

Hood & Strong

Advisory, Tax  
and Assurance

# The Clear Fund D.B.A. Givewell

**December 31, 2023**

Report to The Audit Committee

June 26, 2024

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

We are pleased to present this report related to our audit of the consolidated financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)** as of and for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for GiveWell's financial reporting process.

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

*Hood & Strong LLP*

# The Clear Fund d.b.a GiveWell

## Report to The Audit Committee

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**Required Communications**

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**Attachment:**

Letter Communicating Internal Control Recommendations

Appendix A

# The Clear Fund d.b.a GiveWell

## Required Communications

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

### **Our Responsibilities with Regard to the Financial Statement Audit**

Our responsibilities under GAAS have been described to you in our engagement letter dated January 25, 2024. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and identified significant risks as an attachment to our engagement letter.

### **Accounting Policies and Practices**

#### Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America (U.S. GAAP), in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

#### Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by GiveWell. GiveWell did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

#### Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### Significant Unusual Transactions

We did not identify any other significant unusual transactions.

# The Clear Fund d.b.a GiveWell

## Required Communications

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### Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses its knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates.

The following describes the significant accounting estimates reflected in GiveWell's December 31, 2023 consolidated financial statements:

- Allocation of functional expenses - directly identifiable expenses are charged to the related program or service benefited. Indirect expenses are allocated to programs and services based principally on the percentage of personnel time spent in each area and, to a lesser extent, based on the percentage of donors who donate funds to programs versus those who donate unrestricted funds.
- Discount rate used for present value of future lease payments - to calculate the present value right-of-use lease assets and liabilities at commencement, GiveWell uses a discount rate derived from the incremental borrowing rate, the rate of interest GiveWell would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment

GiveWell's processes for estimates appear reasonable, consistent with prior years, consistent with industry practice, and in accordance with applicable U.S. GAAP.

### **Audit Adjustments and Uncorrected Misstatements**

There was one adjustment, provided by management, made to the original trial balance presented to us to begin our audit to decrease net assets without donor restriction and decrease the exchange rate loss by \$284,079.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the consolidated financial statements.

### **Consultations with Other Accountants**

With the exception of the engagements of Formation Financial, Robert Half, and Moore Kingston Smith to provide accounting services, we are not aware of any consultations management had with other accountants about accounting or auditing matters.

# The Clear Fund d.b.a GiveWell

## Required Communications

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### **Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

### **Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

### **Significant Written Communications Between Management and Our Firm**

The written communications between our Firm and management of GiveWell are the representation letter provided to us by management (available upon request) and a letter reporting control recommendations (attached).

June 26, 2024

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

In planning and performing our audit of the consolidated financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)** as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered GiveWell's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of GiveWell's internal control. Accordingly, we do not express an opinion on the effectiveness of GiveWell's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

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

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

*Hood & Strong LLP*

## **CURRENT YEAR RECOMMENDATIONS**

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

### **Conditional Grants**

#### ***Observation***

Although multi-year conditional grants are being tracked by the grants team, these grants were not being tracked on a detailed basis, sufficiently for necessary U.S. GAAP disclosure.

#### ***Recommendation***

We recommend that GiveWell's accounting team track each conditional grant with a sufficient level of detail to facilitate required disclosures. The accounting team should also reconcile multi-year conditional awards to the information kept by the grants team.

## **PRIOR YEAR RECOMMENDATIONS**

### **IT Governance and Risk Management**

#### ***Observation***

Although there are two staff members who are responsible for the governance of IT, it appears that the oversight is focused on help desk IT support. Without conducting formal and regular risk assessments, GiveWell may not be fully aware of its IT-related risks or have adequate controls in place to mitigate those risks. It was noted that the last risk assessment was performed in 2021, and after that, there were ad hoc assessments performed in the IT environment.

#### ***Recommendation***

We recommend GiveWell establish a process for performing regular risk assessments of its IT environment. The risk assessments should be performed at least annually and should include an evaluation of GiveWell's IT-related risks, such as cybersecurity threats, data privacy risks, and IT system failures. The risk assessments should also identify any gaps in GiveWell's IT governance and risk management processes and recommend appropriate controls to mitigate those risks. Further, we recommend that GiveWell establish formal IT governance policies and procedures to provide guidance for IT-related activities, such as access controls, password management, and incident management. The policies and procedures should be reviewed and updated regularly to ensure that they are aligned with GiveWell's overall goals and objectives.

***Management's Response***

GiveWell performs ad-hoc risk assessments at least annually to review the risks identified in the Recommendation section above. In 2024, GiveWell plans to hire a Head of Tech who will take responsibility for assessing IT risk. In 2023, GiveWell formalized policies for access controls and password management. GiveWell has onboarded a new IT vendor in the year (Ignition), and they assist with various elements of password management and enforcing our existing rules on access.

***2023 Status***

We will continue to make this recommendation until a formalized annual IT risk assessment has been implemented, which is scheduled for 2024.

**Last Password Changed Date – Box Users**

***Observation***

During our inspection of the Box user listing, we identified a number of users that had a last password change date of over one year.

***Recommendation***

It is recommended to change passwords periodically. We recommend that the users review their accounts to ensure that strong passwords are used, or otherwise change the passwords to ensure that it is at least twelve characters long and enables multi-factor authentication.

***Management's Response***

GiveWell will upgrade its Box account to Enterprise from Business Plus, which will allow it to enforce periodic password updates.

***2023 Status***

The recommendation was evaluated in 2023 and has since been implemented in 2024.

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