existing grantmakers are so hesitant to share the details of their decision-making processes – and exactly why it is essential to force dialogue on these questions to open and proliferate as quickly and as completely as possible. The challenge of giving is precisely the kind of challenge that needs all the world's minds working together on it; the nonprofit sector is the sector where true global teamwork makes logical sense; yet this teamwork is not occurring.

²² See Appendix G for an overview of the “field” of program evaluation and our efforts to become as literate as possible in it.

²³ Letters of recommendation available on request.

We are prepared to tackle the question of giving with more transparency, and therefore openness to others' opinions, than anyone else in the world. **We believe that for a challenge like this, such openness and commitment to dialogue is more valuable than any amount of expertise or intelligence a single individual can have.**

The Opportunity

To the extent you have either money or time available for helping to improve the world, we believe that the Clear Fund represents your best option.

A variety of resources exist for helping donors to **give now** and **give with help**. Doing both of these things is logical, for reasons that largely overlap. As we argue above (see "Big problems with complex solutions"), **there are enormous and cost-effective opportunities to help people today**; we haven't formally measured the "return on good" that comes from removing a person's barriers to opportunity and allowing him or her to contribute to society, but it seems clear to us that this return dwarfs the return that would come from investing funds in the market – where competition for returns is fiercest – and donating them later.

As demand has increased from donors seeking to give in the prime of their life, rather than at the end of it, more people have set themselves up to help with their "managed giving" – making it possible for them to give intelligently despite their other commitments. As a public grantmaker, the Clear Fund will offer a service that overlaps with these efforts to an extent. But **what separates our project from all other "managed giving" is our commitment to sharing, spreading and leveraging the knowledge we find**. That means we give you the most for your money. As with all other managed giving options, part of your donation will go into research and evaluation, but the research and evaluation we do will have a hugely magnified effect – contributing to global dialogue and influencing the decisions of donors across the world, large and small, who share your values.

The following compares the most common options for managed giving.

| <i>Giving option</i> | <i>Causes</i> | <i>Your time commitment</i> | <i>Accountability to you</i> | <i>Transparency and leverage</i> |
|-----------------------|---------------------------|-----------------------------|------------------------------|----------------------------------|
| United Way | Local; basic human needs | Low | Low | Low |
| Community foundation | Local; broad | Low | Low | Low |
| Philanthropic advisor | Custom | Medium | Complete | None |
| Private foundation | Custom | High | Complete | Low |
| The Clear Fund | Global; basic human needs | Low | High | High |

Using a philanthropic advisor or setting up a private foundation allows a highly personalized approach to giving, but the flipside of this is that you are far less likely to impact and leverage the people across the world who share your most important values. To the extent that you share our emphasis on using charitable donations for humanitarian purposes, reducing suffering and increasing human opportunity across the globe, the Clear Fund is a unique opportunity to have an impact far beyond (while still including) what your donation pays for directly.

How you can help

We hope we have convinced you that the Clear Fund represents a tremendous and unique opportunity to help improve the world. Any support you can give us, of any kind, is greatly appreciated – and will be worthwhile from the perspective of accomplishing good. We are most in need of:

Feedback and information. We welcome any and all criticisms of, and comments on, all aspects of our business plan as well as our existing website. If there is something we haven't thought of, we want to hear about it.

Contacts. If you know anyone else who might be able to help with the Clear Fund – whether through expertise, intelligence, funding, or all three – please get us in touch.

Funding. The Clear Fund is currently in the process of obtaining 501(c)(3) tax exempt status; once we obtain it, all donations will be **retroactively tax deductible**. We appreciate any gift you can make, of any size.

Appendix A – Getting our questions answered

This appendix explores what is arguably the strongest single piece of evidence that our project is needed – the fact that charities, by and large, are unable or unwilling to give good answers to our two simple questions:

1. What do you do with donated funds?
2. What evidence do you have that your activities are effective?

Good answers, of course, involve some degree of detail. (1) involves a budget showing not just how much money came in and went out, but how much was spent on each broad program area, how much was spent in different parts of the world, and what the money actually paid for (people, materials, etc.) (2) involves not just statistics on the amount of funds disbursed or people participating, but turning over any studies, stories, or other evidence that the charity improves people's lives.

Measuring anything is hard, and many charities are understandably concerned about information overload. But for someone deciding between options for improving the world, these two questions are so essential that any good charity should have good answers readily available, and should be willing to disclose them.

We have found, overwhelmingly, that most charities do not. Most of the contacts we initiated trying to answer these questions dead-ended relatively quickly; the charities profiled on our current website, at www.givewell.net, represent the very best at answering these questions, and even their answers are (a) still insufficient in many ways and (b) obtained only through extended dialogue, conversations with many people, and significant donations.

Below, we give a couple typical examples of the three basic kinds of responses we got to our questions: (a) confusion (not understanding our questions, and sending irrelevant and unhelpful answers); (b) surprise (openly admitting to not knowing the answers to our questions, and digging for them – this response was most common among good charities, who eventually got us decent answers); (c) hostility (refusing outright to answer our questions; accusing us of bad motives). We then summarize our interactions with the five recommended charities, to illustrate how much work went into getting the best answers we do have.

Confusion

The most common problem with the answers to our questions was that they were simply irrelevant – often even after repeated attempts at clarifying what we wanted. When we asked for a breakdown of funding by program activity and geographic region, we got budgets from the Form 990, which show none of this.²⁴ When we asked for evidence of effectiveness, we were pointed to commonly publicized metrics (discussed in Appendix C) that don't begin to get at our questions. The following two exchanges typify this kind of response. (Note that we provide excerpts, not full emails.)

²⁴ See Appendix C for more on the Form 990.

Appendix A – Getting our questions answered

Exchange 1

GiveWell asks:

Could you provide more detailed budget breakdowns than those provided in your annual reports? Additionally, we'd love to hear how you decide what to spend money on - how you pick which regions and programs to put your dollars towards. There are so many crises around the world, and you do so much useful work. How do you choose what to focus on? Is it dictated by how much money you receive that is constrained to go to one region or cause?

Save the Children responds:

What type of breakdown are you looking for regarding Save the Children's budget? On average 91% of expenditures go to our program work.

Save the Children is the leading independent organization creating lasting change for children in need in the United States and around the world. For more than 70 years, Save the Children has been helping children survive and thrive by improving their health, education and economic opportunities and, in times of acute crisis, mobilizing rapid life-saving assistance to help children recover from the effects of war, conflict and natural disasters. When Save the Children receives undesignated funding, we strategically deploy it to the countries and programs where the need is greatest. Undesignated funding is therefore greatly appreciated, because it provides the flexibility to make an impact and meet the needs that exist at the time it is received. Our designated funds go directly to program and/or area the donor has specified.

Exchange 2

GiveWell asks:

I know that I agree strongly with your values and your basic mission, but in order to decide whether your organization is the best place for me to give, I'd like more information than I was able to find on your website. Specifically, I would greatly appreciate if you could direct me to:

* A summary of your budget: how much you spend on each of your programs and what the money is used for within these programs, broken down into as much detail as possible. Last year's budget, or next year's projected budget, would be fine.

* Any hard evidence you have of your programs' effectiveness—studies demonstrating that they concretely improve disadvantaged people's chances of career success, stability, etc. would be ideal, but anything you think demonstrates that your programs have gotten results is something I'd be interested in.

* Anything else you have that you think helps to make the case for contributing to your cause.

Although I know that your focus is on getting things accomplished rather than advertising your accomplishments (which is basically what I'm asking for), I would very much appreciate any help you can give me with what I consider a difficult and important decision.

Boys and Girls Harbor responds:

I am delighted by your email and will work with you to help you finalize your decision to make a personal donation to Boys and Girls Harbor (B&GH).

To begin, I am sharing with you the charity summary for B&GH available on the Charity Navigator website.

(<http://www.charitynavigator.org/index.cfm/bay/search.summary/orgid/3383.htm>)

Appendix A – Getting our questions answered

Boys & Girls Harbor received Charity Navigator's highest 4-star rating for sound fiscal management. The letter of congratulations states:

"Boys & Girls Harbor has earned a 4-star rating for its ability to efficiently allocate and grow its finances. Less than a quarter of the charities we've rated have received our highest rating, indicating that Boys & Girls Harbor outperforms most charities in America in its efforts to operate in the most fiscally responsible way possible. This 'exceptional' rating from Charity Navigator differentiates Boys and Girls Harbor from its peers and proves that it's worthy of the public's trust

I trust you will find the information sufficient to make a sound investment in the lives of the children we serve. Please do let me know if you have any additional questions.

Surprise

A few charities openly admitted that our questions were unusual and difficult for them to find the answers to – in many cases, they even thanked us for raising them. These charities generally (not always) gave the best responses in the end.

Exchange 1

GiveWell asks:

Your website lists a few programs you are running in Uganda, including Primary Health Care, Nutrition, and a TB program. I was hoping to get more details on these programs, including a budget, and on any other programs you might have that are not listed on the website. I want to get a sense of how large each program is, what exactly you provide through each program, where each program operates, and how you prioritize one program over another.

More generally, I am interested in your approach to helping those hurt by war in Uganda. How do you decide which projects to pursue? How do you assess which programs would assist the citizens affected by violence the most? Have you learned any lessons from helping refugees in need in other parts of the world that you are applying in Uganda? Are there any particular programs that you would like to run in Uganda that are under-funded? How do you think about the trade-off between immediate assistance to crisis and long-term rehabilitation of these refugees?

Myself and those I am working with want to help as much as we can, and in doing so, we want to find out as much information as we can, so that we can be sure that our money is as useful as it can be in assessing those in need.

I am particularly interested in the answers to the questions above, but it is likely that there are many important questions I did not even know to ask – so I appreciate any time you could spend helping educate me about how you are thinking about these issues. I am available by email and by phone at 646-209-3250 (although I prefer email).

International Medical Corps responds:

I am writing to let you know that I will get back to you and answer your questions, but that I have not had time yet to do the necessary research. You may be surprised at the depth of your own inquiry and the amount of information I will need to gather to respond fully. For instance, program scope, details (geographic, program participant statistics, duration), and budgets are all grant-specific so I will need to pull all of the current Uganda proposal files. I absolutely don't mind doing this, but please be patient with me. :)

It is refreshing to receive an email this bright, engaged, and enthusiastic and I look forward to working with you ...

Appendix A – Getting our questions answered

Exchange 2

GiveWell asks:

1. My biggest concern about New Visions is how marginal private donations will be used. I understand that your biggest projects are essentially covered by the Gates Foundation, leaving it an open question what I would be funding by giving money on top of that. Does it affect your ability to expand the New Century High Schools Initiative? Or does it go more toward your programs for developing leaders and improving teaching and learning? Specifically, what programs are most likely to be expanded with "extra funds"?

2. I don't get a good sense, from your website, of what your programs outside the NCHS Initiative are doing--specifically, what the funds are being spent on, what evidence there is for the effectiveness of these programs, and the extent to which systematic monitoring and evaluation (which is excellently executed for the NCHS Initiative) is being done for these programs. I am referring specifically to the Citigroup College Bound program, the Fund for Teachers, Learning Networks, the Libraries and Literacy program, the Scaffolded Apprenticeship Model, Leadership Coaching, and School Collaborations for Accountability and Leadership Excellence. Your website gives broad characterizations, but if you have more detailed materials (especially monitoring and evaluating like what you have for NCHS) easily available, I'd like to see them. (If not, I'll be happy to discuss these programs with you further at a later time; I don't mean to be costing a lot of time at a tough time of year.)

3. What are the New Visions Small Schools? Is New Visions still active in them? Does it have monitoring and evaluation of them? It seems to me that with how long these schools have been around, it is possible to have a much better sense of their effects than of the younger NCHS schools' effects.

4. Regarding the NCHS initiative, it isn't entirely clear to me what New Visions's funds support and what they don't. I understand that the schools are public schools, so most of their expenses are covered by the government; what is the arrangement between New Visions and the government (what organization selected New Visions to work with its schools), and what does New Visions add on top of the government's activities and funding at these schools?

New Visions responds:

As always, you asked thoughtful and interesting questions. In fact, you got me thinking quite a bit about how we position ourselves organizationally and I would like to engage some of our staff in a discussion about it. I could give you some quick answers, but your questions are actually helping us in our communications strategies. I also just finished looking at your website, which is quite impressive. I think we can make a much stronger case about the relevance of private funding. Can you give me until next week to respond to your questions?

Hostility

There were a few cases where a charity responded to our questions with outright hostility. Although we only ran into a few instances of this, they are worth noting because of the size and reputability of the charities involved.

Exchange 1

GiveWell contacted Smile Train, a large (~\$25 million of expenses in 2005²⁵) and respected organization that has been endorsed by a wide array of celebrities.²⁶ After several exchanges

²⁵ See Form 990, available at <http://www.guidestar.org/FinDocuments/2005/133/661/2005-133661416-02140127-9.pdf>

Appendix A – Getting our questions answered

with the Smile Train staff, we were told that Brian Mullaney, the President, would call to Holden to answer the more detailed questions (primarily that of how the budget breaks down by geographic region, information GiveWell wanted in order to get at the question of what unrelated problems might affect those treated by Smile Train – a question Smile Train could not answer directly). Mr. Mullaney called and immediately accused Holden of falsely representing himself, saying that Holden claimed to represent his employer but had emailed from a personal email address. He said **he found it implausible that Holden wanted such detailed information (i.e., a breakdown of funding by geographic region) just to make a personal donation decision**, and accused him directly of running a scam, even asking more than once, “You’re with Bill McGee, aren’t you?” When Holden asked who Bill McGee is and what kind of scam would involve getting budget information from a charity, Brian responded “I think you know,” refused to elaborate, and eventually hung up.

Mr. Mullaney then sent a letter to the President of Holden's employer, claiming that Holden had falsely represented himself. A conference call with Smile Train's representatives and a subsequent email audit proved consistent with Holden's claim that he had, in fact, never claimed to be representing anyone but himself.

Exchange 2

GiveWell contacted the Robin Hood Foundation, whose press coverage²⁷ indicates a real commitment to rigorous evaluation and measurement, asking for information on its grantees' effectiveness. We were directed to Cynthia Lamy; she refused to share information on grantees, and on our questioning why this was the case, asked us to correspond by email rather than by phone. We then sent the following email:

GiveWell writes:

We want people to be able to see tangible evidence of whether what an organization is doing is working, and we are extremely excited about Robin Hood because we feel that Robin Hood shares our emphasis on monitoring and evaluation.

We are aiming to launch this website in a week, in time for the holidays, and share it with our high-income friends in the hopes that it will affect their giving. We hope that Robin Hood will be one of the organizations listed, and that people will be able to see evidence of its effectiveness. If there is no complete report ready, we hope that you can send us at least some sample evidence of Robin Hood's effectiveness in time for the holidays. My understanding is that you conduct a great deal of monitoring and evaluation internally; anything you can share with the public would be greatly appreciated.

Robin Hood responds:

I think we are talking about two different things. I don't believe you need our report on how we estimate grantee b:c ratios to consider us an effective organization. If that fact that we do estimate b:c for our grantees provides that evidence, then I think everything you need is on our website. Does this help?

GiveWell responds:

I'm not familiar with the term "b:c ratio." Does it refer to the ratio of dollars of income gained (by someone Robin Hood affects) per dollar spent by Robin Hood?

What I would like to see is evidence that what Robin Hood's activities are working. If Robin Hood has sophisticated methods in place to determine whether its activities are working, that's a good

²⁶ <http://www.smiletrain.org/site/PageServer?pagename=special>

²⁷ http://money.cnn.com/magazines/fortune/fortune_archive/2006/09/18/8386204/index.htm

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thing to know (and I think that's what you are referring to). However, I would also like to see the actual evidence itself.

It seems to me that direct evidence of Robin Hood's success--for example, data on graduation rates and test scores for people affected by Robin Hood's grantees--could be made public while protecting (or disclosing) the grantees' identities. It also seems to me that this would be a great way to show Robin Hood's effectiveness to potential donors, as well as a way to make Robin Hood better and more helpful by increasing the number of people who can see what it's doing, make suggestions, and have ideas of their own. There don't seem to be any disadvantages to this sort of transparency. If you agree, I'd love to see some direct evidence, and if you disagree, I'm interested to hear your opinion.

Robin Hood does not respond. *(Note: we have re-established communication with Robin Hood, through different representatives, after another GiveWell member gave a large donation; we still have not received any information on their programs' effectiveness, despite repeatedly asking for it, but the dialogue continues.)*

The best answers

The five current GiveWell-recommended organizations gave the best answers to our questions. Below is a summary of how we obtained these answers.

Children's Aid Society (CAS)

Holden started corresponding with CAS in July 2005 (over a year before the GiveWell project began), trying to make his own giving decision. CAS was highly responsive and helpful; a breakdown of its activities by program and area is already freely available on its website, and Holden's request for evidence of effectiveness was initially answered with several documents summarizing the reach of CAS's activities (i.e., how many people participated in their programs), though these documents did not get at the question of effectiveness.

Holden made two separate personal donations of \$5000 each during 2005, and visited CAS twice, while continuing to push for more information on effectiveness. He obtained some studies that were highly confusing, and asked specific questions about them (starting in early 2006); early on, his questions were responded to with invitations for more visits, which did not answer the questions, but as he persisted he was invited to lunch with people who had more direct experience with the activities and the studies and were able to answer his questions. This lunch took place in early 2007, and although we still wish CAS did more self-evaluation (something they have very plausibly claimed they would do if their funding weren't so often restricted for particular programs), we now finally feel that we understand what CAS does and doesn't have in the way of evidence of effectiveness. It's worth noting that we didn't reach this point until after 18 months of inquiries along with \$11,000 of personal donations.

New Visions for Public Schools

New Visions is another organization that Holden started corresponding with well before GiveWell started, in December 2005. Like Children's Aid, New Visions was forthcoming in providing information early, including a budget breakdown by broad program area and an excellent self-evaluation for its major program, the New Century High Schools Initiative.

However, as we wrote about New Visions on givewell.net, we realized that we still lacked a concrete sense of (a) what it actually *does*, i.e., spends money on; (b) what any of its newer and smaller programs consist of. This led to more questions that, as indicated above, did not have easily available answers. After a \$5000 personal donation, Holden was invited to speak with the

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President of New Visions, and this meeting (along with the follow-ups over email) largely addressed our concerns. We now feel like we have a good sense of what New Visions does and what the evidence is for its effectiveness. As with CAS, this understanding came only after we invested significant time and money (this isn't to say that the money was necessary, but we believe it helped).

FINCA

Our confidence in FINCA comes more from our understanding of its basic model than from its answers to our questions. The fact that it lends a lot of money to poor people in poverty-stricken regions, and gets paid back at a high rate, indicates to us that it is helping people. However, we are unsatisfied with our understanding of its activities, even after \$1500 in gifts and many rounds of questioning. We have some rudimentary statistics on where its lending has taken place, but we still have no picture of what ultimately happens to the people it serves; given the fact that these people are borrowing from it and entering into formal relationships, it should be able to provide more information. See our review of FINCA²⁸ for more on what we're missing.

Nothing but Nets

Nothing but Nets has a simple model that has rendered most of what we want to know easy to answer. It distributes nets, leveraging an existing distribution campaign, so it's easy to get a sense of its costs; and the effectiveness of insecticide-treated bednets has been documented independently. The missing piece is monitoring: we are still waiting on confirmation of where and how many nets have actually been delivered.

Interplast

We made fairly quick progress with Interplast thanks to getting in touch directly with its President, who has been very responsive and helpful. After several months, we learned a good amount about its main programs, but not enough about its newer programs. Since the new year (and a \$2000 personal donation), its President has referred us to a representative rather than continuing to answer our questions (an entirely reasonable decision, with a relatively low amount of money at stake) and dialogue has slowed on both their end and ours, though it remains ongoing. We believe Interplast is a clear example of where more money would lead to better information.

Conclusion

We have seen repeated and overwhelming evidence that charities have a hard time answering basic, essential questions. **This leads us to believe that between other donors, independent evaluators, and foundations, these questions are not being consistently and intelligently asked.** (This is understandable in the case of individual donors, given the difficulty of getting answers.) We are determined to ask these questions and make what we find freely available, so that no one else has as hard a time answering them as we do.

²⁸ http://www.givewell.net/wiki/index.php?title=Review:_FINCA

Appendix B – Existing online donor resources

We have been scouring the Internet for useful resources since well before we started GiveWell; indeed, it's the inadequacy of current resources that led us to start this project in the first place.

This appendix lists all the notable websites we've found that exist to help donors decide where to give. We have analyzed each of them enough to know that they can't provide what we aim to provide. Rather than giving this analysis on a site-by-site basis, we analyze three broad categories of resources, under which nearly all of these sites fall: **watchdogs**, **microphilanthropy projects**, and **donor social networks**.

Watchdogs

Watchdogs provide basic information on a broad range of charities, often along with evaluations and recommendations. The distinguishing feature of all the watchdogs we list here is that the information they provide, and use exclusively to generate all ratings and recommendations, consists exclusively of:

1. **Basic financial data**, mostly information found on the Form 990 that all U.S. registered charities are required to file. We discuss this form, and the methods commonly used to draw evaluations from it, in depth in Appendix C; briefly, while there are some very basic checks that can be performed using this information, this data cannot and does not give a concrete picture of what a charity does and how effective it is.
2. **Legal/structural properties of a charity**, generally taken almost entirely from its formal articles of incorporation and bylaws. These documents describe the responsibilities and policies of an organization's board of directors, but not the charity's activities themselves, or the impact of these activities.
3. **Charities' answers to standardized sets of questions**. In all cases, these answers are limited to a few paragraphs at most; never contain links to external documents; and are **straight from charities' representatives, with no third-party opinions or apparent dialogue**. The example shown in Exhibit 7 typifies this sort of information and its limits, and we have not found any watchdog that gets charities to concretely describe their activities and evidence of effectiveness.

All of the following resources fall into this category:

- **Charity Navigator (<http://www.charitynavigator.org>)**. Rates over 5000 charities using only information from the Form 990. See Appendix C for an in-depth examination, and our conclusion that its ratings cannot distinguish the well-intentioned and effective from the well-intentioned and ineffective charities.
- **BBB Wise Giving Alliance (<http://www.give.org>)**. Indicates whether or not a charity meets its Standards for Accountability, which are based entirely on examination of financial statements and organizational bylaws.
- **JustGive (<http://www.justgive.org>)**. Provides the JustGive guide to 1000 charities, based on criteria including legal/financial status and awards from major foundations. Charity profiles give only information from the Form 990.
- **GuideStar (<http://www.guidestar.org>)**. Provides online access to the Form 990 for over 1 million charities.
- **DonorEdge (<http://www.donoredge.org>)**. Profiles charities serving the five-county area of Greater Kansas City. Profiles include more detailed survey questions than those of any other resources in this section (though the answers still demonstrate neither detail or dialogue), as well as financial information and a checkmark for profiles that have been reviewed and approved by DonorEdge.
- **Independent Charities of America (<http://www.independentcharities.org>)**. An association of charities that meet certain standards; though these standards are not as explicitly specified as those of the other resources listed here, the general description

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implies that they pertain almost entirely to analysis of financial and legal status, and do not mention attempts to evaluate the effectiveness of activities.

- **American Institute of Philanthropy (<http://www.charitywatch.org>).** Grades charities using criteria that are extremely similar to Charity Navigator's, and provides links to its top-rated charities.
- **Past lists of most efficient charities published by magazines including *Forbes*²⁹ and *Money*.**³⁰ Stated criteria are subsets of those used by Charity Navigator.

Microphilanthropy projects

All of the resources in this section aim to increase "donor choice" by allowing donors to directly fund small-scale projects, or individual people and families, rather than going through large organizations. They follow the following basic routine:

1. A person or family with a small-scale project that needs funding registers with the central site. Their project is generally vetted by the site's representatives to ensure its legitimacy.
2. A brief description of the project is posted on the website.
3. Donors can browse or search for a project to fund; their donation then goes directly to the project, less an optional or required fee for the website.

Having looked at these sites as potential tools for our giving, we believe they are not only unhelpful, but potentially destructive to effective giving in general. By connecting a small donation directly to a specific project, they do an excellent job providing a concrete *sense* that the donation matters, and this makes them appealing and often successful in fundraising. But these projects address symptoms of large, complex problems – mostly global poverty and inadequate public education – that, logically speaking, require complex solutions. A large charity, if it does its job well, should be looking *across* specific people's problems to identify commonalities, structural issues, and opportunities to make a positive difference at scale. We believe the charities currently recommended on givewell.net all fit this description, and that there are many more such charities that we will find in the future.

To be sure, giving through microphilanthropy should be better than giving to *wasteful* large organizations, i.e., organizations that essentially transfer money to individuals while adding on excessive and unnecessary costs. But as donors seeking to do as much good as possible, we expect and demand more. We find the short descriptions provided on microphilanthropy websites to be superficial and unhelpful (the example given in Exhibit 9 is typical), and we find the idea of separating each tiny project (with no administrative oversight and coordination) to make as little sense in charity as it does in business.

All of the following resources fit into this category:

- **DonorsChoose (<http://www.donorschoose.org>).** Public school teachers submit project proposals, and donors choose which to fund. See Exhibit 9 for a sample project description.
- **GiveMeaning (<http://www.givemeaning.com>).** People submit individual projects to be carried out by registered public charities, and donors choose which projects to fund.

²⁹ See <http://www.forbes.com/2004/11/23/04charityland.html>, "America's Most (And Least) Efficient Charities," from 2004. Forbes has continued to publish its list with the same metrics, but is now less bold about attributing importance to the metrics: see http://www.forbes.com/2006/11/22/largest-charities-nonprofits-pf-philo_cz_wb_1122charitiesintro.html, "America's 200 Largest Charities."

³⁰ See http://money.cnn.com/2004/12/22/pf/poverty_giving6_0412/index.htm, "Charity: More bang for your buck" and <http://www.smartmoney.com/mag/index.cfm?story=charitychart>, "Put Your Money Where Our Math Is."

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- **Kiva (<http://www.kiva.org>)**. People in developing countries submit requests for loans, with help and vetting from Kiva. Donors select loans to make, and can be paid back by the borrowers (the payback rate is high, according to Kiva).
- **Modest Needs (<http://www.modestneeds.org>)**. People in need (generally in the U.S.) apply for grants, and Modest Needs vets and summarizes their applications on its website. Donors do not directly fund proposals, but instead give money to the Modest Needs organization and rate proposals. Aggregate ratings determine the order in which Modest Needs makes grants.
- **GlobalGiving (<http://www.globalgiving.com>)**. GlobalGiving's partners submit vetted project proposals, from individual project leaders, and donors choose which projects to fund.
- **ChangingThePresent (<http://www.changingthepresent.org>)**. Allows donors to search for charities and see their basic listings (all registered charities) or Enhanced listings (for charities that purchase this service from ChangingThePresent). The latter, also linked from other parts of the site, generally offer to do something specific with the donation (i.e., "Your gift [\$60] will put 20 brand new books in the home of a child in need").
- **ChipIn (<http://www.chipin.com>)**. Provides an interface for organizations to request a specific amount of funding and a description of what it will be used for, with a graphic showing how much has been raised so far.
- **JustGiving (<http://www.justgiving.com>)**. Allows charities to register for free fundraising pages, linked to and searchable from the main JustGiving website.

Donor social networks

Social networks have the broad goal of connecting donors to each other so that they can share ideas, information, recommendations, etc. We are in favor of making it easier to share information, but we believe that the larger problem is *finding* (as well as organizing) information.

We have found that truly understanding what a charity does requires a deliberate, concentrated, money-backed effort; it often involves asking questions that few others ask (see Appendix A), and extracting information that charities are reluctant to share. Indeed, we've found that it takes more work than our jobs give us time to do, which is why we feel the need for a full-time project.

We have tried to use the sites below to inform our donations, but **we have not found any information on the activities and effectiveness of charities that is either thorough or well-organized**. We have found impressions and anecdotes – the kind of information people can generate with little effort – but not in-depth analysis or careful comparisons, which take *concentrated* time to produce.

- **Change.org (<http://www.change.org>)**. Allows people to register, keep blogs, write nonprofit reviews, and more. Discussion tends to be informal and impression-based; we have not been able to find any of the information we seek on this website. See Exhibit 10 for a typical nonprofit review page.
- **Glowfish (<http://www.glowfish.org>)**. A generalized social network site similar in model, strengths and weaknesses to Change.org.
- **Helpalot (<http://www.helpalot.org>)**. Currently in development; aims to allow people to publish reviews of nonprofits and projects, and form networks of friends whose reviews they can see.
- **Great Nonprofits (<http://www.greatnonprofits.org>)**. Currently in development; aims to allow both donors and people directly served by charities to publish (and read each others') informal, anecdotal reviews.
- **SixDegrees.org (<http://www.sixdegrees.org>)**. Allows people to create "charity badges" with brief descriptions of the charities they support, and to view their friends' badges as well as the badges of celebrities including Kevin Bacon.

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- **Omidyar.net** (<http://www.omidyar.net/home/>). Organized by topic, rather than by nonprofit or by person; provides discussion threads, with the ability to rate members' comments.

Two superior resources in the UK

Intelligent Giving (<http://www.intelligentgiving.com>) is a guide to UK charities, similar in goals and scope to the “Watchdogs” listed above: it covers a wide range of charities, and its profiles are derived entirely from tax forms. We’ve put it in this separate section because we find its methodology and analysis far superior. Rather than robotically applying formulas to financial data and publishing charities’ self-characterizations without content, Intelligent Giving takes the approach of rating charities’ tax forms on *voluntary transparency*. In other words, the more a charity writes about its activities and the clearer the Intelligent Giving reviewers find it, the higher the charity’s “Quality of Reporting” score. Intelligent Giving also provides other basic information about charities, while providing clear and intelligent explanations of, and context for, this information (something we feel other watchdogs fail to do). It provides a variety of other articles, including overviews of the major UK charity sectors, that are based on research and observations rather than simple formulas; and it provides a variety of ways to search charities, including looking at the recommendations of different groups of experts (although we have found all of these experts to have opaque methodology, like foundations, with the exception of one that we discuss below).

Intelligent Giving is broad rather than deep, and does not discuss the specifics or effectiveness of individual charities’ activities, but we find it to be constructed in a vastly more helpful way than any other “watchdog” site we’ve seen.

New Philanthropy Capital (<http://www.philanthropycapital.org>). Publishes general reports about charity, and also analyzes individual charities, giving more detail on those it supports than anyone else we’ve seen. We find its reports inadequate, because (a) they don’t provide access to the longer papers and raw materials on which their statements are based; (b) because of this, their coverage of monitoring and evaluation is inadequate, providing conclusions without reasoning; (c) they discuss only recommended charities, not non-recommended charities; (d) they do not rank or directly compare recommended charities, leaving the donor to read through the reviews of all their many recommended charities (and even then, the reviews do not give enough information to decide between different good options). Even so, this is the only group we’ve seen to provide a third-party opinion of a charity’s actual activities.

Both of these sites cover only UK charities, which are almost entirely local, and are thus of little interest to a US donor. But it is remarkable how superior they are, in design, to anything else we’ve been able to find.

The uniqueness of our project

We haven’t found any other projects that can offer the kind of value the Clear Fund can – and neither have many others. In February, the Tactical Philanthropy weblog issued an open, explicit call for donor resources – many responded,³¹ but scouring the results led us only to resources in the above categories. Our own response to the post led to a discussion of our project (see Appendix E for more on this), and when one commenter stated, “GiveWell is the first piece of cooperative, donor-created social media on philanthropy research that I’ve heard of,” Tactical Philanthropy asked, “Does anyone know of any other ‘donor-created social media on philanthropy

³¹ See http://www.tacticalphilanthropy.com/2007/02/the_giving_carn_1.html . More context on quotes from weblogs is provided in Exhibit 2.

Appendix B – Existing online donor resources

research'? If so, let me know."³² Its next post stated, "I'm inclined to point to GiveWell as the first real attempt by donors to utilize social media tools."³³

Subsequent conversations with experienced and well-connected people in the sector (see Appendix E and Appendix G) have continued to confirm that we are the first group of donors publicly exploring the question of where to donate.

Conclusion

The nonprofit sector is large and daunting, with over a million US-registered charities covering a huge range of complex issues. **Available donor resources – especially those relevant to US donors – all represent attempts to inform donors without generating the *thorough, clear content* necessary to give a true picture of an issue or charity.** Watchdogs use extremely simplified, largely routinized methods to evaluate charities; microphilanthropy and social network approaches hope that the right "connecting" tools will cause large numbers of individuals to generate and/or share all the necessary information.

Our approach is radically different. We believe that answering the question of where to donate requires hard work and devotion, and concentration rather than distribution of effort. **Unlike those behind any other donor-resource project we know of, we are prepared to make that effort.** We know we can't tackle the entire nonprofit sector in a year (and we have narrowed our scope to something we think we can make progress on). But we are determined to attain and share the best understanding we can.

³² See http://www.tacticalphilanthropy.com/2007/02/when_donors_suc.html . More context on quotes from weblogs is provided in Exhibit 2.

³³ See http://www.tacticalphilanthropy.com/2007/02/social_media_to.html . More context on quotes from weblogs is provided in Exhibit 2.

Appendix C – What's in a Form 990?

In trying to figure out how to accomplish the most possible good with our donations, we have been repeatedly pointed, in one way or another, to the IRS Form 990 filed by all U.S.-registered public charities. Filings are not only legally public record, but are easily accessed by the public for free through GuideStar (www.guidestar.org); this makes the Form 990 a uniquely accessible and consistent source of information. **Independent charity evaluators rely nearly completely or, in most cases, completely on this form for their evaluations** (see Appendix B for an overview), and the charities we have asked for budget information have often pointed us to this form.

Having looked at many of these forms with the aim of deciding where to donate, we believe that **the Form 990 does not come close to providing the information necessary to make a good giving decision.**

To illustrate this, we will examine the Form 990 of AmeriCares, one of the U.S.'s largest public charities, from the perspective of a potential donor. The specific pages we refer to can be found reproduced as Exhibit 12.

We find AmeriCares's form to be **exemplary** among those we've seen; it adds 55 pages of attachments to the 12-page Form 990, and the detail of its disclosures is well beyond what is required. A careful reader can get an extremely detailed picture of Americares's financial status, from its balance sheet to its sources of funding to the identities of its recipients – but **on the question of what a donation to AmeriCares pays for, has accomplished in the past, and might accomplish in the future, no progress is possible.**

Americares: IRS Form 990

The page of most interest from a donor's perspective is page 2 (included in Exhibit 12). This is the only page that requests any information on the charity's mission, programs, expense budget, and accomplishments. Page 1 is devoted to the charity's revenue sources, and the remaining 12 pages focus on legal and accounting details that don't pertain to the ways in which a charity improves the world. See our summary of the form (Exhibit 11) for a more specific overview of what's on each page.

Budget

As requested, Americares breaks its expenses into grants and allocations, specific assistance to individuals, compensation and benefits, taxes and fees, phone and shipping expenses, rent, printing and publications, travel and conferences, and interest and depreciation, and for each it designates parts as program services, management and general, and fundraising expenses. Over 97% of its total expenses fall into the category of the categories of "grants and allocations" and "specific assistance to individuals."

To many, this in itself is a positive sign of efficiency; we will discuss this idea below, but it is clear that for a donor to understand what a donation pays for, it becomes necessary to examine the 40 pages of attachments breaking down these two items.

The "specific assistance to individuals" attachment (included in Exhibit 12) consists of a single line: "Medical, dental, and hospital expenses provided."

The "grants and allocations" breakdown consists of two parts: a single page listing major grantees, and 39 pages listing Americares's shipments of supplies. (Exhibit 12 includes both the former and a sample page from the latter.). For each grantee, Americares gives the name, location, amount granted, and shipping details if applicable.

Appendix C – What's in a Form 990?

The donor is left without an understanding of what strategies Americares pursued to improve people's lives, what role money played in each of these strategies (i.e., what was possible with money that would have been impossible without it), why these strategies were pursued, and how effective they can be expected to be.

When we ask nonprofits for detailed budgets, we specify that we are seeking budgets that give an idea of strategy: what, specifically, are the ways in which the organization seeks to improve people's lives? What problems exist and how is it that our money helps to solve them? If grants were made, what were the general criteria for making these grants, and what sorts of activities were funded? What activities are focused on, and what activities will new dollars fund? **These questions aren't details—they are essential for understanding true cost-effectiveness (what we get for our dollar), which in turn is essential for *comparing* organizations and deciding which can do the *most* good.**

Mission, programs, and accomplishments

Americares provides its mission, program, and accomplishment descriptions on attachments (included in Exhibit 12), possibly because the Form 990 doesn't provide enough space even for its brief characterizations. The most relevant parts follow.

The form asks: What is the organization's primary exempt purpose?

Americares responds: Americares principally provides medicine, emergency medical supplies and other relief aid to those in need throughout the world.

The form states: All organizations must explain their exempt program achievements in a clear and concise manner. State the number of clients serviced, publications issued, etc. Discuss achievements that are not measurable ([charities] must also enter the amount of grants and allocations to others).

Americares responds:

Program service 1. Disaster relief and humanitarian aid – provides immediate response to emergency medical needs and supports long term human. assist. programs for people around the world regardless of race, creed, or political persuasion.

Program service 2. Patient assistance program – operates through which it receives gifts in-kind donated medical products. Donations provide prescription medications to needy patients in America who would not be able to afford them.

Program service 3. Clinica integral de atencion familiar – Americares's first international family health clinic located in El Salvador opened in October 2003. A dedicated staff of doctors, nurses, a social worker and a dentist provide care at affordable costs.

Program service 4. Americares Homefront – is a community-based volunteer home repair program that provides quality of life repairs at no cost to homeowners in need. Professional tradepeople contribute their time to supervise projects.

Description 4 is the most concrete, description 1 the least so; but none of the four gives the donor a real sense of what Americares accomplished, in the sense of how many people it helped, how effectively it helped them, and how deep and real the improvements in their lives were. **It is possible to read these descriptions and conclude that Americares is doing more good than harm, but not possible to use them for deciding between Americares and another organization in a similar (or even different) area of work.**

Appendix C – What's in a Form 990?

To reiterate, AmeriCares's Form 990 is exemplary in terms of the level of detail it provides. It gives a name and location for all its grantees; by contrast, we are usually unable even to obtain a breakdown of expenses by geographical region. AmeriCares is detailed and thorough in its financial disclosures. Yet its description of the work it does directly (specific assistance to individuals) consists of 6 words; its characterization of grantees have no activity descriptions at all; self-evaluation processes and results are nowhere to be found; and the donor is left with little to no understanding of what a donation to AmeriCares accomplishes.

Charity Navigator's evaluation of AmeriCares

Not everyone shares our conclusion that the Form 990 is not useful in making giving decisions. Charity Navigator, likely the world's best-known independent charity evaluator (and Google's top-ranked website for the "charity" query), rates over 5000 charities using only the information they provide on these forms. We've reproduced its full profile of AmeriCares, which awards AmeriCares the maximum possible rating of four stars, as Exhibit 7.

To its credit, Charity Navigator is completely transparent in how it comes to its ratings. We have reproduced its description as Exhibit 8. But we find these ratings to be wholly inadequate – and even misleading – in figuring out what donations can accomplish the most good. Its ratings use the following criteria:

Breakdown of program, administrative, and fundraising expenses (performance categories 1-3). Charities with a high proportion of their expenses classified as program expenses are rewarded; charities with a high proportion classified as fundraising or administrative expenses are punished. AmeriCares is a true standout on this metric: their huge budget is spent almost entirely on grants, classified as program expenses.

This criterion may be helpful in eliminating the very worst charities: truly ill-intentioned or non-mission-driven charities that exist more to pay salaries and accumulate funds than to do anything else. But when trying to distinguish between the well-intentioned but incompetent and the well-intentioned and excellent, these ratios are meaningless. Just as in the for-profit sector, administrative "overhead" can be extremely valuable in attracting talent, developing technological and other infrastructure, conducting systematic self-evaluation, and generally generating ways to make program activities more effective and efficient. Fundraising expenditures seem immaterial as long as they do not represent a net loss.

Fundraising efficiency (performance category 4). Charities with a high ratio of donation income to fundraising expenses are rewarded; charities with a low ratio are penalized. We simply don't see how this pertains to anything. If a charity needs more funds and its fundraising "efficiency" is high, it can further its mission by spending more on fundraising until the "efficiency" of a marginal dollar drops (or it needs no more funding). Looking at donations divided by fundraising expenses does not demonstrate true "efficiency," and even if it did, we don't see how a charity's fundraising prowess relates to its prowess at helping people.

Growth in revenue and expenses (performance categories 5-6). Charities whose revenues and expenses have grown at a certain threshold rate are rewarded; charities that haven't seen such growth are penalized. Charity Navigator's explanation of this metric – "charities must grow over time if they are to sustain their programs and services" – does not make sense to us. Rewarding rising revenue seems like rating a charity on how popular it is, which in itself is a strange thing to do, but we also believe that with the current state of information about charities, falling revenue is more likely reflective of charities' abilities in donor relations than of their abilities to improve the world. Rewarding rising expenses is even stranger. Falling expenses may reflect increased efficiency, or the completion of structural projects.

Appendix C – What's in a Form 990?

Working capital ratio (performance category 7). Charities with a high ratio of assets to annual expenses are rewarded; charities with low ratios are penalized. This is intended to measure a charity's ability to carry out sustainable projects, but seems like it could just as easily indicate that a charity is overfunded.

Charity Navigator's profile page on Americares contains no information other than the statistics on expense and revenue that go into these ratings, the President's compensation, and a slightly extended mission statement provided by Americares that is even more general and less informative than the statements from the Form 990 that we reviewed above.

In short, we feel that this resource – generally pointed to (rightly, as far as we know) as the world's preeminent independent charity evaluator, and even offering a link on the profile page for donors to give **without obtaining any more information** – does not begin to address the question of how likely a charity is to effectively translate a donation into good accomplished.

Other independent charity evaluators

Variants of Charity Navigator's methodology are found throughout the world of charity evaluation. The **American Institute of Philanthropy** also uses the Form 990 exclusively, and its criteria are nearly identical to Charity Navigator's.³⁴ The **Better Business Bureau Wise Giving Alliance** uses similar methodology in addition to a review of official documents (mostly the bylaws of the corporation) – again, though this may weed out charities that exist only to pay salaries, it says nothing about their actual effectiveness in improving the world.³⁵ **DonorEdge's** reviews are along the same lines, giving charities' quick responses to boilerplate questions and giving quality assessments that are again based on organizational structure and the kind of metrics looked at by Charity Navigator.³⁶ Charities themselves frequently argue their own case along the same lines: witness Smile Train's "Financials" page³⁷ and CARE's front page (see page ##)³⁸ for examples of large charities that place extreme emphasis on these numbers as primary reasons to donate.

In the absence of easily accessible, easily comparable assessments of charities' impact on the world, it is tempting to focus on the little information that is easily accessible and easily comparable. As things stand, that information is limited to the basic financial information and broad, simple descriptions available on the Form 990. We believe we can provide a resource that is thorough, fair, and usable, discussing what matters most about a charity and making the discussion accessible to donors. Doing so would dramatically change the landscape of charity evaluation.

³⁴ See <http://www.charitywatch.org/criteria.html>

³⁵ See <http://www.give.org/standards/newcbbbstds.asp>

³⁶ See <https://www.donoredge.org/viewAnonymousReport.do?organizationId=1007256>

³⁷ <http://www.smiletrain.org/site/PageServer?pagename=financials>

³⁸ <http://www.care.org>

Appendix D – Can foundations be donor resources?

As we've argued in Appendices B and C, existing donor resources provide only very broad, basic data on charities; they can't begin to help with the question of which charities most *effectively* help people.

The only way to answer that question is through research that is both thorough (getting the information necessary to understand complex issues and complex programs) and values-laden (using intuition, judgment calls, and even philosophy). Third-party evaluators such as Charity Navigator are understandably hesitant to do either of these things; but large private foundations *must* do such research, because they are charged not with providing basic data but with making actual high-stakes giving decisions.

Throughout our project, we have hoped to leverage the work of private foundations to help inform our decisions. Since they put a great deal of time and money into the same kinds of decisions we seek to make, it seems logical that access to their materials would be extremely helpful.

Although we remain optimistic that foundations will be helpful to us in our project, we have concluded that **existing foundations do not meet the need we seek to address**. The biggest reason for this is their lack of transparency: with no current exceptions, foundations do not share an adequate amount of information about what goes into their giving decisions, and with very few current exceptions, **they are explicitly unwilling to share such information**.

We hope eventually to convince foundations to share their information with us; if we succeed, we anticipate that this information will be helpful but not sufficient to create an excellent donor resource. Foundations exist to serve their own funders, not the public at large, and as such they have no reason to explicitly target scalable projects for unrestricted donations, as we do; they also have no reason to invest the amount of work necessary to achieve true transparency, i.e., useful and usable reviews at many different levels of detail.

In addition, we believe, based on conversations we've had and resources we've consulted, that foundations (with some exceptions) tend to be oriented toward evaluating specific projects, as opposed to organizations, and furthermore that they do almost no funding of international humanitarian direct aid, something that we have named as a priority (see our list of causes in the main document, under "Scope") because we believe it represents an extremely cost-effective way to help people and improve the world, and we believe it has a good deal of appeal to individual donors.

We believe that existing grantmakers do not meet the need we seek to address, and will not do in the near future. The best and fastest way to create this resource is to do our own grantmaking, with an explicit emphasis on finding scalable organizations for other donors to fund and tracking our logic so other donors can follow it.

Existing grantmakers are not transparent

Since the beginning of our project, we have hoped to use the information that foundations have already collected, in order to help us make our giving decisions. We've been unable to find the information we need on their websites or by getting directly in touch with them, and our conversations with people in the sector have confirmed that the vast majority of them are unlikely to be willing to share it.

Websites

Most major foundations' websites include (a) a searchable list of all the grants they've given; (b) a list of publications. However, putting aside the fact that their sites are almost uniformly incredibly

Appendix D – Can foundations be donor resources?

difficult to use (due to the high volume of both grants and publications and the lack of helpful organization), **foundations provide no more than a sentence or two on their grantees, and their publications are general rather than grantee-specific. This means that their resources cannot be used to gain a good understanding of any particular charity's strategies or evidence of effectiveness.**

Foundations also give broad overviews of their program goals and general descriptions of the kinds of organizations they fund, but only one that we've seen (the Edna McConnell Clark Foundation, on which more below) gives any detail on the process of evaluating a grantee.

We have put significant effort into scouring the websites of all the following major foundations. This list comes mostly from looking at the largest private foundations in the U.S., though we have also looked at a few foundations based on the recommendations of people we've talked to (see Appendix G).

- The Bill and Melinda Gates Foundation (<http://www.gatesfoundation.org>). See Exhibit 5 for an example of a grant entry (and the very thin description that goes with it).
- The Ford Foundation (<http://www.fordfound.org>).
- The William and Flora Hewlett Foundation (<http://www.Hewlett.org>).
- The Annenberg Foundation (<http://www.annenbergfoundation.org>).
- The W.K. Kellogg Foundation (<http://www.wkkf.org>).
- The Carnegie Corporation (<http://www.Carnegie.org>).
- The Rockefeller Foundation (<http://www.rockfound.org>).
- The Wallace Foundation (<http://www.wallacefoundation.org>).
- The Robin Hood Foundation (<http://www.robinhood.org>) – a public foundation (more below).
- The Edna McConnell Clark Foundation (<http://www.emcf.org>) contains longer descriptions of its grantees than the others, but its website does not currently include the information we've been discussing. We are in contact with them about the possibility of releasing more information (see below for more).

Personal contact

After failing to find the information we seek on the web, we have contacted several of the above foundations (based on matches with our areas of interest – see our list of causes in the "Scope" section of the main document) to request this information. In each case, we have explained over the phone that we are trying to figure out the best organizations to donate to, and to do this we want to see overviews of what particular organizations spend donated funds on and what evidence exists for their activities' effectiveness. We have also specified that *any* information pertaining to how certain grantees were chosen over others, and what evidence exists for grantees' effectiveness, would be appreciated.

Generally, we have either been unable to get our questions answered, or have been explicitly denied information about grantees, generally with the reasoning that this information is "confidential." The specific responses we've gotten are as follows:

Appendix D – Can foundations be donor resources?

The Bill and Melinda Gates Foundation told us that their grantmaking department receives so many inquiries that we can't be connected to them directly; we were told our best shot at getting a response would be to leave a voice mail and/or send an email. We did both, and in both cases were explicit that we are seeking information, not money. We have not heard back from the Foundation as of now.

The Robin Hood Foundation, a *public* foundation (i.e., one that receives a substantial amount of support from individual donations, not just from the assets provided by its original funder), has repeatedly refused to share any information on grantees. More detail on our early exchanges can be found in Appendix A. We continue to put major effort into changing Robin Hood's position, since its reputation for rigorous evaluation leads us to believe that we'll get great value if we can get it to open up.

The Annenberg Foundation has explicitly refused to share any information on grantees, beyond what's available on its website.

The W.K. Kellogg Foundation has explicitly refused to share any information on grantees, beyond what's available on its website. The program officer we spoke to further specified that the Foundation does not make recommendations to donors, does not have permission from the charities it evaluates to share documentation, and generally evaluates projects rather than organizations.

We have found a few grantmakers that are likely to share more with us – more details below – but these grantmakers seem clearly to be the exception, not the rule.

The general phenomenon of opacity

Conversations with people in the nonprofit sector have consistently reinforced the idea that private foundations, as a rule, are unwilling to share information on their grantees. In particular:

- Lucy Bernholz, Founder and President of Blueprint Research and Design, has extensive experience consulting with major foundations, and tells us she has spoken with the people in charge of most of the large (over \$500 million in assets), staffed foundations in the country, excluding the Bill and Melinda Gates Foundation (where she has been actively trying to get an audience). She says she has crusaded for years to get them to share more of what they have, but that they have repeatedly refused to do so.
- Charles Buice is a Program Officer at the Tiger Foundation, who regularly seeks input from other foundations while conducting research on prospective or existing grantees. He believes that while private foundations will in most cases be willing to share their informal thoughts on grantees with us, it is unlikely that they will be willing to give us all the internal documentation on their diligence and research of said grantees in the near future. Similarly, while they likely will be willing to speak with us about organizations they have chosen not to fund, it is less certain that they will share internal documentation on the decision-making process on those organizations in the near term.

Both of these contacts, and others we've spoken to, including both other foundations (see above) and other nonprofit professionals (see Appendix G for a more thorough overview), reinforce a theme that **foundations are hesitant to open themselves up to the criticism that comes with going on record with endorsements and evaluations – especially because there is generally no substantial pressure on them to do so** (private foundations do not solicit, much less require, donations from the public at large). The fact that GiveWell is a new, unestablished project further limits our ability to create the pressure – and engender the trust – we need to get this information.

Appendix D – Can foundations be donor resources?

We hope that one of the side effects of the resource we seek to create is that it will create more dialogue about what works in charity, and thus put more pressure on foundations to disclose what they know. Currently, though, we believe that private foundations are neither set up as nor willing to be donor resources, and that offering grants to public charities will be a much quicker and more effective way of getting the information we seek.

Private foundations tend to be project-oriented

The goal of our project is to create a resource helping individual donors to find the best organizations to fund. Our goal is not to design our own strategies and find organizations to carry them out; it is simply to improve the flow of *capital* to the organizations best able to use it. As such, our approach to evaluating a charity is extremely open-ended: we ask what it does, and what the evidence is that it works.

In reading about and discussing the world of private foundations, we have gotten the impression that most foundations operate on a fundamentally different model: that of setting their own agenda, putting out highly specific goals, and then evaluating charities on a project-by-project basis. In this model, **evidence of past effectiveness (while not irrelevant) takes second priority to the fit between the foundation's goals and the charity's project; and foundations generally take an active role in shaping and directing the project, rather than just funding it.**

This model is not universal; many foundations explicitly advocate focusing on giving operating support to excellent organizations, and there is a coalition of foundations devoted to this idea (Grantmakers for Effective Organizations). Charles Buice, of the Tiger Foundation, believes that the good foundations he knows of would generally have the kind of information we seek (though he adds that at this stage in our development it is unclear how willing other funders will be to share that internally generated information with us). Nonetheless, we believe that the traditional and still dominant model of grantmaking is as we've described, based on the following evidence:

- All of the websites we've looked at (see above) consistently describe grants as projects; with the single exception of the Edna McConnell Clark Foundation, all grant descriptions describe the project, but not the organization itself. Exhibit 5 is a typical example of this: New Visions is a large organization with a variety of programs for improving public education (see our profile of the organization, Exhibit 1), but the grant page describes only a leg of a project.
- The resources we've read on best practices for grantmaking (see Appendix G) consistently put an extremely large focus on the evaluation of the specific project, from discussions of what expenses should be considered "part of the project" (and thus funded) to discussions of how active to be in asking charities to revise their project descriptions. *The Insider's Guide to Grantmaking* and GrantCraft both give a particularly large amount of space to these issues. **We have not seen a resource, outside of the Edna McConnell Clark Foundation's publications, that describes the process of evaluating an organization for general (as opposed to project-specific) funding.**

In constructing a resource for individual donors, we seek to find organizations with great people and infrastructure, as well as scalable activities that can expand with further funding, and give these organizations the capital they need to improve the world. This is a fundamentally different goal from hands-on management of new projects, and as such, we expect to do much of the required evaluation ourselves, even if we are able to get foundations to share their information.

Appendix D – Can foundations be donor resources?

Private foundations tend not to focus on direct humanitarian aid

The missions of private foundations vary greatly, but one of the most common themes we've found is a focus on research, political advocacy, public outreach, and other extremely long-term projects, as opposed to expanding simple and proven humanitarian aid programs.

This is *especially* true of international aid: every major foundation we've looked at that does significant granting in Africa focuses its grants on research and education (this includes the Gates Foundation), not on programs that distribute bednets, medication, food and water, etc. See Exhibit 6 for an example: the Gates Foundation's priorities regarding acute diarrheal illness all involve finding new treatments and tools, rather than funding existing methods for fighting diarrhea (these include distributing water purification tablets; building clean water sources; building latrines; giving simple classes in sanitation; and distributing medication that prevents death from dehydration).

We asked the foundations we talked to, as well as several alliances (including Grantmakers for Effective Organizations and the New York Regional Association of Grantmakers), for references to foundations that do a significant amount of funding in international humanitarian aid, and were answered that private foundations generally don't fund this kind of work – it tends to be performed by public charities and funded by individual donors.

In *The Insider's Guide to Grantmaking*, Joel J. Orosz gives a possible explanation for this phenomenon:

Most foundations focus on encouraging innovation rather than on supporting the ongoing programs of nonprofit organizations. This is widely resented among nonprofits, who complain that such policies force them to continually start new activities, while existing solid programs wither for lack of support. Foundation leaders reply that the dollars that foundations provide are so few that they would quickly be swallowed up by support of ongoing programs. ... [foundations provide] only about 1.2 percent of nonprofit income, and the only way that this small amount can have an impact is if it backs new ideas and promising approaches.³⁹

We don't presume to know for sure why it seems so common for foundations to focus on projects rather than organizations, and researching new ideas rather than scaling existing ones. We find it possible that it has to do with the desire to create a striking legacy for their funders: by funding discrete projects, a foundation has the possibility of being able to claim significant responsibility for a major event or innovation, as opposed to simply adding to a pool of dollars that reduces suffering and increases opportunity. But regardless of the reasons, we have seen a strong (though not universal) pattern that leads us to believe that **the information foundations have may not be fully relevant to what we are trying to do: help donors find simple, proven organizations and strategies to fund, in order to improve the world as much as possible.**

Grantmakers who are likely to help

We are in contact with a few major grantmakers that are more in sync with our values than most, and we are optimistic that they will be particularly helpful in evaluating charities.

- We called the **Edna McConnell Clark Foundation** after being consistently pointed to them (see Appendix G) as a progressive, innovative foundation; this foundation expresses a commitment to evaluating organizations (as opposed to projects) thoroughly and sharing what it finds with the world. This foundation works on a subset of the causes

³⁹ Joel J. Orosz, *The Insider's Guide to Grantmaking*, Jossey-Bass (2000), page 19.

Appendix D – Can foundations be donor resources?

we wish to cover, with a stated focus on "[serving] young people from low-income backgrounds (ages 9 to 24) with quality programs during out-of-school time,"⁴⁰ and so far we haven't seen the level of transparency that would allow us to make real use of the Foundation's work, but a representative has said it is possible that they will share more information with us, and we remain in contact.

- **Geneva Global**, a philanthropic advisor that makes major grants on behalf of many clients, contacted us about the possibility of sharing its information with us in the hopes that we will help make it accessible. This organization shares our focus on thorough evaluation and on using grants to change lives significantly. We have recently gotten a sample report from them, and will continue to push for more information. They tend to make grants on a project basis, rather than seeking scalable projects to absorb donations from individuals, but we believe their knowledge base will be useful in understanding what strategies are most effective in improving people's lives.
- Informal conversations have led us to believe that as we continue to make contacts and gain credibility, other foundations – particularly those focusing on our causes in New York – will be willing to talk and share information with us.

The grantmakers who are interested in sharing information recognize the difficulty of achieving true transparency, and see our project as a potential opportunity. They have expressed a desire to share what they find with the world, but unlike us, they are not explicitly devoted to serving individual donors. We are prepared to put in the significant amount of work and thought necessary to make our knowledge usable and useful.

Conclusion

In seeking to use foundations as information sources, we have found major obstacles to leveraging what they've found to help individual donors with their decisions, both in terms of their willingness to share information and the way they evaluate organizations. Foundations do not rely on public support, and ultimately have minimal reason to answer to anyone except their own Boards; they exist to serve their own mission statements, not other donors. **Although we will make as much use as we can of their resources, we believe that creating a grantmaker explicitly devoted to transparency – making grants to publicly supported charities, and focusing on creating a donor resource – is the only promising path to a good understanding of donors' options.**

⁴⁰ See <http://www.emcf.org/grants/index.htm>

Appendix E – Can we get noticed?

Our project's immediate goal is to create a truly useful donor resource – one that can claim some (though not absolute) scope and confidence in recommending charities – by December 2007. At that point, our focus will shift to publicizing and promoting the resource during peak giving season, in the hopes of maximizing its impact.

We've put very little work into either publicizing our current website (which we don't feel is well-designed or thorough enough to retain most people's interest) or into planning our publicity campaign (something we will focus on when the time comes – our primary concern is creating good content). Still, we anticipate that if we succeed in building the website we envision, getting attention will be relatively easy. This is due to both (a) the interest we've gotten so far, even without significant effort or a truly quality resource; (b) the concrete ideas we do have for seeking publicity. This appendix covers both.

Our publicity so far

We have made next to no attempts to publicize our project and website to this point. What we have done, and the results, are below.

Within our company

Our employer discourages direct solicitations on behalf of particular charities, and we have specifically avoided aggressively promoting our site – yet have still seen it have some impact on people's giving decisions. We can't disclose the details of this observation publicly, but can arrange to do so to individuals upon request.

Personal contacts

Members of the project have emailed their friends encouraging them to look at our main website and blog. Anecdotally, we have found that this is an idea that people have an easy time relating to and getting excited about; one of the best testaments to this is the huge amount of (difficult and often tedious) work that the eight members of the original GiveWell group – all with demanding full-time jobs and many other interests – put into the project last fall, in order to create the current website. We have had several more offers to volunteer for us since then, although in our focus on scaling up the project we have generally had to defer these.

Active attempts at self-promotion

In December, just after we published the current website, Elie Hassenfeld sent an email explaining GiveWell to New York Times columnist Nick Kristof, who immediately responded by publishing a positive blog post about us (Exhibit 3). This resulted in a spike in traffic and questions from visitors; we decided at that point that with our site as preliminary as it is, we'd rather not actively seek publicity by sending more emails along these lines. We chose to spread the word only among our friends and those in the nonprofit community, and get feedback and helpful thoughts while making sure that we don't get overwhelmed.

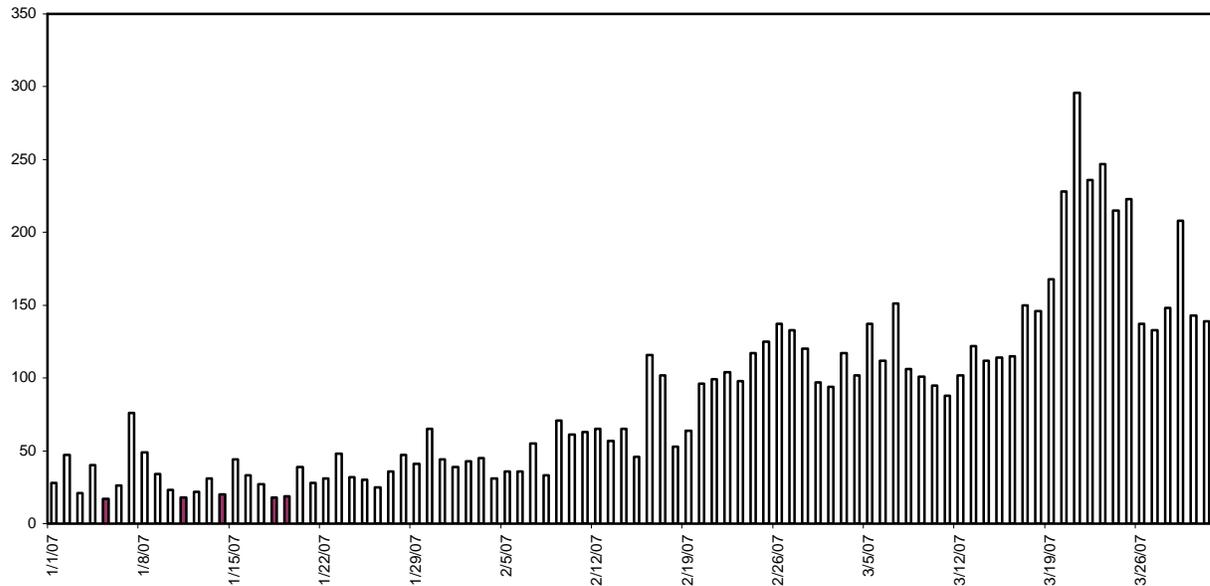
The GiveWell Blog

Starting 12/23/2006, we started maintaining a regularly updated blog with our notes and thoughts on giving, evaluation, and other issues in the nonprofit sector. The original intent of the blog was to give personal contacts a way to stay engaged with our project and read and react to our opinions. After submitting a couple posts to the Giving Carnival (a periodic roundup of blog posts on philanthropy-related topics), we found ourselves getting attention from those in the relatively small space of philanthropy-related blogging. The attention started with a February 16 post on the Tactical Philanthropy blog, entitled "GiveWell vs. the Ford Foundation," and since then we

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have seen increased traffic and dialogue, both through visitors' comments and through other blogs discussing us.

Unique visitors to the GiveWell Blog



Quotes about GiveWell from other blogs (all of these are from different sources – see Exhibit 2 for details):

- “GiveWell ... is doing what few large foundations have figured out how to accomplish ... Why are the young members of the GiveWell project doing more to improve our shared knowledge base than the Ford Foundation?”
- “GiveWell is a great new service to check out and a tremendous challenge to nonprofits out there.”
- “Time and effort were put into these evaluations and it’s clear that they actually *spoke* to someone at the organizations they are writing about ... This is exactly the type of evaluation system that I believe we will all use one day.”
- “Talk about transparency.”
- “Can you afford to ignore GiveWell? Yes. But not for long.”

Plans for December

We believe that when peak giving season hits, charity will be a popular topic, and we will have a compelling, easily understood, free product to market. Through both traditional and online strategies, we think we can get substantial exposure. Our strategies will include the following:

- **Contacting members of the media about our project.** We will use our personal contacts where we can, and cold calling where we can’t.
- **Partnering with existing online donor resources.** As we note in Appendix B, existing online donor resources tend to aim for breadth over depth, and the idea of partnering with us to provide more thorough reviews should be appealing.
- **Submitting to social news sites such as Digg and Reddit.** We will also add buttons to our page allowing people to easily add to our scores at these sites.
- **Encouraging recommended charities to link to us.** Charities that win our approval by demonstrating effective activities (whether or not they actually receive our grants) will be

Appendix E – Can we get noticed?

given “GiveWell recommended” badges to put on their websites. It is common for charities to prominently display such badges from other evaluators including Charity Navigator.

- **Promotional events and presentations.** We will try specifically to reach high-income potential donors in the finance industry.

Our priority is creating a great resource; if we do this successfully, we believe we can quickly generate awareness of it. This is especially true in the current environment of social media, where we've seen ideas and products gain huge publicity with incredible speed – when the ideas and products are compelling enough.

Appendix F – More on our scope

This appendix gives more detail on how we made the choices we made in setting the size and scope of our project, trying to balance the wish to create a truly useful donor resource against the recognition that there's only so much we can do in six months.

In deciding what we can realistically accomplish in our first year, we created an organized list of all the charitable activities that major parts of the nonprofit sector are devoted to. We then chose a list of broad causes to address for the first year (see "Scope" in the main document), aiming to (a) narrow our scope to something we can cover reasonably well by December; (b) focus on charities that both promise to capture a large amount of public interest and are *relatively* amenable to being evaluated and compared.

This appendix first presents the full charity landscape as we see it, to give a full sense of what we are *not* addressing. It then addresses the size of the project we *will* address, and why we think it is a realistic, if ambitious, goal.

The charity landscape

The following is a by-category list of all the activities that relatively large charities in the U.S. focus on. It is broken it down at a higher level of detail for the areas we're most interested in in the short-term. We hope eventually to encompass this entire landscape in *some* form, although the form and criteria of our evaluations would vary widely if this were the case.

There is a huge variety of issues addressed by the nonprofit sector, and the question of how to evaluate the most effective charities would be answered very differently depending on what issues are at stake. **Many of the activities that charities exist to carry out are highly controversial;** our listing them here is not an endorsement of these activities, merely a statement that there is a significant presence devoted to them among public charities.

All of our causes fall under I-A through I-H below.

I. Help people today

All of the goals under this heading can be addressed via direct aid, i.e., translating donations directly into improved lives in the short term, without relying on changing others' laws or opinions. In many cases, there is also the possibility of pursuing legal advocacy, research, etc. to help accomplish these goals.

Emerging world

- A. **Fight epidemic diseases:** malaria, tuberculosis, HIV/AIDS, other STDs, influenza, diarrheal diseases, etc.
- B. **Improve basic health:** provide corrective surgery for deformities, improve reproductive health and education, etc.
- C. **Provide for basic needs:** food, water, shelter, agricultural and infrastructural development, etc.
- D. **Improve enfranchisement and opportunity:** education, job training, computer and internet access, mental health (including trauma counseling), etc.
- E. **Aid abandoned children** by providing orphanages and/or assistance in finding families.
- F. **Aid the disabled** by providing wheelchairs, crutches, etc.
- G. **Other aid**, including repatriation assistance for refugees and landmine removal.

Developed world

- H. **Aid disadvantaged people, with the aim of giving them all the same opportunities that the most fortunate have.** (This is in contrast to aiding the terminally ill, permanently disabled, or otherwise irrevocably disadvantaged.)

Appendix F – More on our scope

1. **Medical assistance** with blood/marrow/organ transplants, preventable blindness, corrective surgery for burn scars, etc.
 2. **Assist those with addictions** to alcohol, cigarettes, and other drugs.
 3. **Promote reproductive health and choice** through sex education, distribution of condoms, abortion assistance, etc.
 4. **Promote physical fitness** through exercise and related programs.
 5. **Improve mental health**, including recovery from trauma, through counseling.
 6. **Provide for basic needs:** food/nutrition, basic health care, housing (including energy), etc.
 7. **Improve early-child development** through early childhood programs including special education.
 8. **Aid children without parents** by facilitating adoption, foster care, supportive homes, and searches for missing children.
 9. **Improve educational opportunities for children** through public school reform, charter schools, after-school activities, summer school, tutoring, and anti-bullying programs.
 10. **Provide recreational and character-building opportunities for children:** YMCA, JCC, Boys and Girls Clubs, Boy Scouts / Girl Scouts, sports programs, arts programs, community service programs, etc.
 11. **Provide college scholarships** based on professional aspirations, ethnicity and gender, academic accomplishments, financial need, and more.
 12. **Improve job opportunities for adults** through job training and assistance, credit, immigration support, etc.
 13. **Address other needs** including child care, legal assistance (including tax counseling), computer and internet access, and self-defense training.
- I. **Provide financial aid to those deemed incapable of supporting themselves** including single mothers, the elderly, veterans, the permanently disabled, and those who have experienced the death of their supporting wage earner (generally due to a specific cause such as fighting in the military, serving as a policeman or firefighter, falling victim to a specific disease, etc.)
- J. **Serve the permanently disabled** including those who are blind, deaf, physically handicapped, and mentally handicapped.
1. Publicize and enforce relevant laws.
 2. Provide helpful equipment and technology.
 3. Provide jobs and recreation.
- K. **Serve the terminally ill.**
1. Provide financial assistance to families so they can spend time together despite hospitalization.
 2. Provide medical treatment and hospices.
 3. Provide summer camps and other recreational opportunities.
 4. Wish-granting organizations such as Make-A-Wish Foundation.

II. Help people tomorrow

Charities under this heading seek to help people through extremely long-term projects, though they do not rely on changing laws.

- A. **Research cures to currently incurable diseases** including cancer, AIDS, MS, ALS, Parkinson's, and many more.
- B. **Research general health-related issues** including aging, mental health, and nutrition.
- C. **Research other issues** including the environment, public policy, and traffic and road safety.
- D. **Support the environment.** Most charities under this heading focus on political advocacy, but the following do not.
 1. **Plant trees.**

Appendix F – More on our scope

2. **Purchase land for the purpose of conserving it** – including local wilderness, coral reefs, farmland, gardens, wetlands, etc.
 3. **Promote energy conservation** by creating standards and advocating them directly to businesses.
 4. **Promote other environmentally conscious behavior** including recycling, alternatives to pesticides, and land conservation (including the rainforest).
- E. **Promote tolerance** through exchange programs, multiethnic community service programs, and multiethnic/multinational camps.
- F. **Fight overpopulation** through education and birth control.

III. Help animals

- A. **Provide care and adoption services for strays.**
- B. **Provide medical care for the pets of people who can't afford it.**
- C. **Promote alternative population control**, i.e., trap-neuter-return as opposed to killing.

IV. Change laws and/or law enforcement

The charities under this heading focus on changing the legal landscape within a country, through a combination of political advocacy and legal prosecution and enforcement.

- A. **Enforce laws through legal action.**
 1. **Prosecute alleged child abuse.**
 2. **Prosecute alleged discrimination** (based on gender, ethnicity, religion, sexual orientation, etc.)
 3. **Prosecute alleged election fraud.**
- B. **Fight for legal change.** All issues under this category are two-sided within the nonprofit sector, i.e., there is at least one major charity devoted to each of the opposing sides of the issue.
 1. **Provide for the needy vs. reduce government size and spending.**
 2. **Liberalize immigration laws vs. tighten immigration restrictions.**
 3. **Promote family values vs. promote liberal sexual education in schools.**
 4. **Promote family values vs. protect free speech in the media.**
 5. **Protect the environment vs. promote business and free markets.**
 6. **Pro-life vs. pro-choice organizations.**
 7. **Promote peace vs. protect national security.**
 8. **Protect civil liberties vs. protect national security.**
 9. **Increase gun control vs. protect gun owners' rights.**
 10. **Increase the role of religion in society vs. promote separation of church and state.**
 11. **Abolish the death penalty vs. preserve the death penalty.**
 12. **Increase minimum wage standards vs. protect the right to work.**
 13. **Fight outsourcing and sweatshops vs. promote business and free markets.**
 14. **Support Israel vs. support Palestine.**
 15. **Promote vs. oppose the right to euthanasia.**
 16. **Promote freedom of information vs. protect intellectual property rights.**
 17. **Promote fair sentencing vs. promote public safety.**
 18. **Protect animal rights vs. promote scientific research** (including for specific diseases), business and free markets.

V. Change governments

Appendix F – More on our scope

The charities under this heading advocate for powerful governments and international bodies to pressure and change other governments.

- A. **Promote peace.**
- B. **Promote arms control.**
- C. **Increase democracy worldwide.**
- D. **Promote human rights** by fighting the death penalty, torture, arrest without trial, and the arrest of prisoners of conscience.
- E. **Promote equality and tolerance under the law** for people of different genders, ethnicities, religions, sexual orientations, etc.
- F. **Aid the United Nations.**

VI. Provide public goods

The charities under this heading focus less on preventing suffering than on providing public goods that, because of their shared nature, are not naturally supported by the market.

- A. **Supplement government-provided services** including firefighters, policemen, and hospitals.
- B. **Provide public spaces** including parks, playgrounds, libraries, forests, gardens, preserves, etc.
- C. **Support museums, zoos, aquariums, etc.**
- D. **Support the arts** including theater, poetry, music, etc.
- E. **Support community sports leagues.**
- F. **Provide public TV and radio stations.**
- G. **Preserve history** including regional and ethnic history, landmarks, Holocaust remembrance, etc.

VII. Support and improve the nonprofit sector

- A. **Provide online donor resources** such as Charity Navigator, JustGive.org, etc.
- B. **Provide grants and assistance to social entrepreneurs.**
- C. **Provide services to charities** including gifts in kind, consulting, evaluation, research, etc.

The size of our project

After settling on the seven causes listed in the "Scope" section of the main document, we used two different approaches to find organizations within them. We looked at the largest charities officially classified within our causes (by large online charity databases), and looked at all charities that have received grants from large foundations in the last two years (using the Foundation Center's database of all foundation grants). **We estimate that there are about 500 relevant organizations within our NYC-related causes, and about 300 within our Africa-related causes.**

This is a lot, but we believe **our approach to evaluation will allow us to move much more quickly through applications than the traditional approach does.** We will not be working with charities to design and critique particular projects; we will not be conducting our own evaluations; in fact, **we won't be advising or assisting charities at all, only questioning them** about what they already have done and plan to do – and looking for models that are already demonstrably effective and scalable. Our experience putting together our current set of reviews last fall was that evaluation is a lot of work, but we also found that the vast majority of charities very quickly proved irrelevant to what we were looking for (generally because they were employing highly debatable strategies and had made no formal attempts to evaluate them); conversations with people in the sector (see Appendix F) have reinforced our impression that most charities will not

Appendix F – More on our scope

be willing or able to respond to our questions in the way we're looking for. The charities that *did* give us information took much more time to evaluate and write up, but reviewing even a charity like this took 10-20 hours from start to finish.

We believe that with large enough grants, we will very quickly get to the relevant information (an appropriately detailed budget; results of self-evaluations) with charities that have it, and very quickly establish which ones do not. Having done very rough estimates of how many charities will command a lot of our time vs. a little, we believe that we will be able to identify, evaluate and review the most relevant organizations by December 2007.

Appendix G – Literacy in grantmaking

The Clear Fund will be the world's first grantmaker to pursue complete transparency in its decision-making, but we will not be the world's first grantmaker. To the extent that it's possible, we want to be literate in the conventional wisdom, accepted best practices, and any other existing knowledge on how best to make charitable grants.

This appendix details what we've done so far, and what we're planning to do, to gain this literacy. The most important observation we've made is that **very little exists in the way of formal training or widely accepted wisdom on grantmaking decisions**. The opening words of *The Insider's Guide to Grantmaking*, published in 2000 and written by a faculty member at one of the only schools we've seen that offers courses on grantmaking, summarize this issue:

Foundation work is a calling with no preemployment training courses, no qualifying, entrance exam, and few formal postemployment training programs. There is a literature that describes sound practices for certain aspects of grantmaking, but it is scattered and fugitive, appearing mostly in periodicals, a few specialized monographs, and ephemeral pieces such as annual reports. Only by a determined and persistent bibliographical search can foundation employees pull it all together, and even then, gaps would appear in areas where precious little has been written on the responsibilities and roles of the program officer.⁴¹

Given the ineliminable role of philosophy, as well as intuition and judgment calls, in giving decisions (see the "Evaluation criteria" section of the main document for more on this), we are not surprised to see that there is little true "expertise" to be had – it's simply not an endeavor that lends itself to universally applicable rules. For this reason, we feel that our lack of formal training in grantmaking will not be an obstacle; our strong general analytical abilities and common sense will prove more valuable than any such training; and, as we state at the conclusion of the main document, our unique commitment to transparency represents the quality that is truly most valuable in a grantmaker.

That said, to the extent that there is existing wisdom to absorb, we are determined to absorb it. We have had many extended conversations with people in the field, and followed their suggestions (as well as our own independent research) to courses and other resources.

Conversations with people in the field

Through personal connections, The GiveWell Blog (see Appendix E), and cold calls, we have had many conversations about our plan and about how we can learn more about grantmaking. The following is a list of people that we have had **thorough** conversations with – generally at least an hour on the phone or in person devoted to discussing our project, along with followup emails. **We are not claiming endorsement or attributing any particular opinion to the following people, just stating that we solicited their thoughts.**

Organization: Blueprint Research and Design Inc., a strategy consulting firm specializing in program research and design for philanthropic foundations

Contact: Lucy Bernholz, Founder and President

Organization: Grantcraft, a project of the Ford Foundation to provide practical wisdom for grantmakers

Contact: Jan Jaffe, project leader (Grantcraft) and senior director (Ford Foundation)

Organization: New York Regional Association of Grantmakers

Contact: Jason McGill, Director of Member Services

⁴¹ Joel J. Orosz, *The Insider's Guide to Grantmaking*, Jossey-Bass (2000), page xi.

Appendix G – Literacy in grantmaking

Organization: ActKnowledge, a social enterprise that uses an action research approach, working with non-profit organizations on research and evaluation and emphasizing the "Theory of Change methodology" it has developed for planning and evaluating social change initiatives

Contact: Helene Clark, Director

Organization: Ensemble Capital Management, a firm providing both traditional investment management and philanthropic advising

Contact: Sean Stannard-Stockton, Director of Tactical Philanthropy

Organization: the Tiger Foundation, a foundation devoted to breaking the cycle of poverty in New York City

Contact: Charles Buice, Program Officer

Organization: Changing Our World, a fundraising and philanthropic consulting firm

Contact: Jessica Stannard-Friel, Director in the Philanthropy Division

Contact: Heidi Brooks, Director of Community Relations, John Hancock Financial Services

Written resources

Several books and other written resources have consistently been pointed to by the people we've talked to and the websites we've scanned. Aside from these, we have not found much written on grantmaking, and what we have found has often been focused on logistics (managing the process, using the appropriate forms, "how to say no," etc.) rather than on how to make good decisions.

We have read the following:

- Relevant articles available through Grantcraft (<http://www.grantcraft.org>), a project of the Ford Foundation seeking to provide practical wisdom for grantmaking.
- *Practice Matters: the Improving Philanthropy Project*, a ten-part series on best practices for grantmaking provided by the Foundation Center (<http://foundationcenter.org/gainknowledge/practicematters/>)
- *The Insider's Guide to Grantmaking* (Jossey-Bass, 2000), by Joel J. Orosz of the Grantmaking School at Grand Valley State University
- *How Effective Nonprofits Work* (The Forum of Regional Associations of Grantmakers and The Donors Forum of Chicago, 2002), by Marcia Festen and Marianne Philbin
- *A Funder's Guide to Evaluation* (Fieldstone Alliance and Grantmakers for Effective Organizations, 2005), by Peter York
- *Benchmarking for Nonprofits* (Fieldstone Alliance, 2004), by Jason Saul, Founder of Mission Measurement (a performance measurement consultancy)

Courses

Few academic programs in philanthropy exist, and most of these are devoted to fundraising as opposed to grantmaking. The only formal programs we know of in grantmaking are:

1. A pair of courses⁴² offered by the Grantmaking School at Grand Valley State University (claiming on its website to give "the first university-based program for teaching the techniques and ethics of grantmaking specifically to foundation grantmaking professionals").
2. A certificate in Grantmaking and Foundations from the New York University School of Continuing and Professional Studies.⁴³

⁴² See <http://www.grantmakingschool.org/descriptions.htm>

Appendix G – Literacy in grantmaking

We plan on taking courses from both of these programs, as well as workshops from the New York Regional Association of Grantmakers, to the extent that doing so would be logistically possible and relevant.

What we've learned: a brief overview

Below is a quick summary of the major themes we've seen in the resources we've consulted so far.

- There is no one-size-fits-all formula for good grantmaking. Most case studies cited as successful involve a grantmaker that starts each project by consulting the people involved (both nonprofits and people in need), and uses a great deal of improvisation.
- Most resources on grantmaking stress that formal self-evaluation is a powerful tool that is not currently used enough. They point to the following as qualities of good evaluation:
 - Good evaluations start with a logic model or theory of change, both ways of engaging a program's stakeholders in a careful examination of it, using common-sense reasoning (rather than a predetermined formula) to see how it is intended to work and how its success might be measured.
 - Good evaluations are designed with major participation from stakeholders in the project, rather than completely externally imposed.
 - Good evaluations are used by nonprofits to learn and improve their activities, not just to provide proof of effectiveness to funders.
 - The common theme is that evaluations are more likely to be honest when they involve and benefit those directly involved with the programs, not just the funders. We find that this makes a lot of sense, and fits well into our plan of expecting the best nonprofits to provide their own self-evaluations and results, rather than designing and imposing studies on our own.
- Foundations are often criticized for restricting their funding too narrowly, rather than giving organizations the flexibility they need to adjust to the unexpected (as well as handle their central operating costs). We don't anticipate that this will be a problem for this, since all our grants will be unrestricted.
- Grantmaking is difficult and time-consuming, and the scope we've chosen for our project will be extremely challenging. For this reason, we hope to give grants as large as possible (to encourage charities to spend time answering our questions and reduce the amount of back-and-forth) and leverage others' knowledge as much as we can.

Our project, current website, and business plan are all the product of a great deal of dialogue – with the nonprofits we're evaluating, with others in the field, and with anyone who cares to comment. Consistent with this, we believe our model of evaluation is highly compatible with existing consensuses on best practices, to the extent that they exist.

⁴³ <http://www.scps.nyu.edu/departments/certificate.jsp?certId=101>

Exhibit 1

Review: New Visions for Public Schools**From GiveWell***Page maintained by Holden*

Cause: Improve opportunities for U.S. inner-city children

Website (<http://www.newvisions.org>) / Donate Now (http://www.nycharities.org/donate/c_donate.asp?CharityCode=1327)

What is GiveWell?

What is this page?

Overall rating: 4/5 (Guide to ratings)

| Strategies & activities | Fiscal responsibility | Relevance of your dollar | Self-evaluation process | Evidence of effectiveness |
|-------------------------|-----------------------|--------------------------|-------------------------|---------------------------|
| 4/5 | 4/5 | 4/5 | 5/5 | 3/5 |

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Executive Summary

New Visions is devoted to improving New York City's public school system, by systematically applying, supporting, and

Exhibit 1

testing research-driven and experimental programs. Its largest program (in terms of money and emphasis) is the New Century High Schools Initiative (NCHS), a partnership with the state in which it has taken large public schools in needy areas and turned them into clusters of smaller, carefully monitored schools, aiming to promote a set of principles⁸ including a personalized environment and high academic expectations. New Visions also funds programs that train teachers and principals in various ways and promote systematic information sharing across schools.

New Visions's website appears to be behind its organizational development, and has little information on its programs outside the NCHS Initiative. Generally, we don't understand these programs as well as we'd like to, and we've found the flow of money and the monitoring and evaluation processes to be less clear for these than for the NCHS initiative. In many cases that's because they are newer programs and still evolving, and we continue to work with New Visions's representatives to understand them better. In the meantime, we've evaluated New Visions mostly on what we've seen from the NCHS Initiative, its largest program and the one we know the most about.

The NCHS Initiative stands easily above other nonprofit efforts we've seen — in all areas — in terms of transparency and well-executed, systematic strategizing and self-evaluation. Other nonprofits would do well to emulate its annual third-party evaluation,⁷ which is thorough in data collection and unusually reserved and objective in its interpretation. We still see room for improvement in this setup - most notably, we want to see New Visions be more systematic about recording not just its results, but how its strategies are evolving to respond. But overall, the NCHS Initiative is the most promising program we've seen in terms of being systematic about discovering what works in public schools.

It's worth noting that New Visions works directly within the existing New York City public school system; most other organizations trying to improve education (including two other Gates-supported organizations, the Knowledge is Power Program (<http://www.kipp.org>) and Achievement First (<http://www.achievementfirst.org>), that we have yet to evaluate thoroughly) use voluntary programs, making it hard to tell whether they are helping students or simply attracting the most motivated ones. And so far, there is encouraging, though not overwhelming, evidence that the NCHS Initiative is working, in the form of a positive effect on attendance and course completion. This is impressive progress on a difficult and complicated problem.

If New Visions continues its emphasis on thorough self-evaluation in its newer programs (something its representatives have expressed a commitment to), it will remain a true standout in terms of its potential not only to impact disadvantaged children's lives, but also to create new models and evidence for how to achieve excellence in education.

Mission

(About this section)

New Visions is devoted to improving the state of New York City public education. Through thorough documentation and self-evaluation, it seeks not just to help individuals but to provide models for more effective schools.

Who benefits and how

New Visions focuses explicitly on New York City public schools in disadvantaged areas (see this source^{4a} for a summary of locations). Its New Century High Schools are matched with students using the same preference-ranking system that all New York City public school students use, and because of their locations, they generally have disproportionate numbers of low-income students, as well as black and Hispanic students, though they also have fewer special-needs children than the citywide average.⁷ We take this as evidence that New Visions is, for the most part, succeeding in targeting New York City's more disadvantaged children (and avoiding the selection bias that plagues many voluntary programs, which naturally draw the most motivated students²).

We don't have a thorough research base for this cause, but anecdotally, the range of life outcomes for a disadvantaged New York City student is huge, and depends heavily on education: opportunities for college-ready U.S. citizens are limitless, but those who don't succeed in school often become criminals and dependents.

Exhibit 1

Strategies and activities

(About this section)

The lion's share of New Visions's budget, according to its latest annual report,⁶ goes to what it calls Strengthening schools, and the emphasis within this category appears to be on the New Century High Schools Initiative. We have general descriptions of its other programs from the generic grant proposal it sent us,¹⁰ and are waiting to get more details on where the money goes and how the programs have been evaluated.

New Century High Schools (NCHS)

The New Century High Schools initiative began in 2002, and has since resulted in the creation of 83 small public schools that replaced large public schools,^{4e} under New Visions's direction, supervision, and supplemental funding (\$100,000 per year for the first four years).⁹ New Visions established these schools, in partnership with the Department of Education, by issuing a detailed RFP¹³ and awarding its supplemental funding and consulting to the applicants it found strongest. We are waiting on information about its selectivity, i.e., how many applicants applied.

New Visions has a staff on the ground at each school, continually assisting in the monitoring and evaluation (a key component of the program, and ultimately perhaps its distinguishing feature), and aiming to run the schools according to New Visions's Ten Principles of Effective Small Schools.⁸ These principles are partly driven by existing research (for example, the effectiveness of small schools in helping close achievement gap is somewhat documented³) and fully at least informed by it, i.e., we haven't seen any evidence to contradict the principles.

All the principles seem logical to us, though some are more concrete than others: for example, we find school size to be more easily measurable, and thus more replicable, than "a rigorous instructional program." In the evaluation report,⁷ the "measurement" of vaguer principles seems to us to border on simply measuring students' and teachers' attitudes toward school, and we find the report somewhat guilty of overstating the substantiveness, measurability, and thus significance of these principles. To us, the most easily observable and significant differences between NCHS schools and other schools are that NCHS schools are smaller, and more systematically monitored.

The NCHS initiative is the most publicized and best documented of New Visions's programs, and early results are encouraging (though not overwhelming) in terms of their effects on students.

Scaffolded Apprenticeship Model

The program that we have talked the most about with New Visions, other than its NCHS initiative, is a newer program that aims to simultaneously train new leaders and try new educational techniques. Teachers are nominated by their schools to take part in this program, in which they work in teams to examine and analyze particular problems in the classroom (example: over-age, under-credit students at a specific school). They propose specific solutions, then are charged with carrying them out and monitoring and evaluating these solutions' effectiveness. The intent is for them simultaneously to address specific problems and gain administrator- (as opposed to teacher-) related skills, so they can become effective principals.

We have one sample writeup from this program, by a group that attempted to address a group of students' low reading skills. They administered tests to identify which "sub-skills" were most lacking, and shifted the curriculum to focus on those "sub-skills" (in this case vocabulary), ending their writeup with observed improvement in vocabulary skills. We haven't yet received permission to post the full writeup. This seemed like a logical case study, but we are waiting to see aggregated numbers to determine the overall effects of the larger Scaffolded Apprenticeship Model program.

Other programs

We got a better picture of New Visions's other programs from the generic grant proposal they sent us¹⁰ than from their

Exhibit 1

website. At this point we have only general descriptions, taken from this document, and very slightly informed by our conversation with the President of New Visions (we focused on NCHS and the Scaffolded Apprenticeship Model, touching only briefly on other programs). Broadly, New Visions's programs outside the NCHS Initiative and New Visions Small Schools include:

- Coaching, training, and recruiting principals
- Special teacher training programs for problem areas (currently science and history)
- Setting up specialized programs to target the students in the most need (for example, a program to select 25 students struggling students for a case study and examination)
- Training sessions and materials to help counselors and students through the college application process
- Partnerships between schools and community organizations, aiming to have community services provided at schools
- Promoting and funding meetings of people from different schools, to discuss issues and share knowledge
- A school-centered wiki for information sharing between educators, scheduled for launch next fall
- Bringing together parents and students to discuss increasing parent and student involvement

Many of these programs fall under the general heading of getting people together to study a particular issue, come up with a solution, and implement and test it in a systematic way. To really understand the programs' impact, we need to understand what sorts of solutions are being proposed and tried, and we also want a better sense of exactly how donated funds are being used.

Fiscal responsibility

(About this section)

- Tax form (<http://www.givewell.net/wiki/attachment/NewVisions/tax-newvisions-2005.pdf>)

We believe New Visions to be fiscally responsible because their funds are closely monitored by large foundations, their overhead and fundraising expenses are low, and they provide a more detailed budget than the government requires, right on their annual report linked from the website.⁶ We find their budgeting less than optimal: looking at the documents they've sent us, it's still hard to get a clear picture of where the money is going.

Relevance of your dollar

(About this section)

Given its support from large foundations such as Gates and Carnegie, we questioned whether private donations are really relevant to New Visions plans. According to New Visions, large foundations generally support programs once they are concrete and established, and smaller donations are necessary for piloting and measuring new ideas. New Visions also claims that its data collection, and reports such as the NCHS third-party evaluation,⁷ are largely financed by private donors. We think the responsiveness of its representatives represents some additional evidence that New Visions is not overfunded.

Self-evaluation process

(About this section)

NCHS Initiative

New Visions's annual evaluation of its New Century High Schools Initiative,⁷ conducted by the third party Policy Studies Associates, is impressively thorough, and maintains a reserved tone. Its conclusions from the data are different from ours (see below), and raise some concern about overoptimistic interpretation, but this concern is not nearly as severe as with other nonprofit evaluations we've seen (even those done by third parties). The study acknowledges many concerns, and

Exhibit 1

makes its methodology transparent enough for us to raise our own.

The evaluation looks at attendance, credit accumulation, promotion (i.e., moving from one grade to the next), suspension rates, and Regents exam scores. It compares these for NCHS students and “comparison group students,” who are selected based on their similarity to NCHS students in measurable ways (including age, gender, ethnicity, and academic and attendance records); the idea is to isolate the effects of schooling, as opposed to the effects of different student populations.

The evaluation also looks at a large set of survey data for NCHS schools, with the intent of measuring whether the schools are running as they’re supposed to. We have issues with whether the questions are measuring what they’re intended to measure (see below), and we wish that surveys were conducted at non-NCHS schools to form some point of comparison; that said, it seems that an effort is being made to collect as much data as possible and analyze it carefully and objectively, something we don’t see nearly often enough in the nonprofit sector.

Other programs

We are waiting for more detail on the evaluation processes for other programs. New Visions emphasizes its devotion to data collection and evaluation,⁹ and we are hopeful that we will continue to see strong and systematic self-evaluation processes.

Evidence of effectiveness

(About this section)

NCHS Initiative

The evaluation report is somewhat inconclusive, largely because the program is so young: it consists of 12 schools started during the 2002-2003 school year, 18 schools started during 2003-2004, and 45 schools started during 2004-2005. To us, the most important headlines are:

- NCHS students are going to class more often and passing their classes at a greater rate, compared to comparable students at non-NCHS public schools.⁷ This is an encouraging sign that NCHS schools are doing a superior job engaging students.
- NCHS students are also getting suspended at higher rates than their peers.⁷ We agree with the report’s take that this can be part of the same picture as the higher attendance rates: in smaller schools, students receive more attention, and are disciplined more often.
- Data on Regents exam scores doesn’t show an NCHS effect one way or the other.⁷
 - This raises the possibility that NCHS schools are passing students through more classes by lowering standards, rather than by teaching more. We find this unlikely (we don’t see why NCHS schools would have extra incentive to pass students, especially given New Visions’s stated emphasis on rigorous instruction and high standards), but worth considering.
 - On the other hand, this data is drawn only from students who choose to take Regents exams early, introducing a variable (emphasis on early exams) unrelated to quality of education.
 - We also don’t know anything about the extent to which the mean number of regents exams passed could be skewed by a small number of highly gifted students (in a sample of 100 averaging 3 Regents credits, 5 students with 8 credits each could make a big difference, more than in the other metrics).
- Although it’s good that survey data is being collected, the data as presented tells us little. Its intent is to measure whether schools are being operated according to New Visions principles,⁸ but most of the questions seem like they would more likely simply measure whether students and teachers have positive attitudes toward their schools. Without non-NCHS numbers to compare these two, we learned little from the survey data except that the second group of schools (the 18 started in 2003-2004) appears to be the strongest.
- More informal study was also done, in the form of focus groups (analysis begins on page 49⁷). It concluded that NCHS students generally felt safe and felt strong relationships with their teachers; that there were concerns over sharing facilities with other schools; and that schools weren’t engaging in outside partnerships as much as had been

Exhibit 1

hoped.

- The NCHS schools studied here had certain advantages that will fade in the future: temporary extra funds from New Visions (\$100,000 per year for the first four years), and smaller size (a school consists of only freshmen in its first year, freshmen and sophomores in its second year, etc.) Teachers expressed concerns about both of these factors (see pages 60⁷ and 50⁷).

In the end, we find the strong evidence of superior attendance rates and credit accumulation compelling. Independent research supports the idea that smaller schools improve education;³ NCHS schools are small, and the evidence is consistent with tighter relationships and stronger student engagement. The fact that this engagement isn't translating directly to more passing of Regents exams is a concern, but with the small sample size and other variables at play, we don't see this as overwhelming.

Our interpretation vs. PSA's

Although we see some evidence of effectiveness in this report, we are concerned that the conclusions given in the study by Policy Studies Associates (on pages 62-63⁷) are not reasonable. The study sees the presented survey data (pages 13-31⁷) as strongly indicating the extent to which schools are applying New Visions principles, such as applying rigorous academic standards, and argues from this that there is a connection between how well the principles were applied and how good the results were. We see this observation as borderline meaningless, because we see the survey data and the results (e.g., attendance rates) as measuring the same thing.

The President of New Visions told us he agreed with our interpretation, and said we were misreading Policy Studies Associates as being more focused on this point than they actually are. We stand by our interpretation of Policy Studies Associates (see the footnote above to draw your own conclusions).

Graduation rates

New Visions's materials, including its grant proposal,¹⁰ mention a 78% graduation rate for the exiting class of NCHS students. It contrasts this with much lower rates both citywide and in the larger schools that NCHS schools replaced (both closer to 50%). This information was not available at the time of the evaluation report, and it is consistent with the evaluation report's findings of higher attendance and course completion.

Other programs

We await evidence of effectiveness for other programs.

Unanswered questions

(About this section)

- We are hoping for better budgeting information, as well as monitoring and evaluation information, on New Visions's programs outside the NCHS Initiative.
- We find the 10 Principles of Effective Small Schools⁸ to be mostly vague, and not truly measured or measurable. We didn't have time to go over this thoroughly with New Visions at our last meeting, and would still like their thoughts on it.
- Why did the evaluation report separate the schools into groups based on the year they were started? Is there anything meaningful about this? Why not just look school-by-school at the relationship between survey data and outcome measurement?

Sources

(About this section)

Exhibit 1

We have been in contact with Theresa McKenna for over a year, and met in February with Robert Hughes, the President. We have found both to be extremely responsive and open to dialogue, and we find their efforts to help us understand what they are doing - and give us all relevant materials - sincere and well above what we've seen from most nonprofits.

- 1. Email exchange with Theresa McKenna and Amy Darden, Director of Development and Development Associate, New Visions for Public Schools (Word doc) (<http://www.givewell.net/wiki/attachments/NewVisions/email-exchange-1.doc>)
- 2. Paper on the effect of school choice (<http://www.givewell.net/wiki/attachments/NewVisions/levitt-school-choice.pdf>)
 - Implies that self-selection (students who put more thought into school choice are more likely to succeed, regardless of the school) may be a source of confusion in evaluating schools.
- 3. Paper on the effect of school size (<http://www.givewell.net/wiki/attachments/NewVisions/what-works-best.pdf>)
 - Gives some evidence that small schools work better, particularly for disadvantaged students.
- 4. New Visions website: front page (<http://www.newvisions.org>)
 - 4a. Map of New Century High School locations (<http://69.13.171.71/schools/nchs/nchsmap.aspx>)
 - 4b. Strengthening Schools page (<http://69.13.171.71/schools/index.asp>)
 - 4c. Developing Leaders page (<http://69.13.171.71/leadership/index.asp>)
 - 4c1. Citigroup College Bound page (http://69.13.171.71/teaching_learning/collegebound/index.asp)
 - 4c2. Fund for Teachers page (http://69.13.171.71/teaching_learning/fft/index.asp)
 - 4c3. Citigroup College Bound page (http://69.13.171.71/teaching_learning/ln/index.asp)
 - 4c4. Libraries and Literacy page (<http://69.13.171.71/libandlit/ln/index.asp>)
 - 4d. Teaching and Learning page (<http://69.13.171.71/schools/index.asp>)
 - 4e. New Century High Schools Initiative (<http://69.13.171.71/schools/nchs/index.asp>)
- 5. Tax form (<http://www.guidestar.org/FinDocuments/2005/133/538/2005-133538961-021419e6-9.pdf>)
- 6. 2005 Annual Report (<http://www.newvisions.org/dls/AnnualReport2005red.pdf>)
 - Includes a breakdown of how much funding goes to the Teaching and Learning programs, Leadership Development programs, and Effective Schools programs, as well as breaking out overhead and fundraising.
- 7. New Century High Schools Initiative: 2005-06 Evaluation Report (<http://69.13.171.71/psa/NCHS%20Year%203%20Evaluation%20Report.pdf>)
 - A highly detailed, rigorous evaluation of the New Century High Schools initiative. It is the third such annual report.
 - See pages 42-46 (the report's numbering, not the PDF's) for NCHS vs. comparison group students, looking at attendance rates, credit accumulation, promotion rates, Regents exam scores, and suspension rates. NCHS students outperformed comparison group students on the first three; Regents scores were mixed, and NCHS students had higher rates of suspension.
 - See pages 13-31 for survey data measuring the implementation of NCHS principles including personalized relationships, focus on teaching and learning, and principal involvement in education. It generally points to the second wave of NCHS schools as the strongest on implementation, and the first as the weakest.
- 8. 10 Principles of Effective Small Schools (<http://www.newvisions.org/schools/downloads/10principleslong.pdf>)
- 9. Recent cover letter from Theresa McKenna (<http://www.givewell.net/wiki/attachments/NewVisions/coverletter2006.doc>)
 - In response to our most recent questions about why New Visions needs private donations and how its non-NCHS programs work.
- 10. Generic grant proposal (<http://www.givewell.net/wiki/attachments/NewVisions/grant-proposal.doc>)
 - Sent to us by email; provides a much better overview of New Visions's different programs than is currently available on their website.
- 11. PowerPoint presentation on composition of NCHS schools (<http://www.givewell.net/wiki/attachments/NewVisions/Carnegie-presentation.ppt>)
- 12. More resources (<http://69.13.171.71/schools/nchs/resources.asp>)
 - Includes past evaluation reports as well as other documentation on New Visions's philosophy and strategies.
- 13. NCHS grant application (DOC) (<http://www.givewell.net/wiki/attachments/NewVisions/NCHS-application.doc>)
 - Used to select the teams that started the New Century High Schools.

Retrieved from "http://www.givewell.net/wiki/index.php?title=Review:_New_Visions_for_Public_Schools"

Exhibit 1

- This page was last modified 20:37, 3 March 2007.
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Exhibit 2

Blog: Tactical Philanthropy

Writer: Sean Stannard-Stockton, Director of Tactical Philanthropy, Ensemble Capital Management, Burlington, CA

Post: GiveWell vs. the Ford Foundation -

http://www.tacticalphilanthropy.com/2007/02/givewell_vs_the.html

Excerpt: I really like the GiveWell Blog and Project ... [they are] doing what few large foundations have figured out how to accomplish. They are sharing their research, in real time, with anyone who cares. ... Why are the young members of the GiveWell project doing more to improve our shared knowledge base than the Ford Foundation?

Blog: Tactical Philanthropy

Writer: Maryann Devine, independent arts marketer (via comment)

Post: GiveWell vs. the Ford Foundation -

http://www.tacticalphilanthropy.com/2007/02/givewell_vs_the.html

Excerpt: GiveWell is the first piece of cooperative, donor-created social media on philanthropy research that I've heard of.

Blog: Tactical Philanthropy

Writer: Sean Stannard-Stockton, Director of Tactical Philanthropy, Ensemble Capital Management, Burlington, CA

Post: When Donors Suck -

http://www.tacticalphilanthropy.com/2007/02/when_donors_suc.html

Excerpt: GiveWell is an example of donors who are trying very hard to “do homework” and “ask questions” before making their judgments ... Does anyone know of any other “donor-created social media on philanthropy research”? If so, let me know.

Blog: Tactical Philanthropy

Writer: Sean Stannard-Stockton, Director of Tactical Philanthropy, Ensemble Capital Management, Burlington, CA

Post: Social Media Tools for Philanthropy -

http://www.tacticalphilanthropy.com/2007/02/social_media_to.html

Excerpt: I'm inclined to point to GiveWell as the first real attempt by donors to utilize social media tools.

Blog: Philanthropy 2173

Writer: Lucy Bernholz, founder and President, Blueprint Research and Design (a strategy consulting firm for philanthropic institutions and individuals)

Post: GiveWell.net - <http://philanthropy.blogspot.com/2007/02/givewellnet.html>

Excerpt: Talk about transparency. GiveWell.net ... [has] developed and posted their criteria for [their] reviews ... Reviewers also post “Unanswered questions” and a list of the sources they used to create their ratings.

Blog: Philanthropy 2173

Writer: Lucy Bernholz, founder and President, Blueprint Research and Design (a strategy consulting firm for philanthropic institutions and individuals)

Exhibit 2

Post: Collaborative giving - <http://philanthropy.blogspot.com/2007/02/collaborative-giving.html>

Excerpt: GiveWell, which just launched, is a new approach [to collaborative giving] - community-driven, transparent analysis for donors by donors.

Blog: Beyond Giving

Writer: Matthew Monberg, COO of Children's HopeChest (not reviewed by GiveWell) and consultant with the Elevation Group

Post: Give Well - http://www.beyondgiving.net/2007/01/give_well.html

Excerpt: Time and effort were put into these evaluations and it's clear that they actually *spoke* to someone at the organizations they are writing about ... This is exactly the type of evaluation system that I believe we will all use one day.

Blog: Non-Profit Tech Blog

Writer: Anonymous

Post: Donors unite to rate nonprofits - <http://www.nonprofitechblog.org/donors-unite-to-rate-nonprofits>

Excerpt: GiveWell is a great new service to check out and a tremendous challenge to nonprofits out there.

Blog: Donor Power Blog

Writer: Jeff Brooks, creative director, Merkle|Domain (fundraising consultant).

Post: GiveWell: another front opens in the donor revolution - http://www.donorpowerblog.com/donor_power_blog/2007/03/givewell_anothe.html#comment-63521168

Excerpt: Can you afford to ignore GiveWell? Yes. But not for long.

Exhibit 3

| | | | | | |
|-----------|----------|---------------|-------|--------------|--------------|
| HOME PAGE | MY TIMES | TODAY'S PAPER | VIDEO | MOST POPULAR | TIMES TOPICS |
|-----------|----------|---------------|-------|--------------|--------------|

The New York Times
Friday, March 30, 2007

TimesSelect
Opinion

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|-------|------|---------------|----------|------------|---------|--------|--------|---------|
| WORLD | U.S. | N.Y. / REGION | BUSINESS | TECHNOLOGY | SCIENCE | HEALTH | SPORTS | OPINION |
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EDITORIALS COLUMNISTS CONTRIBUTORS LETTERS N.Y. / REGION

NICHOLAS D. KRISTOF
On the Ground



[Back to front page »](#)

DECEMBER 30, 2006, 10:24 PM

Evaluating Aid Groups

By NICHOLAS D. KRISTOF

Readers always write in to ask me for names of charities I recommend abroad, and I always feel sort of uncomfortable with that. I am full of admiration for groups I see abroad, from Doctors Without Borders to Mercy Corps to the International Rescue Committee – and many, many more. But I haven't gone over their accounts, and I don't feel I should be particularly endorsing one group over another. I've referred readers to websites like Charity Navigator that attempt to examine the efficiency of aid groups, but more scrutiny is needed.

So I was interested to come across a website that is trying to do that. It's www.givewell.net, and it attempts to look at areas that get a lot of bang for the buck and then find particularly efficient aid groups in that field. It's worth a look.

1 comments so far...

Exhibit 4

Holden <Holden@givewell.net> Fri, Mar 9, 2007 at 4:58 PM

To: info@gatesfoundation.org

Cc: Elie <ehassenfeld@gmail.com>

I am looking for information that I cannot find on your website, regarding what went into your grantmaking decisions and what you know about your grantees. I'd appreciate any help you can give me with this.

As a donor, I want to know what organization I can give to in order to accomplish the most possible good. That means that for the organizations I'm considering, I want the details of what they do and the evidence for what it accomplishes. I want to know what strategies they use, how donated funds make these strategies possible, what the impact of additional donations is likely to be, what processes they have in place for self-monitoring and -evaluation, and the details of the self-evaluations they've produced.

I have had trouble finding this information, and several friends and I have been coordinating an effort to collect it and put it on a website that gives the full details of how we make our giving decisions. You can see the website, still in its infancy, at <http://www.givewell.net>.

It occurred to me that the Gates Foundation should be a great source of the information I'm looking for; indeed, having thoroughly evaluated hundreds of organizations in areas I'm interested in, it should have all of this information. This information isn't on the website, so I'm hoping you can send me as much as possible.

To give a concrete example: I am interested in giving money to fight acute diarrheal illness. (This is one of the causes I am most interested in since it seems so conceptually cost-effective to save lives from acute diarrhea.) Your webpages on this cause, http://www.gatesfoundation.org/GlobalHealth/Pri_Diseases/ADI/ADI_Backgrounder.htm and http://www.gatesfoundation.org/GlobalHealth/Pri_Diseases/ADI/ADI_Grantmaking.htm, give a general conceptual overview of the type of strategy that the Gates Foundation prioritizes. But they do not list organizations that attack ADI. You provide a list of all Global Health grantees at <http://www.gatesfoundation.org/GlobalHealth/OtherInitiatives/Grants/default.htm?showYear=2006>, but the only information giving on each is grant size, date, and generally a single sentence on the goal.

I would like to see what information the Gates Foundation has about each grantee (in terms of its strategies, use of funds, self-monitoring and -evaluation, and evaluation results) and what went into the Gates Foundation's decision to grant to some organizations rather than others. I know I am asking for a high level of detail, and I am willing to look at drafts and internal documents. It just seems to me that there is no reason for this information to be buried; rather, it should be organized, collected, and available for all. I'm more than willing to deal with the organization part, but I'm hoping you can help me with the availability.

Please contact me via this email or, if you'd prefer, my cell phone: [REDACTED] I'm looking forward to hearing from you.

Best,

Holden Karnofsky

<http://www.givewell.net>

Exhibit 5



[Home](#) > [United States Program](#) > [Education](#) > [High Schools](#) > [Grants](#)

High Schools - Grant

December 1, 2006

New Visions For Public Schools Inc

New York, NY

\$2,441,915 over 2 years to create an online knowledge management system that will enable educators to share, test, and refine their work and make their work available to colleagues, peers, school and district administrators, researchers and policymakers

[Go to issue](#) ► [Go to Web site](#)

Exhibit 6

Acute Diarrheal Illness



Stopping Diarrhea that Kills

In the developing world, severe diarrhea is a killer, taking the lives of between 2 million and 3 million children every year. Persistent cases of diarrhea cause malnutrition, retard growth, and delay mental development.

The foundation focuses support on efforts to:

- Prevent acute diarrheal illnesses through the development of vaccines against their major causes
- Develop drugs to stop life-threatening dehydration in children with infectious diarrhea
- Increase knowledge of the causes of acute diarrheal illnesses to improve diagnostic tools and treatment
- Discover new tools and strategies to treat severe diarrhea

Acute Diarrheal Illness Background

Discovery of vaccines to protect children from the pathogens that cause severe diarrhea is the first priority for prevention of diarrheal illnesses. The foundation also supports efforts to improve the diagnosis of severe diarrhea, and develop better ways of treating the disease.

[Read more](#) ►

Grantmaking Priorities for Acute Diarrheal Illness

To use our resources most effectively, we fund projects that have the potential to provide the greatest benefit for the most people over the longest period of time. Our resource section for grant seekers has detailed information on our grantmaking priorities and processes.

[Read more](#) ►

Exhibit 7



International : Humanitarian Relief Supplies

AmeriCares

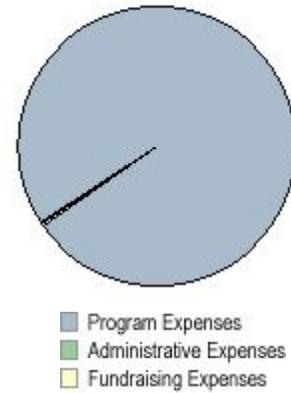
Humanitarian lifeline to the world

Rating

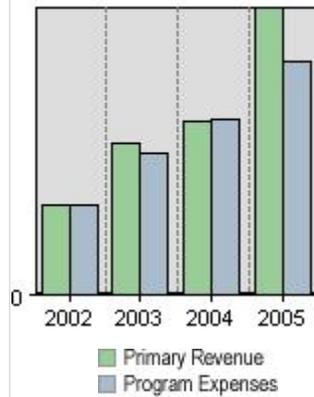
| | |
|----------------------------------|------------------|
| Overall Rating | ★★★★★ (62.44) |
| Organizational Efficiency | |
| Program Expenses | 99.4% |
| Administrative Expenses | 0.2% |
| Fundraising Expenses | 0.4% |
| Fundraising Efficiency | \$0.00 |
| Efficiency Rating | ★★★★ (39.94) |
| Organizational Capacity | |
| Primary Revenue Growth | 47.2% |
| Program Expenses Growth | 37.0% |
| Working Capital Ratio (years) | 0.05 |
| Capacity Rating | ★★★★ (22.50) |

Charts

Expenses Breakdown



Revenue/Expenses Trend



Peer Analysis [Compare These Peers]

| Charity Name | Overall Score | Overall Rating |
|----------------------------------|---------------|----------------|
| AmeriCares | 62.44 | ★★★★★ |
| Brother's Brother Foundation | 62.48 | ★★★★★ |
| Direct Relief International | 62.42 | ★★★★★ |
| MAP International | 62.39 | ★★★★★ |
| Operation Blessing International | 62.43 | ★★★★★ |

Income Statement (FYE 06/2005)

| | |
|----------------------|------------------------|
| Revenue | |
| Primary Revenue | \$1,315,492,790 |
| Other Revenue | \$1,005,559 |
| Total Revenue | \$1,316,498,349 |

Donor Privacy Policy

YES, this charity has a written donor privacy policy.

Contact Information

AmeriCares
 88 Hamilton Avenue
 Stamford, CT 06902
 tel: (800) 486-4357
 fax: (203) 327-5200

Exhibit 7

Expenses

| | |
|----------------------------------|------------------------|
| Program Expenses | \$1,069,045,343 |
| Administrative Expenses | \$2,627,418 |
| Fundraising Expenses | \$4,094,048 |
| Total Functional Expenses | \$1,075,766,809 |

[Contact Email](#)
[Visit Web Site](#)

| | |
|----------------------------------|---------------|
| Payments to Affiliates | \$0 |
| Excess (or Deficit) for the year | \$240,731,540 |
| Net Assets | \$327,705,503 |

Leadership (FYE 06/2005)

| Name | Title | Compensation | % of Expenses |
|-------------------|----------------|--------------|---------------|
| Curtis R. Welling | President, CEO | \$275,000 | 0.02% |

Mission

AmeriCares is a disaster relief and humanitarian aid organization providing immediate response to emergency medical needs, as well as supporting long-term humanitarian assistance programs for all people around the world, irrespective of race, creed or political persuasion. AmeriCares solicits donations of medicines, medical supplies and other relief materials from U.S. and international manufacturers, and delivers them quickly and efficiently to indigenous health care and welfare professionals around the world. AmeriCares responds to earthquakes, floods, hurricanes, volcanic eruptions, tidal waves, tornadoes and famine, as well as human suffering arising from political strife. Since its inception in 1982, AmeriCares has provided more than \$5 billion of aid in more than 137 countries.

Exhibit 8



How Do We Rate Charities?

We rate charities by evaluating two broad areas of financial health, their **organizational efficiency** and their **organizational capacity**. We use a set of financial ratios or performance categories to rate each of these two areas, and we issue an **overall rating** that combines the charity's performance in both areas. Our ratings show givers how efficiently we believe a charity will use their support today, and to what extent the charities are growing their programs and services over time. We provide these ratings so that givers can make intelligent giving decisions, and so that the philanthropic community can more effectively monitor itself.

At its most general level, our rating system is relatively simple. We base our evaluations on the financial information each charity provides in its informational tax returns, or IRS Forms 990. We use that information to analyze a charity's financial performance in seven key performance categories, described below. After analyzing those performance categories, we compare the charity's performance with the performances of similar charities. We then assign the charity a converted score ranging from zero to ten in all seven performance categories, as well as three additional ratings for the charity's organizational efficiency, organizational capacity, and overall financial health.

A more detailed discussion of our rating system follows. For more information on the scales we used to assign ratings, or on our methodology for doing so, please visit Our Ratings Tables.

Organizational Efficiency

Analyzing a charity's efficiency reveals how well it functions day to day. Charities that are efficient spend less money to raise more. Their fundraising efforts stay in line with the scope of the programs and services they provide. They keep administrative costs within reasonable limits. They devote the majority of their spending to the programs and services they exist to provide.

Charity Navigator analyzes four performance categories of organizational efficiency: fundraising efficiency, fundraising expenses, program expenses, and administrative expenses. For each charity, we issue a rating in each of the four performance categories, as well as a rating that combines a charity's performance in all four categories. We also determine whether a charity's spending tends to exceed its revenues, and if so we adjust its organizational efficiency rating downward.

Performance Category 1: Program Expenses

Charities exist to provide programs and services. They fulfill the expectations of givers when they allocate most of their budgets to providing programs. Charities fail givers expectations when their spending on programs is insufficient. To rate a charity's program expenses, we divide its program expenses by its total functional expenses. Charity Z spends \$2.5 million on program expenses, compared with its overall operating budget of \$3.5 million. Thus, Charity Z spends 71.4% on program expenses. If a charity spends less than a third of its budget on the programs and services it exists to provide, then we automatically give that charity a score of zero for organizational efficiency. We rate a charity's program expenses using the corresponding rating and score conversion scales listed in Our Ratings Tables.

Performance Category 2: Administrative Expenses

As with successful organizations in any sector, effective charities must recruit, develop, and retain talented people. At the same time, they ensure that these administrative and management expenses remain reasonable and in line with the organization's overall expenses. Here again, we rate a charity's administrative expenses by comparing them to its total functional expenses. Charity Z spends \$500,000 on administrative expenses, compared with \$3.5 million in total expenses. Thus, Charity Z spends 14.3% on administrative expenses. Again, we use the scale listed in Our Ratings Tables to rate a charity's administrative expenses.

Performance Category 3: Fundraising Expenses

Charities spend money to raise money, but they do not exist to raise money. Givers support charities for their

Exhibit 8

programs and services, not for their ability to raise money. Charities should ensure that fundraising expenses stay in line with the charity's overall spending. We evaluate a charity's spending on fundraising by comparing it with the charity's overall spending. That is, we divide a charity's fundraising expenses by its total functional expenses. Charity Z, which spends \$500,000 on fundraising and \$3.5 million overall, spends 14.3% on fundraising. We rate a charity's fundraising expenses using the corresponding rating and score conversion scales listed in Our Ratings Tables.

Performance Category 4: Fundraising Efficiency

Charities spend money to raise money. Effective charities must in part be efficient fundraisers, spending less to raise more. We calculate a charity's fundraising efficiency by determining how much it spends to generate \$1 in charitable contributions. In other words, we divide a charity's fundraising expenses by the total contributions it receives as a result. For example, Charity Z, with fundraising expenses of \$500,000 and total contributions of \$3.4 million, has a fundraising efficiency of \$0.147, which means it spends 14.7¢ to raise \$1.

After calculating a charity's fundraising efficiency, we rate that efficiency according to a 4-star scale, and we convert its rating to a numerical score ranging from 0 to 10. Our rating and score conversion scales for fundraising efficiency are provided in Our Ratings Tables.

Organizational Efficiency Score Adjustment

While charities are not created to make a profit, they should not outspend their means. When a charity runs a combined deficit over time, we adjust its efficiency score downward. We do this by comparing its average annual deficit¹ to its total functional expenses for the most recent year, and we then deduct that percentage from the charity's program expenses percentage. Charity Z, which spent 71.4% on its programs, ran a deficit of \$600,000 in 2000, a surplus of \$275,000 in 2001, and a deficit of \$200,000 in 2002. Over a three-year period, it ran a combined deficit of \$525,000, which averages to \$175,000, or 5% of \$3.5 million in total functional expenses for its most recent year. We deduct that 5% from Charity Z's program expenses score, adjusting it to 66.4%, and now use the revised program expenses to rate Charity Z.

Organizational Capacity

We analyze a charity's capacity to determine how well it has sustained its programs and services over time, and whether it can continue to do so, even if it loses support or faces broad economic downturns. By doing so, we show givers how well that charity is positioned to pursue long-term, systemic change. Charities that show consistent growth and maintain financial stability are more likely to last for years to come. They have the financial flexibility to plan strategically and pursue long-term objectives, rather than facing flurries of fundraising to meet payrolls and other short-term financial obligations. These charities can more ambitiously address our nation's challenges, envisioning and working toward long-term solutions.

Charity Navigator analyzes three categories of organizational capacity: primary revenue growth, program expenses growth, and working capital ratio. We issue a rating in each category, as well as a rating that combines a charity's performance in all three categories.

Givers should know that other independent evaluators of charities tend not to measure a charity's capacity. Indeed, charities that maintain large reserves of assets or working capital are occasionally penalized by other evaluators. In our view, a charity's capacity is just as important as its efficiency. By showing growth and stability, charities demonstrate greater fiscal responsibility, not less, for those are the charities that will continue pursuing change in the future and will generate both short- and long-term results for every dollar they receive from givers.

Performance Categories 5 and 6: Primary Revenue Growth and Program Expenses Growth

As do organizations in other sectors, charities must grow over time if they are to sustain their programs and services. For charities, growth means first, increasing their primary revenue, which includes contributions from corporations, foundations, individuals, and government grants; program service revenue, contracts and fees; and revenue from membership dues and fees. Second, growth means growing their programs and services. Organizations that demonstrate consistent annual growth in both primary revenue and program expenses are able to outpace inflation and thus sustain their programs year to year. These organizations also supply givers with confidence by maintaining

Exhibit 8

broad public support for their programs.

Charity Navigator analyzes a charity's average annual growth of primary revenue and program expenses over its three to five most recent fiscal years. In the past, we have limited our evaluations to only three years of data, and thus measured growth over a standard 24 month interval² for all organizations. We did so because charities are required by federal law to make only three years of financial data publicly available.

In an attempt to refine our ratings methodology, we have now revised this approach in two ways. First, we have expanded the standard number of years over which we evaluate an organization from three to four years, thus expanding the standard growth interval from 24 to 36 months. We believe that assessing an organization over a larger window of time offers a less volatile and more relevant picture of its capacity for sustaining its efforts in the future.

Second, we now have made our ratings more flexible by departing from the standard growth interval when the data makes it necessary to do so. Just like organizations in other sectors, charities engage in certain non-recurring activities that generate unsustainable spikes in their revenues and expenses. Such activities can include capital campaigns or endowment drives. Similarly, the start-up period for relatively new organizations represents an unsustainable pattern of growth. When we determine that an organization has engaged in these non-recurring and unsustainable activities in the first of the four years over which we evaluate the organization, we will expand the data we evaluate to five years. If a fifth year is unavailable, we alternatively reduce the data we evaluate to three years.

Once we determine the interval over which we will evaluate an organization, we use the standard formula for computing annualized growth: $[(Y_n/Y_0)^{(1/n)}]-1$, where Y_0 is the value measured in the first year of the interval analyzed, Y_n is the value measured at the end of the interval analyzed, and n is the length of the interval in years. We then rate the charity using the corresponding scales listed in Our Ratings Tables.

Performance Category 7: Working Capital Ratio

Charities depend upon their reserves of liquid assets to survive downward economic trends and sustain their existing programs and services. If a charity has insufficient working capital, then it faces the difficult choice of eliminating programs or staff, amassing debts and liabilities, or dissolving. On the other hand, when giving flows, those charities that build working capital develop a greater capability for expanding and improving their programs.

We analyze a charity's working capital ratio by determining how long it could sustain its current programs without generating new revenue. To obtain this ratio, we divide the charity's working capital by its total expenses, including payments to affiliates, for the most recent fiscal year. For example, Charity Z holds \$5.4 million in working capital. Its total expenses for the most recent fiscal year are \$3.6 million, including a \$100,000 payment to an affiliate for its national dues. Thus, it has a working capital ratio of 1.5 years. We rate a charity's working capital ratio using the corresponding rating and score conversion scales listed in Our Ratings Tables.

As with each of our other six performance categories, we calculate a charity's working capital using the information supplied on the charity's most recently filed Form 990. We include in this calculation only the following assets and liabilities: cash, savings, accounts receivable, grants receivable, pledges receivable, investments in securities, accounts payable, accrued expenses, and grants payable. We acknowledge here that the accounting standards required by the IRS differ in certain fundamental respects from Generally Accepted Accounting Principles (GAAP). Due to those differences, and due to the limitations of the Form 990, our calculation of an organization's working capital may not agree with what it reports in audited financial statements. One example of this difference concerns an organization's investments in securities. Because we are often unable to access a schedule of a charity's specific investments, where we could determine the nature and term of those investments, we include all investments in securities in our calculation of working capital. Although this standard differs from GAAP, we have applied this standard to all organizations consistently and therefore believe we treat all organizations fairly.

Assigning Scores and Ratings

Exhibit 8

After rating a charity in each of the seven performance categories described above, we convert the charity's raw score to a numerical score ranging between 0 and 10. For example, a charity receiving a four-star rating in Fundraising Efficiency would receive a score of 10 in that performance category. We perform a similar score conversion in each of the seven performance categories.

We calculate each charity's efficiency score by summing the scores it receives in our four efficiency categories. Using the table listed in Our Ratings Table, we assign each charity a rating in organizational efficiency.

Similarly, we calculate each charity's organizational capacity score by summing the scores it receives in our three capacity categories. Using the table listed in Our Ratings Table, we assign each charity a rating in organizational capacity.

Finally, we calculate an overall score for each charity's financial health by combining its scores in organizational efficiency and organizational capacity. We then assign the charity an overall rating by using the table listed in Our Ratings Tables.

Scoring Uniquely Functioning Causes

Charity Navigator is committed to judging all charities fairly. We work diligently to adjust our ratings to take into account the unique circumstances facing certain types of charities. Those adjustments are embedded in the way we rate each performance category. Thus, the rating and score we assign each charity for organizational efficiency, organizational capacity, and overall financial health accounts for the way different kinds of charities function. Consequently, we believe our ratings and scores are fair to all charities.

How do we adjust or normalize our scores and ratings in individual performance categories for certain charity types or Causes? Before arbitrarily deciding what is acceptable in each of our performance categories, we continue to study the way non-profits function financially. We adjust our rating scales whenever our ongoing research gives us a compelling reason to do so. Over time, we have learned that although most kinds of charities function in financially similar ways, charities in certain Causes function in financially unique ways. Because we aim to compare apples to apples and not to oranges, we rate and score those uniquely functioning Causes differently.

For example, due to the nature of their enterprise, food banks require very little working capital to remain sustainable; conversely, community foundations typically maintain several years worth of working capital. In the working capital ratio category, we rate charities in these two Causes very differently. Similar adjustments exist for other Causes and in other performance categories. That said, we currently use adjusted scales in only 17 of the 203 separate rating scales (8.4%). Those adjustments can be analyzed in the ratings scales listed in Our Ratings Tables.

Ratings vs. Rankings

Our ratings are not rankings. We do not identify the best performing charity in each of our performance categories. Nor do we assign ratings to charities based on where they fall in a top-to-bottom ranking, so that a charity's score in a category is equal to its rank. We believe that rating charities according to rankings would mislead givers and treat charities unfairly.

Instead of ranking charities, our ratings are qualitative designations. After analyzing how more than 5,000 charities function financially, we define qualitatively distinct ranges of financial performance. For example, with the exception of Community Foundations and Food Banks (see Our Ratings Tables for an explanation), we believe that charities which spend less than \$0.10 to raise a dollar all perform in a financially exceptional way. Whether they spend \$0.01 or \$0.09, we rate all of those charities equally, and assign a score of 10 in that category.

Similarly, with the exception of charities in nine Causes (see Our Ratings Tables), we view all charities with a working capital ratio of more than 1 year as performing in an exceptional way. We rate all of those charities equally, assigning a score of 10 in that category, regardless of how much their working capital ratio exceeds 1 year. We simply do not recognize a qualitative difference in the charity with 1.5 years of working capital and the charity with 15 years of working capital, and we thus rate them equally.

¹ A charity's average annual deficit is limited to the same fiscal years over which we evaluate the organization more generally. If we evaluate an organization based on three years of data, we consider the excess or deficit for those same three years in determining its average annual deficit. If our evaluation is based on four or five years, then we calculate the charity's average annual deficit using data for the same four or five years. Please see our discussion of performance categories 5 and 6 to learn how we determine the number

Exhibit 8

of years to consider in evaluating an organization.

² This growth interval may seem confusing. When we measure growth based on three years of data, the interval only covers 24 months, from the end of the first year (e.g., 12/31/2000) to the end of the third year (e.g., 12/31/2002). The period of time elapsed between those points is only two years. Similarly, for four years of data, the growth interval is only three years (12/31/1999 to 12/31/2002).

Exhibit 9



Teachers ask. You choose. Students learn.

PROPOSAL

My Students LOVE Lemony Snickets

I had never seen third graders so enthusiastic to begin reading a novel after recess until I borrowed another teacher's class set of the first captivating novel, *The Bad Beginning*, from the series by Lemony Snicket, *A Series of Unfortunate Events*. Each morning after recess my exceptional students would eagerly look at me and hope we would have the opportunity to sit and read together for twenty minutes, which is almost unheard of for seven-year-olds. That is precisely why I am asking for a class set of the next three books in the series: *The Reptile Room*, *The Wide Window* and *The Miserable Mill*. These pages of creative and marvelous words would keep my students content and eager to read for at least two months. Not only could the third graders in my classroom benefit from these literary masterpieces, but so could other classes on campus from grade three to five. These books will be read and worn in faster than one would imagine.

For someone who is unfamiliar with this unique and brilliant series of fiction for children (and adults!), it portrays the lives of the Baudalaire orphans who are forced to live with the dreadful and miserable Count Olaf. The first story introduces us to the witty and charming orphans and their experiences. Yet in the end, it leaves the reader hanging (as any series would) to know more. Not only are Lemony Snicket's books entertaining and provide motivation for my students to read, but they are examples of literature that students are passionate about reading. That is precisely why I would love to be able to read this series with my students and it is not possible without donations.

My super third grade students in Compton are already asking me when we can read the next book. The lowest readers in the class are sincerely excited to read on and find out what happens to the Baudalaire Orphans. I am hoping we have this opportunity too! Reading this series is hands-down a fabulous way to motivate children to read and as a teacher that is something to run with and not let pass by!

The cost of 20 copies of 2nd, 3rd and 4th books of the Lemony Snicket series from Barnes and Noble is \$848, including shipping and [fulfillment](#).

Want to help or have questions?

Please visit us at www.DonorsChoose.org

Carson, CA

subject: **Literacy**

grade level: **Grades 3-5**

% low income: 100% [?](#)

cost to complete:

\$0

100% funded

[TELL A FRIEND](#)

Email this proposal to a friend.

Exhibit 10

change.org Welcome [sign in](#)

Home :: Changes :: People **Nonprofits** Giving :: Actions :: Videos :: Blogs

Oxfam America

Home :: About **Reviews** Supporters :: Photos :: Videos :: Projects :: Blog DONATE

Categories

- All Categories
- Compare to Similar Orgs (0)
- Financial Management (0)
- General Reputation (1)
- Quality of Services (1)
- Quality of Staff (1)
- Testimonials (0)

Reviews

Average Review ★★★★★ (1 review) [WRITE A REVIEW](#)

1 of 1 people found the following review helpful

Top International Development Organization

★★★★★ by Jessica L.

In my opinion, Oxfam is one of the most, if not the most, effective international development organizations working today. Their well coordinated international network under Oxfam International, their powerful social marketing and advocacy efforts, and real grassroots project work make for lasting change. They also have a great balance between relief and emergency response but also ongoing infrastructure development and human services.

0 comments Was this review helpful to you? [yes](#) [no](#) [Report](#)

Exhibit 11

Americares Form 990

(Bold indicates that a page is reproduced here)

| Page | Summary |
|--------------|--|
| 1 | Overview: income, expenses, assets, liabilities |
| 2 | Budget breakdown by standard line items (accounting, legal, travel, payroll, etc.); overview of program accomplishments (4 lines provided, but AmeriCares voluntarily attaches other pages) |
| 3 | Balance sheet breakdown |
| 4 | Reconciliation of revenue/expenses with audited statement; list of directors/trustees/key employees with compensation information |
| 5 | Yes/no questions pertaining to organization's structure and tax status |
| 6 | Breakdown of income-producing activities. One line each; four lines at the bottom to describe how these activities contributed to the organization's mission. |
| 7 | Name, address, compensation of 5 highest paid employees and independent contractors |
| 8 | Yes/no questions as to whether broad activities (lobbying, transactions with affiliated people) took place; qualification as public charity |
| 9 | Breakdown of income by grants/donations, interest, program income, etc. |
| 10 | Private school questionnaire (yes/no questions, private schools only) |
| 11 | Lobbying expenditures |
| 12 | Transactions with noncharitable exempt organizations |
| | <i>(Attachments begin here)</i> |
| 13 | Re page 1: gain/loss on reportable securities, special fundraising events. |
| 14 | Re page 1: income and cost of goods sold. |
| 15 | Re page 1-2: other expenses and changes in net assets (inventory writeoff, advertising, unrealized appreciation of assets, etc.); organization purpose (1 sentence) |
| 16-17 | Re page 2: program service accomplishments. 1-2 sentences ea for 4 programs. |
| 18 | Re page 2: line items for noncash grants, specific assistance to individuals, other assets |
| 19 | Re pages 3-5: |
| 20 | Re page 4: list of directors/trustees/key employees |
| 21 | Cont. |
| 22 | Re page 7: highest paid employees |
| 23 | Re page 7: highest paid independent contractors |
| 24 | Disclosure: reimbursement of travel expenses, payment to law firm affiliated with Director |
| 25-26 | Re page 2: Depreciation schedule |
| 27 | Re page 2: Accumulated depreciation |
| 28 | Re page 2: List of grantees |
| 29-67 | Re page 2: shipment information (one line per shipment) |

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. Page 2

| <i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i> | (A) Total | (B) Program services | (C) Management and general | (D) Fundraising | |
|---|--------------|----------------------|----------------------------|-----------------|----------|
| 22 Grants and allocations (attach schedule) <i>(cash \$814,676 • noncash \$477,519,910)</i> | 678,334,586. | 678,334,586. | STATEMENT 11 | STATEMENT 12 | |
| 23 Specific assistance to individuals (attach schedule) | 366,942,163. | 366,942,163. | STATEMENT 13 | | |
| 24 Benefits paid to or for members (attach schedule) | | | | | |
| 25 Compensation of officers, directors, etc. | 1,109,044. | 259,104. | 564,210. | 285,730. | |
| 26 Other salaries and wages | 3,137,393. | 1,841,725. | 442,207. | 853,461. | |
| 27 Pension plan contributions | 174,557. | 101,281. | 34,904. | 38,372. | |
| 28 Other employee benefits | 596,559. | 316,453. | 136,732. | 143,374. | |
| 29 Payroll taxes | 334,191. | 167,727. | 74,245. | 92,219. | |
| 30 Professional fundraising fees | 99,000. | 0. | 0. | 99,000. | |
| 31 Accounting fees | 150,529. | 11,379. | 139,150. | | |
| 32 Legal fees | 40,906. | 12,162. | 27,528. | 1,216. | |
| 33 Supplies | 360,569. | 242,931. | 80,015. | 37,623. | |
| 34 Telephone | 194,048. | 140,582. | 34,154. | 19,312. | |
| 35 Postage and shipping | 14,347,586. | 13,309,096. | 44,973. | 993,517. | |
| 36 Occupancy | 754,447. | 310,754. | 357,525. | 86,168. | |
| 37 Equipment rental and maintenance | 195,400. | 99,546. | 41,597. | 54,257. | |
| 38 Printing and publications | 496,832. | 5,957. | 1,579. | 489,296. | |
| 39 Travel | 725,625. | 573,112. | 105,812. | 46,701. | |
| 40 Conferences, conventions, and meetings | 14,898. | 11,210. | 1,585. | 2,103. | |
| 41 Interest | 46,655. | 0. | 0. | 46,655. | |
| 42 Depreciation, depletion, etc. (attach schedule) <i>ATTACH 2</i> | 173,285. | 123,357. | 28,136. | 21,792. | |
| 43 Other expenses not covered above (itemize): | | | | | |
| a | 43a | | | | |
| b | 43b | | | | |
| c | 43c | | | | |
| d | 43d | | | | |
| e SEE STATEMENT 5 | 43e | 7,538,536. | 6,242,218. | 513,066. | 783,252. |
| 44 <small>Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15</small> | 1075766809. | 1069045343. | 2,627,418. | 4,094,048. | |

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ ; (ii) the amount allocated to Program services \$ _____ ;
 (iii) the amount allocated to Management and general \$ _____ ; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? **SEE STATEMENT 6**

| Program Service Expenses <small>(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)</small> | |
|--|--------------|
| a SEE STATEMENT 7 | |
| <i>(Grants and allocations \$ 678,183,385.)</i> | 691,341,870. |
| b SEE STATEMENT 8 | |
| <i>(Grants and allocations \$ 366,942,163.)</i> | 376,749,024. |
| c SEE STATEMENT 9 | |
| <i>(Grants and allocations \$ 151,201.)</i> | 829,520. |
| d SEE STATEMENT 10 | |
| <i>(Grants and allocations \$ 0.)</i> | 124,929. |
| e Other program services (attach schedule) | |
| <i>(Grants and allocations \$ _____)</i> | |
| f Total of Program Service Expenses (should equal line 44, column (B), Program services) | 1069045343. |

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 4

| DESCRIPTION | AMOUNT |
|--|------------|
| CHANGE IN UNREALIZED APPRECIATION OF SECURITIES | 409,397. |
| CHANGE IN UNREALIZED APPRECIATION OF REAL ESTATE | 425,000. |
| CHANGE IN UNREALIZED APPRECIATION OF SPLIT INTEREST AGREEMENTS | -264,789. |
| SEPARATION FROM AMERICARES HOMEFRONT, INC. | 2,704,064. |
| TOTAL TO FORM 990, PART I, LINE 20 | 3,273,672. |

FORM 990 OTHER EXPENSES STATEMENT 5

| DESCRIPTION | (A) TOTAL | (B) PROGRAM SERVICES | (C) MANAGEMENT AND GENERAL | (D) FUNDRAISING |
|-------------------------|--------------|----------------------------|----------------------------------|--------------------|
| INVENTORY WRITEOFF | 5,596,590. | 5,596,590. | 0. | 0. |
| OTHER PROFESSIONAL FEES | 959,813. | 289,056. | 305,894. | 364,863. |
| ADVERTISING | 64,759. | 4,954. | 0. | 59,805. |
| BUILDING MATERIALS | 34,540. | 34,540. | 0. | 0. |
| MISCELLANEOUS | 882,834. | 317,078. | 207,172. | 358,584. |
| TOTAL TO FM 990, LN 43 | 7,538,536. | 6,242,218. | 513,066. | 783,252. |

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 6
PART III

EXPLANATION

AMERICARES PRINCIPALLY PROVIDES MEDICINE, EMERGENCY MEDICAL SUPPLIES AND OTHER RELIEF AID TO THOSE IN NEED THROUGHOUT THE WORLD.

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 7

DESCRIPTION OF PROGRAM SERVICE ONE

DISASTER RELIEF AND HUMANITARIAN AID-PROVIDES IMMEDIATE RESPONSE TO EMERGENCY MEDICAL NEEDS AND SUPPORTS LONG TERM HUMAN.ASSIST.PROGRAMS FOR PEOPLE AROUND THE WORLD REGARDLESS OF RACE, CREED OR POLITICAL PERSUASION.

| | GRANTS | EXPENSES |
|-------------------------------|--------------|--------------|
| TO FORM 990, PART III, LINE A | 678,183,385. | 691,341,870. |

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 8

DESCRIPTION OF PROGRAM SERVICE TWO

PATIENT ASSISTANCE PROGRAM-OPERATES THROUGH WHICH IT RECEIVES GIFTS IN-KIND DONATED MEDICAL PRODUCTS. DONATIONS PROVIDE PRESCRIPTION MEDICATIONS TO NEEDY PATIENTS IN AMERICA WHO WOULD NOT BE ABLE TO AFFORD THEM.

| | GRANTS | EXPENSES |
|-------------------------------|--------------|--------------|
| TO FORM 990, PART III, LINE B | 366,942,163. | 376,749,024. |

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 9

DESCRIPTION OF PROGRAM SERVICE THREE

CLINICA INTEGRAL DE ATENCION FAMILIAR-AMERICARES FIRST INTERNATIONAL FAMILY HEALTH CLINIC LOCATED IN EL SALVADOR OPENED IN OCTOBER 2003. A DEDICATED STAFF OF DOCTORS, NURSES, A SOCIAL WORKER AND A DENTIST PROVIDE CARE AT AFFORDABLE COSTS.

| | GRANTS | EXPENSES |
|-------------------------------|----------|----------|
| TO FORM 990, PART III, LINE C | 151,201. | 829,520. |

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 10

DESCRIPTION OF PROGRAM SERVICE FOUR

AMERICARES HOMEFRONT-IS A COMMUNITY-BASED VOLUNTEER HOME REPAIR PROGRAM THAT PROVIDES QUALITY OF LIFE REPAIRS AT NO COST TO HOMEOWNERS IN NEED. PROFESSIONAL TRADEPEOPLE CONTRIBUTE THEIR TIME TO SUPERVISE PROJECTS.

| | GRANTS | EXPENSES |
|-------------------------------|--------|----------|
| TO FORM 990, PART III, LINE D | 0. | 124,929. |

FORM 990 CASH GRANTS AND ALLOCATIONS STATEMENT 11

| CLASSIFICATION | DONEE'S NAME | DONEE'S ADDRESS | DONEE'S RELATIONSHIP | AMOUNT |
|--|--------------|-----------------|----------------------|----------|
| SEE SUPPORTING DOCUMENT | | | NONE | 814,676. |
| TOTAL INCLUDED ON FORM 990, PART II, LINE 22 | | | | 814,676. |

FORM 990 NONCASH GRANTS AND ALLOCATIONS STATEMENT 12

CLASS OF ACTIVITY DONEE'S NAME DONEE'S ADDRESS

SEE SUPPORTING DOCUMENT

RELATIONSHIP OF DONEE DESCRIPTION OF PROPERTY DATE OF GIFT

METHOD USED TO DETERMINE BOOK VALUE

| | | |
|--|------------|-----------------|
| METHOD USED TO DETERMINE FAIR MARKET VALUE | BOOK VALUE | AMOUNT GIVEN |
| | | 0. 677,519,910. |

| | |
|--|--------------|
| TOTAL INCLUDED ON FORM 990, PART II, LINE 22 | 677,519,910. |
|--|--------------|

FORM 990 SPECIFIC ASSISTANCE TO INDIVIDUALS STATEMENT 13

| | |
|--|--------------|
| DESCRIPTION | AMOUNT |
| MEDICAL, DENTAL AND HOSPITAL EXPENSES PROVIDED | 366,942,163. |
| TOTAL TO FORM 990, PART II, LINE 23 | 366,942,163. |

FORM 990 OTHER ASSETS STATEMENT 14

| | |
|---|------------|
| DESCRIPTION | AMOUNT |
| MISCELLANEOUS DEPOSITS | 4,941. |
| CONTRIBUTED PROPERTY | 725,000. |
| ASSETS HELD IN TRUST | 430,288. |
| TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B | 1,160,229. |

Exhibit 12

SUPPORTING SCHEDULE FOR 990, PART II, LINE 22

AmeriCares Foundation, Inc.
 E.I.N:06-1008595
 IRS Form 990
 Part II, Line 22
 Cash Grants and Allocations
 FY 2005

| Donee Name | Donee Address | Amount |
|---|--|----------------|
| CHF International | 8601 Georgia Ave #800 Sliver Spring, MD 20910 | 499,928.00 |
| Dartmouth College | Office of Sponsored Project 11 Rope Ferry Road #6210 Hanover,NH 03755 | 79,040.07 |
| Impact India | Nhava House, 65 Maharshi Karve Road Mumbai 400 002. India | 74,000.00 |
| America's Camp | c/o Twin Towers Fund, 575 5th Avenue New York, NY 10017 | 42,151.00 |
| Parbatya Bouddha Mission in Bangleadesh | P.O. Box #8075 Dhaka-1216 Bangleadesh, India | 24,000.00 |
| A Leg to Stand On | 267 Fifth Avenue, Suite 301 New York,NY 10016 | 20,000.00 |
| Fundesco | Calle al Plan de la Laguna Edificio Clinica Asistencial Antiguo Cuscatlan, El Salvador | 15,000.00 |
| Haitian Health Foundation | ATTN: Kevin Fry 97 Sherman Street Norwich,CT 06360 | 12,500.00 |
| Help the Afghan Children | 8603 Westwood Center Drive, Suite 230 Vienna, VA 22182 | 10,000.00 |
| Balapitiya Base Hospital | Balapitya,Sri Lanka | 10,000.00 |
| Malamulo Hospital | P. Bag 2 Makwasa, Malawi | 9,846.50 |
| Fratemite de Notre Dame | Triborough Station, P.O. Box 1713 New York, NY 10035 | 8,000.00 |
| Project Mercy | 7011 Aromore Ave Fort Wayne IN 46809 | 8,000.00 |
| CDS | 16 Rue Freres Simmonds Cite' Militaire Port-au-rince,Haiti | 6,000.00 |
| El Salvador Fusal | Blvd Orden de Malta # 10 Urb Santa Elena Antiguo Cuscatlan San Salvador,El Salvado | 3,264.00 |
| Hospital Benjamin Bloom | Final Ave 25 Norte Y Blvd De Los Heroes San Salvador El Salvador | 3,000.00 |
| Knights of Malta-Guatemala | Finca Labor de Castilla K.M. 19 Carretera a la Antigua Mixco.Guatemala | 660.00 |
| John Snow Int'l Research and Training, Inc. | 44 Farnsworth Street Boston, MA 02210-1211 | (10,713.76) |
| Total | | <u>814,676</u> |

AmeriCares Foundation, Inc.
 EIN: 06-1008595
 IRS Form 990
 Part II, Line 22
 FY 2005

| Country | Partner Name | Shipment # | Ship Date | Order Type | Ship Type | Treatments | Pounds | AWP | Totals |
|--------------------------|--|------------|---------------------|------------|-----------|------------|--------------|-----|--------------|
| AFGHANISTAN | CHOI, DAVID DO | AC001161 | 2/1/2005 MOP | COURIER | 540 | 92 95 | 18,656 37 | | |
| AFGHANISTAN | HELP THE AFGHAN CHILDREN (HTAC) / AHDS | AC000574 | 12/15/2004 ON-GOING | SEA | 424795 | 14,839 00 | 1,782,875 83 | | |
| AFGHANISTAN | HELP THE AFGHAN CHILDREN (HTAC) / AHDS | AC000921 | 5/9/2005 EMERGENCY | SEA | 0 | 19,536 62 | 351,060 43 | | |
| AFGHANISTAN | HELP THE AFGHAN CHILDREN, INC. | AC001330 | 3/11/2005 EMERGENCY | AIR | 0 | 7,468 97 | 795,786 14 | | |
| AFGHANISTAN | HELP THE AFGHAN CHILDREN (HTAC) / AHDS | AC001373 | 5/19/2005 ON-GOING | SEA | 20160 | 14,964 38 | 3,119,630 78 | | |
| AFGHANISTAN | HELP THE AFGHAN CHILDREN (HTAC) / AHDS | AC001927 | 6/14/2005 ON-GOING | COURIER | 0 | 39,600 00 | 27,360 00 | | |
| AFGHANISTAN | YUN, ROBERT MD | AC001572 | 4/6/2005 MOP | COURIER | 258 | 151 69 | 49,099 50 | | 6,144,469 05 |
| AFGHANISTAN Total | | | | | | | | | |
| ALBANIA | ALBANIAN-HEMOPHILIA-SOCIETY | AC001040 | 1/4/2005 ON-GOING | COURIER | 0 | 50 00 | 167,580 00 | | |
| ALBANIA | ALBANIAN-HEMOPHILIA-SOCIETY | AC001232 | 2/17/2005 ON-GOING | AIR | 0 | 105 00 | 86,190 00 | | |
| ALBANIA | ALBANIAN-HEMOPHILIA-SOCIETY | AC001638 | 4/25/2005 ON-GOING | COURIER | 0 | 18 00 | 52,320 00 | | 306,090 00 |
| ALBANIA Total | | | | | | | | | |
| ALGERIA | MARKMAN, LESLIE DO | AC001450 | 3/9/2005 MOP | COURIER | 360 | 145 66 | 37,512 45 | | 37,512 45 |
| ALGERIA Total | | | | | | | | | |
| ANGOLA | HASSETT, MOLLIE CRNA | AC001493 | 3/24/2005 MOP | COURIER | 216 | 152 72 | 43,346 70 | | 43,346 70 |
| ANGOLA Total | | | | | | | | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000162 | 9/21/2004 ON-GOING | TRUCK | 360 | 6,412 00 | 154,963 73 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000252 | 9/16/2004 ON-GOING | TRUCK | 27800 | 6,673 37 | 1,520,266 76 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000418 | 9/22/2004 ON-GOING | TRUCK | 400 | 102 77 | 1,674 53 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000468 | 7/1/2004 ON-GOING | AIR | 10 | 138 00 | 5,071 14 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000503 | 11/10/2004 ON-GOING | TRUCK | 84604 | 5,016 00 | 695,402 47 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000723 | 11/18/2004 ON-GOING | TRUCK | 1572 | 355 56 | 40,440 14 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC000867 | 2/7/2005 ON-GOING | TRUCK | 0 | 6,900 00 | 196,265 44 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC001230 | 3/16/2005 ON-GOING | AIR | 360 | 11,039 92 | 1,896,544 46 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC001479 | 4/1/2005 ON-GOING | SEA | 0 | 4,356 00 | 296,648 73 | | |
| ARMENIA | THE UNITED ARMENIAN FUND | AC001545 | 4/1/2005 ON-GOING | AIR | 0 | 52 00 | 160,737 20 | | 4,968,014 59 |
| ARMENIA Total | | | | | | | | | |
| AZERBAIJAN | ADVENTIST DEVELOPMENT AND RELIEF AGENCY-AZERBAIJAN | AC000315 | 9/2/2004 ON-GOING | AIR | 0 | 92 17 | 11,994 38 | | 11,994 38 |
| AZERBAIJAN Total | | | | | | | | | |
| BAHAMAS | BAHAMAS HEMOPHILIA FOUNDATION | AC001569 | 4/20/2005 ON-GOING | AIR | 0 | 58 00 | 183,963 12 | | 183,963 12 |
| BAHAMAS Total | | | | | | | | | |
| BANGLADESH | PETERSEN, KENNETH MD | AC000335 | 8/25/2004 MOP | COURIER | 25 | 12 77 | 524 32 | | |
| BANGLADESH | PETERSEN, KENNETH MD | AC000397 | 9/1/2004 MOP | ROUTE-AIR | 0 | 30 00 | 1,136 00 | | |
| BANGLADESH | PETERSEN, KENNETH MD | AC001045 | 1/13/2005 MOP | COURIER | 0 | 14 91 | 4,026 36 | | |
| BANGLADESH | PETERSEN, KENNETH MD | AC001185 | 1/17/2005 MOP | ROUTE-AIR | 0 | 10 00 | 1,816 00 | | |
| BANGLADESH | HUEY, ARLENE PA | AC000348 | 8/26/2004 MOP | COURIER | 594 | 132 88 | 32,895 24 | | |
| BANGLADESH | BRAC | AC000345 | 8/25/2004 EMERGENCY | COURIER | 0 | 0 00 | 3,973 20 | | |
| BANGLADESH | BRAC | AC000549 | 10/6/2004 EMERGENCY | COURIER | 0 | 2,466 00 | 5,256 55 | | 49,627 67 |
| BANGLADESH Total | | | | | | | | | |
| BARBADOS | COUNCIL FOR THE DISABLED-BARBADOS | AC001476 | 3/22/2005 ON-GOING | AIR | 0 | 814 00 | 11,161 78 | | 11,161 78 |
| BARBADOS Total | | | | | | | | | |

Exhibit 12