

GiveDirectly
GIVEDIRECTLY, INC.

Financial Statements

For the Years Ended December 31, 2019 and 2018



and
Report Thereon



Reports Required in Accordance with
the Uniform Guidance

For the Year Ended December 31, 2019



GIVEDIRECTLY, INC.

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For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
GiveDirectly, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of GiveDirectly, Inc. (GiveDirectly), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

Continued

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Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of GiveDirectly, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements

The 2018 financial statements of GiveDirectly as of December 31, 2018, were audited by other auditors whose report dated May 23, 2019, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, on our consideration of GiveDirectly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GiveDirectly's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GiveDirectly's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
May 11, 2020

GIVEDIRECTLY, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 27,970,810	\$ 41,577,545
Investments	54,505,012	37,625,219
Contributions receivable, net	4,079,193	6,578,819
Accounts and interest receivable	451,589	619,939
Due from related party	197,694	185,280
Prepaid expenses and other assets	585,883	313,885
Inventory	53,125	86,220
Property and equipment, net	96,292	85,637
TOTAL ASSETS	\$ 87,939,598	\$ 87,072,544
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 380,849	\$ 277,270
Deferred revenue	2,807,691	-
Due to related party	31,901	87,028
Grants payable, net	18,739,041	21,865,286
TOTAL LIABILITIES	21,959,482	22,229,584
Net Assets		
Without donor restrictions	51,773,270	54,108,525
With donor restrictions	14,206,846	10,734,435
TOTAL NET ASSETS	65,980,116	64,842,960
TOTAL LIABILITIES AND NET ASSETS	\$ 87,939,598	\$ 87,072,544

The accompanying notes are an integral part of these financial statements.

GIVEDIRECTLY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Foundation contributions	\$ 6,800,228	\$ 6,205,303	\$ 13,005,531	\$ 7,275,887	\$ 9,487,995	\$ 16,763,882
Corporate contributions	2,664,957	2,100,060	4,765,017	2,330,174	2,580	2,332,754
Federated campaigns	7,359	-	7,359	11,647	-	11,647
General contributions	18,012,168	3,462,079	21,474,247	23,602,501	3,554,352	27,156,853
Federal grants	1,635,183	-	1,635,183	2,624,146	-	2,624,146
Government/Multilateral	-	421,500	421,500	-	-	-
Stock donations	818,245	16,309	834,554	4,010,609	4,954	4,015,563
Contributed goods and services	167,779	-	167,779	312,866	-	312,866
Investment income	2,887,462	-	2,887,462	1,495,544	3,327	1,498,871
Foreign exchange transactions	441,084	-	441,084	699,082	-	699,082
Other income	119,075	-	119,075	1,830	-	1,830
Net assets released from restrictions:						
Satisfaction of purpose/time restrictions	8,732,840	(8,732,840)	-	25,768,268	(25,768,268)	-
TOTAL SUPPORT AND REVENUES	42,286,380	3,472,411	45,758,791	68,132,554	(12,715,060)	55,417,494
EXPENSES						
Program Services	40,677,290	-	40,677,290	66,064,821	-	66,064,821
Total Program Services	40,677,290	-	40,677,290	66,064,821	-	66,064,821
Supporting Services:						
Management and general	1,725,766	-	1,725,766	1,199,812	-	1,199,812
Fundraising	2,218,579	-	2,218,579	2,084,532	-	2,084,532
Total Supporting Services	3,944,345	-	3,944,345	3,284,344	-	3,284,344
TOTAL EXPENSES	44,621,635	-	44,621,635	69,349,165	-	69,349,165
CHANGE IN NET ASSETS	(2,335,255)	3,472,411	1,137,156	(1,216,611)	(12,715,060)	(13,931,671)
NET ASSETS, BEGINNING OF YEAR	54,108,525	10,734,435	64,842,960	55,325,136	23,449,495	78,774,631
NET ASSETS, END OF YEAR	\$ 51,773,270	\$ 14,206,846	\$ 65,980,116	\$ 54,108,525	\$ 10,734,435	\$ 64,842,960

The accompanying notes are an integral part of these financial statements.

GIVEDIRECTLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	2019					2018				
	Supporting Services				Total	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services		Program Services	Management and General	Fundraising	Total Supporting Services	
Direct grants	\$ 33,220,908	\$ -	\$ -	\$ -	\$ 33,220,908	\$ 59,205,465	\$ -	\$ -	\$ -	\$ 59,205,465
Personnel costs	4,152,432	571,737	1,663,097	2,234,834	6,387,266	3,158,164	294,544	1,418,512	1,713,056	4,871,220
Professional and service fees	319,800	469,516	54,447	523,963	843,763	313,096	369,927	36,271	406,198	719,294
Other travel	683,035	34,416	39,526	73,942	756,977	668,596	23,890	59,782	83,672	752,268
Telecom and software	833,108	165,395	124,913	290,308	1,123,416	726,066	126,550	132,205	258,755	984,821
Donated goods and services	2,944	49,915	114,920	164,835	167,779	9,464	87,820	215,582	303,402	312,866
Mobile money and banking	706,443	10,427	174,807	185,234	891,677	661,463	10,721	161,111	171,832	833,295
Foreign exchange translation	-	-	-	-	-	211,480	781	-	781	212,261
Occupancy	257,895	321,869	-	321,869	579,764	177,620	136,953	-	136,953	314,573
Equipment	153,926	2,218	237	2,455	156,381	77,816	2,041	6,942	8,983	86,799
Air travel	89,911	26,299	34,392	60,691	150,602	78,458	19,984	44,654	64,638	143,096
Supplies	186,604	18,433	10,442	28,875	215,479	147,248	87,243	8,105	95,348	242,596
Insurance	5,757	48,362	-	48,362	54,119	5,017	31,732	-	31,732	36,749
Depreciation	30,926	3,467	1,798	5,265	36,191	22,977	2,401	1,360	3,761	26,738
Other expenses	33,601	3,712	-	3,712	37,313	1,891	5,225	8	5,233	7,124
Grant expense	-	-	-	-	-	600,000	-	-	-	600,000
TOTAL EXPENSES	\$ 40,677,290	\$ 1,725,766	\$ 2,218,579	\$ 3,944,345	\$ 44,621,635	\$ 66,064,821	\$ 1,199,812	\$ 2,084,532	\$ 3,284,344	\$ 69,349,165

The accompanying notes are an integral part of these financial statements.

GIVEDIRECTLY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,137,156	\$ (13,931,671)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,191	26,738
Realized (gain)/loss on investments	(203,671)	176,544
Unrealized (gain)/loss on investments	(522,443)	27,892
Change in the present value discount for contributions receivable	(153,086)	(172,807)
Change in the present value discount for grants payable	565,117	(3,176,884)
Net gain on foreign currency translation	(107,514)	(212,261)
Changes in assets and liabilities:		
Contributions receivable	2,652,712	2,408,306
Accounts and interest receivable	168,350	(577,794)
Due from related party	(12,414)	17,621
Prepaid expenses and other assets	(271,998)	(55,272)
Inventory	33,095	46,460
Accounts payable and accrued expenses	103,579	(36,200)
Deferred revenue	2,807,691	-
Due to related party	(55,127)	(41,494)
Grants payable	(3,691,362)	19,548,145
	2,486,276	4,047,323
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(39,026,202)	(36,614,014)
Sale of investments	22,872,523	6,504,061
Purchase of property and equipment	(46,846)	(35,233)
	(16,200,525)	(30,145,186)
NET CASH USED IN INVESTING ACTIVITIES		
Effect of exchange rate changes on cash, net	107,514	212,261
	(13,606,735)	(25,885,602)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	41,577,545	67,463,147
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 27,970,810	\$ 41,577,545

The accompanying notes are an integral part of these financial statements.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies

Organization

GiveDirectly, Inc. (GiveDirectly) is a not-for-profit organization incorporated on September 1, 2009, in the State of Massachusetts. GiveDirectly's mission is to reduce poverty by providing financial assistance directly to those in need.

GiveDirectly offers a service that enables others to send cash transfers directly to people in need. GiveDirectly operates in the United States of America, Kenya, Uganda, Rwanda, Liberia, Malawi, the Democratic Republic of the Congo (DRC), and Morocco. Beginning in 2017, GiveDirectly conducted two pilot projects in the United States to deliver cash transfers to people affected by Hurricanes Harvey and Maria. The programs were completed in April 2018. A similar program commenced in August 2019 to provide cash transfers to those in the Bahamas impacted by Hurricane Dorian.

With a focus on efficiency and using the latest available technology, GiveDirectly identifies households and informs them that they are eligible for a transfer, helps them register for a digital payments system, sends funds, and follows up with recipients post-transfer. Transfer sizes vary by project. GiveDirectly exclusively focuses on unconditional cash transfers; therefore, recipients are free to spend on what they need without restriction. Many of GiveDirectly's transfers are made as part of research projects designed to better understand how to optimize the use of cash transfers and answer questions posed by the policy world. Answering these questions help facilitate greater adoption of cash transfers as a policy tool.

GiveDirectly receives donations from private individuals, foundations and governments. Donations from individuals are distributed to recipient households and include the cost of enrolling and following up with households. Foundation grants may be distributed in a similar manner, or may be designated for a more specific use. GiveDirectly also receives federal grants as part of its work in Rwanda, Liberia, Malawi, the DRC, and Morocco.

Basis of Presentation

GiveDirectly prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

GiveDirectly considers all highly liquid financial instruments with maturities of three months or less when purchased, other than cash included in investments, to be cash equivalents.

Estimates

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

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions Receivable

GiveDirectly uses the allowance method to record potentially uncollectible receivables. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows if significant. The discounts on those amounts are computed using risk-adjusted interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in grants and contributions in the accompanying statements of activities.

Investments

GiveDirectly invests in a professionally managed portfolio that contains marketable equity securities, fixed income securities and mutual funds. Investments are reported in the accompanying statements of financial position at fair value. Fair value is the price that would be received to sell an asset, or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade date basis. Interest, dividends and realized gains or losses are recorded when earned. Changes in the fair value of the portfolio are recorded as unrealized gains or losses. Donated investments are recorded as contributions based on their fair value at the date of donation.

The investment objective for marketable equity securities, fixed income securities and mutual funds is to preserve capital while generating a modest return to support GiveDirectly's activities.

During 2019, GiveDirectly's investment in Segovia Technology was exchanged for holdings in two newly created companies, Tap-Tap-Send (TTS) and CAB Tech HoldCo Limited (CTHL). This event and investment is described in greater detail in Note 13.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, GiveDirectly has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized on the basis of inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that GiveDirectly has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Continued

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of December 31, 2019 and 2018, only GiveDirectly’s investments, as described in Note 5 of these financial statements, were measured at fair value on a recurring basis.

Classification of Net Assets

The net assets of GiveDirectly are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of GiveDirectly at the discretion of GiveDirectly’s management and the Board of Directors (the Board).
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of GiveDirectly or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2019 and 2018, GiveDirectly had no net assets with donor restrictions that are required to be maintained in perpetuity.

Property and Equipment and Related Depreciation and Amortization

Acquisitions of furniture and equipment and eligible internal-use software and website development with an estimated useful life greater than a year and a cost greater than \$1,000 are capitalized at cost. Furniture, equipment, internal-use software and website development are being depreciated using the straight-line method over estimated useful lives of three to five years. Costs incurred in the development of internal-use software are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the application development stage of software development are capitalized. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses, as appropriate.

Revenue Recognition

Federal government grants are conditional upon certain performance requirements and revenue from U.S. government agency is recognized as costs are incurred and milestones are met on the basis of direct costs plus allowable indirect expenses. GiveDirectly reports amounts earned and spent within the same year under conditional awards as increases in net assets without donor restrictions.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Unconditional contributions revenue is recognized in the period in which the commitment is made. Contributions revenue is considered to be revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. GiveDirectly reports contributions revenue as revenue and support with donor restrictions if the contributions received have donor stipulations that limit the use of the donated funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions revenue that is restricted by the donor is reported as net assets without donor restrictions if the restrictions expire in the same reporting period in which the contributions are recognized.

Transactions in Foreign Currencies

GiveDirectly conducts many of its programs through offices in foreign countries and, accordingly, transacts in the local currencies of those countries. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed. The resulting gain or loss is reflected in the accompanying statements of activities as net foreign currency transaction gains or losses. The U.S. dollar is considered the functional and reporting currency of GiveDirectly.

Contributed Services and Goods

GiveDirectly records contributed services at fair value when: (a) the services create or enhance nonfinancial assets, or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. GiveDirectly had service contributions in the United States related primarily to domestic operations (e.g., advertising, website support and development).

GiveDirectly reports all contributed goods at fair value as estimated by management based on donor-provided value and comparable fair value.

Functional Allocation of Expenses

Costs associated with providing GiveDirectly's programs and other activities have been summarized on a functional basis in the statements of activities, which includes all expenses incurred during each year. The statements of functional expenses present expenses by function and natural classification. Some categories of expense are attributable to more than one activity and require allocation, applied on a consistent basis. Salaries and benefits are allocated on the basis of employee time records. Other expenses are assigned directly to specific activities as expenditures are made.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. GiveDirectly adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. GiveDirectly adopted ASU 2018-08 as of January 1, 2019, and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for GiveDirectly's contributions.

2. Inventory

GiveDirectly provides cell phones to some recipients to facilitate their enrollment in a payments platform. Phones that have not yet been distributed to recipients are GiveDirectly's only inventory item. Inventory on hand was \$53,125 and \$86,220 at December 31, 2019 and 2018, respectively. Inventory is reported at the lower of cost or net realizable value on a first-in, first-out basis.

3. Contributions Receivable

GiveDirectly has received promises to give from donors as of December 31, 2019 and 2018, that will be received over the course of the next several years.

The table below breaks down the contributions receivable by the timeframe in which they will be received. Contributions to be received in over 12 months have been discounted to reflect net present value. Contributions receivable, net at December 31, 2019 and 2018, are deemed fully collectible and due as follows:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 1,245,549	\$ 3,298,261
Due in one to five years	3,053,336	2,936,667
Due in five to ten years	<u>133,331</u>	<u>850,000</u>
Total Grants and Contributions Receivable	4,432,216	7,084,928
Less: Present Value Component (4.0 – 4.5%)	<u>(353,023)</u>	<u>(506,109)</u>
Grants and Contributions Receivable, Net	<u>\$ 4,079,193</u>	<u>\$ 6,578,819</u>

Continued

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

3. Contributions Receivable (continued)

As of December 31, 2019 and 2018, GiveDirectly had approximately \$14 million in conditional grants receivable from various donors, in varying amounts, which are not reflected in the accompanying statements of financial position. These conditional project grants require GiveDirectly's completion of contractual tasks and milestones which are subject to periodic donor review and approval before the project may continue and, therefore, GiveDirectly has not recognized any revenue from the conditional portions of these grants.

4. Investments

Investments held by GiveDirectly at December 31, 2019 and 2018, consisted of the following:

	2019	2018
Equities	\$ 2,148,179	\$ 396,160
Mutual funds	2,764,830	2,396,341
U.S. government and government agencies obligations	43,275,127	34,584,716
Foreign government and government agencies obligations	6,316,876	248,002
Total Investments	<u>\$54,505,012</u>	<u>\$37,625,219</u>

5. Fair Value Measurement

The following table summarizes GiveDirectly's investments measured at fair value on a recurring basis as of December 31, 2019 and 2018, aggregated by the fair value hierarchy level with which those measurements were made:

	2019 Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,148,179	\$ 1,761,149	\$ -	\$ 387,030
Mutual funds	2,764,830	2,764,830	-	-
U.S. government and government agencies obligations	43,275,127	-	43,275,127	-
Foreign government and government agencies obligations	6,316,876	-	6,316,876	-
	<u>\$54,505,012</u>	<u>\$ 4,525,979</u>	<u>\$49,592,003</u>	<u>\$ 387,030</u>

Continued

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

5. Fair Value Measurement (continued)

	<u>2018</u> <u>Fair Value</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Equities	\$ 396,160	\$ 9,130	\$ -	\$ 387,030
Mutual funds	2,396,341	888,921	1,507,420	-
U.S. government and government agencies obligations	34,584,716	-	34,584,716	-
Foreign government and government agencies obligations	<u>248,002</u>	<u>-</u>	<u>248,002</u>	<u>-</u>
	<u>\$37,625,219</u>	<u>\$ 898,051</u>	<u>\$36,340,138</u>	<u>\$ 387,030</u>

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Equities and mutual funds – Valued at the closing price reported in the active market in which the individual securities are traded.

U.S. and foreign government and government agencies obligations – Valued based on current yields, the securities' terms and conditions, and market activity. Information used includes market sources, credit information, observed market movement and sector news.

The Level 3 equities consist of 921,000 shares of stock in CTHL and TTS, a related party discussed below. This stock was valued at \$0.42 per share on July 31, 2019 and 2018, based on an independent appraisal valuation performed by a third-party specialist. This is described in greater detail in Note 13.

6. Property and Equipment and Related Depreciation

GiveDirectly held the following property and equipment as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Computer hardware and equipment	\$ 89,255	\$ 54,002
Furniture and fixtures	<u>106,746</u>	<u>94,626</u>
Total Property and Equipment	196,001	148,628
Less: Accumulated Depreciation	<u>(99,709)</u>	<u>(62,991)</u>
Property and Equipment, Net	<u>\$ 96,292</u>	<u>\$ 85,637</u>

Depreciation and amortization expense for the years ended December 31 2019 and 2018, was \$36,191 and \$26,738.

Continued

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

7. Grants Payable

Grants payable represents outstanding commitments to recipients for future cash transfers. The full grant is recognized when the recipient passes through the entire enrollment process. Grants payable are drawn down as the transfers are made to recipients. Grants payable that are expected to be paid in future years are recorded at fair value based on the present value of expected future payments. Most grants payable at December 31, 2019 and 2018, are expected to be paid within 12 months. However, the Basic Income campaign, which is part of the Kenya Campaigns, is structured such that recipients will receive monthly funds over the course of 2-12 years.

Grants payable at December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Kenya Campaigns	\$ 15,328,881	\$ 21,861,947
Uganda Campaigns	2,547,228	1,351,025
Rwanda Campaigns	1,845,281	1,233,510
Liberia Campaigns	583,331	595,688
Malawi Campaigns	1,075,804	-
DRC Campaigns	<u>205</u>	<u>-</u>
Total Grants Payable	21,380,730	25,042,170
Less: Fair Value Adjustment (4.5 %)	<u>(2,641,689)</u>	<u>(3,176,884)</u>
Grants Payable, Net	<u>\$ 18,739,041</u>	<u>\$ 21,865,286</u>

8. Net Assets With Donor Restrictions

At December 31, 2019 and 2018, net assets with donor restriction were restricted for the cash transfer programming in the amount of \$14,206,846 and \$10,734,435, respectively.

9. Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following two categories:

- Board-designated funds for a specific purposes
- Undesignated funds

The Board explicitly designates unrestricted donations for particular programs and activities. The Board has also set a policy such that funds donated without any specific indication as to use, or funds given through GiveDirectly's website where the only options presented to donors are related to cash transfer programming, are spent on recipient transfers and the associated delivery costs. These funds that have been generally designated by the Board for cash transfers are then specifically designated by the Board to specific programs.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

9. Net Assets Without Donor Restrictions (continued)

At December 31, 2019 and 2018, there were:

- Net assets designated for cash transfers by the Board as part of the above-mentioned policy, but pending allocation to a specific cash transfer program. For 2019, the Board voted on the specific campaigns for these funds in March 2019.
- Net assets designated for specific campaigns in Kenya, Uganda, and Rwanda, Liberia, Malawi, DRC, and the U.S.
- Net assets designated for use in fundraising
- Net assets held in reserve to enable GiveDirectly to fund 18 months' salary for key personnel

Undesignated funds are funds received with no donor restriction which the Board has not applied self-imposed restrictions.

	<u>2019</u>	<u>2018</u>
Without donor restrictions:		
Designated by the Board (for purpose)	\$ 43,451,685	\$ 35,131,390
Undesignated	<u>8,321,585</u>	<u>18,977,135</u>
Total Net Assets Without Donor Restrictions	<u>\$ 51,773,270</u>	<u>\$ 54,108,525</u>

GiveDirectly's governing board has designated from net assets without donor restrictions of \$43,451,685 and \$35,131,390, respectively, for the following purposes at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Pending allocation	\$ 15,457,073	\$ 12,676,881
Kenya campaigns	6,443,512	6,301,412
Uganda campaigns	3,124,310	2,967,344
Rwanda campaigns	576,603	244,215
Liberia campaigns	2,776,685	3,177,320
Malawi campaigns	721,069	3,682,345
DRC campaigns	2,547,789	2,924,171
Morocco campaigns	3,317,801	-
Fundraising	4,464,843	507,702
Salary reserves	<u>4,022,000</u>	<u>2,650,000</u>
Total	<u>\$ 43,451,685</u>	<u>\$ 35,131,390</u>

Continued

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

10. Commitments and Risks

Concentration of Credit Risk

GiveDirectly's cash and cash equivalents are composed of amounts in accounts at various financial institutions. While the amount, at times, exceeds the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore, bears some risk, GiveDirectly has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2019 and 2018, the amount in excess of the FDIC insured limit was approximately \$12,400,000 and \$17,600,000, respectively. As of December 31, 2019 and 2018, GiveDirectly maintained approximately \$15,000,000 and \$22,300,000, respectively, in accounts at non-U.S. financial institutions.

Concentration of Risk

For the year ended December 31, 2018, GiveDirectly received contributions of \$14,667,000 from two donors, which represents 30% of the total revenue and support recognized. As of December 31, 2018, one of these two donors has an unconditional promise to give to GiveDirectly \$1,000,000, which represents 30% of the grants and contributions receivable outstanding at year-end. The same concentration of donors did not exist during 2019 for revenue and support or grants and contributions receivable.

Foreign Operations

GiveDirectly has operations in Kenya, Uganda, Rwanda, Liberia, Malawi, the DRC, Morocco, and the UK for the purpose of providing direct transfers to the extremely poor. The future results of these programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of December 31, 2019 and 2018, GiveDirectly had cash, investments and net property and equipment in these countries totaling \$18,103,322 and \$22,348,887, representing approximately 21% and 26% of GiveDirectly's total assets as of December 31, 2019 and 2018.

Compliance Audit

GiveDirectly has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time, although GiveDirectly expected such amounts, if any, to be insignificant.

Operating Lease Commitments

Prior to July 2019, GiveDirectly had a semi-annual lease with Segovia, which rented office space in a co-working location. The Segovia semi-annual lease was terminated June 2019 and GiveDirectly entered into a lease with the co-working location ending June 2021. In London, GiveDirectly has a one-year lease in a co-working space ending January 2020. In Kenya, there is a six year cancellable lease beginning January 2017 in an office in Nairobi. In Uganda, there is also a two-year cancelable lease in an office in Kampala beginning in October 2018, which can be terminated with two months' notice. In Rwanda, there is an 18-month lease commencing

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

10. Commitments and Risks (continued)

Operating Lease Commitments (continued)

December 2019 and ending May 2021. In the DRC, GiveDirectly has a long term lease commencing June 2019 with a three-month cancellation notice period. In Malawi, GiveDirectly has an annual lease that ends December 31, 2020. In Liberia, GiveDirectly has a two-year lease which commenced in September 2018 and ends in August 2020.

11. Availability and Liquidity

GiveDirectly regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. As of December 31, 2019 and 2018, GiveDirectly's financial assets available within one year of the statement of financial position date for general expenditures were as follows:

	2019	2018
Cash and cash equivalents	\$ 27,970,810	\$ 41,577,545
Accounts and interest receivable	451,589	619,939
Due from related party	197,694	-
Contributions receivable, current portion	1,245,549	3,298,261
Investments	<u>54,505,012</u>	<u>37,625,219</u>
Total Financial Assets Available Within One Year	84,370,654	83,120,964
Less:		
Amounts unavailable for general expenditures within one year due to donor's restriction with purpose restrictions	(14,206,846)	(10,734,435)
Amounts unavailable for general expenditures within one year due to board designation, excluding salary reserve	<u>(39,429,685)</u>	<u>(35,131,390)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 30,734,123</u>	<u>\$ 37,255,139</u>

GiveDirectly has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of GiveDirectly throughout the year. This is accomplished through monitoring and reviewing GiveDirectly's cash flow needs on a regular basis. As a result, management is aware of GiveDirectly's cash flow needs and is, therefore, able to ensure that there is cash available to meet current liquidity needs.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

12. Income Taxes

GiveDirectly is exempt from the payment of income taxes under Sections 501(c)(3) of the Internal Revenue Code. As such, the organization is taxed only on their net unrelated business income. No provision for income taxes is required for the years ended December 31, 2019 and 2018, as the organization had no net unrelated business income. In addition, some of the foreign operations of GiveDirectly are subject to local income tax in the jurisdictions in which they operate.

GiveDirectly follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. GiveDirectly performed an evaluation of uncertainty in income taxes for the years ended December 31, 2019 and 2018, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2019 and 2018, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which GiveDirectly files tax returns. However, no examinations are currently in progress. It is GiveDirectly's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

13. Related Party Transactions

During the years ended December 31, 2019 and 2018, GiveDirectly's President and the Chairman of the Board did not draw a salary or receive fringe benefits from GiveDirectly for the first 18 months. This has been reflected as contributed services in the accompanying statements of activities for the years ended December 31, 2019 and 2018, with an estimated fair value of \$106,530 and \$246,513, respectively. The related salary and fringe benefit expense have been allocated between program services, fundraising and management and general expenses based on the individuals' time tracking and is reflected within donated goods and services expenses in the accompanying statements of functional expenses for the years ended December 31, 2019 and 2018.

Segovia Technology Co. (Segovia) was formed by two common Board members and co-founders of GiveDirectly. Segovia builds software to manage the logistics of payments distribution in the developing world, so that governments, non-profits and others can more effectively implement cash transfers and other social protection programs.

Effective March 16, 2015, GiveDirectly purchased 921,500 shares of Segovia common stock at \$0.0001 par value per share, leading to an aggregate purchase price of \$92.15. GiveDirectly acquired the shares for a nominal cash contribution, as is standard practice for the distribution of initial shares of a new company. GiveDirectly transferred voting rights in these shares back to two proxyholders who are founders of Segovia, as part of an arrangement in which those founders donated economic interest in those shares to GiveDirectly but retained voting rights.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

13. Related Party Transactions (continued)

On March 26, 2019, Segovia and Crown Agents Bank (CAB) agreed to merge, forming CTHL and spinning out of a part of Segovia as a separate company, TTS. As part of the merger and spin off, GiveDirectly's shares in Segovia were exchanged for shares in CTHL and TTS.

Segovia was last independently valued as of July 31, 2017, which resulted in a valuation of \$387,030 for GiveDirectly's shares in the company. GiveDirectly reviewed the details of the merger and made the decision to maintain that \$387,030 value because it best approximated the value of GiveDirectly's ownership stakes in CTHL and TTS.

As part of the merger, Segovia became a subsidiary company of CTHL and continues to provide payment gateway and technology platform services to businesses. Segovia charges GiveDirectly a fixed percentage of grant transfers for software services. For the years ended December 31, 2019 and 2018, Segovia software expenses totaled \$449,407 and \$686,189, respectively and have been reflected in program services on the statements of activities.

During 2019, Segovia also shared one employee with GiveDirectly, who provided administrative support. For the years ended December 31, 2019 and 2018, a salary allocation for this employee of \$47,083 and \$64,855 was billed to Segovia by GiveDirectly, of which \$6,125 and \$4,108 was unpaid as of December 31, 2019 and 2018, respectively. The unpaid portion is included in the accompanying statements of financial position as due from related party.

In 2017, GiveDirectly began using Segovia mobile money wallets for delivery of cash transfers to the recipients in East Africa. For the years ended December 31, 2019 and 2018, the amount of funds that GiveDirectly held with Segovia that had not yet been disbursed by Segovia to the recipients totaled \$197,694 and \$181,172, respectively. These amounts are included in the accompanying statements of financial position as due from related party. For the years ended December 31, 2019 and 2018, the amount of fees related to transfer not yet paid to Segovia totaled \$31,901 and \$71,145, respectively. These amounts are included in the accompanying statements of financial position as due to related party.

GiveDirectly entered into an agreement with Segovia in January 2017, whereby GiveDirectly agreed to pay Segovia \$13,198 monthly (and pay \$17,425 toward the security deposit), representing its proportionate share of the shared office space. Effective July 1, 2019, Segovia relocated and GiveDirectly took over their previously occupied office space. With that transition, GiveDirectly entered into a rent agreement directly with the lessor. During the period of January through June 2019, GiveDirectly paid \$47,613 in rent expense to Segovia.

Effective October 28, 2015, an entity was established in the United Kingdom (GiveDirectly UK) for the purpose of fundraising in the United Kingdom for the prevention or relief of poverty anywhere in the world. GiveDirectly does not control or direct any of the activities of GiveDirectly UK. However, the Chairman and co-founder of GiveDirectly is one of several members of the Board of Directors of GiveDirectly UK. During 2019, GiveDirectly received \$2,560,918 from GiveDirectly UK.

GIVEDIRECTLY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

13. Related Party Transactions (continued)

On December 21, 2016, GiveDirectly was registered under the Companies Act 2006 as having established a UK establishment in the United Kingdom. This is a branch of GiveDirectly and a separate entity from GiveDirectly UK, and consists of five UK employees involved primarily in fundraising and programmatic operational work. The assets, liabilities, revenue, and expenses associated with the UK entity are included in these financial statements.

14. Reclassifications

Certain 2018 amounts have been reclassified for comparative purposes to conform to the 2019 presentation.

15. Subsequent Events

In preparing these financial statements, GiveDirectly has evaluated events and transactions, for potential recognition or disclosure, through May 11, 2020, the date the financial statements were available to be issued. Except as disclosed below, there were no subsequent events identified that require recognition or disclosure in the financial statements.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. GiveDirectly has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact GiveDirectly's financial condition or results of operations is uncertain. GiveDirectly also launched a large-scale cash response to COVID-19 in the U.S. and its countries of operations in Africa. The final scale of those projects will depend on 2020 revenue raised.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
GiveDirectly, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of GiveDirectly, Inc. (GiveDirectly), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GiveDirectly's internal control over financial reporting (internal control) to determine the 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 GiveDirectly's internal control. Accordingly, we do not express an opinion on the effectiveness of GiveDirectly'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 GiveDirectly'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.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether GiveDirectly's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GiveDirectly's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GiveDirectly's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Washington, DC
May 11, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
GiveDirectly, Inc.

Report on Compliance for Each Major Federal Program

We have audited GiveDirectly, Inc.'s (GiveDirectly) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GiveDirectly's major federal programs for the year ended December 31, 2019. GiveDirectly's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for GiveDirectly's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GiveDirectly's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GiveDirectly's compliance.

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Opinion on Each Major Federal Program

In our opinion, GiveDirectly complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of GiveDirectly is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GiveDirectly's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GiveDirectly's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Washington, DC
May 11, 2020

GIVEDIRECTLY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT				
U.S. Aid Foreign Assistance for Programs Overseas	98.001	-	\$ -	\$ 1,635,183
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,635,183</u>

See accompanying notes to this schedule.

GIVEDIRECTLY, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of GiveDirectly under programs of the federal government for the year ended December 31, 2019. The information on the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of GiveDirectly, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GiveDirectly.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

GiveDirectly has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

GIVEDIRECTLY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified Qualified
 Adverse Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Type of auditors’ report issued on compliance for major federal program:

Unmodified Qualified
 Adverse Disclaimer

Internal control over federal major program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?

Yes No

Identification of Major Program:

<u>CFDA/Grant Number</u>	<u>Program Title</u>
98.001	USAID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

GIVEDIRECTLY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019**

(continued)

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None required to be reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

None required to be reported.

SECTION IV – STATUS OF PRIOR AUDIT FINDINGS

Financial Statement Audit Findings

None required to be reported.

Major Federal Award Programs Audit Findings and Questioned Costs

None required to be reported.