

NONPROFIT INVESTOR

INDEPENDENT RESEARCH FOR PHILANTHROPY

Vital Voices Global Partnership

Nonprofit Investor Rating:

BUY

Mission Statement

Identify, invest in and bring visibility to extraordinary women around the world by unleashing their leadership potential to transform lives and accelerate peace and prosperity in their communities

Financial Overview

\$ in MM, Fiscal Year Ended December 31

	2008	2009	2010
Revenue and Support	\$5.7	\$12.1	\$9.7
Operating Expenses	\$6.9	\$7.8	\$9.2
% of Total:			
Program Expenses	93.2%	92.9%	80.8%
G&A	3.1%	5.1%	13.2%
Fundraising	3.7%	2.0%	6.0%

Source: IRS Form 990 (Tax Accounting Basis)

Year Founded: 2000

Contact Details

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SUMMARY

Vital Voices Global Partnership (“VVGP”) was bred from Vital Voices Democracy Initiative, a U.S. government program led by then-First Lady Hillary Rodham Clinton and former Secretary of State Madeleine Albright. VVGP was created in 2000 to focus on human rights, economic empowerment and political participation by creating a platform to provide valuable skills and connections for women globally to make a transformative impact in their communities.

STRENGTHS

▲ **High success rate in empowering leaders through an experienced staff.** VVGP reports that it has +1,000 partners and experts who have empowered +12,000 women leaders who in turn have mentored +500,000 women in their communities.

▲ **Extensive global reach.** VVGP empowers women from Africa, Asia, Eurasia, Europe, Latin America and the Caribbean, and the Middle East and North Africa.

▲ **Strong partnerships.** Many of VVGP’s key initiatives are through collaborations with the U.S. Department of State, Avon Foundation, Goldman Sachs, and other well-established organizations.

CAUTIONS

▼ **High travel and other fee for services expenses.** Over the last three years, travel and other expenses are about 45% of both total revenue and expenses. This seems likely given the mission of the non-profit but more clarity around the line items would be helpful.

● **Majority of the revenue is generated through donations.** VVGP is extremely reliant upon 3rd-party contributors as its programs do not generate revenue. This poses a self-sustainability risk as revenue has been eroding.

● **Revenue highly concentrated in top 5 donors.** 71% of VVGP’s revenue comes from five donors. If one of these top contributors decides to stop donating, VVGP will need to implement an aggressive cost saving strategy.

RECOMMENDATION: BUY

VVGP has been able to successfully identify, train and empower women leaders and social entrepreneurs globally. Yet, securing a diversified donor base and stable/growing revenue stream along with allocating expenses for efficiency is an opportunity for improvement.

OVERVIEW OF VITAL VOICES' ACTIVITIES

In 1997, then-First Lady Hillary Rodham Clinton and former Secretary of State Madeleine Albright started the Vital Voices Democracy Initiative, which partnered with government organizations to unite and hold summits for emerging women leaders from around the world. Due to the success of the initiative, many countries began to hold regional conferences. In 2000, VVGP was established to continue identifying and empowering emerging political and entrepreneurial leaders.

Today, VVGP's mission is to identify, invest in and bring visibility to extraordinary women around the world by unleashing their leadership potential to transform lives and accelerate peace and prosperity in their communities. It focuses on human rights, economics empowerment and political and public leadership. VVGP prepares women with the appropriate training, skills and network to advance their participation in political discussions and entrepreneurial efforts.

VVGP has a very extensive and strong network whether through partners, Board of Directors, Global Advisory Council or staff. Its partners include Avon, Nike, Abbott, Exxon Mobil, Walmart, Goldman Sachs, Bank of America, and U.S. Department of State. The non-profit's Global Advisory Council comprises of leaders from over 30 countries. Lastly, its staff includes senior executives from government organizations and corporations who have exception experience in training and mentoring women. VVGP states on its website that its team of +1,000 partners and experts have trained and mentored +12,000 leaders who have in turn trained and mentored +500,000 other women in their respective communities.

As of September 2010, VVGP launched a Global Leadership Network, which is a directory of Global Advisory Council members, Global Leadership Awards honorees and program alumnae. This is a great resource to further allow emerging women leaders to connect with others and to provide a platform for women around the world to share ideas and potential solutions to issues in their countries.

PROGRAM OVERVIEW

Human Rights

- **Initiative to Combat Human Trafficking:** led by nine organizations in the Alliance to End Slavery and Trafficking to alleviate trafficking in the United States
- **Cameroon Initiative to Combat Human Trafficking:** aid collaboration between the U.S. Department of State, AEquitas, VVGP Cameroon participants and Cameroon criminal justice officials
- **Global Partnership to End Violence Against Women:** partnership with U.S. Department of State and Avon Foundation to join leaders in fifteen countries that face violence against women to devise a plan of action

Economic Empowerment

- **Business women's networks:** connects local business associations and women in VVGP's local chapters to foster leadership for economic and social change
- **Entrepreneurs in handcrafts:** program used as a tool for women business leaders who own/manage small-to-medium size enterprises to make a positive impact in their community
- **Mentoring:** leverage successful leaders in the U.S. in various industries to provide mentorship to aspiring women leaders worldwide. Year-long program is in partnership with FORTUNE/U.S. State Department

Political Participation

- **Emerging Pacific Women's Leadership Program:** partnership with New Zealand Ministry of Foreign Affairs and trade, AusAID, and the Asian Development Bank to institute initiatives in eleven Pacific Island countries in the areas of labor, entrepreneurship and mentorship

2010 PROGRAM ACCOMPLISHMENTS

VVGP provides a considerable amount of details on its initiatives and annual achievements in its public disclosures including its website and financial statements. The organization does not provide specific metrics that quantify the effectiveness and impact of its programs. Yet, based on the qualitative descriptions of the initiatives and the annual achievements, VVGP has exhibited strength in continuing to align its programs and conferences with its three main areas of focus. Below are the key 2010 achievements as mentioned in Form 990.

Human Rights - 13%, or \$1.0 million, of program services expenses

- Launched first program for ten outstanding international leaders in the Global Partnership to End Violence Against Women (GPEVAW)
- Partnered with Arizona State University and the Sandra Day Foundation, O'Connor College of Law
- Awarded eleven additional grants to initiate projects in different GPEVAW country delegations
- Geographic reach:
 - Working sessions in Argentina and South Africa
 - Piloted program in Cambodia
 - Content expansion for Latin America and Caribbean Businesswomen's Network
 - Launch Cameroon project

Economic Empowerment - 40%, or \$3.0 million, of program services expenses

Women's Global Leadership Network

Businesswomen's Network (BWN):

- Deliver programs and offer partnering opportunities for businesswomen to be more active in promoting entrepreneurship in their countries
- Geographic regions:
 - Success stories: Africa, Middle East and North Africa (MENA)
 - In progress: Latin America and the Caribbean
 - Next expansion: Asia
- Reach: 4,500 members in 16 countries in Africa and MENA since 2007
- Provided programs to +26,500 women

Political Participation - 32%, or \$2.4 million, of program services expenses

Leadership Training

Peace and prosperity initiative:

- Empower and encourage dialogue and social cohesion between Israeli Arab and Jewish participants
- Week-long seminar in Haifa, Israel and year-long monthly meetings led by international conflict experts

Fortune/State Mentoring Program:

- Month-long mentorship in the US for thirty three emerging global leaders
- Partner with the Fortune Most Powerful Women's Summit

TRANSPARENCY

VVGP posts 2010 Form 990 and audited financials on its website. It also discloses comprehensive information about its initiatives and accomplishments on its website, and in its Form 990 and audited financials. However, there are a couple of line items in Form 990 that VVGP could provide more details around including travel and other fee for services expenses which account for a meaningful percent of total expenses. Also, there are additional questions that I had asked the Communications and Media Relations department in which they responded that they were not able to address them at this time given their schedule. The inquiries included both general strategy and financial questions.

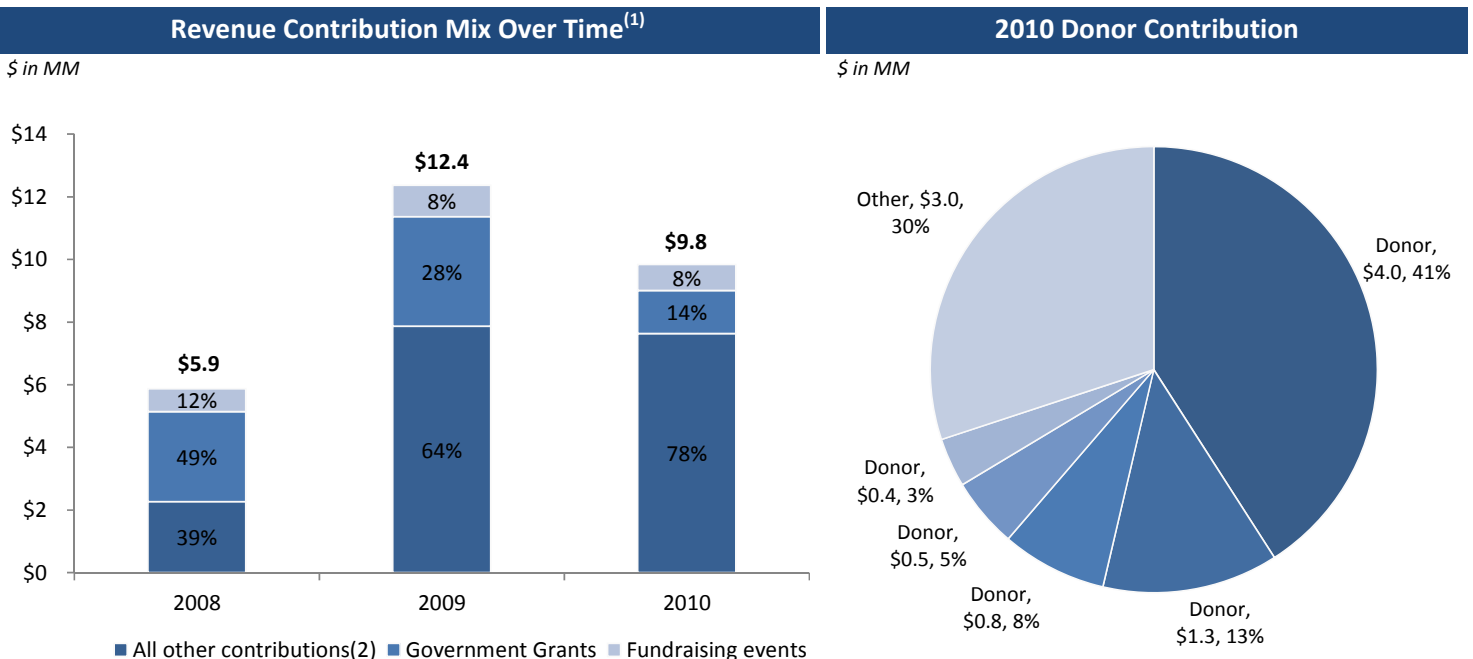
FINANCIAL OVERVIEW

Revenue

VVGP's revenues grew by 112% from 2008 to 2009 but decreased by 20% to \$9.6MM in 2010. Contribution, gifts and grants, which accounted for 65% of the revenue in 2009, remained relatively stable in 2010 and accounted for 80% of the revenue in 2010. Government grants, which represented 29% of 2009 revenue, decreased by 61% in 2010 to \$1.4MM from \$3.5MM and there is no mention of the reason. This is a key risk factor for VVGP if what was a third of its revenue continues to erode. Fundraising revenue remains to be a small portion of total revenue: ranging from 13% in 2009 to 9% in 2010.

In terms of revenue mix, approximately 80% of VVGP's revenue comes from contributions, gifts and grants. Of that 80%, 90% comes from its top 5 donors. In other words, 72% of its revenue comes from VVGP's top 5 donors. If the top two contributors of \$4.0MM and \$1.3MM halt donations in the following years, VVGP will lose 54% of its revenue which funds 57% of its total expenses.

While noting two main areas of concerns, NPI puts a buy rating for VVGP not only because of its success in accomplishing its objectives but also because the allocation of expenses seems to imply VVGP may be actively addressing its revenue issues. A large investment in human capital was made due to the dramatic increase in 2010 compensation, other wages and salaries, employee benefits and payroll taxes line items in management and general expenses. NPI is assuming that the increased investment in human capital is allocated towards funding efforts and increasing brand awareness that hopefully drives growth in all revenue streams and diversifies the donor mix.



(1) Revenue does not include net income from fundraising events, investment income and other revenue.

(2) Includes gifts, grants, and similar amounts

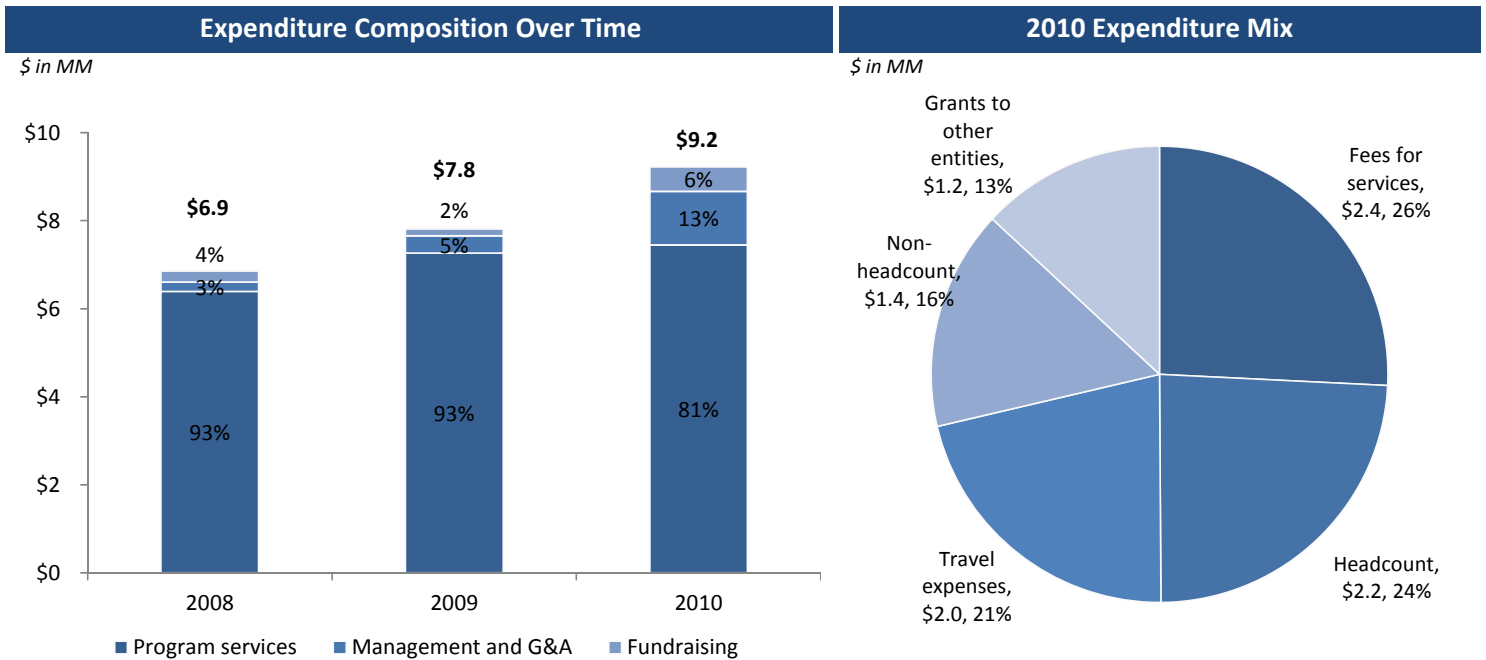
Source: IRS Form 990 (Tax Accounting Basis)

Expenses

Operating expenses grew by 14% from 2008 to 2009 and 18% from 2009 to 2010. Expenses as a percent of revenue were 121% in 2008, 65% in 2009 and 95% in 2010. Cash balance at year end 2010 was \$2.0MM. In order to continue supporting the growing costs, VVGP will need to put additional efforts into driving revenue growth from all channels: fundraising, government grants and all other contributions.

A majority of VVGP's expenses went towards program services but it is down from the proportions during previous years. Approximately 93% of 2008 and 2009 expenses were for program services as opposed to 81% in 2010. G&A as a percent of total expenses were 3% and 5% in 2008 and 2009, respectively and rose to 13% in 2010. Based on Form 990, the additional costs are attributed to human capital (compensation, employee benefits, payroll taxes, etc). Fundraising expenses also more than doubled from 2008 to 2010 from \$250K to \$550K. Yet, the additional dollars barely made an impact in fundraising revenue which only grew by 14% or \$100K. The increase in incurred costs for fundraising further drives home the point that VVGP is reallocating expenses to potentially boost revenue. Although the investment did not bear fruit in 2010, hopefully a revenue jump will come in 2011.

There are a couple items to note in VVGP's cost structure. Travel expenses and other fees for services seem exceptionally high; they represent about 46% of total 2010 expenses. High travel expenditures seem possible since most of the conferences require members to travel from around the world; however, there are no clear explanations in the public disclosures. Secondly, Form 990 does not mention what items are included in other fees for services which accounts for 24% of total 2010 expenses. Lastly, Form 990 lists grants made to entities outside the U.S. by region and dollars. VVGP also provides sufficient details around the QA process for reliability of those entities and also the objectives of the grants. The purposes of the grants are in-line with the key focus areas of the organization. On the other hand, it is unclear as to where those expenses roll into in the income statement given that grants to entities outside the U.S. total to \$2.9m and the income statement shows \$1.2m.



Source: IRS Form 990 (Tax Accounting Basis)

Detailed Financial Information

Fiscal Year Ended December 31

	2008	2009	2010
Revenue and Expenses (Tax Accounting Basis)			
Contributions, Gifts, Grants and Other Similar Amounts:			
Fundraising events	\$729,010	\$1,003,612	\$830,131
Government Grants	2,874,007	3,496,778	1,367,971
All other contributions, gifts, grants, and similar amounts	2,266,132	7,863,699	7,635,135
Other Revenue:			
Net income from fundraising events	(212,751)	(300,491)	(172,867)
Investment income	21,559	3,281	1,409
Other revenue	243	9,173	3,575
Total Support and Revenues	\$5,678,200	\$12,076,052	\$9,665,354
<i>% Growth</i>		112.7%	(20.0%)
Expenses			
Grants and other assistance to governments and organizations (US)	\$84,728	\$122,488	\$7,028
Grants and other assistance to governments and organizations (outside US)	734,871	785,156	1,199,104
Supporting Services:			
Compensation of current officers, directors, trustees, and key employees	228,983	244,000	283,081
Other salaries and wages	557,771	975,469	1,669,175
Pension plan contributions	-	2,715	8,302
Other employee benefits	122,410	175,155	128,097
Payroll taxes	61,545	97,936	136,680
Fees for Services:			
Legal	48,207	33,299	8,536
Accounting	96,509	100,613	111,810
Other	1,594,137	2,490,909	2,258,341
Office expenses	300,161	234,073	243,445
Information technology	183,321	19,608	17,286
Occupancy	243,799	263,418	310,668
Travel	1,034,250	1,752,449	1,975,743
Conferences, conventions, and meetings	1,410,035	431,291	713,411
Depreciation, depletion and amortization	11,279	11,508	19,030
Insurance	12,670	8,340	20,227
Other Expenses:			
Miscellaneous	58,763	53,779	92,806
Receptions and events	74,286	14,237	22,531
Total Expenses:	\$6,857,725	\$7,816,443	\$9,225,301
<i>% of Revenue</i>	120.8%	64.7%	95.4%
Increase in Net Assets from Operations	(\$1,179,525)	\$4,259,609	\$440,053
Net assets or fund balances at beginning of the year	4,216,300	3,036,775	7,296,384
Net assets or fund balances at end of the year	\$3,036,775	\$7,296,384	\$7,736,437
Expenses by Function (Tax Accounting Basis)			
Program services expenses	\$6,394,001	\$7,263,804	\$7,452,576
Management, G&A	212,280	394,753	1,219,885
Fundraising expenses	251,444	157,886	552,840
Total Expenses	\$6,857,725	\$7,816,443	\$9,225,301
Program Costs as a % of Total Expenses	93.2%	92.9%	80.8%
G&A as a % of Total Expenses	3.1%	5.1%	13.2%
Fundraising as a % of Total Expenses	3.7%	2.0%	6.0%

Source: IRS Form 990 (Tax Accounting Basis)

Balance Sheet**Assets**

	2008	2009	2010
Cash and cash equivalents	\$1,135,873	\$1,455,395	\$1,932,457
Savings and temporary cash investments	-	201,641	203,035
Pledges and grants receivable, net	2,396,723	6,098,064	6,446,620
Accounts receivable, net	12,122	47,783	85,749
Inventories for sale or use	28,077	10,307	28,916
Prepaid expenses and deferred charges	67,887	164,902	35,945
Other assets	21,416	23,266	-
Total current assets	3,662,098	8,001,358	8,732,722

Property and Equipment

Land, buildings, and equipment: cost or other	183,769	212,913	226,931
Less: Accumulated depreciation	(149,069)	(160,577)	(179,606)
Net property and equipment	34,700	52,336	47,325

Total Assets

\$3,696,798	\$8,053,694	\$8,780,047
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Liabilities

Accounts payable and accrued expenses	\$633,015	\$681,530	\$792,484
Deferred revenue	27,008	63,883	196,192
Escrow or custodial account liability	-	11,897	13,884
Other liabilities	-	-	41,050

Net Assets

Unrestricted	929,960	1,088,195	1,279,059
Temporarily restricted	2,106,815	6,208,189	6,457,378

Total Liabilities and Net Assets

\$3,696,798	\$8,053,694	\$8,780,047
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Source: IRS Form 990 (Tax Accounting Basis)

OTHER THIRD PARTY RATINGS

- Charity Navigator rates Vital Voices Group Partnership 4 out of 4 stars or 64.06 out of 70. 62.62 for financials and 66.00 for accountability and transparency.
- GreatNonprofits rates Vital Voices Group Partnership 5 out of 5 stars based on 4 user reviews (two from volunteers and two from the public).

Vital Voices Group Partnership is not currently covered by Philanthropedia and GiveWell.

GET INVOLVED

Become a partner: <http://vitalvoices.org/get-involved/partner>

Attend events: <http://vitalvoices.org/get-involved/events>

Shop for products: <http://vitalvoices.org/get-involved/shop>

Make a financial donation: <http://vitalvoices.org/get-involved/why-donate>

Volunteer: <http://vitalvoices.org/get-involved/volunteer>

DISCLOSURES

Janet Yen certifies that she does not have any affiliation with Vital Voices Group Partnership and has never made a donation to the organization. Additionally, Janet Yen 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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