GiveDirectly

2012 Annual Report

Executive Summary

Fellow donors,

Cash transfers are among the most rigorously evaluated, proven approaches to helping the poor. One billion people in developing countries already receive transfers from their governments. Yet before 2011 individual donors like you and me had no way to send money to the poor – no alternative but to give to opaque intermediaries with limited evidence of impact.

GiveDirectly has changed this. We have built a simple, transparent platform for transferring money directly to the extreme poor: recipients living on $0.65 nominal cents per day. We have put over 90% of donations into the hands of these recipients, spending the remainder on the costs of enrolling them and wiring them funds. And we have done this while rigorously documenting the impacts our work is having on the lives of the poor.

The following pages describe progress made and lessons learned thus far. Let me highlight a few points:

○ We received $736K in total revenue, scheduled $474K in transfers, and transferred $348K, reaching over 3,600 individuals.

○ We received a "standout organization" rating from GiveWell, a leading charity evaluator. GiveWell conducts detailed due diligence on every organization they examine and have recommended only 1% of organizations reviewed to date. As of this writing GiveDirectly is GiveWell's #2 recommended charity.

○ We welcomed Chris Hughes to our board of directors. Chris's commitment to rigor and honesty in giving align him perfectly with our vision.

○ We launched a joint initiative with the Nike Foundation to rigorously assess the impacts of transfers to young women age 18-19 through a randomized controlled trial (RCT).

You may also notice things that we do *not* discuss. I wish to emphasize two. First, there are no "success stories." Our recipient's stories are moving indeed, but we have chosen to omit them. Such stories are too often abused to present cherry-picked versions of reality. Second, there is little emphasis on "program expenses." This is a meaningless accounting concept that the IRS allows nonprofits to define however they wish. Instead we measure efficiency by the percent of each donated dollar delivered into the hands of the poor.

What next? Cash transfers are not a panacea, but they should be the default. Every organization that asks for money on behalf of the poor should make a clear and compelling case that they can do more good with it than the poor could do for themselves. Our vision is to bring this change – to be the benchmark against which all other forms of giving are measured.

Sincerely yours,

Paul Niehaus
President
GiveDirectly

The effects of cash transfers are proven, positive, and sustained

Proven

The United Kingdom's Department for International Development (DFID) concludes that cash transfers are "one of the more thoroughly researched forms of development intervention." (2011) For example,

1 billion An estimated one billion people in developing countries now receiving some form of cash transfer from their government.

33 We count 33 high-quality evaluations of cash transfer programs, including 20 that include evidence on the impact of unconditional cash transfers (UCTs).

Positive

DFID concludes that there is "convincing evidence from a number of countries that that cash transfers can reduce inequality and the depth or severity of poverty." (2011) For example:

▲ Studies have documented increases in nutrition, child schooling, child anthropometrics, investment, earnings, savings, and work hours, among other outcomes.

▼ Studies have documented decreases in child labor, HIV prevalence, low birth weight incidence, among other outcomes. They find no evidence of disproportionate increases – and in some cases significant decreases – in spending on alcohol and tobacco.

Sustained

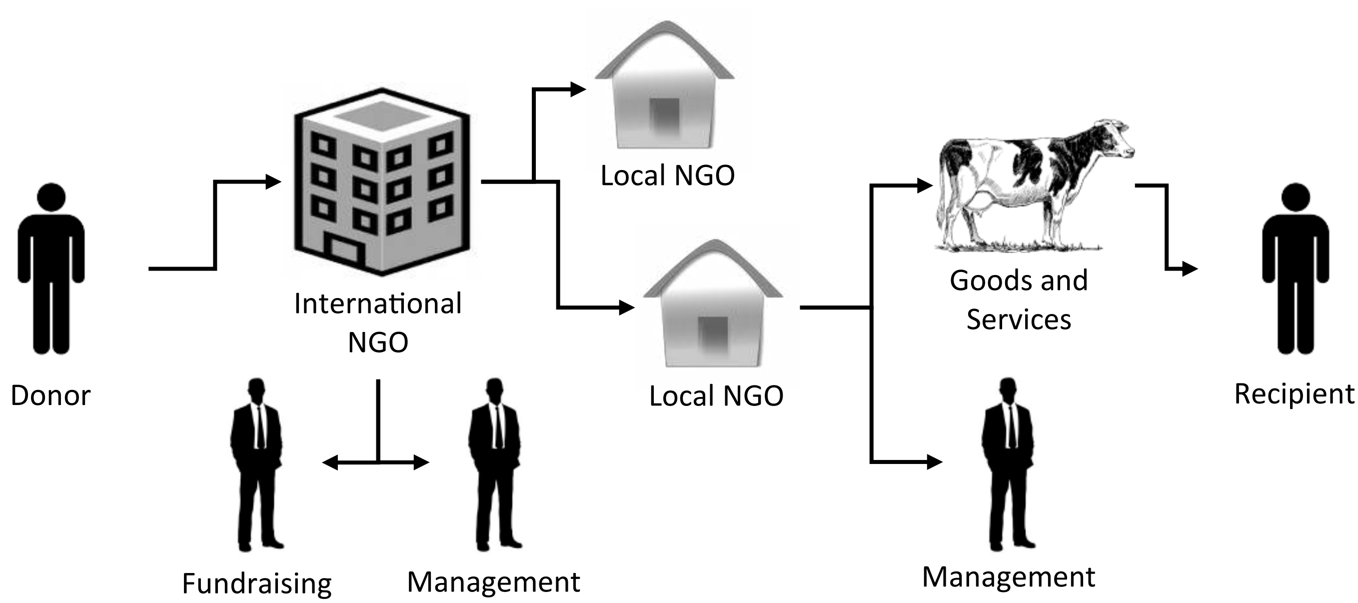
Some studies document impacts on key investments ranging from physical assets to the health and nutrition of children, while others are actually able to track outcomes over the longer term. For example:

64-96% De Mel et al (2011) document rates of return between 64% and 96% for male microentrepreneurs in Sri Lanka five years after they received cash grants.

15% Amarante et al (2011) document a 15% reduction in the incidence of low birth weight in Uruguay.

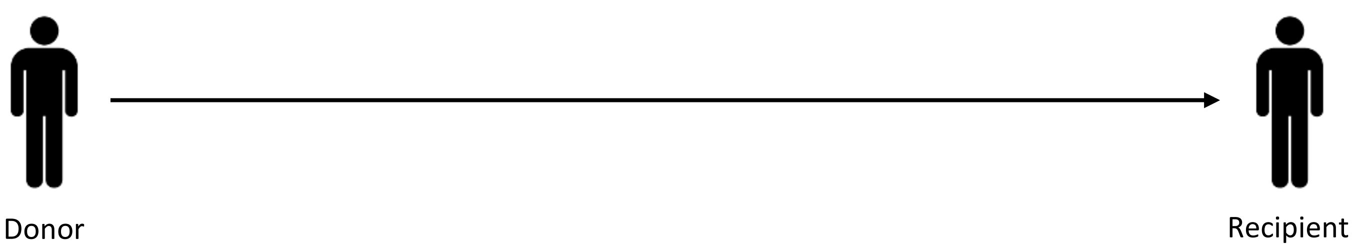
60% Baird et al (2011) document a 60% reduction in HIV prevalence in Malawi.

We have built a radically new model to deliver these impacts



Traditional philanthropy uses layers of intermediaries.

Traditional models of international philanthropy are complex. Donors typically give to large international nonprofits, which use some funds for management and for fundraising — indeed, some are devoted exclusively to raising funds — and then work with partner organizations abroad to implement programs. These partners have their own cost structures, which typically are not reported. Together these organizations make decisions about what goods and services to deliver to the poor. In most cases there is little rigorous, scientific evidence that these interventions have meaningful impacts.



We have pioneered a radical new way to give: directly.

GiveDirectly's model is simple: we take money from donors and give it to the poor. This model eliminates the layers of intermediaries between donors and recipients, with two benefits. First, giving directly eliminates the costs of maintaining large organizations (salaries, office space, equipment, etc.). These costs are usually hidden from donors because they are reported as "program service" expenses, but can be sizeable. Second, giving directly empowers the poor to set their own priorities and goals. As summarized above, a large body of scientific evidence has documented positive and sustained impacts from this approach.

Our model consists of four simple steps

① **Donors give.** We accept donations through our website (launched in June 2011) as well as through private channels. We commit to using donations exclusively for cash transfers and the costs of making those transfers.

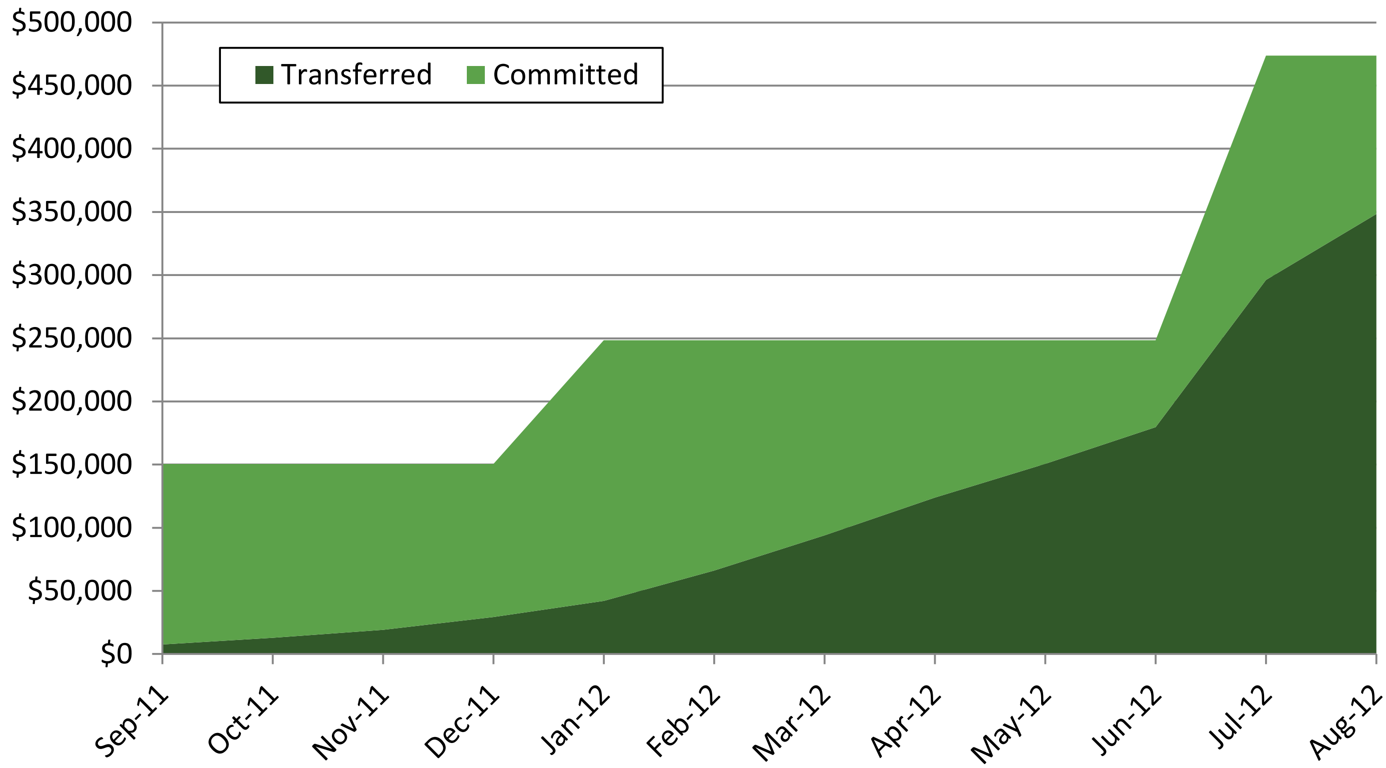
② **We enroll poor households.** We choose regions with high overall poverty rates and then enroll poor households within these regions. In Kenya we enroll families living in homes built of mud and thatch.

③ **We transfer donations electronically to recipients' cell phones.** In Kenya we use the M-Pesa mobile money serviced provided by Safaricom, a subsidiary of Vodafone Group Plc.

④ **Recipients use the transfers to pursue their own goals.** We follow up with recipients to ensure they have received their transfers without problems and to learn how they the transfers are affecting their lives.

This model has scaled quickly and can continue to do so

Figure 1: Cumulative transfers.



We are built to scale.

GiveDirectly's operating model is designed to scale flexibly in response to donor demand: we simply add new recipients to our list in periodic enrollment drives and then initiate transfers to them. To date we have reached over 3,600 individuals living in 732 households. These figures include 99 households enrolled during FY 2011 and 633 households enrolled during FY 2012.

We transfer funds to recipients in installments over the course of 1 to 2 years, giving them time to adjust their financial plans. To date we have committed a total of $474K to enrolled recipients and transferred $348K of this, with the remaining $126K scheduled for delivery during FY 2013.

The potential for scale is large.

GiveDirectly's operating model leverages new branchless banking technologies that have dramatically reduced the distance between donors and recipients. The Consultative Group to Assist the Poorest estimates that, as of 2011, 44 developing countries had at least one branchless banking service and that 24 had two or more.

Analysts predict that access to this technology will grow rapidly for the foreseeable future. Berg Insight estimates that 133 millions residents of developing countries currently use mobile money alone and projects this figure to increase to 709 million by 2015.

Recipients lives are improving as a result

We take impact evaluation seriously.

Cash transfers are already among the most proven approaches in international development. We are pushing the envelope further by producing rigorous, scientific evidence on the impacts of our own work, making the results publicly accessible, and using them to relentlessly refine our model.

To measure impact we use the gold-standard methodology in social sciences research, the randomized controlled trial (RCT). RCTs work like clinical trials in medical research: eligible recipients are divided by lottery into two groups, one of which receives transfers and the other of which does not. Researchers then compare outcomes in the two groups to measure impact. Unlike before/after comparisons and "success stories," RCTs produce unbiased estimates of program impact.

GiveDirectly is cooperating with the independent evaluator Innovations for Poverty Action (IPA) to conduct a large-scale RCT, which is on track to finish by early 2013. IPA's study will measure impacts on a wide range of outcomes including consumption, hunger, nutrition, entrepreneurial activity, physical and emotional health, school enrollment, and stress levels. The study is led by Dr. Johannes Haushofer of the University of Zurich and is funded by the National Institutes of Health.

The figures at right summarize preliminary results from an interim survey. Because the average recipient had received only $200 when interviewed these numbers are only suggestive of the true program impact. Yet they show that recipients' lives are improving substantially. Gains are concentrated in two areas: nutrition and investment in tangible assets. Nutritional gains are most pronounced in households that previously had malnourished children, while investment increases are largest in households that were better-fed. There were no significant impacts on expenditure on weddings, dowries, funerals, ceremonies, alcohol, tobacco, gambling, or recreation.

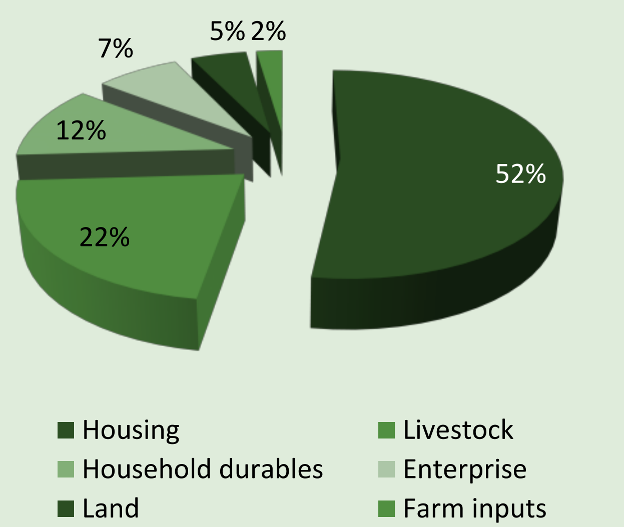
Sidebar: preliminary findings

-33%

Percent decrease in share of recipient households in which kids went for whole days without food in the past month, relative to 39% of control households.

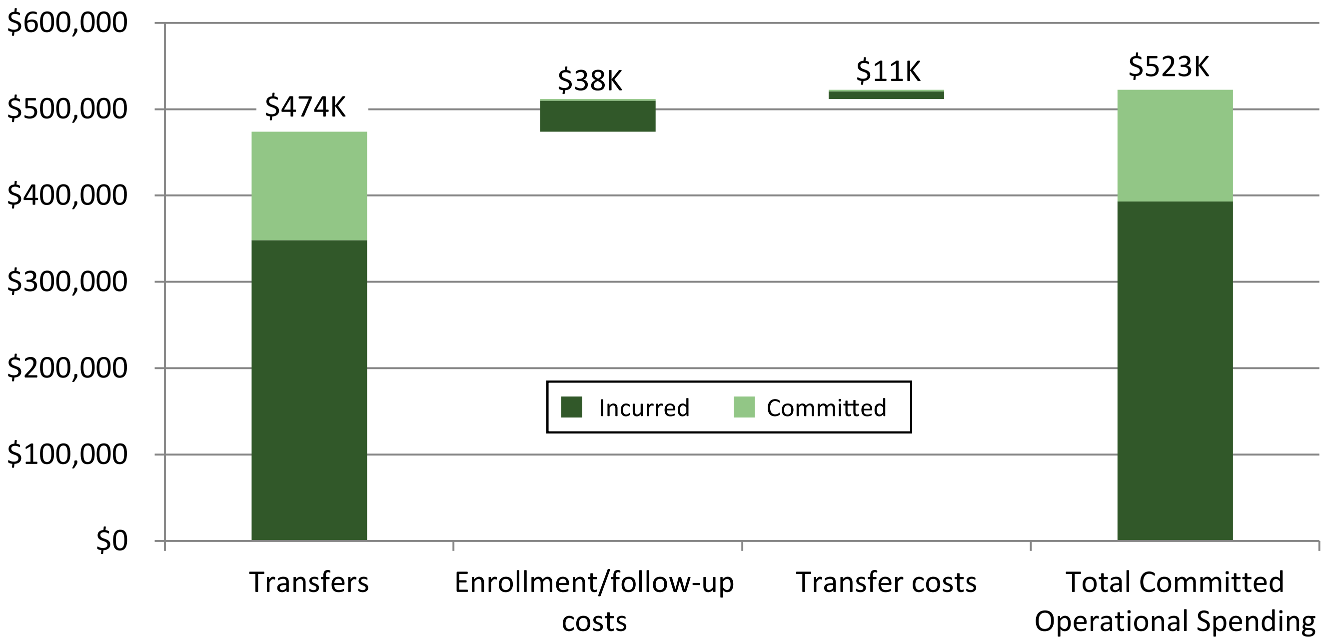
+116%

Percent increase in monthly household investment in land, farm inputs, livestock, housing, and household durables, relative to an average of $12 in the control group. Significant changes in tangible-good investments break down as follows:



We have exceeded our 90% cost-efficiency target

Figure 2: Cumulative operational spending.



Our commitment.

GiveDirectly provides donors with a simple service: we use their donations exclusively for cash transfers and the costs of delivering these transfers. This commitment has two critical components.

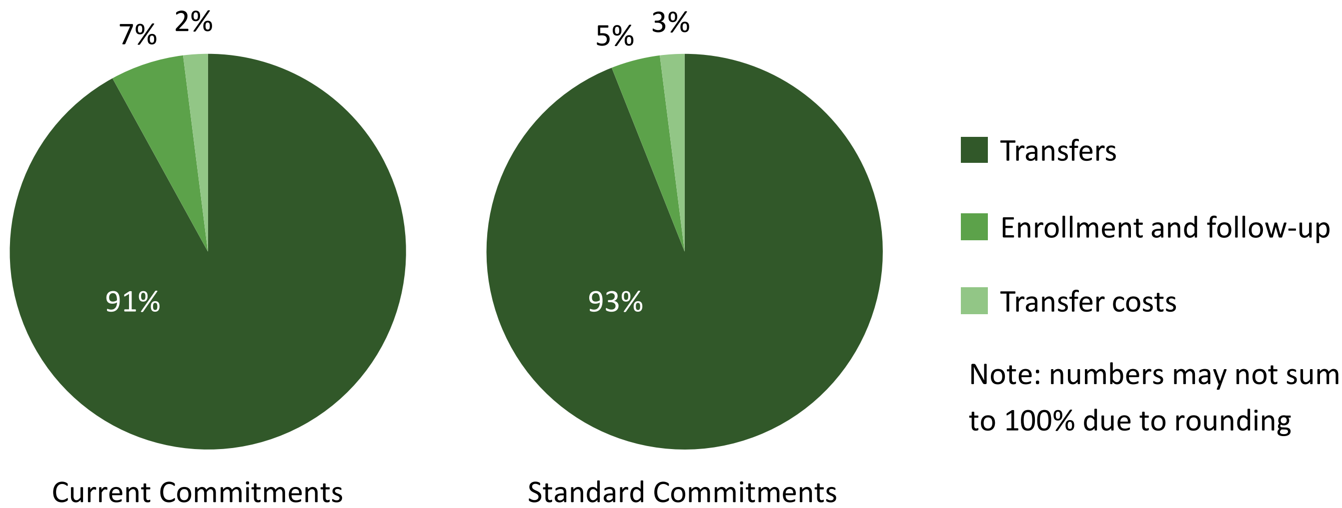
First, we commit not to use public donations for anything other than cash transfers. This rules out spending on outreach or on investments in organizational growth, for example.

Second, we commit to charging donors the full cost of cash transfers and making these costs transparent. We eschew vague claims ("100% of your donation goes directly to programs that benefit the poor") and strive to clearly explain the real costs of what we do. Based on past experience we expect these costs to amount to at most 10% of the total, and thus to put at least 90% of each donation into the hands of a recipient.

Our performance.

To date we have met and are on pace to exceed this target. Our $474K total commitment to recipients — $348K already transferred and $126K scheduled for transfer during FY 2013 — represents 91% of total incurred and committed operational spending. Figure 2 summarizes this cost breakdown. We spend approximately $50 per household to enroll recipients and follow-up with them in person and by phone. This figure includes the costs of staff salaries, travel and accommodation associated with a series of integrity checks that we conduct during enrollment: in-person follow-up visits, phone checks, GPS coordinate checks, photograph checks, senior audits, and national ID checks. We send each household $1,000 over the course of 1 to 2 years, which amounts to roughly one year's budget for the average household. The costs of transferring this money amounts

Figure 3: Efficiency under current and standard commitment scenarios.



to approximately $31.

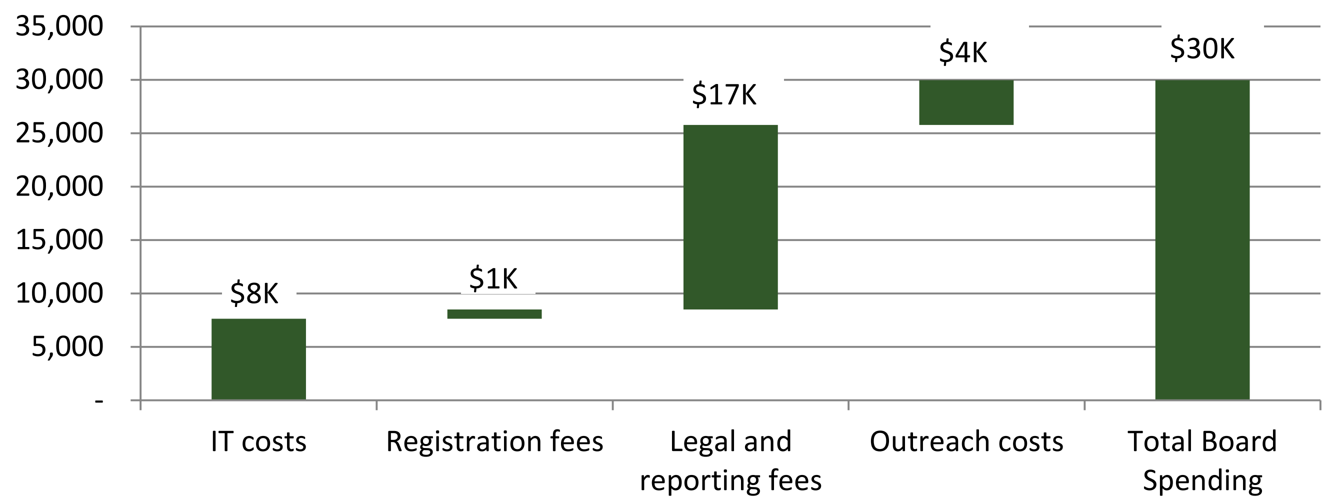
These figures include recipients who received smaller commitments as part of an experimental impact evaluation. If, as intended, we increase our commitment to these households to the usual level, then transfers will represent 93% of operational spending. Figure 3 illustrates this comparison.

Our Board's spending.

GiveDirectly's board has funded start-up and outreach activities distinct from our cash transfer operations. By rule such activities cannot be funded using public donations.

Since inception GiveDirectly has incurred $30K in start-up and outreach costs, as summarized in Figure 4. 28% are set-up costs for website construction, information system development, and incorporation fees for tax-exempt status; 58% are legal , reporting, and audit costs; and 14% are costs incurred for staff support in preparing outreach materials.

Figure 4: Cumulative board spending.



We have connected donors with extremely poor recipients

The extreme poor can be reached.

For many models of philanthropy, reaching the "poorest of the poor" is a challenge. The starving cannot benefit from business training; the landless cannot benefit from agricultural improvements; geographically remote groups are often simply too expensive to reach.

GiveDirectly's operating model leverages modern branchless banking technology to overcome these barriers. We can enroll recipients provided only that they live within reach of a branchless banking agent. In Kenya we simply provide each recipient with a SIM card to register for M-Pesa, wait for them to register, and then begin transfers.

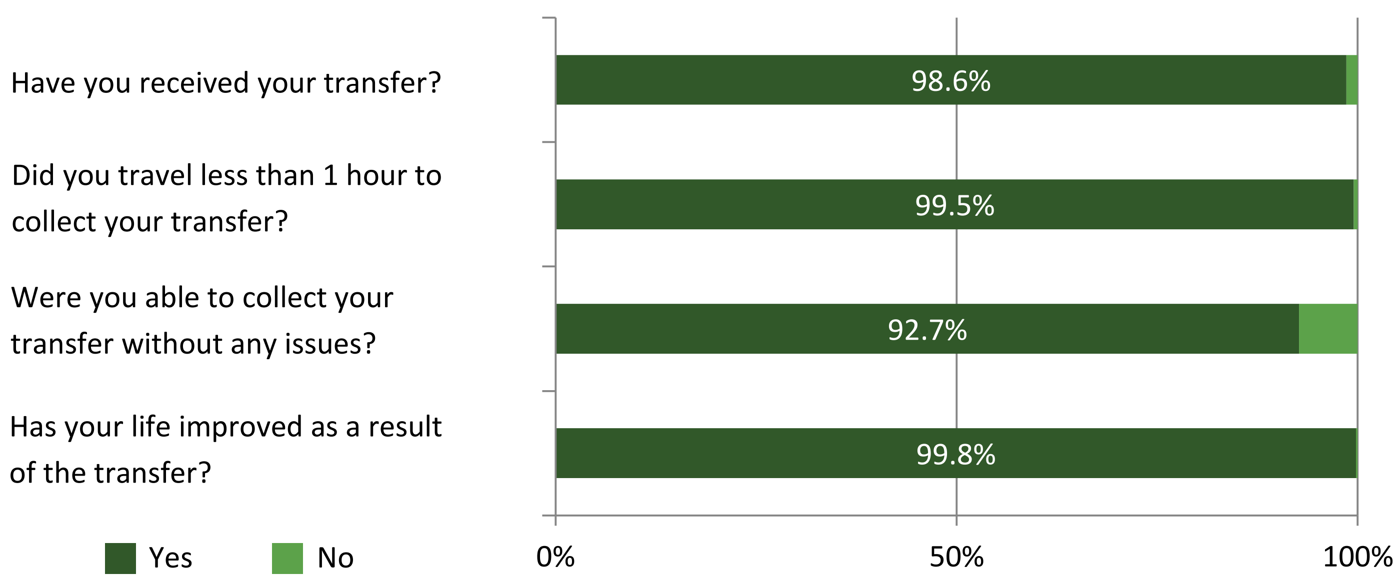
This flexibility has allowed us to reach extremely poor recipients. As part of the independent impact evaluation being conducted by Innovations for Poverty Action, researchers collected detailed data on the living standards of our recipients in Rarieda District of Kenya. The data show that the average recipient lives on just $0.65 nominal cents per day.

$0.65

The average GiveDirectly recipient lives on 65 nominal cents per day. (Data from baseline survey conducted by Innovations for Poverty Action.)

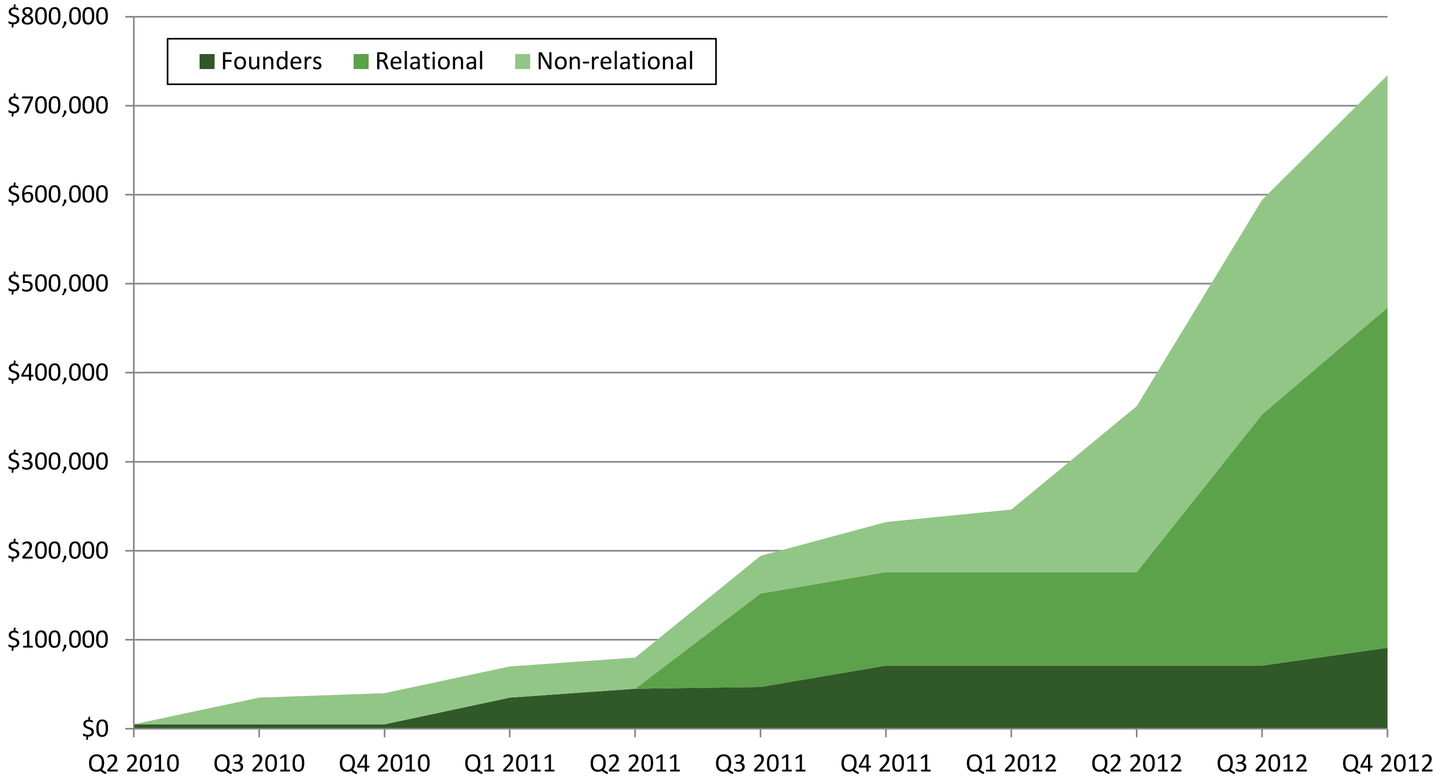
We also directly monitor recipients' interactions with their branchless banking agents to ensure that they receive efficient and reliable service. Ninety-three percent of recipients collect their transfers without incident; the problems that did arise were due to cash-outs at the agent (60%) or forgotten pin numbers / lost phones (40%). The average recipient spent 42 minutes and $0.72 traveling to collect their transfers.

Figure 5: Recipient experience metrics.



The demand for direct giving is accelerating

Figure 6: Cumulative revenue.



Our outreach is focused...

Although cash transfers are among the most proven approaches to international development, many donors are not aware of the evidence. Achieving our long-term objectives requires a sustained outreach effort built around clear and concise summaries of the evidence.

Against this agenda, GiveDirectly pursued an outreach strategy in FY 2012 focused on philanthropists, foundations, and other thought leaders in the sphere of international philanthropy. This strategy intentionally deprioritized publicity and short-term revenue growth in pursuit of longer-term influence.

...yet demand for our services is broad.

Despite this strategic focus, demand for our services grew. We have received a total of $736K to date, of which $504K was received during FY 2012. Of this total, 13% represents giving by the founders; 52% represents relational giving by foundations and philanthropists; and 35% represents giving via mail or our website.

Notable individual items include a $100K grant from Good Ventures in recognition of our “standout organization” rating from GiveWell, and a $77K grant from the Nike Foundation to provide cash transfers to young women and document their impacts.

Governance and Financial Statements

Governance and leadership

Michael Faye

Chairman and Director

Michael holds a Ph.D. in Economics from Harvard University, specializing in Development and Finance. He has extensive experience in India conducting field research and working with one of India's largest banks to design consumer finance products. Michael previously worked as a Research Analyst for the United Nations Millennium Project, a group headed by Jeffrey Sachs, preparing a plan for low-income countries to meet the Millennium Development Goals. He currently works as a management consultant

Chris Hughes

Director

Chris is currently publisher and editor-in-chief of The New Republic. He previously co-founded and served as spokesperson for the social networking site Facebook, and served as Director of Online Organizing for the Obama 2008 campaign where he oversaw the development of My.BarackObama.com along with the campaign's overall online presence. He holds a B.A. magna cum laude in History and Literature from Harvard University.

Paul Niehaus

Director

Paul is Assistant Professor of Economics at the University of California, San Diego; a Junior Affiliate at the Bureau for Research and Economic Analysis of Development; an Affiliate of the Jameel Poverty Action Lab; and an Affiliate at the Center for Effective Global Action. His research examines the design of welfare programs in developing countries, and in particular how to control corruption. He holds a Ph.D. in Economics from Harvard University.

Rohit Wanchoo

Director

Rohit is a Principal at a private equity firm in New York. He previously worked as a Research Analyst for the United Nations Millennium Project, a group headed by Professor Jeffrey Sachs, tasked with preparing a plan for low-income countries to meet the Millennium Development Goals. Prior to the UN, Rohit worked in finance as an investment banker for Lehman Brothers in New York. Rohit holds an MBA from MIT Sloan and an MPA in International Development from the Harvard Kennedy School.

Piali Mukhopadhyay

Chief Operating Officer

Piali holds a Master's Degree in Public Administration from Princeton University's Woodrow Wilson School of Public and International Affairs and a Bachelor's degree from MIT. She has extensive field experience working with non-governmental organizations in India, Nepal, Thailand, Zambia, and South Africa. Most recently, she worked for the Jameel Poverty Action Lab managing a large-scale randomized control trial on anti-corruption measures in the state of Andhra Pradesh, India.

Statement of Activities

	Unrestricted		Temporarily Restricted		Total	
Revenues, gains, and other support						
Nike Foundation	$	-	$	77,191	$	77,191
General contributions	$	21,760	$	404,548	$	426,308
Total income		21,760		481,739		503,499
Expenses:						
Program Services						
Direct Grants to Households						
Paid				340,581		340,581
Obligations Accrued				125,406		125,406
Enrollment/Follow-up Costs						
Paid				29,353		29,353
Obigations Accrued				1,757		1,757
Transfer Costs						-
Paid				5,741		5,741
Obligations Accrued				2,165		2,165
Management and General						
Legal and Reporting Fees		16,980				16,980
IT and Other Aministrative Expenses		985				985
Development		4,198				
Total expenses		22,163		505,003		527,166
Changes in net assets		(403)		(23,264)		(23,667)
Net assets at beginning of year		59,427		146,558		205,985
Net assets at end of year	$	59,024	$	123,294	$	182,318

Statement of Financial Position

ASSETS

	Unrestricted	Temporarily Restricted	Total
Current Assets:			
Cash and cash equivalents	$ 60,774	$ 264,431	$ 325,205
Accounts receivable	-	4,327	4,327
Total Current Assets	60,774	268,758	329,532
Total Assets	$ 60,774	$ 268,758	$ 329,532

LIABILITIES & NET ASSETS

	Unrestricted	Temporarily Restricted	Total
Current Liabilities:			
Accounts payable and accrued expenses	$ 1,750	$ 15,000	$ 16,750
Grant commitments payable	-	130,464	130,464
Total Current Liabilities	1,750	145,464	147,214
Total Liabilties	1,750	145,464	147,214
Total Net Assets	59,024	123,294	182,318
Total Liabilities and Net Assets	$ 60,774	$ 268,758	$ 329,532

Notes to accompany financial statements

Income and Expense

Note that figures cited below are for FY 2012 only. Some figures in the Annual Report describe cumulative activity since GiveDirectly's inception and consequently differ from those below.

Income:

GiveDirectly raised $503,499 in Fiscal Year 2012. 81% was from individual contributions and was specifically designated for direct household transfers and associated transfer costs. 4% was a donation from a Board member, to be used either for transfer or administrative costs. 15% ($77,191) was a grant from the Nike Foundation for a cash transfer program that specifically targets young girls in Kenya. The total income is net of $562 of credit card processing fees for donations made through the website.

Expenses:

Direct Grants to Households: GiveDirectly spent $340,581 in direct household transfers over the course of Fiscal Year 2012. An additional $125,406 are obligated to be sent in Fiscal Year 2013.

Enrollment/Follow-up Costs: In Fiscal Year 2012, the cost of enrolling households and conducting post-transfer follow-up totaled $29,353. This included the cost of equipment, salaries/allowances for field staff, and airtime required to make follow-up calls. An additional $1,757 is expected to be spent in follow-up costs for households currently enrolled.

Transfer Costs: GiveDirectly has negotiated competitive rates with foreign exchange brokers to transfer money to the Kenyan mobile money provider M-Pesa. In Fiscal Year 2012, these foreign exchange fees amounted to $4,511 or 1.3% of transfers. Additionally M-Pesa charges fees for transferring funds through their network. These fees amounted to $1,230 or 0.3% of the transferred amount. An additional $2,165 is expected to be spent making transfers to households already enrolled.

Management and General; Development: GiveDirectly's management and developments costs are entirely borne by GiveDirectly's founders. These costs amount to $22,163 of which 47% was staff time spent on financial reporting, 30% for audit fees to maintain non-profit status in the US and Kenya, 4% for IT expenses, and 18% for staff time spend on outreach.

Balance Sheet

Note that figures cited below are for FY 2012 only. Some figures in the Annual Report describe cumulative activity since GiveDirectly's inception and consequently differ from those below.

Assets:

Cash and Cash Equivalents: The total balance of Unrestricted Funds (from the Founders) is $60,774. These funds are used for outreach and legal fees required to maintain non-profit status in Kenya and in the US. Donor funds are maintained both in the United States and in Kenya (M-Pesa account) and total $264,431. Of this amount, $130,464 is reserved for future transfers household transfers and associated operational costs.

Accounts Receivable: $4,327 is due to GiveDirectly for advances it paid for a partner organization's research related to transfers made through a Nike Foundation grant. GiveDirectly does not currently conduct research itself or bear research costs.

Liabilities:

Accounts Payable and Accrued Expenses: These funds represent incurred expenses that are yet to be paid, including payments and reimbursements to staff.

Grant Commitments Payable: GiveDirectly transfers money to households over a period of one or more years, so at any given time households may have only received a fraction of their scheduled transfers. As of August 31, $130,464 remained to be transferred to currently enrolled households, as well as associated transfer fees and follow-up costs.

Net Assets:

Temporarily Restricted Net Assets: Temporarily Restricted Net Assets are those donor funds which are not scheduled for transfer. As of August 31, 2012 these funds totaled $123,294.

Unrestricted Net Assets: Unrestricted Net Assets are contributions from the Founders and may be used to fund outreach activities, administrative items, or costs related to maintaining the organization's non-profit status. As of August 31, 2012 these funds totaled $59,024.

GiveDirectly

Financial Statements & Audit Report
For the Year Ended August 31, 2012

John Vazzana CPA PLLC

GiveDirectly

Financial Statements
For the Year Ended August 31, 2012

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JV CPA John Vazzana CPA PLLC

New York Office: 155 Bay Ridge Avenue, Brooklyn NY 11220 Phone (718) 491-1241
New Jersey Office: 514 Main Street, Bradley Beach NJ 07720 Phone (732) 372-0476

Independent Auditor's Report

To the Board of Directors of
Give Direct, Inc.

We have audited the accompanying statement of financial position of Give Direct, Inc. ("Give Directly" or the "Organization"), a not-for-profit corporation, as of August 31, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

John Vazzana

John Vazzana CPA PLLC

12/30/2012

Give Direct, Inc.

Statement of Financial Position

August 31, 2012

ASSETS

		Total
Current Assets:		
Cash and cash equivalents	$	325,205
Accounts receivable		4,327
Total Current Assets		329,532
Total Assets	$	329,532

LIABILITIES & NET ASSETS

		Total
Current Liabilities:		
Accounts payable and accrued expenses	$	16,750
Grant commitments payable (Note 3)		130,464
Total Current Liabilities		147,214
Total Liabilties		147,214
Net Assets:		
Unrestricted		
Board designated (Note 4)		52,446
Undesignated		59,024
Total unrestricted net assets		111,470
Temporarily restricted (Note 5)		70,848
Permanently restricted		-
Total Net Assets		182,318
Total Liabilities and Net Assets	$	329,532

The accompanying audit report and notes to
financial statements are an integral part of this statement.

Give Direct, Inc.
Statement of Activities
For the year ended August 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support				
General contributions	$ 426,871	$ 77,191	$ -	$ 504,062
In-kind support (Note 6)	16,500	-	-	16,500
Total revenues and support	443,371	77,191	-	520,562
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	$ 6,343	(6,343)	$ -	$ -
Total revenues , support and net assets released from restrictions	449,714	70,848	-	520,562
Expenses:				
Program services	505,566	-	-	505,566
Management and general	34,465	-	-	34,465
Fundraising	4,198	-	-	4,198
Total expenses	544,229	-	-	544,229
Changes in net assets	(94,515)	70,848	-	(23,667)
Net assets at beginning of year	205,985	-	-	205,985
Net assets at end of year	$ 111,470	$ 70,848	$ -	$ 182,318

The accompanying audit report and notes to
financial statements are an integral part of this statement.

Give Direct, Inc.
Statement of Cash Flows
For the year ended August 31, 2012

CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$	(23,667)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation		-
Decrease/(increase) in:		
Accounts receivable		(4,327)
Increase/(decrease) in:		
Accounts payable and accrued expenses		16,750
Grant commitments payable		130,464
Net cash provided by/(used in) operating activities		119,220
CASH FLOW FROM INVESTING ACTIVITIES:		
None		-
Net cash provided by/(used in) investing activities		-
CASH FLOW FROM FINANCING ACTIVITIES:		
None		-
Net cash provided by/(used in) financing activities		-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**119,220**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**205,985**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$**	**325,205**

SUPPLEMENTAL CASH FLOWS INFORMATION:

None

The accompanying audit report and notes to financial statements are an integral part of this statement.

Give Direct, Inc.

Statement of Functional Expenses

For the year ended August 31, 2012

	Program Services	Management and General	Fundraising	Total
Cash Expenses				
Direct grants to households	$ 465,987	$ -	$ -	$ 465,987
Supervisor field trip expenses	3,931	-	-	3,931
Kenya staff expenses	25,422	-	-	25,422
Foreign exchange, transfer and follow-up	9,663	-	-	9,663
Other fees	563	-	-	563
Printing and graphics	-	-	98	98
Staff support for outreach	-	-	4,100	4,100
Staff support for financial reporting	-	10,400	-	10,400
Audit fees	-	6,580	-	6,580
Other administrative expenses	-	985	-	985
Total Cash Expenses	**505,566**	**17,965**	**4,198**	**527,729**
In-Kind Expenses (Note 6)	-	16,500	-	16,500
Total Expenses	**$ 505,566**	**$ 34,465**	**$ 4,198**	**$ 544,229**

The accompanying audit report and notes to financial statements are an integral part of this statement.

Note 1 - Description of Organization

Give Direct, Inc. ("GiveDirectly" or the "Organization") is a not-for-profit organization incorporated September 01, 2009 in Massachusetts. The Organization's mission is to reduce poverty by providing financial assistance directly to the poor in a manner that is efficient, transparent, and respectful. The direct cash transfer program currently operates in Kenya. The current giving model involves distributing household grants of $1,000 over a nine month period. GiveDirectly aims to help households most in need by targeting those that are in acute poverty. Recipient households are currently identified based on housing construction material, which is highly correlated with poverty. Houses which are made from mud-and-thatch in areas in which the Organization operates are eligible for the program. The Organization aims to deliver at least 90 cents directly to recipients of every $1.00 received for the program. The Organization anticipates expanding to additional countries in the developing world. GiveDirectly is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements. The organization is funded mainly from foundation grants and contributions from board members and other individuals.

Note 2 - Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. The significant accounting and reporting policies used by the organization are described below.

Use of Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets. The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

> *Unrestricted Net Assets.* Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily Restricted Net Assets. Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted Net Assets. Net assets that are subject to donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or removed by actions of the Organization.

Cash Equivalents. Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Contributions Receivable. Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management’s evaluation of the collectibility of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Accounting for Contributions. Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Expense Recognition and Allocation. The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

Tax Status. The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The three prior periods are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation. The organization recognizes the tax effects from an uncertain tax position in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition or disclosure.

Note 3 - Grant Commitments Payable

Grant commitments payable represent household transfer payments committed to be made to recipients that are identified and enrolled. This amount at August 31, 2012 was $130,464.

Note 4 - Board Designated Net Assets

GiveDirectly aims to deliver at least 90 cents directly to recipients of every $1.00 received for the program. The Organization's Board of Directors designated a separate class of funds for these donations. Donations that are restricted by the Board in this fashion are listed here as "Board Designated Assets". "Board Designated Net Assets" are those funds unexpended at year-end and designated by the Board to fund household transfers in the subsequent year.

Note 5 - Restricted Net Assets

The Organization had no permanently restricted net assets at August 31, 2012. The temporarily restricted net assets for the year ending August 31, 2012 consisted of purpose restricted net assets. The details are as follows:

Name	Details	Balance beginning of year	Temporarily restricted contributions	Net assets released from restrictions	Balance end of year
Nike Foundation	This grant will provide unconditional cash transfers to girls 18-19 living below the poverty line.	-	77,191	6,343	70,848
	Total	-	$77,191	$6,343	$70,848

Note 6 - Contributed Services

Generally Accepted Accounting Principles allow recognition of contributed services only if (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. Donated services with an estimated fair value of $16,500 met those criteria and are included in in-kind contributions in the statement of activities and are offset by like amounts included as in-kind expenses. The services provided were legal consulting fees regarding set up of activities.

Note 7 - Concentrations of Risk

Amounts held in United States financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The organization deposits its cash with high quality financial institutions and management believes the organization is not exposed to significant credit risk on those amounts.

The Organization utilizes M-Pesa, which is a mobile transfer solution that enables money transfers in certain developing world countries. M-Pesa is a service of the Kenyan mobile network operator Safaricom. The organization uses M-Pesa to make 100% of its transfers to recipient households. The organization maintains cash balances in an M-Pesa account (1) on a temporary basis while funds are being transferred to household recipients and (2) to pay certain operating costs in Kenya. Funds in the M-Pesa account are not covered by FDIC insurance.

The Organization's operations are mainly centered in Kenya. Political, social and economic uncertainty in the region makes it difficult to predict future efforts to maintain and develop programs in that geographic area.

Note 8 - Contingencies

The Organization is contingently liable in connection with claims arising in the normal course of its activities.

Note 9 - Subsequent Events

Subsequent events have been evaluated through December 30th, 2012, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.