

# GiveWell Financial Summary



Meeting of the GiveWell Board of Directors – July 15, 2021

# Agenda

1. Overview of board votes
  - a. 2021 (updated) and 2022 budgets
  - b. Designating unrestricted funds for granting
2. Looking back: Expenses and revenues in 2020
  - a. For review and discussion only
3. Looking forward: Expense and revenue projections 2021-2023
  - a. Board decisions – more detail
  - b. Our approach
  - c. Budget proposal
  - d. Revenue projections
4. Board decisions – discussion and votes

# Overview of Board Votes

# Items for board vote – Overview

## 1. Approval of budget:

Vote on revised request for 2021 budget and 2022 budgets. Note that we will propose an update to the 2022 requested budget in early to mid 2022.

- a. 2021 Update: We are requesting approval to spend up to \$14.9m in 2021, an additional \$1.0m above the \$13.9m approved in mid 2020.
- b. Forward projections: The 2021 budget represents a \$6.5m increase over 2020. For 2022 we are requesting approval for up to \$21.1m, which represents a \$6.2m increase over our 2021 budget. These increases are primarily driven by new research and outreach staff, outreach discretionary spend on marketing, and modest operations increases.

## 2. 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.

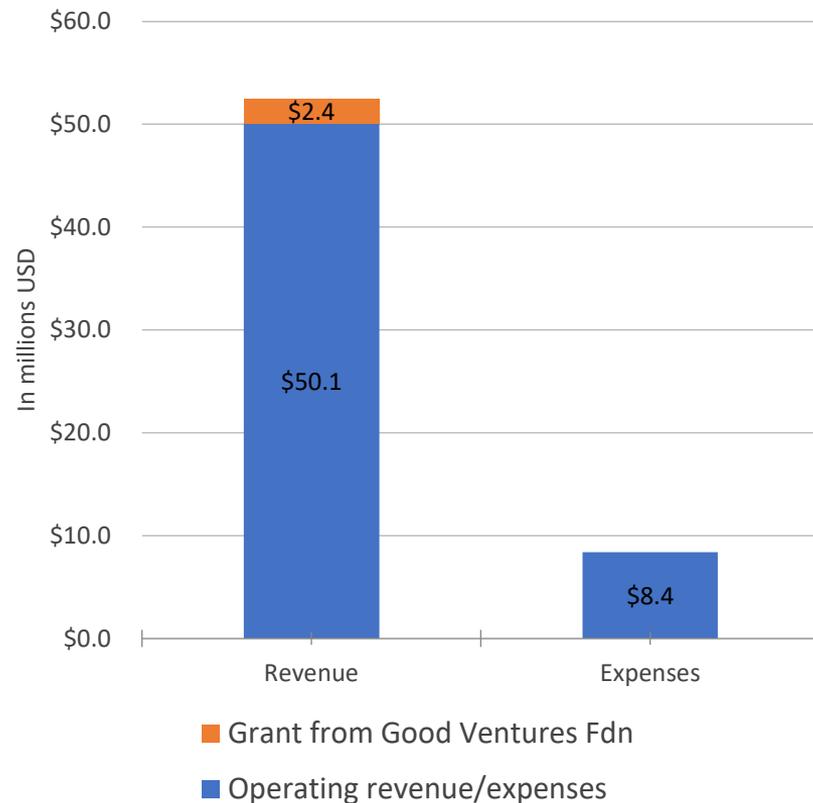
## 3. Application of excess assets test:

Our excess assets policy states that we seek to be in a financial position such that our cash flow projections show us having 12 months' worth of unrestricted assets in each of the next 12 months. Applying this policy, we propose to irrevocably designate a portion of our unrestricted assets for grants at GiveWell's discretion.

# Looking Back: 2020 Summary

# Looking back: 2020 summary

- We had strong revenue growth across our broad base of donors (unrestricted revenue under \$100k grew at 28%)
- We spent \$1.6m less than our requested budgeted in 2020 (\$10m)
- [Redacted]



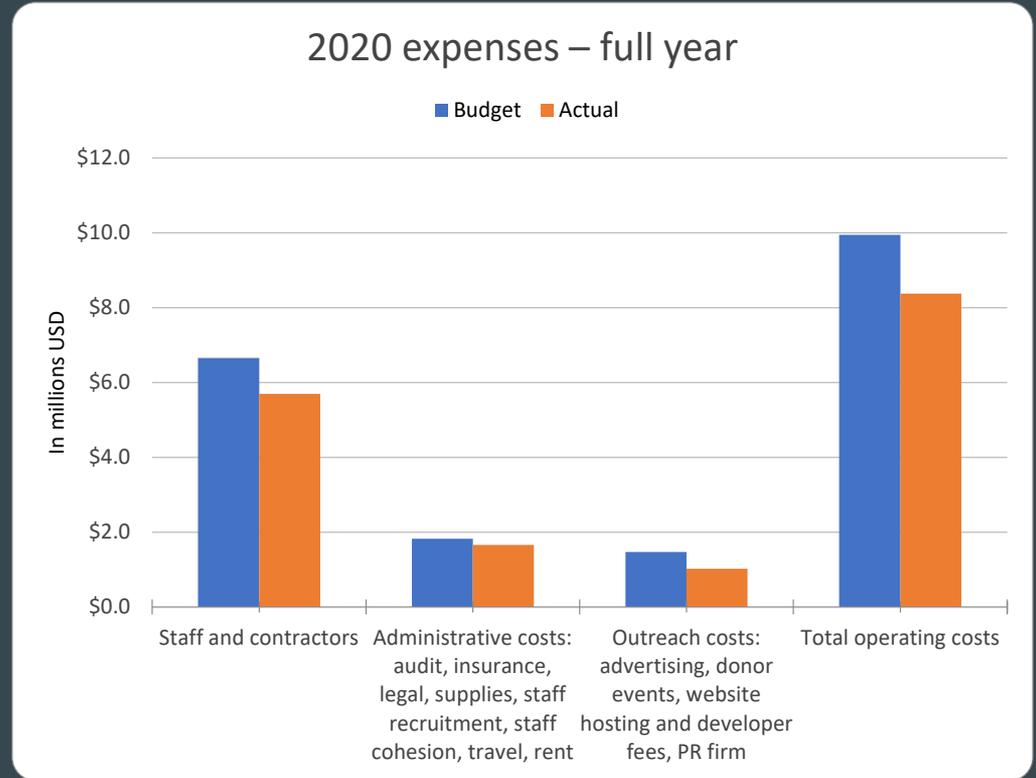
Unrestricted Revenue projections vs. actuals for 2020  
Continued broad-based revenue growth

[slide redacted for donor privacy]

# Requested budget vs. actuals for 2020

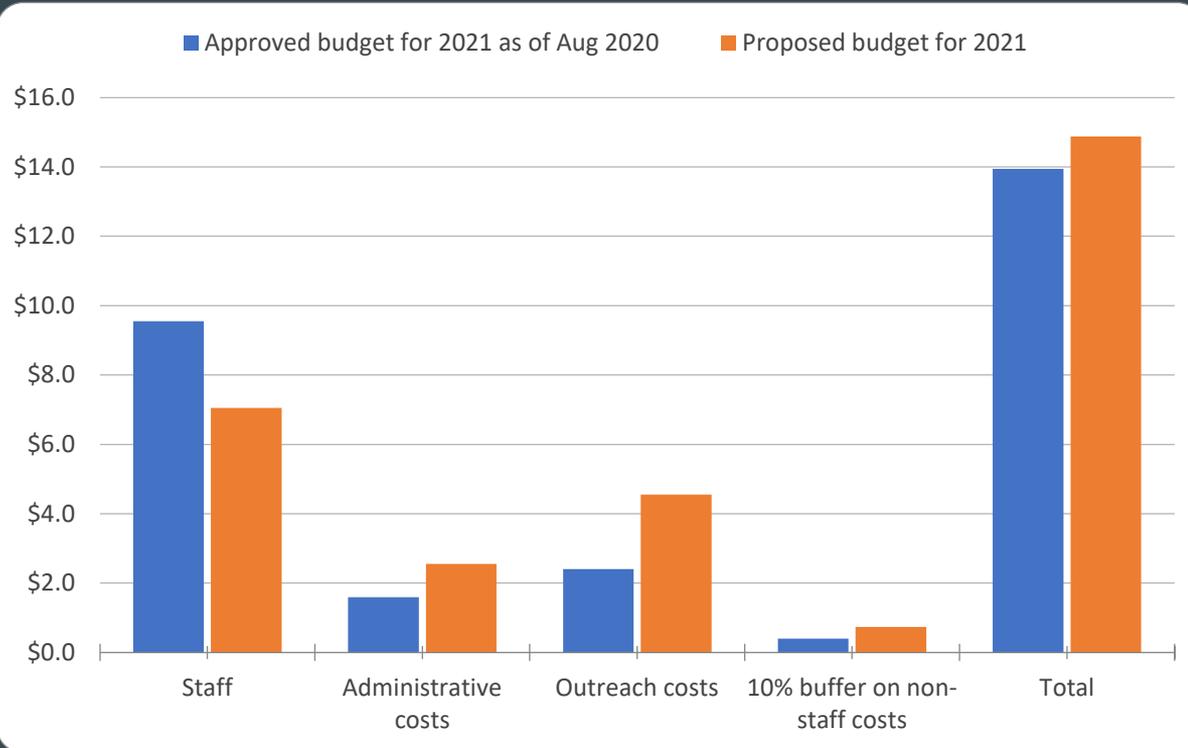
We spent \$1.6M less than our approved budgeted in 2020 with underruns/(overruns) in:

- Staff: \$0.5m below budget
- Advertising/Outreach: \$0.5m below budget
- Outreach Consultants: \$0.5m below budget
- Admin fees \$0.1m below budget



Looking forward:  
Revenue projections and  
spending proposal

# Changes to 2021 requested budget since mid-2020

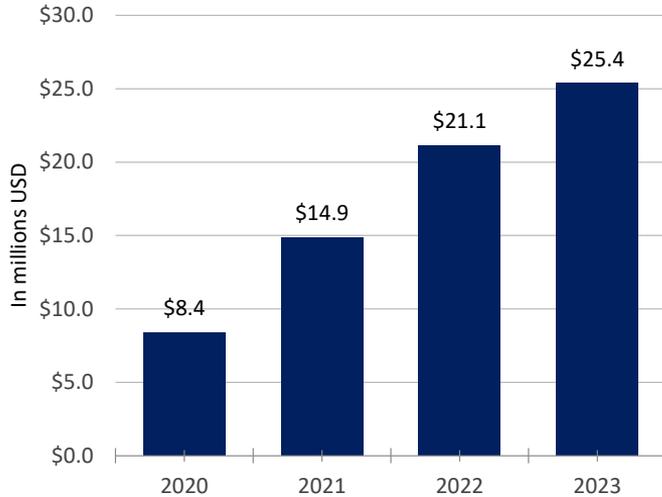


## Notes:

- Budget increase of \$1.0m.
- Decrease in maximum staff (-\$2.5m)
- Increase in admin (+\$1.0 of which \$0.6m is payment processing fees mostly due to large crypto donation)
- Increase in advertising & outreach costs (+\$2.1m)

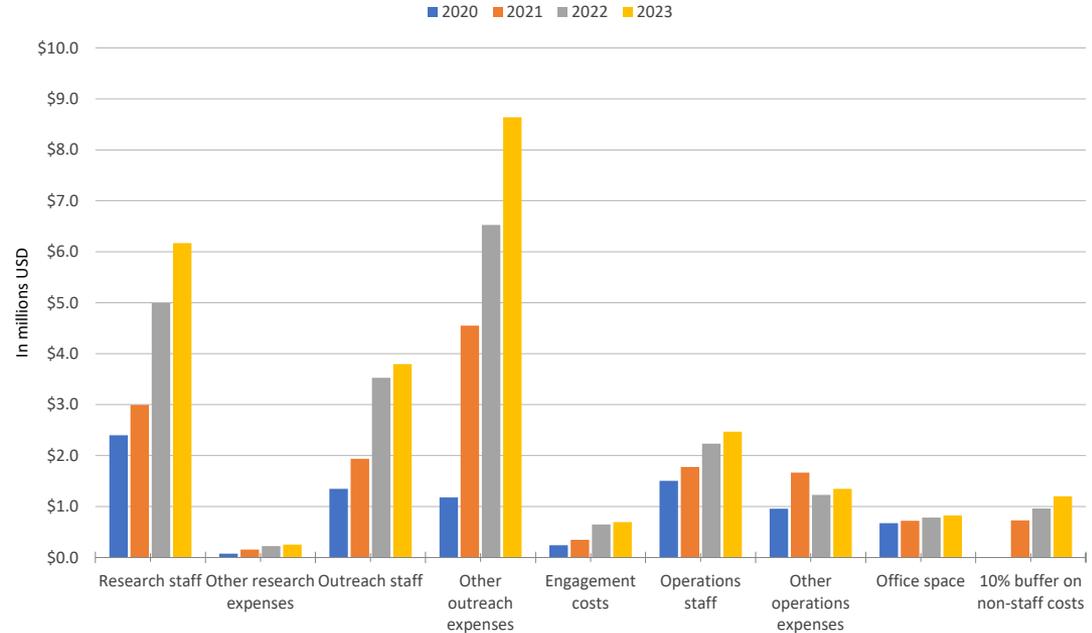
# Requested budget for 2021-2023

## 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



# Budget request approach – 2021-2023

- Our requested budget is for a level of spending we don't expect to reach. We want to minimize the chance that we identify a high-impact opportunity to spend funds but don't have funds available
- We are budgeting aggressively for significant spending increases for staff and outside services across the organization (operations, outreach, and research) to increase our impact.
  - Year-over-year, staffing costs increase 28% by year-end 2021; 62% in 2022; 15% in 2023 (note this is the maximum number of staff we expect to hire).
  - Non-staff Outreach expenses (Advertising, PR, consultants, software, etc.) increase by \$3.4m in 2021 (287%) followed by increase of \$2.0m in 2022 (43%) and \$2.1m in 2023 (32%).
- We budget for staff based on compensation and benefits with annual increases plus projected new hires; other expense categories are budgeted based on experience and anticipated changes.

# Recommendation to designate unrestricted assets for granting

- Based on high asset levels and conservative revenue projections, we recommend designating for granting ~[redacted] in unrestricted funds per the Single Revenue Cap & \$4.3m per the Excess Assets policy (a total of [redacted]).
  - One individual gave an unrestricted donation that exceeds 20% of our operating budget. To action the rule of limiting our operations revenue from a single revenue source, we propose to irrevocably designate a portion of this donation to grants at GiveWell's discretion.
  - We recommend retaining a portion of this donation to cover 20% of our budget in 2021, 2022 & 2023 (Note: we have already retained part of a prior donation from this individual to cover 2021 & 2022 budgets but our budget estimates have increased so we are retaining incremental amounts to cover the higher budget)
  - Using conservative projections and based on high asset levels, we have triggered our Excess Assets policy and recommend an additional \$4.3m be designated for granting.
  - We received a crypto donation of ~\$52.2m (net of fees) in May 2021. We did not include it in this analysis as it came in very recently and we plan to include it in the future.
- We plan to revise the single donor revenue cap and excess assets policies to ensure the benefits continue to outweigh the increasing administrative burden of applying the policy.

# Single-donor revenue cap (explanation and more detail)

- 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. We do this to diversify and increase the stability of our donor base and reduce the possibility that our research agenda is captured by a single donor.
- Historically, we have applied this policy to our funding requests to Good Ventures and donations from one individual donor that have exceeded 20% of our annual operating expenses.
- In August 2020 we retained 20% of our expected budget for 2021 & 2022 from one individual donor's January 2020 donation.
- In December 2020 that same individual donor gave an unrestricted donation of [redacted], exceeding 20% of our operating budget for 2023. To action the rule of limiting our operations revenue from a single revenue source, we propose to irrevocably designate a portion of this donation to grants at GiveWell’s discretion.
- We recommend retaining a portion of this donation to cover 20% of our budget in 2023
- We also recommend retaining a portion of this donation to cover the increased budget for 2021 & 2022. The amount retained in August 2020 was for 20% of our prior, lower, budget estimates.

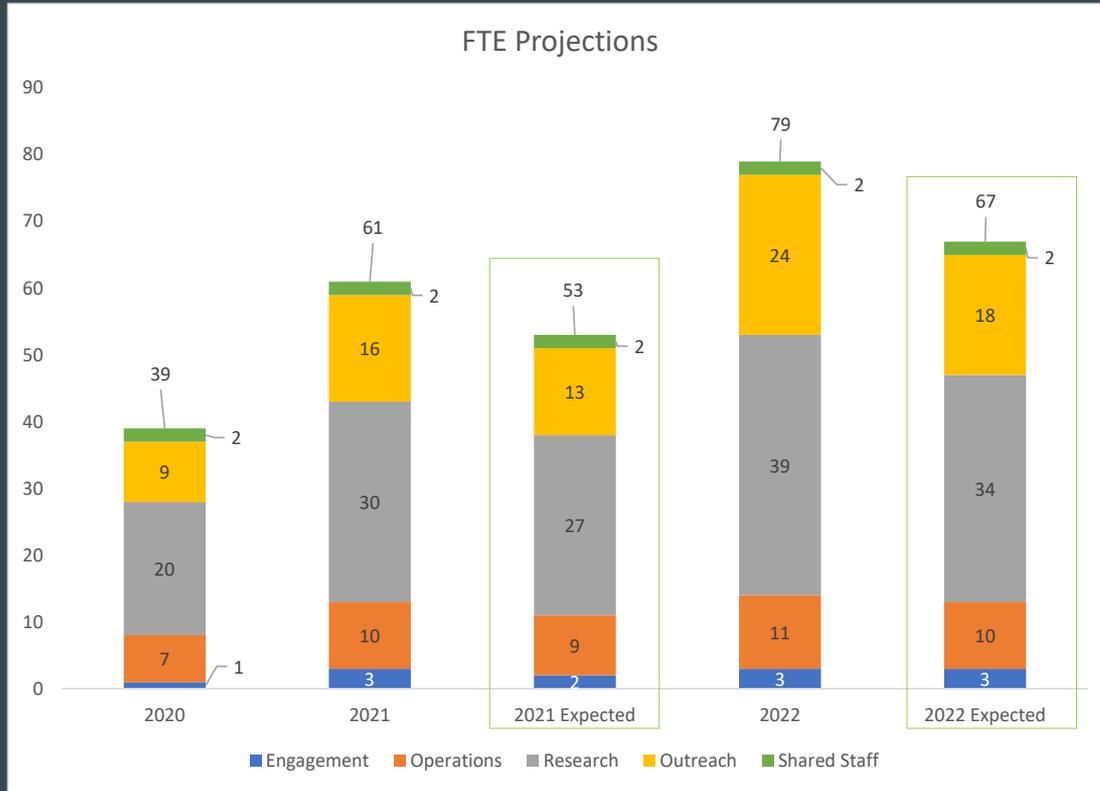
**We recommend designating [redacted] for granting at GiveWell’s discretion**

# Excess assets test (explanation and more detail)

- Our excess assets policy states that we seek to be in a financial position such that our cash flow projections show us having 12 months' worth of unrestricted assets in each of the next 12 months.
- Unrestricted assets in excess of the above are defined as “excess assets” and should be designated for granting by the board
- After accounting for the single donor revenue cap calculation (see previous page), we have determined excess assets to be ~\$4.3m
- For purposes of this calculation we have taken conservative estimates for revenue (low) and expenses (high) such that we are accounting for unknown risks that might adversely impact donation levels or expenses
- Note: The unrestricted crypto donation of ~\$52.2m has not yet been factored into these projections. We will review that at a later date.

**We recommend designating \$4.3m for granting at GiveWell's discretion**

# Potential staffing levels through 2022



- Note that the amounts in our budget reflect the *maximum* number of staff we might want to hire each year
- The “expected” numbers represent a closer estimate of our actual hiring. The 2022 “expected” is significantly more uncertain than 2021 and is still somewhat aggressive.
- We are particularly uncertain about future hiring in outreach.
- As of July 2021 we will have 42 employees on staff

# Revenue projections for 2021-2022 – approach –

Category	Projected revenue – best guess	Projected revenue – conservative	Comments
Good Ventures	Set at 20% of operating expenses	Same	
Private individual	Set at 20% of operating expenses	Same	
Large new crypto donor	2021: \$52.2m windfall donation 2022: \$0	Excluded	For clarity, we included this donation in our best guess estimate for 2021. We excluded this from our conservative estimate as that was used for calculating the excess assets test and we have not yet determined how best to treat that donation.
Other \$100,000+ donors ex new Crypto donor	2021: (\$1.0m) decline 2022: \$0.0m growth	2021: same 2022: (\$1.1m) decline	We have reasonably good insight into 2021 expected donations from these donors. We are less certain projecting into future years and assume modest growth (excluding large one-off donations like the above crypto windfall.
Donors giving less than \$100,000	2021: 49% growth 2022: 14% growth	2021: (20%) decline 2022: (20%) decline	<p>For donors less than \$100k, we split our estimates into existing donors and new donors. For existing donors we expect to lose ~10% of our revenue in the following year. For new donors we build projections based on marketing spend across different channels.</p> <p>Although we generally make conservative estimates, there is still a lot of uncertainty around whether new donors acquired through marketing efforts will be retained at the same rate as our existing donors. We don't have a lot of historical data for marketing, and our estimates on new donors could vary if those marketing efforts have a higher or lower ROI than expected.</p>

# Summary of board votes

1. Vote to approve 2021 (updated) and 2022 requested budgets
  - a. The 2021 requested budget was approved last year. We are requesting an increase of \$1.0m, increasing our budget request from \$13.9m approved in mid 2020 to \$14.9m.
  - b. The 2022 budget request is \$21.1m.
2. Vote to designate unrestricted assets for granting at GiveWell's discretion
  - a. Designate [redacted] of unrestricted funds to granting at GiveWell's discretion. This includes [redacted] from applying the single donor revenue cap and \$4.3m from applying the excess assets test.

# Appendix