

GiveWell Financial Summary



Meeting of the GiveWell Board of Directors – August 25, 2020

Agenda

1. Overview of board votes
 - a. 2020 (updated) and 2021 budgets
 - b. Restricting unrestricted funds
2. Looking back: Expenses and revenues in 2019
 - a. For review and discussion only
3. Looking forward: Expense and revenue projections 2020-2022
 - a. Board decisions – more detail
 - b. Our approach
 - c. Budget proposal
 - d. Revenue projections
4. Board decisions – discussion and votes
5. Appendix – Covid forecasting

Overview of Board Votes

Items for board vote – Overview

1. Approval of budget:

Vote on revised 2020 budget and 2021 budgets. Note that we will propose an update to the 2021 budget in early to mid 2021.

- a. 2020 Update: We are not requesting approval of any additional budget in 2020. We expect 2020 expenses to be \$10.0m, \$1.2m below the \$11.2m approved in mid 2019.
- b. Forward projections: The 2020 budget represents a \$4.4m increase over 2019 actuals. For 2021 we are requesting \$13.9m, which represents a \$3.9m increase over the 2020 budget. These increases are primarily driven by new research and outreach staff, outreach discretionary spend on marketing, and modest operations increases.

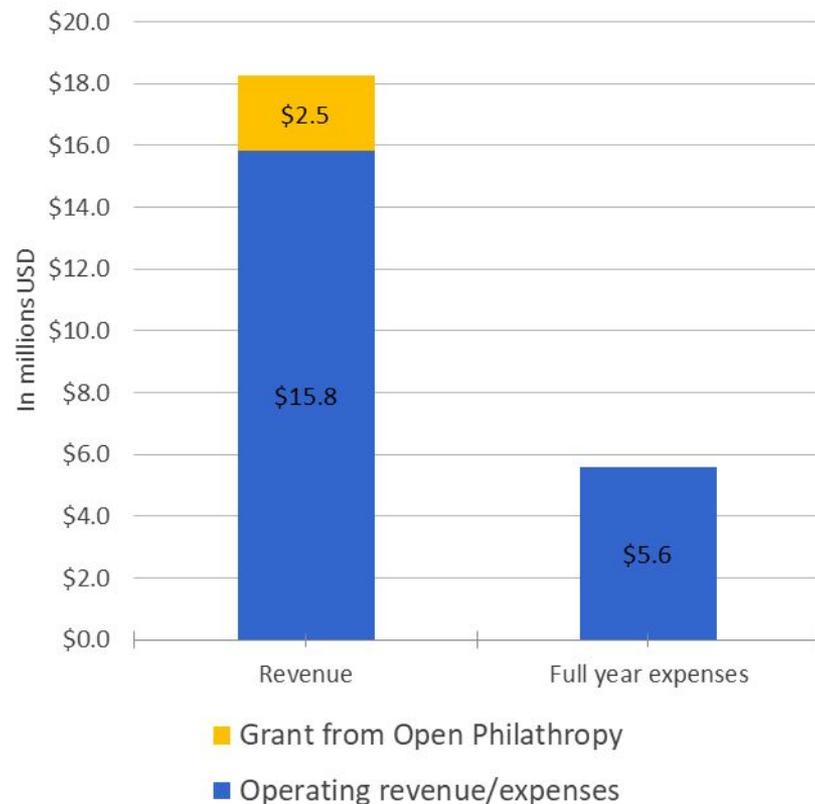
1. Application of single revenue cap:

We apply an operating principle to limit the revenue from any single source to avoid over-reliance on any particular donor. To action this rule we propose to irrevocably designate a portion of one donation as restricted for grants at GiveWell's discretion.

Looking Back: 2019 Summary

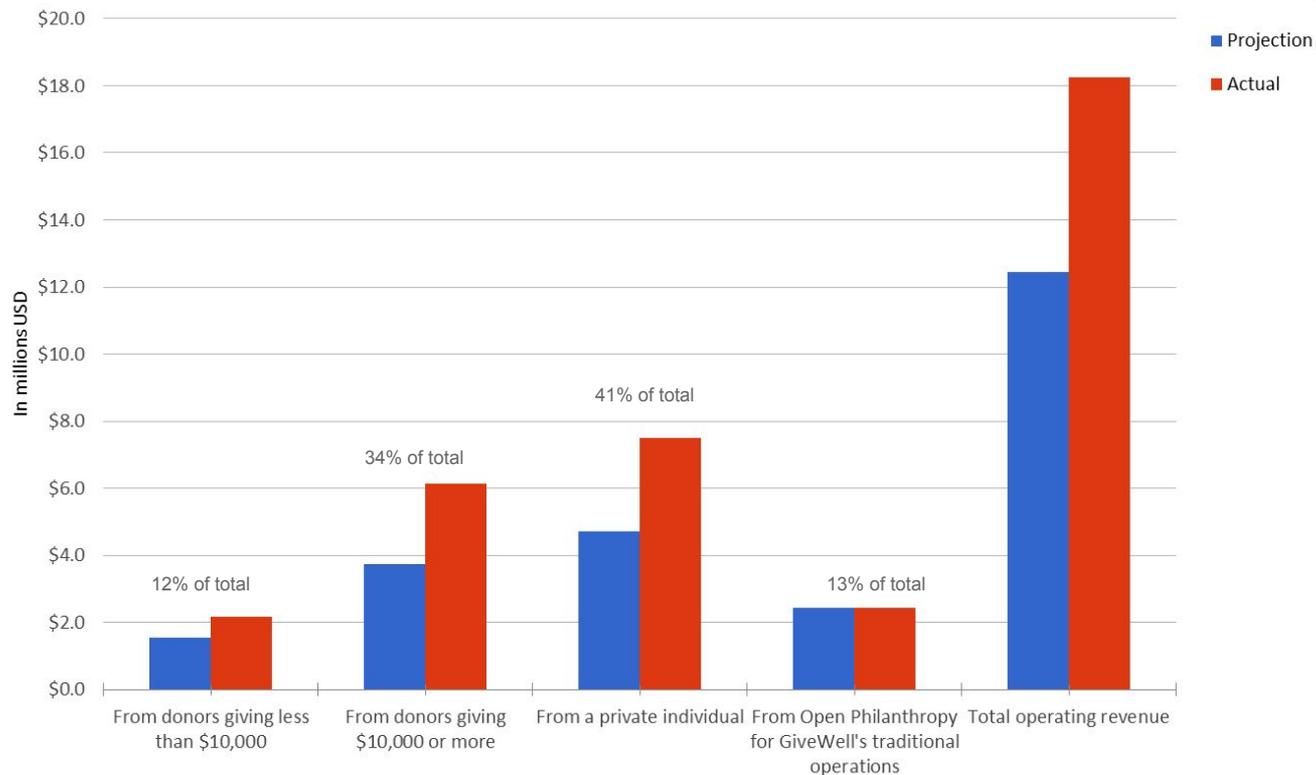
Looking back: 2019 summary

- We had strong revenue growth across our broad base of donors
- We spent less than we budgeted in 2019 (-25%)
- Individual donor gave \$7.5m (\$3.9m of that was restricted in mid 2019)
- Open Philanthropy Project Fund grant of \$2.5m included in 2019 revenue (although grant received in Jan 2020)



Unrestricted Revenue projections vs. actuals for 2019

Continued broad-based revenue growth



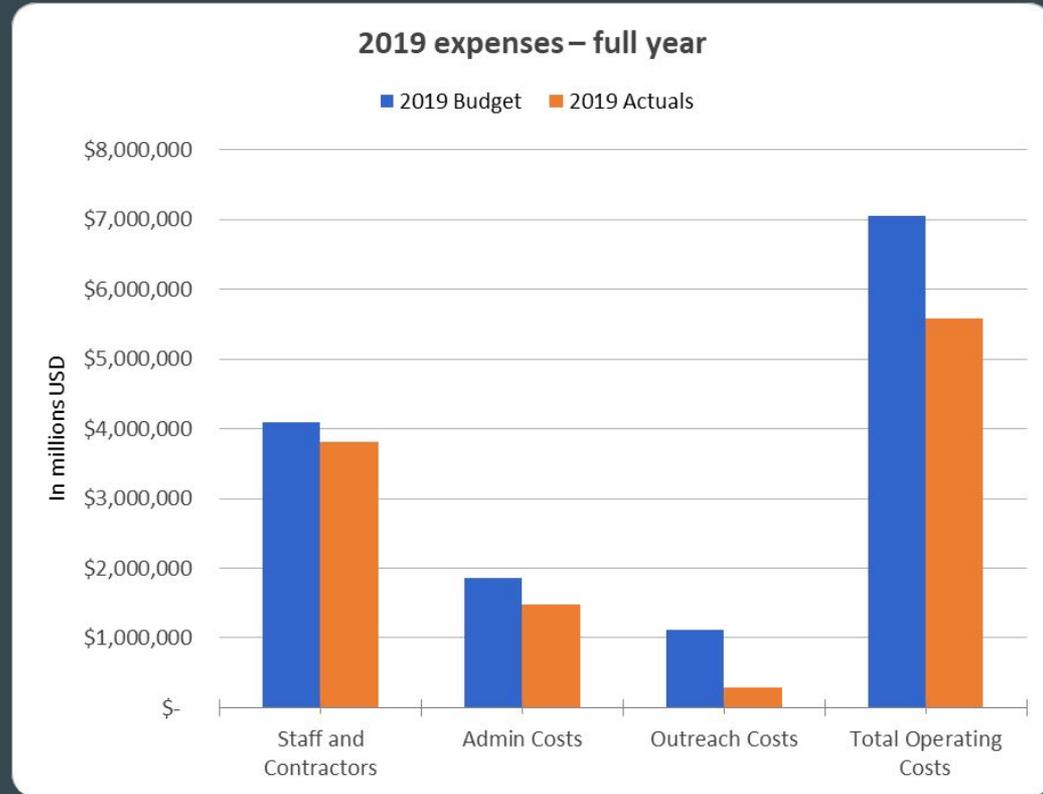
Commentary:

- Open Philanthropy Project Fund grant: \$2.5m
- Individual donor grant: \$7.5m (\$3.9 later restricted)

Expense projections vs. actuals for 2019

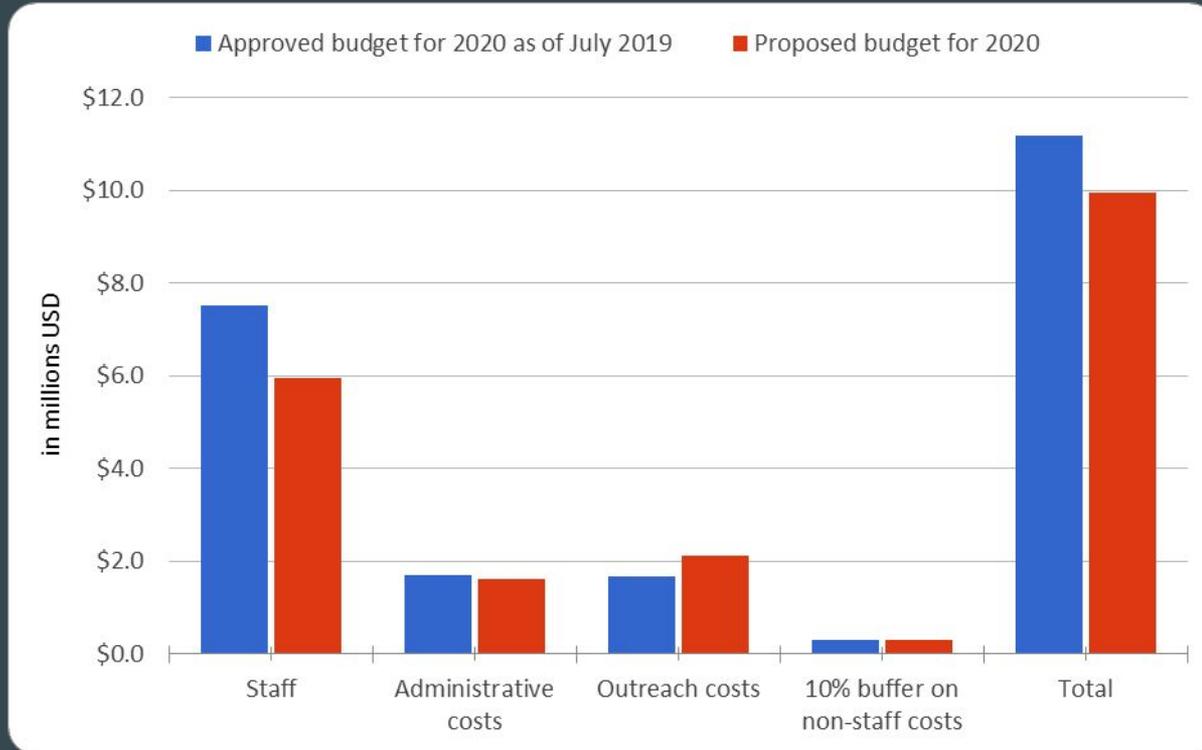
We spent \$1.5m less than budgeted in 2019 with underruns in:

- Staff: \$0.3m below budget
- Advertising/Outreach: \$0.8m below budget
- Misc admin: \$0.4m below budget



Looking forward:
Revenue projections and
spending proposal

Changes to 2020 budget since mid-2019

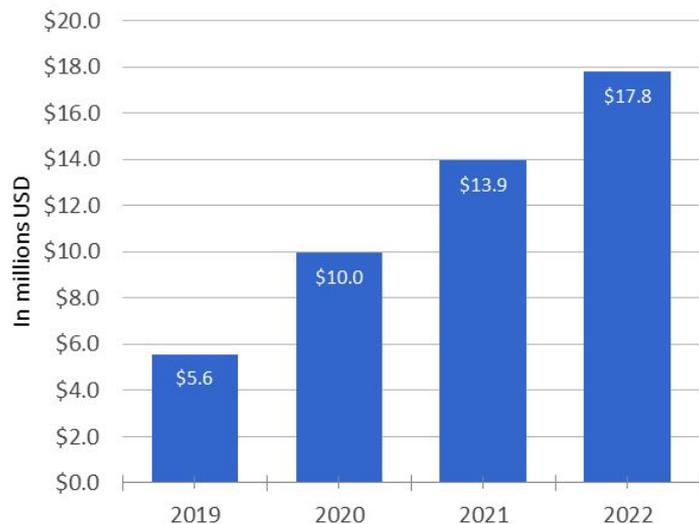


Notes:

- Budget net decrease of \$1.2m.
- Decrease in staff (-\$1.6m) and admin (\$87k)
- Increase in advertising & outreach costs (+\$438k)

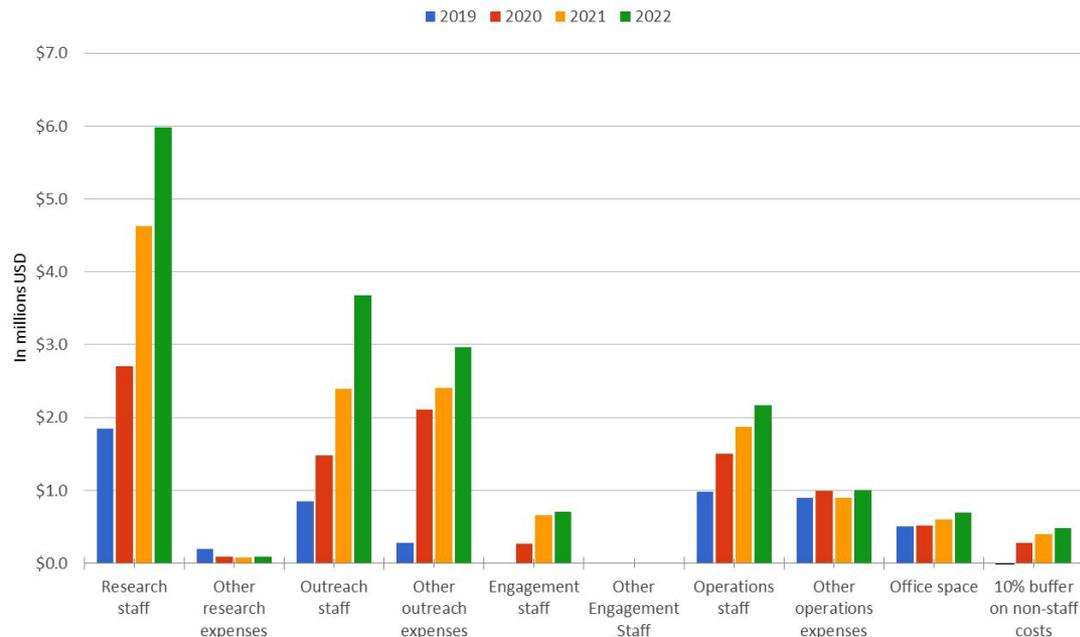
Proposed budget for 2020-2022

Total operating expenses



Focus of spending is new staff for research and outreach, outreach marketing spend, and modest increases for operations

Operating expense by aggregate category



Looking forward: revenue projections and operational spending proposal

- Our proposed expenses increase from \$5.6m in 2019 to \$17.8m in 2022.
 - Greatest spending increases are for new staff in the Research and Outreach departments.
 - We have already begun and plan to continue soliciting funding from major donors to support our growing operational funding needs.
 - COVID-19 has not had a material impact on donation levels to date, but we would reconsider our spending plans if this changed.
- Based on current asset levels and conservative revenue projections, we recommend granting out ~\$1.7m in unrestricted funds per the single revenue cap.
 - Using our most conservative COVID-19 projections, we estimate that we could fall below the threshold of 12 months of assets as of July 2021. Hence no action is needed to satisfy the excess assets policy.
 - One individual gave an unrestricted donation that exceeds 20% of our proposed 2021 & 2022 operating budgets. To action the rule of limiting our operations revenue from a single revenue source, we propose to irrevocably restrict a portion of this donation to grants at GiveWell's discretion.
 - Given the current economic uncertainty, we propose to retain the remainder of this donation (~\$6.3m) for 20% of our expected budget in 2021 & 2022.

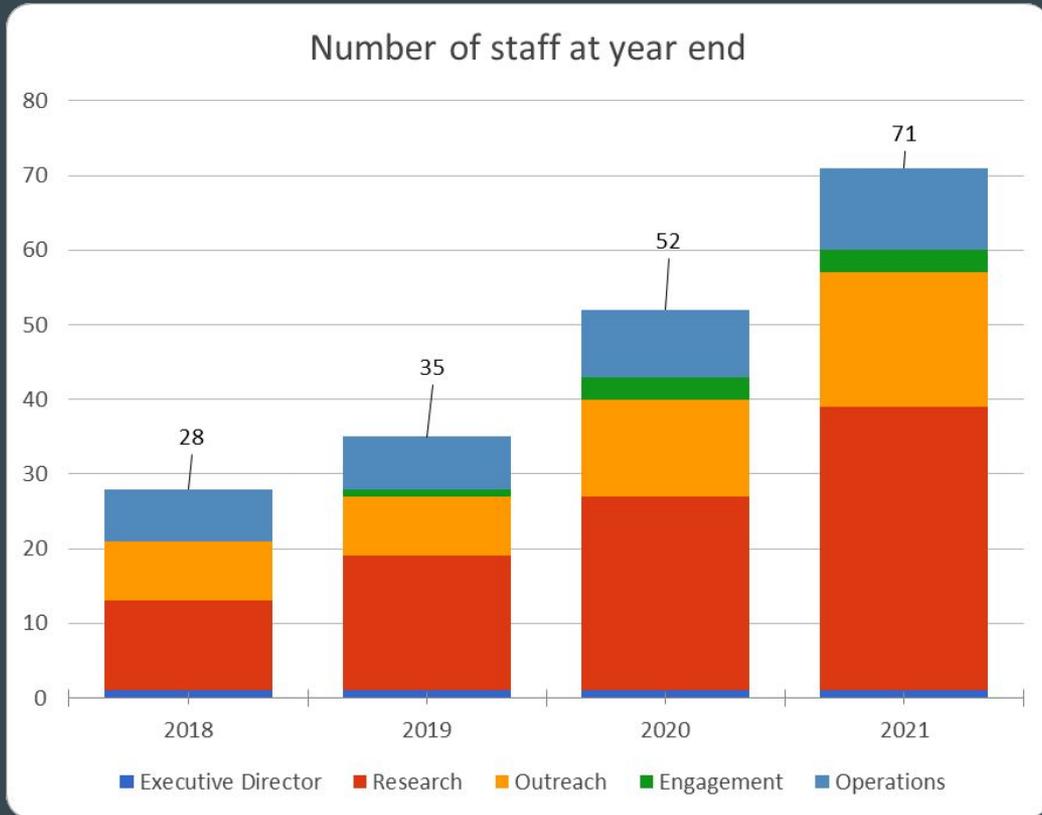
Budget approach – 2020-2022

- We request approval for significant spending increases for staff and outside services across all the organization (operations, outreach, and research) to increase our impact
 - YOY, staffing costs increase 61% by year-end 2020; 60% in 2021; 31% in 2022.
 - Outreach expenses (advertising, PR, consultants, software, etc.) increase by \$1.8m in 2020 (652%) followed by modest increase of \$0.3m in 2021 (14%) and \$0.6m in 2022 (23%).
- Our request for staff expenses is based on budgeting for compensation and benefits with annual increases plus projected hires; other expense categories are budgeted based on experience and anticipated changes.
- We request a safety net equivalent to 10% of non-staff total for unexpected expenses.

Single-donor revenue cap (additional details)

- GiveWell has adopted an informal rule (the “single revenue cap”) that no one revenue source should provide more than 20% of our operating funding each year. This forces us to maintain a broad base of donors, which increases the stability of our donor base and reduces the possibility of our research agenda being captured by a single donor.
- Historically, we have applied this policy to Good Ventures and one individual donor whose donations might otherwise exceed 20% of our annual operating expenses.
- The individual told us that it is likely they will give at least 20% of our operating expenses in each of the next 3 years, but due to projected growth in expenses, there is a non-negligible chance they will not.
- To increase the safety of our financial position, we propose retaining two years worth of funding from this donor (instead of one year). This will give us more time to adjust and raise more funding if the donor doesn’t give at least 20% of our operating expenses in a future year.
- In 2019, one individual gave an unrestricted donation that exceeded 20% of our combined 2019 and 2020 operating budget. The board approved retaining 20% of the 2019 budget and 20% of the 2020 budget as unrestricted and restricted the remainder, ~\$3.9 million, to regranting at GiveWell’s discretion.
- That same donor gave an amount in 2020 that again exceeded 20% of our combined 2021 and 2022 operating budgets. We propose retaining 20% of the 2021 and 20% of the 2022 budget, \$6.3 million, as unrestricted funding and restricting the remainder (~\$1.7m) as part of the single donor cap.

Potential staffing levels through 2022



- Note: this chart reflects the *maximum* number of staff we might have at each date. We request approval to budget conservatively – i.e., to have the opportunity to hire outstanding staff if we have the opportunity – but we think it is more likely than not that we won't hire this number of staff.
- We are particularly uncertain about future hiring in outreach.
- As of August 2020 we have 41 employees on staff.

We propose significant hires in Outreach & Research in 2020 and 2021

Revenue projections for 2020-2022 – approach –

Category	Projected growth – best guess	Projected growth rate – conservative	Comments
Open Philanthropy	Set at 20% of operating expenses	Same	
Private individual	Set at 20% of operating expenses	Same	May not continue to reach 20% of total budget as our budget grows
Other \$100,000+ donors	2020: (\$0.5m) decline 2021: \$0.1m growth 2022: \$0.4m growth	2020: Same 2021: (\$0.1m) decline 2022: \$0.1m growth	2020's decline is a conservative estimate due to uncertainty around the economy's impact on giving season.
Donors giving \$10,000 - \$99,999	2020: 32% 2021: 1% 2022: 13%	2020: same 2021: -3% 2022: 2%	The amount from this group has been quite variable, but growth in the number of donors suggests this category will at least be maintained and will likely grow modestly.
Donors giving \$1,000 - \$9,999			Same as above.
Donors giving \$100 - \$999			Have seen sustained growth from this group.
Donors giving under \$100			Have seen high, sustained growth from this group.
Anonymous donors			Donations received without designations and without donor contact information are recorded as unrestricted.

Board Decisions

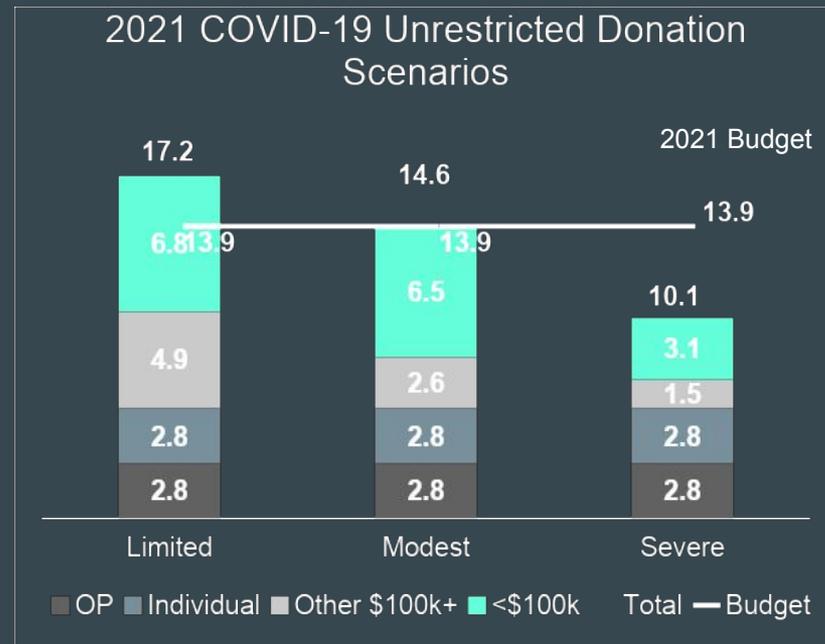
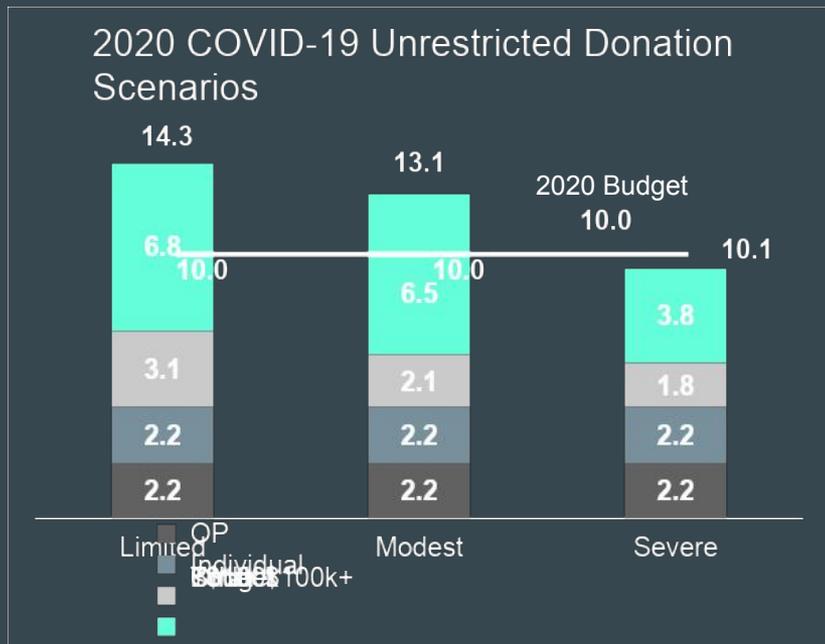
Summary of board votes

1. **Vote to approve 2020 (updated) and 2021 budgets**
 - a. The 2020 budget was approved last year. We are not requesting an increase in that budget but expect spending to be \$10.0m, \$1.2m below the \$11.2m approved in mid 2019.
 - b. The 2021 budget request is \$13.9M.
2. **Vote to restrict unrestricted assets as restricted to grants at GiveWell's discretion**
 - a. Restrict ~\$1.7m from one individual's donation so that their contribution does not exceed 20% of our expected operating budgets for 2021 and 2022.

Appendix

For 2020 & 2021 we built 3 conservative scenarios to understand how COVID-19 might impact GW's unrestricted donations.

Data being collected since the onset of COVID (e.g., donations, traffic, etc) support the idea that these scenarios are conservative.
 All #'s in \$000,000



Unrestricted Reserves available for 2020 Budget: **\$17.0m**

Unrestricted Reserves available for 2021 Budget: **\$20.8m**