

THE CLEAR FUND
D.B.A. GIVEWELL

DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

The Clear Fund d.b.a. GiveWell

Independent Auditors' Report and Financial Statements

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A Century Strong

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)**, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GiveWell as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As described in Note 2, GiveWell adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited GiveWell's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
July 5, 2019

The Clear Fund d.b.a. GiveWell

Statement of Financial Position

<i>December 31, 2018 (with comparative totals for 2017)</i>	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	\$ 26,236,791	\$ 20,505,195
Prepaid expenses and other current assets	106,204	70,506
Total current assets	26,342,995	20,575,701
Equipment and Intangible Assets, net	6,461	34,035
Total Assets	\$ 26,349,456	\$ 20,609,736
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 301,022	\$ 294,622
Grants payable	13,777,053	11,882,928
Total current liabilities	14,078,075	12,177,550
Net Assets:		
Without donor restrictions	11,884,594	7,904,090
With donor restrictions	386,787	528,096
Total net assets	12,271,381	8,432,186
Total Liabilities and Net Assets	\$ 26,349,456	\$ 20,609,736

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Statement of Activities and Changes in Net Assets

Year ended December 31, 2018 (with comparative totals for 2017)

	2018			2017
	Without donor restrictions	With donor restrictions	Total	Total
Revenues and Support:				
Contributions	\$ 7,700,699	\$ 28,307,307	\$ 36,008,006	\$ 26,952,535
Donated goods and services	632,780		632,780	896,023
Investment income, net	17,748		17,748	44,790
Other revenue			-	88
Net assets released from restrictions	28,448,616	(28,448,616)	-	-
Total revenue and support	36,799,843	(141,309)	36,658,534	27,893,436
Expenses:				
Program services	31,318,762		31,318,762	26,253,383
Management and general	1,268,054		1,268,054	1,166,398
Fundraising	232,523		232,523	240,018
Total expenses	32,819,339	-	32,819,339	27,659,799
Total Change in Net Assets Before Other Gains	3,980,504	(141,309)	3,839,195	233,637
Gain on Sale of Open Philanthropy Project			-	2,451,060
Total Change in Net Assets	3,980,504	(141,309)	3,839,195	2,684,697
Net Assets, beginning of year	7,904,090	528,096	8,432,186	5,747,489
Net Assets, end of year	\$ 11,884,594	\$ 386,787	\$ 12,271,381	\$ 8,432,186

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Statement of Cash Flows

<i>Year ended December 31, 2018 (with comparative totals for 2017)</i>	2018	2017
Operating Activities:		
Change in net assets	\$ 3,839,195	\$ 2,684,697
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	27,574	77,575
Gain on sale of Open Philanthropy Project		(2,451,060)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(35,698)	(47,538)
Accounts payable and accrued expenses	6,400	143,036
Grants payable	1,894,125	4,073,818
Net cash provided by operating activities	5,731,596	4,480,528
Investing Activities:		
Proceeds from sale of Open Philanthropy Project		2,451,060
Net cash provided by investing activities	-	2,451,060
Net Change in Cash and Cash Equivalents	5,731,596	6,931,588
Cash and Cash Equivalents, beginning of year	20,505,195	13,573,607
Cash and Cash Equivalents, end of year	\$ 26,236,791	\$ 20,505,195

Non-Cash Operating Activities:

For the years ended December 31, 2018 and 2017, GiveWell received stock donations valued at \$1,419,588 and \$2,654,639, respectively.

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Statement of Functional Expenses

Year ended December 31, 2018 (with comparative totals for 2017)

	2018				2017
	Program	Management and General	Fundraising	Total	
Grants	\$ 28,239,288			\$ 28,239,288	\$ 22,257,981
Salaries	1,379,645	\$ 492,736	\$ 88,280	1,960,661	2,432,206
Payroll taxes and benefits	157,711	143,653	10,636	312,000	380,446
Staff recruitment	34,105	1,506	260	35,871	17,660
Advertising	242,015		26,891	268,906	143,111
Outreach	18,871		4,718	23,589	8,855
Professional fees	440,253	330,775	60,868	831,896	802,481
Occupancy	23,177			23,177	8,614
Insurance		42,935		42,935	50,767
Office expenses	1,643	38,849		40,492	154,139
Information technology	1,069	18,243	268	19,580	30,568
Travel and conferences	24,599	35,518	1,010	61,127	192,392
Bank and payment processing fees	273,056	8,921		281,977	198,888
Miscellaneous		17,486		17,486	8,093
Donated goods and services	483,330	109,858	39,592	632,780	896,023
Depreciation and amortization		27,574		27,574	77,575
Total expenses	\$ 31,318,762	\$ 1,268,054	\$ 232,523	\$ 32,819,339	\$ 27,659,799

See accompanying notes to financial statements.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 1 - Nature of the Organization:

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

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

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

b. Revenue and Support

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

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

c. Cash and Cash Equivalents

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

d. Equipment and Intangible Assets

GiveWell capitalizes equipment and intangible asset acquisitions over \$1,000. Equipment and intangible assets are recorded at cost and consist primarily of office equipment and web development costs. Donated equipment is recorded at its estimated fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to five years.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

e. Grants

Grants are expensed following approval by the board. Contributions restricted to recommended charities are granted to specific charities net of fees GiveWell paid to payment processors (primarily credit card processors), before being released from restrictions. Donations restricted by donors to “grants to recommended charities” received during 2018 were allocated 56% to Malaria Consortium, 31% to Against Malaria Foundation and 13% to Schistosomiasis Control Initiative. The allocation percentage is approved by GiveWell’s board of directors.

f. Functional Expenses

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

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

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

g. Net Assets

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

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

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

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

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

h. Use of Estimates

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

i. Tax-Exempt Status

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

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

j. Advertising Costs

GiveWell uses advertising specifically aimed at encouraging potential donors to use its research, featured at its public website. The website provides prominent links for donating to recommended charities. Accordingly, advertising costs have been allocated between fundraising and program. Costs are expensed as incurred. For the year ended December 31, 2018 GiveWell incurred \$268,906 of advertising expenses. For the year ended December 31, 2018 GiveWell also received donated advertising expenses in the amount of \$ 204,300 (see Note 6).

k. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not in sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with GiveWell's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

l. Recent Accounting Pronouncements

Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit*, which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, and liquidity. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year functional expense and liquidity and availability of resource information as permitted by the ASU.

Adoption Pending

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update are designed to assist entities in evaluating whether transactions should be accounted for as contributions, or as exchange transactions, as well as determining whether a contribution is conditional. The amendments in this ASU related to contributions received are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, while the amendments related to contributions made are effective one year later. Early adoption is permitted. Management is currently evaluating the impact the amendments in this ASU will have on the financial statements.

m. Subsequent Events

GiveWell evaluated subsequent events from December 31, 2018 through July 5, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 3 - Grants Payable:

Grants payable at December 31, 2018 in the amount of \$ 13,777,053 represents amounts that have been committed to various grantees, but not yet paid. These grants were fully paid in the subsequent year.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 4 - Net Assets with Donor Restriction

Net assets with donor restrictions at December 31, 2018 consist of incentive grants to potential top charities in the amount of \$386,787.

Net assets with donor restrictions for the year ended December 31, 2018 were released from restrictions by satisfying the purpose specified by the donor as follows:

Malaria Consortium	\$ 10,213,713
Against Malaria Foundation (AMF)	7,829,795
Schistosomiasis Control Initiative (SCI)	3,561,126
GiveDirectly	1,806,316
Development Media International	1,693,400
Effective Altruism Foundation	926,922
Evidence Action (Deworm the World Initiative)	829,910
Helen Keller International (VAS program)	419,313
Iodine Global Network	392,014
Sightsavers	181,523
Incentive grants to potential top charities	140,623
END Fund	135,962
Evidence Action (No Lean Season)	93,019
Global Alliance for Improved Nutrition	80,315
Evidence Action (Dispensers for Safe Water)	43,236
Food Fortification Initiative	34,294
Living Goods	31,560
Project Healthy Children	20,628
Zusha! Road Safety Campaign	8,922
GiveDirectly – Basic Income Project	4,025
GiveDirectly – Refugee Support	2,000
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	\$ 28,448,616

Note 5 - Donated Goods and Services:

For the years ended December 31, 2018 the value of various donated goods and services are as follows:

Advertising	\$ 204,300
Use of facilities and office expenses	425,573
Task management software	2,907
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	\$ 632,780

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 6 - Related Party Transactions:

One board member of GiveWell is also a board member of Good Ventures, a not-for-profit organization. Three board members of GiveWell (one of whom is also a GiveWell officer) are also members of the board of managers of Open Philanthropy Project LLC. Two of the same three board members of GiveWell (excluding the one who is also a GiveWell officer) are also board members of Open Philanthropy Action Fund, a 501(c)(4) organization. GiveWell shares its office space with Good Ventures and Open Philanthropy Project LLC.

Good Ventures contributed \$ 2,453,548 for the year ending December 31, 2018.

Open Philanthropy Project LLC contributed \$ 425,573 in donated use of facilities for the year ending December 31, 2018, and Open Philanthropy Action Fund made cash contributions of \$851,179.

During the year ended December 31, 2018, GiveWell incurred \$166,484 of expenses in connection with activities for Open Philanthropy Project LLC during 2018, of which \$110,424 was reimbursed during the year ended December 31, 2018 and \$56,060 is included in other current assets. Additionally, Open Philanthropy Project LLC incurred \$25,696 of expenses in connection with activities for GiveWell during 2018, of which \$18,880 was reimbursed during the year ended December 31, 2018 and \$6,816 is included in accounts payable and accrued expenses.

Contributions from individual board members and officers were less than 1% of total contribution revenue for the year ending December 31, 2018.

Note 7 - Concentrations:

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

GiveWell had no major donors in 2018. Major donors are defined as donors that contribute revenue greater than 10% of GiveWell's contributions for that year.

The Clear Fund d.b.a. GiveWell

Notes to Financial Statements

Note 8 - Available Resources and Liquidity:

GiveWell's financial assets at December 31, 2018 that are available to meet general expenditures over the next twelve months are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$ 26,236,791
Accounts receivable included in other current assets	56,060
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Total financial assets	26,292,851
Less amounts not available for general expenditures:	
Net assets with donor restrictions	(386,787)
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Financial assets available to meet general expenditures over the next twelve months	\$ 25,906,064

GiveWell's cash and cash equivalents typically include cash held in deposit accounts, highly liquid investments and investments with an original maturity of three months or less.

GiveWell holds in its financial assets available for general expenditure an amount that is judged by management as sufficient to support GiveWell's operations for 12 months.

Financial assets available for general expenditure over and above that amount are considered excess assets. GiveWell's board of directors grant out any excess assets on an annual basis at the annual financial meeting according to an excess asset policy. Financial assets available for general expenditure arising from an extraordinary transaction, such as a sale of assets, may be considered up to one year following the close of such transaction, rather than at the next board meeting at which a budget is approved.