

NONPROFIT INVESTOR

INDEPENDENT RESEARCH FOR PHILANTHROPY

Room to Read

Nonprofit Investor Rating:

BUY

Mission Statement

Room to Read ("RTR") seeks to transform the lives of millions of children in developing countries by focusing on literacy and gender equality in education. Working in collaboration with local communities, partner organizations and governments, RTR develops literacy skills and a habit of reading among primary school children, and supports girls in completing secondary school with the relevant life skills to succeed in school and beyond.

Financial Overview

\$ in MM, Fiscal Year Ended December 31

	2009	2010	2011
Revenue and Support	\$33.1	\$39.4	\$39.4
Operating Expenses	\$28.4	\$38.5	\$38.5
% of Total:			
Program Expenses	82.9%	82.6%	84.2%
G&A	6.4%	5.8%	5.9%
Fundraising	10.7%	11.6%	9.9%

Year Founded: 2000

Contact Details

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SUMMARY

Room to Read ("RTR") is a global organization working in nine countries across Asia and Africa helping millions of children in the developing world gain access to quality educational opportunities. RTR has built an effective, entrepreneurial and passionate global team, a strong and diverse donor base and a foundation of scalable programming.

STRENGTHS

▲ **Sound fiscal management.** RTR is highly transparent with its financials and is often recognized for exceptional fiscal responsibility and financial health. By keeping administrative expenses low, RTR has achieved optimal operating efficiency.

▲ **Diversified and Engaged Funding Base.** RTR's donor base is highly diverse in type and geographic location. The organization has raised nearly 30% of its funding through the global chapter network. RTR conducted fundraising operations in 6 locations outside of the US (Hong Kong, United Kingdom, Australia, Singapore, Canada and India).

▲ **Impactful Results and Goals.** Over 6 million children have benefited from RTR's programs over the past 10 years. RTR makes substantial investments in Research, Monitoring and Evaluation to track its progress toward its goal of enabling more than 10 million children in over a dozen developing world countries to maximize their educational experiences by 2015.

CAUTIONS

● **Upward Trending Fundraising Expenses.** From 2008 to 2010, fundraising expenses as a % of total expenses increased from 9.4% (\$2.3MM) to 11.6% (\$4.5MM). This is an indication that more investor funding is going to Support purposes rather than Program Services and is due to the organization expanding fundraising operations to 6 areas outside of the US. However, RTR was able to control the temporary increase, which dialed back to 9.9% in 2011.

RECOMMENDATION: BUY

RTR is a results-oriented organization and has affected lives of 6MM+ children worldwide. The organization works in collaboration with local communities, partner organization and governments to build a skilled workforce sustainable for the long-run. Using Salesforce.com Foundation, it constantly monitors and evaluates projects, identifies strengths and weaknesses and facilitates dialogue with stakeholders. Its push to carry scale and efficient operating models internationally has proven to be successful over time.

OVERVIEW OF ROOM TO READ'S ACTIVITIES

Since 2000, Room to Read has formed local partnerships with communities throughout the developing world to provide educational resources to underserved children. RTR believes that all children, regardless of the circumstances of their birth, deserve access to a quality education because today's educated children are tomorrow's empowered, active and responsible citizens.

John Wood is the founder and board co-chair of RTR. He is a member of the Clinton Global Initiative's Advisory Board and is a frequent lecturer at Harvard's Graduate School of Education and NYU's Stern School of Business. The idea for RTR began in 1998 with a visit by John to a Nepali school where the library shelves held no children's books. The organization started in Nepal in 2000 where it initially donated books to rural communities. The organization gradually expanded, first to Vietnam, then Cambodia, India, Sri Lanka and Laos. Then, a new continent followed with launches in South Africa and Zambia. Today, it is a global organization that helps children in 9 countries - Bangladesh, Cambodia, India, Laos, Nepal, South Africa, Sri Lanka, Vietnam and Zambia – gain access to education.

Over the past ten years, it has developed an integrated, long-term approach to address a range of educational needs that create lasting change for children in the developing world. First, RTR ensures that each library it establishes is a learning environment filled with colorful, culturally- and age-appropriate local language books. Next, it trains librarians and works with schools to become more child-friendly and provide materials to help local educators teach reading. Last but not least, it engages with parents, extended families and the surrounding community to encourage a supportive learning environment so that each child can thrive. In order to achieve the organization's goals, RTR's current programs focus on 2 main areas – **Literacy** and **Gender Equality in Education**.

Global Footprints through Growing Chapters and Offices

RTR's volunteer chapter network continued to expand in 2010 by adding 7 new chapters to its global network. These new chapters emerged in Charlotte, NC; Columbus, OH, Fort Lauderdale, FL; Houston, TX; Paris, France; Perth, Australia and Seoul, South Korean. Worldwide chapter network continued to grow in 2011, providing critical support and sustainability to the organization. It now has 52 worldwide chapters and 10,000+ volunteers planning events and raising brand awareness. Chapter member efforts alone raised US\$12.2MM for Room to Read—almost 30% of its annual fundraising efforts in 2011. RTR's chapter presence now includes more than 50 chapters across 16 countries. To complement chapter growth and maximize potential, RTR also expanded fundraising operations beyond London and Hong Kong by opening posts in Australia, Japan and New York.

Program overview

Room to Read has identified and committed itself to two critical areas of educational development with the greatest impact: 1) [Literacy Program](#) and 2) [Gender Equality in Education](#)

Literacy Program

In the countries where RTR operates, few primary school children develop the skills to become independent readers. The goal of the Literacy Program is to change this trend through building and sustaining the habit of reading and creating a child-friendly, literate school environment through the providing books, building schools and libraries, and fostering the children's reading skills.

The Literacy Program enables primary school children to become independent readers through:

- [Reading Room Program](#) – Establishes multi-lingual libraries and fills them with local language children's books published by the organization or purchased in-country as well as donated English books, creating a child-friendly colorful space with posters, games, furniture and flooring;
- [Local Language Publishing Program](#) – Sources new content from local writers and illustrators and publishes high-quality local language children's books for distribution throughout network of schools and libraries;
- [School Room Program](#) – Partners with communities to build schools or add classrooms to replace unsafe, dilapidated structures, alleviate overcrowding for a community in need;
- [Literacy Pilot Program](#) – Began to implement reading instruction pilots to complement and build upon existing work of establishing libraries and publishing local language children's materials in order to achieve primary school children becoming independent readers.

The program includes the following specific activities:

- Establish multi-lingual libraries for children
- Develop and source enjoyable, quality books of different genres for all grade levels, with an emphasis on beginning readers
- Provide teachers with professional development to encourage reading and language activities inside and outside the school environment for all primary grades
- Provide supplementary teaching and learning materials such as flashcards, story cards and posters that support teaching literacy
- Construct and refurbish primary schools and classrooms as needed
- Encourage events at school and in the community and other activities to increase awareness about the importance of reading
- Enhance partnerships with governments and other NGOs to support program implementation and expansion
- Continue investing in research, assessment, and monitoring and evaluation to improve the design of effective programs and demonstrate results

Evolution of Literacy Program:

- 1998: English-language books donations
- 2000: Libraries established
- 2001: Schools constructed
- 2003: Local language publishing

- 2004: Librarian and teacher professional development
- 2008: Expansion into establishing classroom libraries
- 2010 and beyond: Reading instruction

Gender Equality in Education - Girls' Education Program

The Girls' Education Program developed from a girls-only scholarship program to a holistic platform that recognizes that many barriers to girls' education cannot be overcome simply through financial support. The program today teaches life skills, promotes girls' self-esteem, and broadens their horizons through field trips and exposure to new ideas.

The Girls' Education Program supports girls to complete secondary school with the skills necessary to negotiate key life decisions:

- *Girls' Education Program* – Provides long-term holistic support through secondary school, including material support and tutoring based on need, and life-skills workshops that enable girls to pursue and complete their secondary schooling.

The program includes the following specific activities:

- Provide financial assistance as needed, (such as school fees, uniforms, books, stationery, or medical insurance) to ensure girls stay in secondary school longer
- Offer girls tutoring and remedial academic support,
- Provide life skills activities and workshops to ensure girls have the necessary support to remain in school (e.g., problem-solving skills, awareness of choices, confidence building, etc.)
- Identify female mentors who will act as positive role models for girls, support them through the challenges of adolescence, and introduce them to post-schooling opportunities
- Offer professional development to teachers that promotes gender-sensitive teaching methods and practices, and fosters a girl-friendly school environment
- Deliver infrastructure support as needed, such as additional classrooms
- Foster parent, community and government engagement, awareness and involvement
- Enhance partnership with governments and other NGOs to support program implementation and expansion
- Continue investing in research, assessment, monitoring and evaluation to improve the design of effective programs and demonstrate results

Evolution of Girls' Education Program:

- 2000: Focus on material support
- 2002: Tutoring and academic support
- 2004: Girls' activities (camps, field trips, etc.)
- 2007: Life skills (workshops and activities)
- 2008: Mentoring (through social mobilizers)
- 2010 and beyond: Broader school activities

PROGRAM RESULTS AND EFFECTIVENESS

RTR is a results-driven organization. Since its inception in 2000, RTR has impacted the lives of millions of children by:

- Establishing 1,556 schools and 13,599 libraries
- Publishing 707 original local language children's titles in different languages, representing the distribution of more than 11.5 million books
- Supporting holistic, long-term educational opportunities to 17,810 girls for a total of more than 26,000 years of girls' education
- 52 worldwide chapters and 10,000+ volunteers for event planning and brand awareness building
- In 2011, chapter member efforts alone raised US\$12.2MM—almost 30% of annual fundraising efforts in 2011
- In 2010, 97% of scholars advanced to the next grade and 149 girls graduated from the program
- 6.7MM total children have benefitted from the program

RTR is committed to the highest quality programs that provide the greatest benefits to children in the developing world. The organization makes substantial investments in Research, Monitoring and Evaluation (RM&E) – investments in people, in systems, and in doing the actual work of research, monitoring and evaluating that ensures program quality. RTR conducts research, monitoring and evaluation of programs on an ongoing basis to track project information, identify strengths and weaknesses to inform program decisions and make timely improvements, provide accurate and timely information about progress toward desired objectives to stakeholders, and investigate opportunities to understand program environment and improve ongoing program implementation and future program planning.

In 2011, the Research, Monitoring & Evaluation team documented more than 17,000 unique 2010 projects. Through these efforts, it was found that:

- 96% of 2010 libraries had book check-out and classification systems
- 98% of librarians in our programs had received library management trainings
- 100 percent of 2010 completed construction projects had community co-investment
- 133,000 new books were added into library network

RTR also continued a three-year evaluation (data yet to be released) of School Libraries program with data collection in Zambia, Nepal and Laos. This study began in 2009 and will help RTR understand how School Libraries program creates literate environments for students and what impact our libraries have on students' habits and attitudes toward reading.

TRANSPARENCY

RTR files its Form 990 with the IRS each year and its financial statements are audited regularly by the accounting firm PMB Helin Donovan. Historically, RTR has filed its Form 990 with the IRS approximately 3-4 months after the close of each fiscal year.

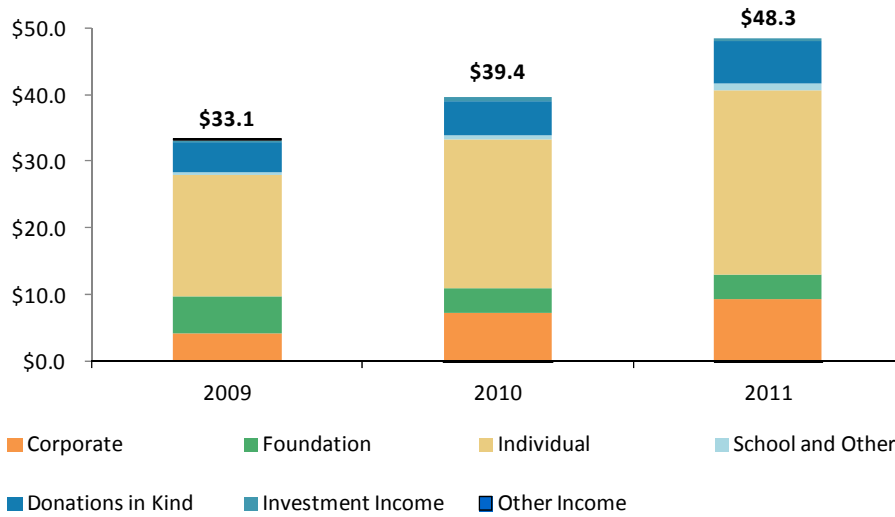
RTR is highly transparent to the public regarding accessibility of information and related performance metrics. Donor privacy policy, audited financials and Form 990 are directly accessible on the organization's website. For five consecutive years, RTR has been awarded Charity Navigator's highest 4star rating for sound fiscal management and transparency.

RTR publishes financial and monitoring reports annually and these are easily accessible via its website at www.roomtoread.org.

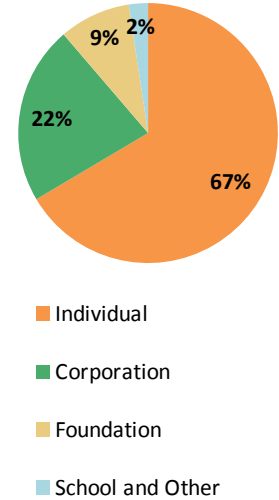
FINANCIAL OVERVIEW

Revenue Mix Over Time

\$ in MM



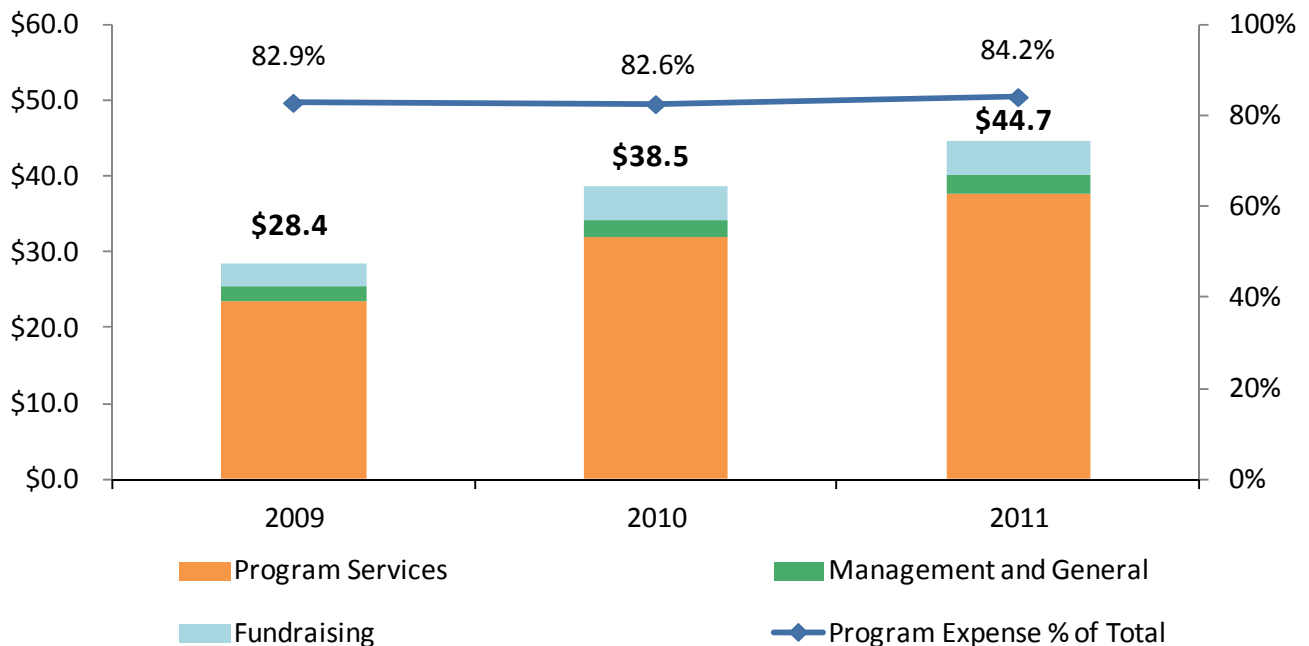
2011 Donations by Type



In less than 10 years, RTR has grown from a small operation in Nepal into a nearly \$50MM global organization. In 2011, revenue experienced robust growth consistent with prior years. Cash donations were \$41.6MM, a 22.9% increase compared to prior year's \$33.8MM. In the same year, \$37.6MM was invested in program services, a 19% increase over prior year's \$31.8MM. Expenses related to programs constituted ~83% of total expense, indicating that only 17 cents out of every dollar invested was spent as overhead.

Expense Breakout Over Time

\$ in MM



Detailed Financial Information

Fiscal Year Ended December 31 (in USD)

	2009	2010	2011
Revenue and Expenses (GAAP Accounting Basis)			
Support and Revenue:			
Corporate	\$4,192,452	\$7,220,068	\$9,238,776
Foundation	5,409,025	3,732,244	3,704,282
Individual	18,302,598	22,353,935	27,647,244
School and Other	351,508	519,871	988,193
Donations in Kind	4,557,956	5,123,969	6,387,965
Investment Income	239,651	589,031	399,994
Other Income	59,374	(115,669)	(16,817)
Total Support and Revenues	\$33,112,564	\$39,423,449	\$48,349,637
% Growth	25.7%	19.1%	22.6%
Expenses:			
Program Services:			
Library and Establishment	\$5,612,707	\$8,076,865	\$8,506,055
Donated Books and Supplies	4,347,079	4,736,251	2,631,625
School Construction	3,460,638	3,812,170	5,111,854
Girls' Education	1,278,447	1,830,725	2,544,196
Local Language Publishing	679,326	1,115,184	691,103
Literacy Pilots	0	858,456	1,305,372
Conference, Travel and Meeting Costs	1,083,025	1,590,428	2,322,244
Information Technology	526,810	812,099	901,840
Monitoring and Evaluation	145,214	451,607	745,096
Professional Fees	395,536	665,779	864,313
Program Operating Expenses	987,215	1,241,148	2,060,738
Program Personnel ⁽¹⁾	5,022,968	6,610,663	9,895,582
Supporting Services:			
Management and General	1,824,427	2,243,153	2,646,068
Fundraising	3,038,851	4,456,540	4,425,170
Total Expenses:	\$28,402,243	\$38,501,068	\$44,651,256
% of Revenue	85.8%	97.7%	92.4%
Change in Unrestricted Net Assets	1,326,707	(2,980,776)	(2,016,298)
Change in Temporarily Restricted Net Assets	3,711,037	4,229,594	5,355,811
Unrestricted Net Assets at Beginning of the Year	6,974,057	8,300,764	5,319,988
Temporarily Restricted Net Assets at Beginning of the Year	7,761,772	11,472,809	15,702,403
Net Assets at End of the Year	\$19,773,573	\$21,022,391	\$24,361,904
KEY BALANCE SHEET INFORMATION			
Cash and Cash Equivalents	\$7,058,725	\$8,477,638	\$10,241,475
Investments	\$10,831,410	\$12,272,065	\$9,299,908
Total Assets	\$20,857,035	\$23,027,151	\$26,305,524
Program Costs as a % of Total Expenses	82.9%	82.6%	84.2%
G&A as a % of Total Expenses	6.4%	5.8%	5.9%
Fundraising as a % of Total Expenses	10.7%	11.6%	9.9%

Source: Audited Financial Statements as published on website.

OTHER THIRD PARTY RATINGS

- Charity Navigator rates Room to Read 4 out of 4 stars.
<http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=10217>
- GreatNonprofits rates Room to Read 5 out of 5 stars based on 10 user reviews.
<http://www.greatnonprofits.org/organizations/view/room-to-read>
- Room to Read did not pass GiveWell’s heuristics for further evaluation.
<http://www.givewell.org/international/charities/Room-to-Read>

GET INVOLVED

- **Donate:** <https://www.roomtoread.org/sslpage.aspx?pid=184>
- **Start your own fundraising campaign:** <http://www.roomtoread.org/page.aspx?pid=472>
- **Sponsor a project:** <http://www.roomtoread.org/page.aspx?pid=334>
- **Students helping students:** <http://www.roomtoread.org/page.aspx?pid=328>
- **Be a partner:** <http://www.roomtoread.org/page.aspx?pid=228>

DISCLOSURES

Linda Yu certifies that she does not have any affiliation with Room to Read and has never made a donation to the organization. Additionally, Linda Yu has not supported directly competing organizations in a greater capacity than a nominal donation. NPI analysts and NPI as an organization do not receive any form of compensation from reviewed charities.

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