2013 Annual Report

Executive summary

Fellow donors,

2013 was a good year for the direct giving movement.

When GiveDirectly first opened its doors two years ago, giving money directly to the poor was a heretical idea. Now it is at the center of a vigorous debate. Think tanks are asking "Are Cash Transfers the Future of International Development?" while some in the press are even calling them "The Best and Simplest Way to Fight Global Poverty." Traditionalists are pushing back, claiming that their approaches can do better. In short, we're seeing a meaningful debate emerge about whether traditional aid is worth what it costs, and whether the poor themselves can do better.

None of this would be happening without two things: our giving, and our commitment to rigorously evaluate that giving.

GiveDirectly received $5.4M in revenue in FY2013, more than 10 times the previous year, and on par with the most rapid rates of growth seen in the sector. This figure includes a Global Impact Award from Google Giving for expansion within Kenya and entry into Uganda. We grew our team in parallel, with a focus on creating an environment for exceptional talent.

We also received strong, positive results from an independent impact evaluation. GiveDirectly is unusual among nonprofits in that it cooperated on a rigorous, randomized controlled trial and also pre-announced the study before results were available. The study found that direct giving has large impacts on investment, earnings, and mental health, among other outcomes. It did *not* find any evidence of wasteful spending, crime, or inflation.

The results of this study have had an enormous impact. They were reported in leading media outlets, which is itself good news; as NPR put it, "philanthropy is getting nerdier." They also contributed to nonprofit evaluator GiveWell's decision to give us their highest rating. GiveWell is the leading nonprofit evaluator; its staff conduct extraordinarily detailed due diligence and make highly selective recommendations. This year they recommended only three nonprofits in total.

The following pages provide more detail on these milestones and on progress more generally. If you are new to GiveDirectly, let me alert you to two things we do a bit differently. First, we generally do not report "success stories." We value stories, but think that quantitative analysis provides a more objective description of performance. Second, we do not emphasize the efficiency metrics that are standard in our industry (e.g. "program services" share) because they are not useful for assessing cost-effectiveness. We focus instead on what it costs us to deliver a dollar into the hands of a recipient.

Sincerely,

Paul Niehaus
Co-founder and President

Our model has four steps

Donors give.

When donors give, we commit to using their money exclusively for cash transfers and the costs of making those transfers.

We enroll poor households.

Our recipients make an average of $0.65 per person per day, and we reach them by choosing poor regions and then using objective criteria like housing materials (i.e., mud and thatch).

We transfer donations to recipients.

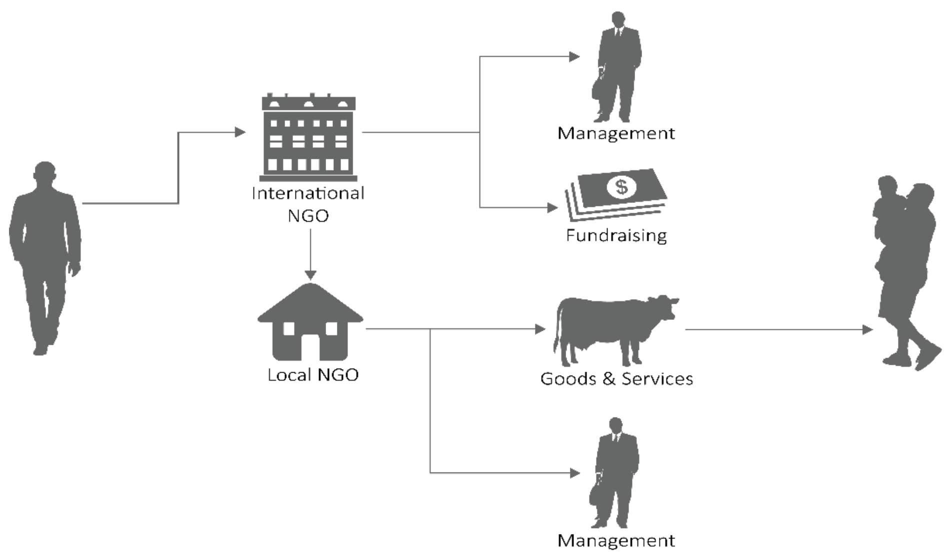
We send money to recipients’ cell phones using electronic payments services like Mpesa in Kenya and MTN Mobile Money in Uganda.

Recipients use the money to pursue their own goals.

We follow up with all recipients to ensure that they receive their transfers, and to learn how cash affects their lives, collecting granular data on their entire experience.

International giving is poised for a fundamental transformation

The old way of giving uses layers of intermediaries. Traditional models of international philanthropy are complex. Donors typically give to large international nonprofits that manage their money, using some of it to raise additional capital and then working with partner organizations abroad to implement programs. These organizations also manage money (with cost structures that are largely unreported), making decisions about what goods and services to deliver to the poor. In most cases, donors aren't able to figure out what these cost to deliver or whether there is any rigorous, scientific evidence that they work.



Direct giving is challenging notions of what is possible. GiveDirectly has introduced a simpler, modern approach: we take money from donors and give it to the poor. We can do this because modern payments technology has drastically cut the costs of sending money securely and electronically to the extreme poor.

At the same time, rigorous new research has shown that the poor are effective at putting money to work to improve their lives, with documented positive impacts on a wide range of outcomes including nutrition, health, education, earnings, and even hours worked.

This combination of simplicity and effectiveness has started a very powerful conversation in the sector about efficiency and evidence. We're excited to be a part of, and a catalyst for, a transformation in aid.

Rigorous, independent evaluation has shown that direct giving works

An independent, randomized controlled trial of GD's impact showed that transfers have large, positive and sustainable impacts across a wide range of outcomes. The study was pre-announced to ensure that negative results could not be suppressed. The results sparked a widespread dialogue on effective giving and the importance of evidence in the press.

Assets increased by 58%, or $278, with investment concentrated in livestock, housing, and durables.	**Mental health** improved substantially as measured by standard scales.	**Food security** improved substantially. For example, children were 42% less likely to go entire days without eating.
Income from businesses and agriculture increased by 28% of the average grant size, implying a 28% annual rate of return.	**No negative impact** Transfers did not affect the incidence of crime and conflict, and did not increase spending on tobacco, alcohol, or gambling.	**Empowerment** Domestic violence against women fell in both treated households and their neighbors.

Forbes

"It's a radical idea...that is **gaining ground thanks to the data** it's gathered backing up its claims."

The Guardian

"GiveDirectly [...] **has sent shockwaves through the charity sector**."

Peer retail nonprofit

"Later this month, researchers at Innovations for Poverty Action in Kenya will start preliminary research towards **a full randomized controlled trial**... inspired by GiveDirectly."

The Economist

"...this programme, and others like it, are part of **a shift in thinking** about how best to use aid to help the poorest."

Center for Global Development

"**Should aid be benchmarked** against the cost-effectiveness of cash transfers?"

Bloomberg

"The empirical findings are noteworthy, but what is most important is the movement, still in its earliest stages, toward ***rigorous* evaluation of whether and how charities are actually helping** people."

GiveDirectly collaborated with leading evaluation group Innovations for Poverty Action (IPA) to conduct a Randomized Controlled Trial (RCT). The study was led by Dr. Johannes Haushofer (Jameel Poverty Action Lab) and Dr. Jeremy Shapiro (McKinsey & Company; former director of GiveDirectly) and funded by the National Institutes for Health.

Our field teams use best-in-class technology to ensure accountability

Moving millions of dollars to remote corners of the world isn't child's play. In our experience, accountability begins with transparent, digital records of everything that we do.

We then use these data to quantify how we're doing at our core responsibilities.

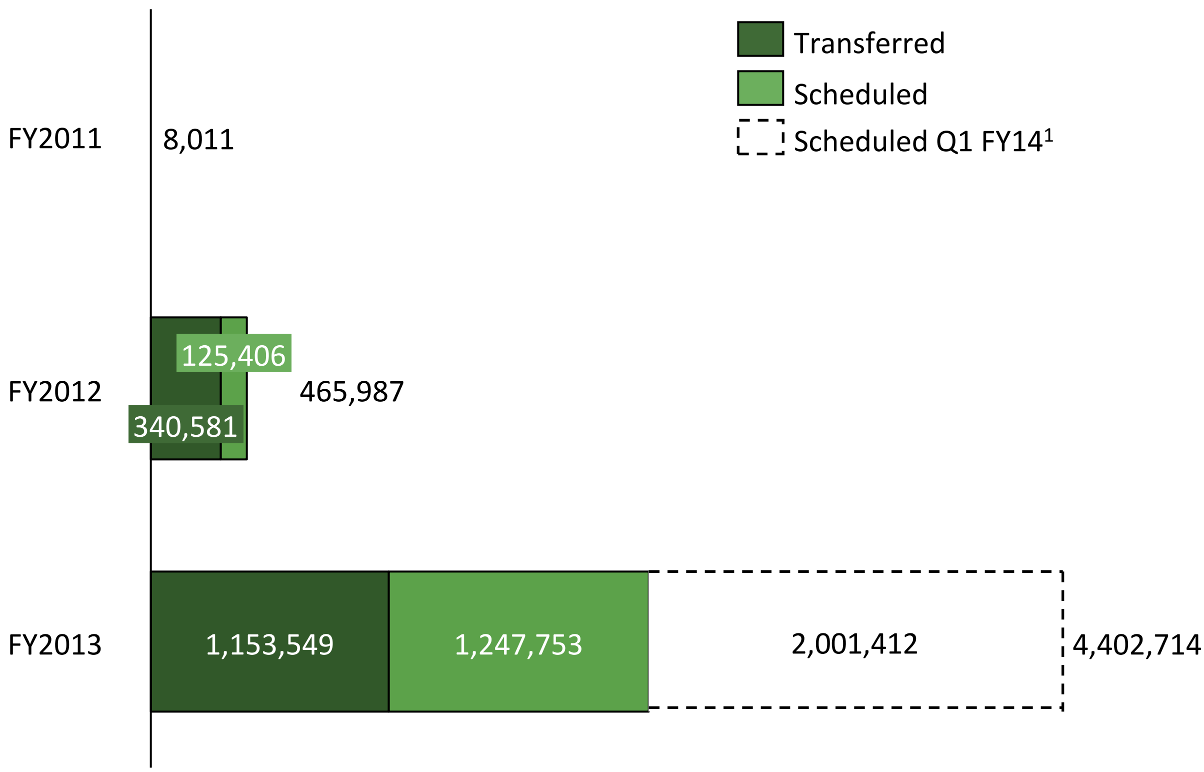
Ensuring integrity
We conduct independent audits of every single household we enroll, using token number and GPS coordinate comparisons to make sure that all our recipients are who our records say they are.

Locating the poor
We use crowd-sourced auditing to examine photographic and satellite imagery of each recipient's home and triple-check that it is eligible

Delivering a great user experience
Our call center uses custom-built software to gather data on recipients' experience of the program, and staff compensation is linked to recipients' comprehension of crucial information and their feedback.

Our model is built to scale

Figure 1. Committed and delivered transfers (USD)



1 Includes $2M campaign that concluded in October 2013 shortly after close of FY13

We have grown rapidly…
GiveDirectly's operating model is designed to scale flexibly, using modern management technology to routinize work for our field staff. In FY2013, we reached over 19,000 individuals living in 3,876 households.

We transfer funds to recipients in installments over the course of a year, giving them time to adjust their financial plans. As of FY2013, we have committed a cumulative total of $4.9 M to enrolled recipients and transferred $1.5 M of this, with the remaining $3.4 M still scheduled for delivery .

…and are ready to grow a lot more.
We plan to expand our capacity dramatically year-on-year in anticipation of continued rapid growth. Our growth strategy is to continue to recruit exceptional *talent* for management and then to maximize the leverage we get from this talent using *technology* to enable managers to coordinate and monitor large teams in real time. In doing this, we will take advantage of a range of modern payments technologies which are spreading rapidly in developing countries, as well as continuing to build our own in-house capabilities on monitoring, fraud detection, and workflow.

We expect to have capacity to move at least $10 M during FY2014, and to roughly double that figure for FY2015.

Recipient experience has held steady as we scale

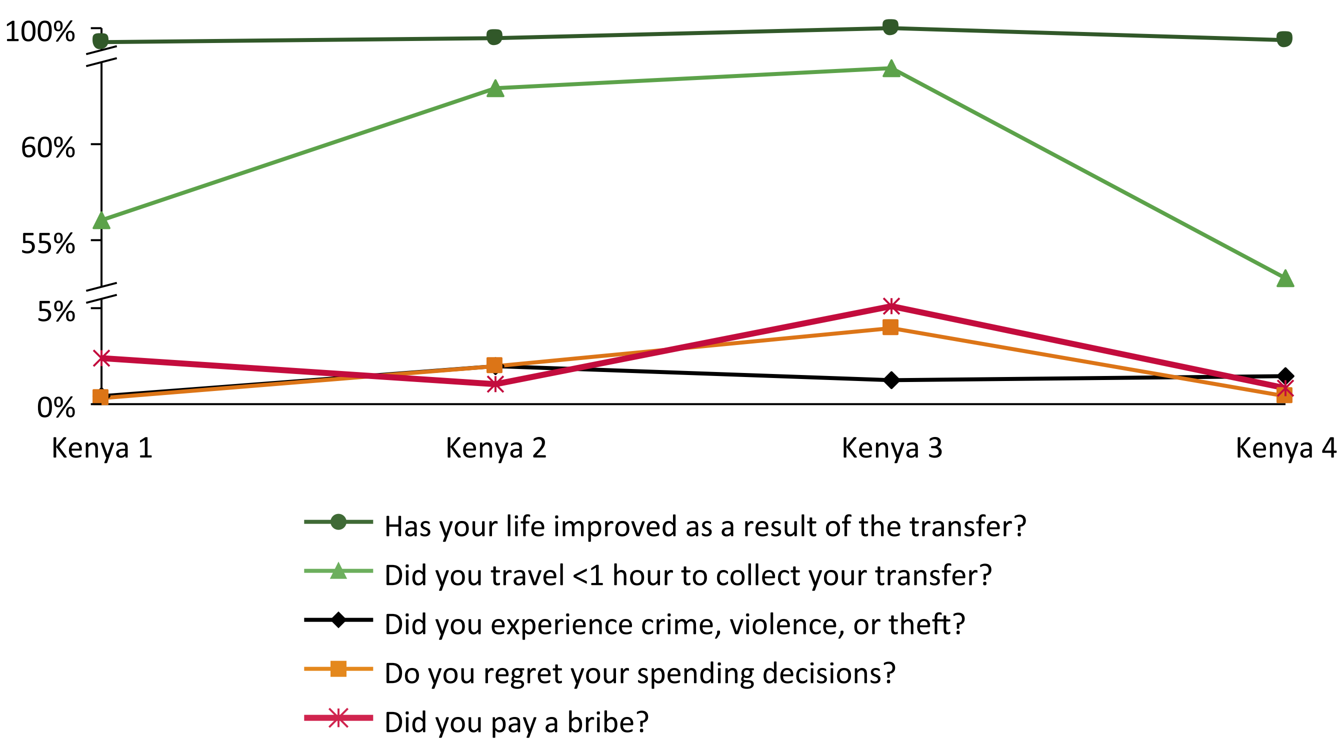
Pursuing constant improvement.
We've made a choice to think of recipients as our customers and prioritize an amazing user experience for them, as any company would. We quantify how well we're doing at that by asking recipients questions about their experience– a selection of the most important questions are shown here.

This year we improved our communication methods and introduced "comprehension checks" to ensure that staff properly explained and recipients fully understood every aspect of our program. We expect better communication of unconditionally to further reduce regret on spending decisions shown below.

These checks also double as a fraud detection mechanism, and help us identify ways to communicate more clearly and efficiently. We doubled-down on communicating PIN safety and basic financial literacy to help recipients protect themselves from crime, theft or violence, as shown below. We also began pilots of giving transfers to (almost) every household in a village, in an experiment to see we could reduce the already small numbers of conflict, tension, and arguments that are reported in relation to transfers (6.6% recipients in the most recent campaign reported conflict in their communities). We expect next year's numbers on recipient experience to be even better.

Reducing bribery.
We are pleased to note that in our latest campaign, reports of bribe requests have decreased from a handful of villages reporting bribes to almost none. We suspect this reflects changes to our process including repeated messaging to recipients at every touch point as well as the addition of a village meeting which helped raise public awareness that government officials are not entitled to money from GD transfers.

Figure 4. Recipient experience metrics at end FY13 (% responding "yes")



Note: Kenya 3 is a custom campaign with specialized targeting of a specific demographic group

Operational efficiency hit targets and illustrated trade-offs

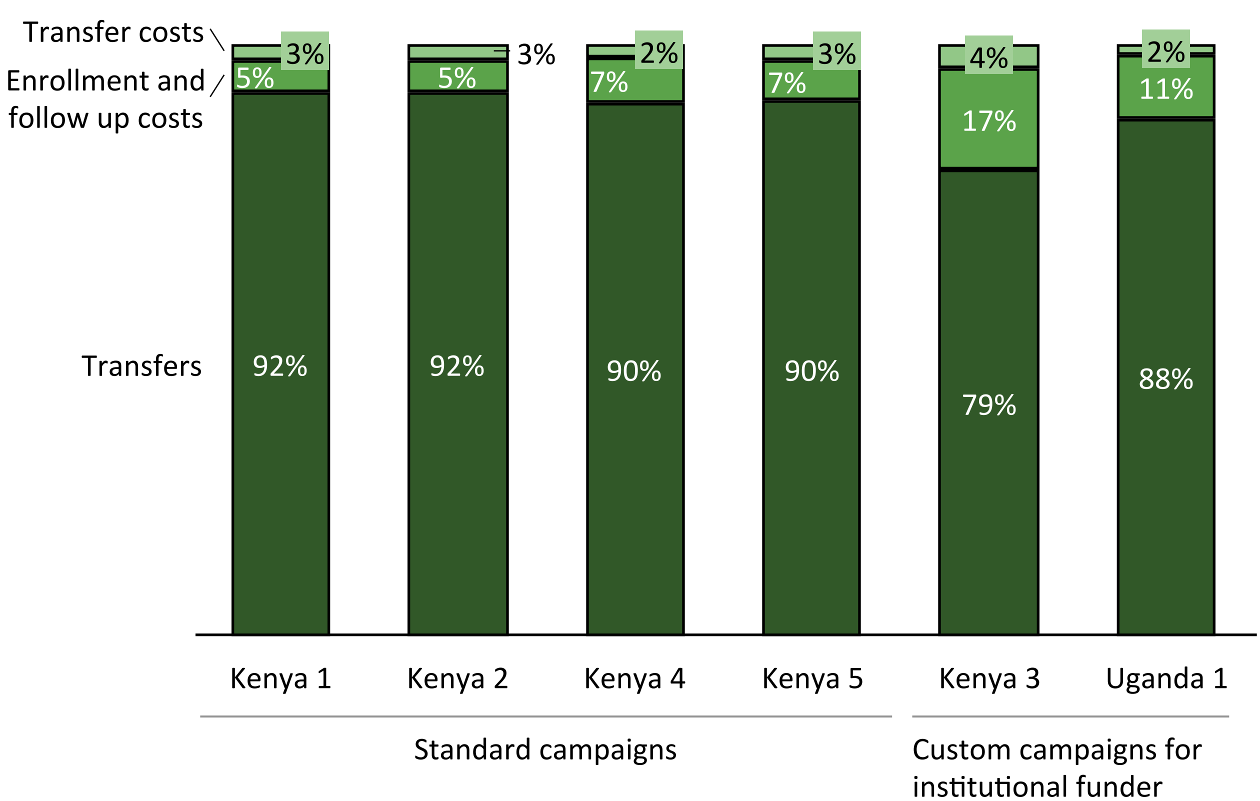
Different products, different prices.
We divide our operations into campaigns, and each campaign has its own recipients, timeline, objectives, and efficiency. We report efficiency by campaign so that donors can compare tradeoffs between options: for example, a given campaign might have more expensive enrollment costs, but is able to reach a more vulnerable group of recipients. With GiveDirectly, donors can make an informed decision about which giving "product" they would like to buy, the price, and the impact.

On our "standard" campaigns in Kenya, using public and website donations, we were within our target efficiency at 90.6% overall. This was despite many new costs to upgrade our operations from a "project" to an established organization.

We completed two campaigns funded by institutional donors that had more complex requirements and were therefore more expensive to implement. In Kenya, we delivered transfers to a very specific demographic– only one or two people per village would qualify. In Uganda, we distributed transfers for the first time using mobile money providers that are less well developed than in Kenya, and require more support from our staff. Going forward, donors will have the option to give directly in Uganda.

90% is not a magic number, and to reach some of the extreme poor it will cost more. We strive to be as efficient as possible, and will be transparent about where differences exist, offering donors the choice of product. In the long term, we expect to be even more efficient due to economies of scale in the model we're building.

Figure 2. Operational spending by campaign – incurred and committed (%, totals in USD)



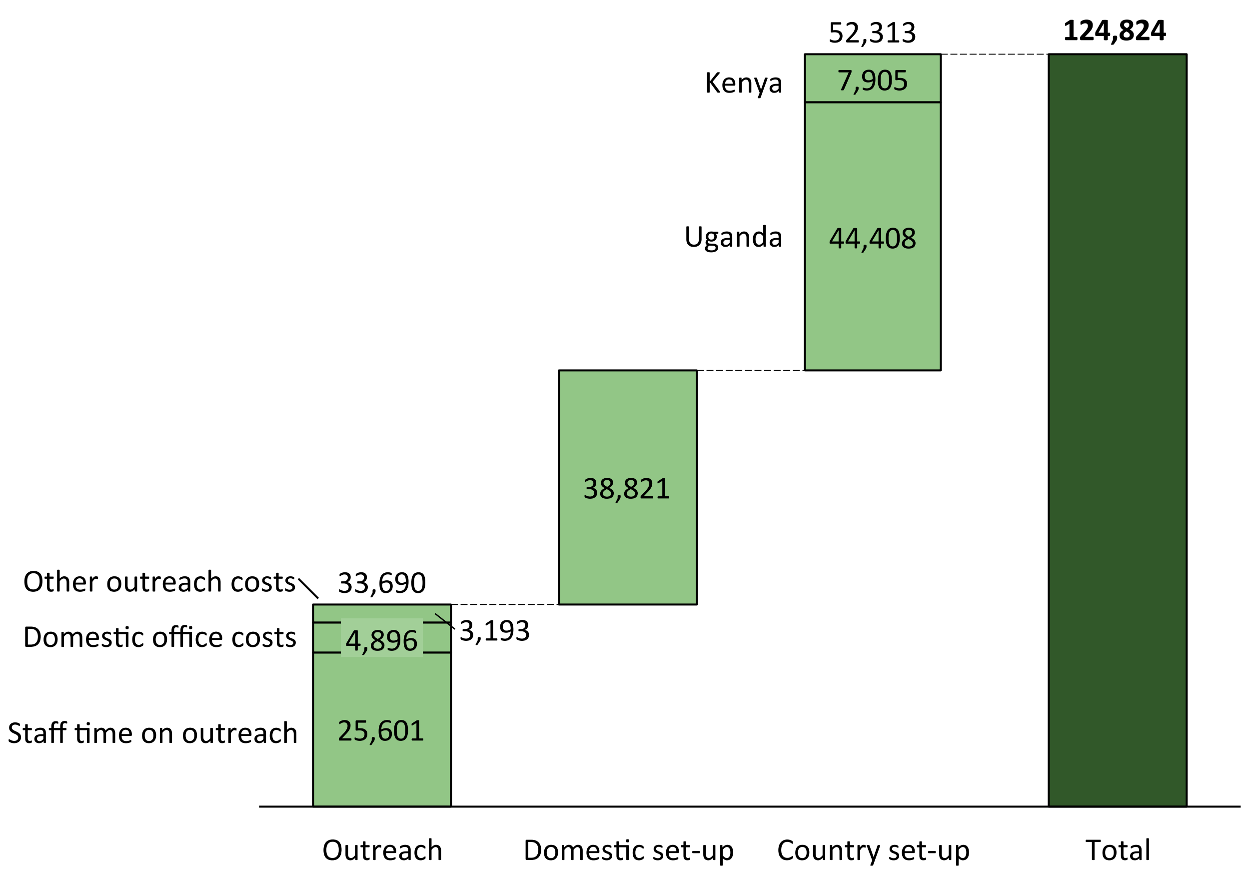
Set-up and outreach spending was driven by expansion in Uganda and New York

Funding non-operational tasks
We do not currently accept donations from the public in support of outreach or occasional set-up activities (e.g., legal registration fees). Our view is that the costs and benefits of cash transfers to the extreme poor are relatively easy to understand and communicate, while the costs and benefits of outreach work and fixed-cost investments are more complex. We therefore accept funding for the latter activities from private donors who have been fully briefed on our strategy and methods.

Outreach
Staff time on outreach included developing funding proposals, providing customer service to public donors who give through our website and other channels, and fulfilling reporting obligations to donors. We also set up an office in New York City to house our domestic team.

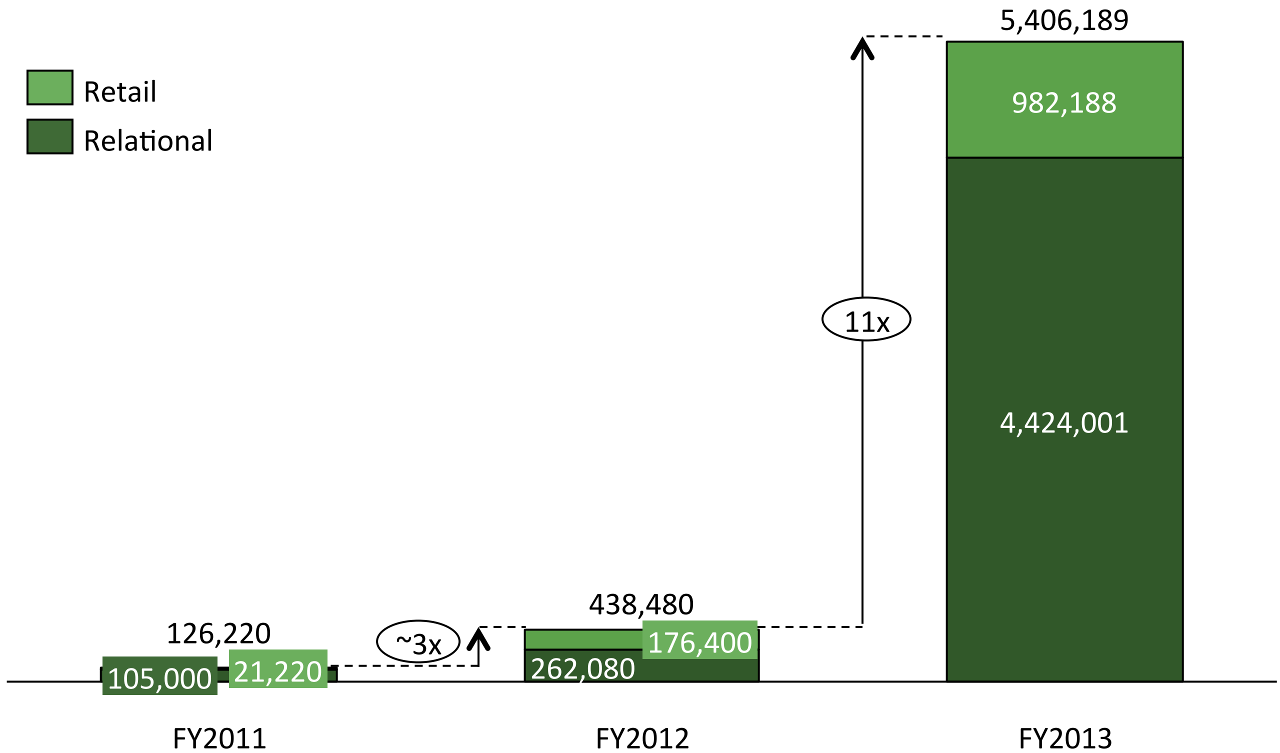
Setting up
This year saw around ~90K in one-time set-up costs both internationally and domestically as we strengthened and invested in the organization for scale. In Uganda, major costs included registration and incorporation in that country for the first time, and the establishment of our first Ugandan office. In Kenya, we acquired IT equipment and furniture for a larger office space. Domestically, we invested in management time to build a robust financial reporting system.

Figure 3. Spending on outreach, domestic set-up and country set-up (USD)



Revenue growth accelerated, with fundraising efficiency far above benchmarks

Figure 5. Revenue by type (USD)



Growth
Demand for direct giving has increased dramatically. The effective altruism movement as a whole has grown, with organizations like GiveWell gaining traction and donors increasingly concerned about evidence. GiveDirectly gained visibility in forums such as *This American Life* and *The Economist*, and in doing so has helped shape the public conversation on giving.

Revenue grew by 11x this year, most of which was from relational giving from institutions or individuals with whom we have a face-to-face relationship. Retail giving through our website also increased by about 6x. We received grants from Google and GoodVentures, organizations that are known for funding innovative uses of technology and strong evidence-based interventions, respectively. These sources are diverse, and provide a signal to other donors and governments about our ability to execute and scale.

Efficiency
While the national average cost per dollar raised by nonprofits is 20 cents, at GiveDirectly it was less than one cent. Our website was a particularly cost-effective channel: we spent only $2,000 to maintain the site and provide support last year, which powered ~2,000 unique, non-recurring donations and over ~$300K in revenue.

Governance and Financial Statements

Board of Directors

Michael Faye, Director and Chairman
Michael completed a Ph.D. in Economics at Harvard University, specializing in Development and Finance. He has worked with one of India's largest banks in designing consumer finance products and has extensive experience conducting field research in India. Prior to returning to school, Michael worked as a Research Analyst for the United Nations Millennium Project (UNMP), a group headed by Jeffrey Sachs, tasked with preparing a plan for low-income countries to meet the Millennium Development Goals (MDGs).

Raphael Gitau, Director
Raphael is an Agricultural Economist. He holds an M.Sc. in International Development from the National Graduate Institute of Policy Studies Tokyo, Japan and is widely experienced in socio-economic surveys and data analysis. He has over eight years experience working in the East Africa Region in agricultural policy research, analysis, and advocacy.

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 and President
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 (BREAD); an Affiliate of the Jameel Poverty Action Lab (J-PAL); and an Affiliate at the Center for Effective Global Action (CEGA). 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 and Treasurer
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 (UNMP), a group headed by Professor Jeffrey Sachs, tasked with preparing a plan for low-income countries to meet the Millennium Development Goals (MDGs). Prior to his work at 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.

Leadership

Joe Huston, Kenya Field Director
Joe holds an A.B. in economics from Dartmouth College with a specialization in economic development and international trade and has experience studying and working in China. He joined GiveDirectly from Bridgewater Associates, where he worked as an Investment Associate in its research and trading departments.

Piali Mukhopadhyay, Chief Operating Officer (international)
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 (J-PAL) managing a large-scale randomized control trial on anti-corruption measures in the state of Andhra Pradesh, India.

Carolina Toth, Manager for People and Partnerships
Carolina holds an A.B. in Social Studies from Harvard University, with a focus on African Development. Her multiple award-winning thesis focused on children's homes in Nairobi and UNICEF's cash transfer program for orphans and vulnerable children. She worked as a Business Analyst for McKinsey & Company prior to joining GiveDirectly as the first Kenya Field Director.

Stuart Skeates, Uganda Field Director
Stuart holds a B.Sc. in economics from the University of Nottingham. Previously, he worked for McKinsey & Company for three years, based in the London office. During this time, Stuart helped establish the firm's Addis Ababa office and worked on topics including global public health and climate change.

Joy Sun, Chief Operating Officer (domestic)
Joy joined GiveDirectly from McKinsey & Company where she was an engagement manager in the Silicon Valley office. She previously served as Director of Operations at the Clinton Health Access Initiative (formerly Clinton Foundation HIV/AIDS Initiative), where she launched several field operations across Africa and helped lead the organization's growth from a start-up into a global institution with 500 staff and volunteers. She holds an MBA from Stanford Graduate School of Business and a B.S. from Georgetown's School of Foreign Service.

GiveDirectly

FINANCIAL STATEMENTS

Year Ended August 31, 2013
(With Summarized Financial Information
For the Year Ended August 31, 2012)
With Report of Independent Auditors

John Vazzana CPA PLLC

Financial Statements
For the Year Ended August 31, 2013

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JV CPA John Vazzana CPA PLLC

New York Office: 155 Bay Ridge Avenue, Brooklyn NY 11220 Phone (718) 491-1241
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Independent Auditor's Report

To the Board of Directors of
Give Direct, Inc.

We have audited the accompanying financial statements of Give Direct, Inc. which comprise the statement of financial position as of August 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's August 31, 2012 financial statements and, in our report dated December 30, 2012; we expressed an unqualified opinion on those 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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.

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, 2013, 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.

John Vazzana

Brooklyn, NY
November 11, 2013

Give Direct, Inc.
Statement of Financial Position
August 31, 2013
(with summarized financial information for August 31, 2012)

ASSETS

	2013	2012
Current Assets:		
Cash and cash equivalents **(Note 3)**	$ 4,389,760	$ 325,205
Accounts receivable	4,327	4,327
Prepaid expenses	3,300	-
Inventory **(Note 4)**	7,573	-
Security deposit **(Note 12)**	1,500	-
Total Current Assets	4,406,460	329,532
Total Assets	$ 4,406,460	$ 329,532

LIABILITIES & NET ASSETS

	2013	2012
Current Liabilities:		
Accrued expenses **(Note 5)**	$ 30,353	$ 16,750
Grants payable **(Note 6)**	1,236,583	130,464
Total Current Liabilities	1,266,936	147,214
Total Liabilties	1,266,936	147,214
Net Assets:		
Unrestricted		
Board designated **(Note 7)**	2,701,922	52,446
Undesignated	46,773	59,024
Total unrestricted net assets	2,748,695	111,470
Temporarily restricted **(Note 8)**	390,829	70,848
Permanently restricted	-	-
Total Net Assets	3,139,524	182,318
Total Liabilities and Net Assets	$ 4,406,460	$ 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, 2013

(With Summarized Financial Information for the year ended August 31, 2012)

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues, gains, and other support					
Foundation contributions	$ 1,014,000	$ 2,400,000	$ -	$ 3,414,000	$ 205,788
Corporate contributions	103,365	-	-	103,365	-
Federated campaigns	20,160	-	-	20,160	11,400
General contributions	1,867,161	-	-	1,867,161	286,874
Foreign exchange gain	17,947	-	-	17,947	-
Interest income	1,000	-	-	1,000	-
Other income	503	-	-	503	-
In-kind support **(Note 9)**	70,201	-	-	70,201	16,500
Total revenues, gains, and other support	3,094,337	2,400,000	-	5,494,337	520,562
Net assets released from restrictions					
Satisfaction of time and purpose restrictions	2,080,019	(2,080,019)	-	-	-
Total revenues, gains, other support and net assets released from restrictions	5,174,356	319,981	-	5,494,337	520,562
Expenses:					
Program services	2,390,411	-	-	2,390,411	505,566
Management and general	116,022	-	-	116,022	34,465
Fundraising	30,698	-	-	30,698	4,198
Total expenses	2,537,131	-	-	2,537,131	544,229
Changes in net assets	2,637,225	319,981	-	2,957,206	(23,667)
Net assets at beginning of year	111,470	70,848	-	182,318	205,985
Net assets at end of year	$ 2,748,695	$ 390,829	$ -	$ 3,139,524	$ 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, 2013

(with summarized financial information for the year ended August 31, 2012)

	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ 2,957,206	$ (23,667)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Decrease/(increase) in:		
Accounts receivable	0	(4,327)
Prepaid expenses	(3,300)	-
Inventory	(7,573)	-
Increase/(decrease) in:		
Accounts payable and accrued expenses	13,603	16,750
Grants payable	1,106,119	130,464
Net cash provided by/(used in) operating activities	4,066,055	119,220
CASH FLOW FROM INVESTING ACTIVITIES:		
Security deposits	(1,500)	0
Net cash provided by/(used in) investing activities	(1,500)	-
CASH FLOW FROM FINANCING ACTIVITIES:		
None	-	-
Net cash provided by/(used in) financing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,064,555**	**119,220**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**325,205**	**205,985**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 4,389,760**	**$ 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, 2013

(with summarized financial information for the year ended August 31, 2012)

	2013				2012
	Program Services	Management and General	Fundraising	Total	Total
Cash Expenses					
Direct grants	$ 2,119,874	$ -	$ -	$ 2,119,874	$ 465,987
Field staff	36,430	-	-	36,430	25,422
Field staff allowances	19,561	-	-	19,561	-
Field staff supplies	7,689	-	-	7,689	3,931
Field staff insurance	1,035	-	-	1,035	-
Transfer fees	31,087	-	-	31,087	10,226
Salaries and fringe	73,235	38,821	26,369	138,425	14,500
Travel expenses	33,980	-	-	33,980	-
Occupancy	2,625	-	1,512	4,137	-
Other administrative expenses	4,521	-	809	5,330	1,083
Other fees	11,449	-	873	12,322	-
Professional fees	30,371	7,000	189	37,560	6,580
Insurance	3,803	-	-	3,803	-
Computer and information technology	14,751	-	946	15,697	-
Total Cash Expenses	**2,390,411**	**45,821**	**30,698**	**2,466,930**	**527,729**
In-Kind expenses **(Note 9)**	-	70,201	-	70,201	16,500
Total Expenses	**$ 2,390,411**	**$ 116,022**	**$ 30,698**	**$ 2,537,131**	**$ 544,229**

Note 1 - Description of Organization

Give Direct, Inc. (“GiveDirectly” or the “Organization”) is a not-for-profit organization incorporated September 01, 2009 in the state of Massachusetts. The Organization’s mission is to reduce poverty by providing financial assistance directly to the extreme poor and allowing them - not the donor - to choose where they invest.

GiveDirectly offers a service allowing others – governments, foundations, individual donors – to provide direct cash transfers to the poor. The Organization’s proprietary model re-engineers fieldwork for the digital era, allowing it to complete these transfers securely, efficiently and transparently. Using the latest technology at every step, GiveDirectly locates recipients, integrates them into electronic payments networks, and monitors transfers end-to-end. The Organization charges donors the full cost of delivering this service and nothing more. Since 2009, GiveDirectly has reached approximately 5,000 recipients or 25,000 extremely poor individuals in Kenya and Uganda.

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. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements. The Organization is funded mainly from foundation grants and contributions from individual donors.

Note 2 - Significant Accounting Policies

The Organization prepares its financial statements on the accrual basis 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, 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 - Cash and Cash Equivalents

Cash and cash equivalents at August 31, 2013 consist of the following:

US bank accounts	$ 3,624,824
Stripe	17,108
Equity Bank Limited	446,368
M-Pesa	91,596
Stanbic Bank	95,031
MTN Mobile	3,760
EZ Money	11,101
On-hand and undeposited	99,972
Total Cash and cash equivalents	$ 4,389,760

US bank accounts: These consist of major financial institutions in the United States (US Banks) that are covered by the FDIC (Federal Deposit Insurance Corporation).

Stripe: Stripe is an online payment processor based in San Francisco, California.

Equity Bank Limited: Equity Bank Limited is a major financial institution registered in Kenya and headquartered in Nairobi, Kenya.

M-Pesa: M-Pesa is a mobile transfer solution. It is part of the mobile network operator Safaricom which is headquartered in Nairobi, Kenya.

Stanbic Bank: Stanbic Bank Uganda Limited is a subsidiary of Stanbic Africa Holdings Limited which is owned by Standard Bank Group Limited. The Standard Bank Group is headquartered in Johannesburg, South Africa.

MTN Mobile: MTN Mobile is part of the MTN Group Limited, a telecommunications provider operating in 21 countries across Africa and the Middle East. MTN Group Limited's head office is in Johannesburg, South Africa.

EZeeMoney: EzeeMoney Limited is a multi-national company offering mobile financial services. They are headquartered in Kampala, Uganda.

On-hand and undeposited: This represents undeposited checks and cash on hand.

Note 4 - Inventory

The Organization provides cell phones to some recipients in order for them to enroll in the household grant program. Inventory on hand at August 31, 2013, in the amount of $7,573, consisted of cell phones that are yet to be distributed to recipients. Inventory is reported at the lower of cost or market on a first-in, first-out ("FIFO") basis.

Note 5 - Accrued Expenses

The details of accrued expenses at August 31, 2013 and 2012 are as follows:

	2013	2012
Accrued salary expense	$ 19,553	$ 15,000
Accrued professional fees	10,800	1,750
Total	$ 30,353	$ 16,750

Note 6 - Grants Payable

Grant expense is recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. All grants payable at August 31, 2013 are expected to be paid within six months; therefore, grants payable were not discounted to present value.

Grants payable, which includes any associated transfer fees, at August 31, 2013 and 2012 consist of the following:

	2013	2012
Kenya Campaign	$ 415,983	$ 130,464
Uganda Campaign	820,600	-
Total	$ 1,236,583	$ 130,464

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Note 7- Board Designated Net Assets

Under a policy established by the Board of Directors, GiveDirectly has set aside certain funds for specific projects and expenditures. Presented below is a summary of all activity in the board designated funds.

Name	Details	Balance beginning of year	Added Designations	Designated funds expended	Balance end of year
Kenya Campaign	Funds designated by the Board to fund future household transfers	52,446	2,701,711	52,234	2,701,923
	Total	52,446	2,701,711	52,234	2,701,923

Note 8 - Restricted Net Assets

The Organization had no permanently restricted net assets at August 31, 2013. The temporarily restricted net assets for the year ending August 31, 2013 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.	70,848	-	60,883	9,965
Google Foundation	Kenya operations	-	1,000,000	943,155	56,845
Google Foundation	Uganda Operations	-	1,370,000	1,075,981	294,019
Google Foundation	Website and Accounting	-	30,000	-	30,000
	Total	70,848	2,400,000	2,080,019	390,829

Note 9 - 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. For the years ending August 31, 2013 and August 31, 2012, donated legal services with an estimated fair value of $70,201 and $16,500, respectively, met those criteria and were included in in-kind contributions in the statement of activities and were offset by like amounts included as in-kind expenses.

Note 10 - Concentrations of Risk

Amounts held in United States financial institutions (US Banks) occasionally are in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Other cash and cash equivalents are held at foreign banks, foreign telecommunications providers and other payment processors [See Note 3]. Management believes the Organization is not exposed to significant credit risk on these amounts or on amounts held in US Banks that are in excess of FDIC insurance limits.

The Organization utilizes electronic payments systems to transfer funds directly to individual recipients. It is dependent on a limited number of providers (currently three across two markets) to execute its transfers in a timely and secure manner.

The Organization's operations are mainly centered in developing world countries on the African continent. 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 11 - Contingencies

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

Note 12 - Operating Lease Commitments

On August 1, 2013, the Organization entered into a short-term operating lease for an office in New York City. Rent expense for this lease, which is included in occupancy costs in the statement of functional expenses, was $1,500 for the year ended August 31, 2013. There is a security deposit in the amount of $1,500 paid in conjunction with this lease.

Note 13 - Subsequent Events

Subsequent events have been evaluated through November 11, 2013, 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.