

THE CLEAR FUND
D.B.A. GIVEWELL

DECEMBER 31, 2020

REPORT

TO

THE AUDIT COMMITTEE



A Century Strong

June 25, 2021

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

We are pleased to present this report related to our audit of the financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)** for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for GiveWell's financial reporting process.

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

Hood & Strong LLP

The Clear Fund d.b.a GiveWell

Report to The Audit Committee

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Letter Communicating Deficiencies in Internal Control	Appendix A

The Clear Fund d.b.a GiveWell

Report to The Audit Committee

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

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated February 2, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit as an attachment to our engagement letter.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies 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 or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

The Clear Fund d.b.a GiveWell

Required Communications

Area	Comments
	<p data-bbox="727 451 1421 478">Management’s Judgments and Accounting Estimates</p> <p data-bbox="727 510 1421 741">Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses its knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p> <p data-bbox="727 768 1421 863">The following describes the significant accounting estimate reflected in GiveWell’s December 31, 2020 financial statements:</p> <ul data-bbox="776 890 1421 1188" style="list-style-type: none"><li data-bbox="776 890 1421 1188">- Functional allocation of expenses – directly identifiable expenses are charged to the related program or service benefited. Indirect expenses are allocated to programs and services based principally on the percentage of personnel time spent in each area; and, to a lesser extent, based on a percentage of donors who donate funds to programs versus those who donate unrestricted funds. <p data-bbox="727 1218 1421 1281">GiveWell’s processes for estimates appear reasonable and are consistent with industry practice and U.S. GAAP.</p>
Audit Adjustments	Audit adjustments, other than those that are clearly trivial, are shown in the attached “Summary of Recorded Audit Adjustments.”
Uncorrected Misstatements	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 financial statements.
Consultations with Other Accountants	With the exception of the engagement of BPM to provide accounting services, we are not aware of any consultations management had with other accountants about accounting or auditing matters.

The Clear Fund d.b.a GiveWell

Required Communications

Area	Comments
Significant Issues Discussed with Management	No other significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any other difficulties in dealing with management during the audit.
Significant Written Communications Between Management and Our Firm	The only 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 deficiencies (attached).

The Clear Fund d.b.a GiveWell

Summary of Recorded Audit Adjustments

Description	Effect – Debit (Credit)				
	Assets	Liabilities	Opening Net Assets	Revenue	Expenses
1. To reclass beginning net assets from with donor restrictions to without donor restrictions			\$ 322,798 (322,798)		
2. To reclass contribution revenue and grant expense between with donor restrictions and without donor restrictions				\$ (140,000) 140,000	\$ 110,000 (110,000)
3. To correct the overstatement of donor restricted contributions and grant expense				3,906,721	(3,906,721)
Total Effect	\$ -	\$ -	\$ -	\$ 3,906,721	\$ (3,906,721)



A Century Strong

June 25, 2021

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

In planning and performing our audit of the financial statements of **THE CLEAR FUND d.b.a. GIVEWELL (GiveWell)** as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered GiveWell's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GiveWell's internal control. Accordingly, we do not express an opinion on the effectiveness of GiveWell's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

CURRENT YEAR SIGNIFICANT DEFICIENCY

Net Asset Classifications

Observation

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

Recommendation

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

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

CURRENT YEAR RECOMMENDATIONS

Check Sequence

Observation

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

Recommendation

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

STATUS OF PRIOR YEAR RECOMMENDATIONS (as previously reported, along with status update)

Financial System User Access Rights

Observation

Upon inspection of the financial system user access rights, we noted that there were more external financial system users with full administrator privileges than is prudent.

Recommendation

We recommend the organization evaluate access rights to the financial system based on the minimum level required to perform the employee's job function and reduce the level of access based on this requirement. Full administrator privileges should be assigned to a select few.

In addition to revising the external user accounts with administrator access rights, we recommend performing a regular (on a quarterly or bi-annual basis) review of access rights to ensure access remains appropriate. For example, when users leave an organization, we suggest disabling the account. By performing reviews and monitoring user accounts, GiveWell can help reduce control risks.

Status

GiveWell's management actioned this recommendation to limit the number of users and type of user access to the extent permitted by the account structure.

This letter 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.

Hood & Strong LLP