




newschools
venture fund

2012 ANNUAL REPORT

AN EXCELLENT EDUCATION FOR EVERY CHILD





We are a nonprofit venture philanthropy firm that invests in education entrepreneurs who are transforming public education and expanding opportunities for low-income students.

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Since our founding in 1998, New Schools has raised \$248 million from individuals and foundations, and has invested in a national portfolio of early-stage ventures—including charter schools, teacher preparation programs, and education technology companies. These investments have resulted in measurable improvement in the educational outcomes of more than 15 million students.



BOARD OF DIRECTORS

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from ted

Dear Friends,

NewSchools' mission is audacious and clear:

to invest in education entrepreneurs who can transform public education in America so that all children will have an opportunity to succeed in college and beyond. Thanks to the vision and generosity of our donors—and the ingenuity, passion, and persistence of the entrepreneurs we are privileged to support—we are making progress toward this mission. In this report, we celebrate education entrepreneurs and share highlights of our investment work from 2012.

Each year, we raise philanthropic dollars from donors who share our commitment to transforming K-12 education through social entrepreneurship. We invest those dollars in education ventures that we believe are scalable, sustainable, and benefit children from low-income communities. In addition to providing our ventures with financial support, we serve on their governance boards and provide hands-on help with strategic planning, fundraising, marketing, and other key challenges.

At the core of this work are the education entrepreneurs themselves. These brilliant men and women believe, as we do, that every student—regardless of race, family income, or home language—can succeed in school and that improved educational outcomes will lead to better futures for children. Our entrepreneurs are



breaking new ground in education technology, teacher preparation, and school design.

In 2012, we invested \$20.7 million in 49 ventures, bringing the total number of ventures in our portfolio to 132. We rigorously monitor and measure their progress, which is detailed in this report. But what we can't measure is the impact these entrepreneurs, and the organizations they create, have on the aspirations of kids, families, and whole communities. Thanks to the work of these entrepreneurs, lives are being changed every day and the promise of the American Dream is becoming a reality for millions of children.

Thank you for your commitment to public education and for your unswerving support of NewSchools.

A handwritten signature in black ink, appearing to read 'T. Mitchell'.

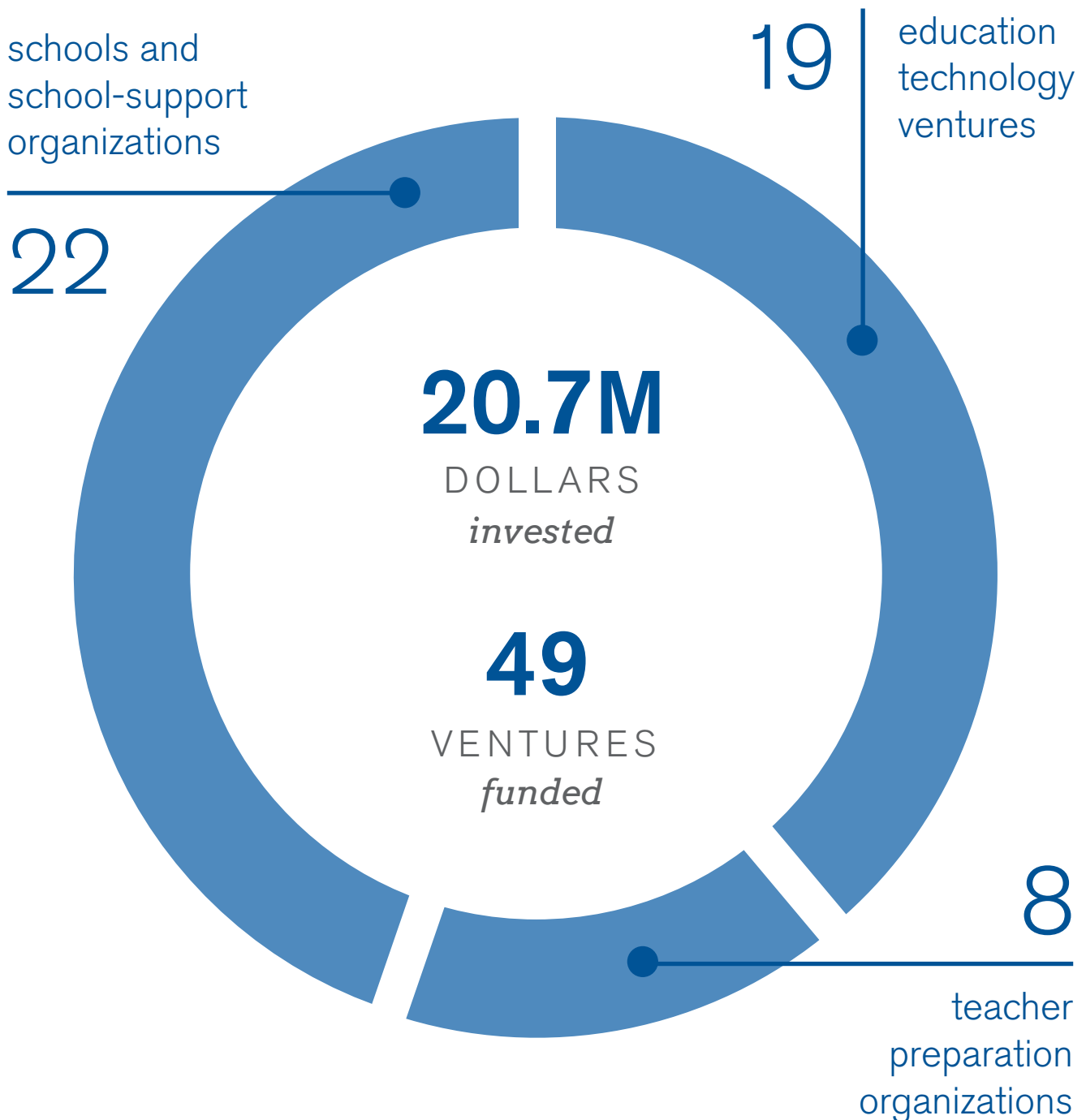
TED MITCHELL, CEO

LEADERSHIP COUNCIL

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newschools at-a-glance

2012 investments





331

SCHOOLS OPERATED
by our ventures



130,500

K-12 STUDENTS
currently enrolled



350,000

STUDENTS TAUGHT
*by high-quality teachers
trained by our ventures*



15 million

STUDENTS REACHED
by our edtech portfolio

life changing

low-income students who attend
high schools in our portfolio:

enroll in

COLLEGE AT A RATE



2x

graduate

COLLEGE AT A RATE



4x

HIGHER THAN THEIR LOW-INCOME PEERS

in our portfolio

83%

LOW-INCOME
STUDENTS

85%

4-YEAR HIGH SCHOOL
GRADUATION RATE

WE SUPPORT ENTREPRENEURS WHO ARE
**using technology to transform
the way students learn.**

NEWSCHOOLS' SEED FUND INVESTS IN EARLY-STAGE education technology companies that are developing new platforms and tools for teaching and learning. These high-growth companies, many of them for-profits, are increasing access to high-quality content, deepening student engagement, and placing data in teachers' hands so they can individualize student instruction and drive improved academic performance. Our Seed Fund not only invests directly in these companies, but also helps secure additional investment by angels, impact investors, and venture capitalists who share our vision of transforming K-12 education through entrepreneurship.

JASON SINGER OF GOBSTOPPER, an e-reading platform that allows teachers to put reading assignments and pop-up questions directly into text, spent the past year as Entrepreneur-in-Residence at NewSchools. Just two months after launch, students are answering nearly 2,000 interactive reading comprehension questions per day. "None of this, not one bit of code or one child more enamored

with reading, would be possible were it not for the full faith, trust, support, and funding of NewSchools—a wonderfully safe space to comfortably take risks," said Jason. "I could not have surrounded myself with more mission-aligned, deeply passionate, and crazy smart people. Thanks for making key connections, giving our work clout, providing invaluable counsel, and believing in our vision before anyone else."

our investment work

15 million students reached
*by our education
technology portfolio*

30,000
students

*with special needs have
individualized learning plans*

Every dollar we
invested through
our Seed Fund was
leveraged by **\$11**
dollars from other
mission-aligned
investors

*our edtech
ventures reach*

50 states &
30+ countries

100,000
teachers
*created over 1 million
video lessons*

WE SUPPORT ENTREPRENEURS WHO ARE

**ensuring more students are
learning in classrooms led by
highly qualified teachers.**



7,900 teachers trained in 2012



serving over **350,000** students

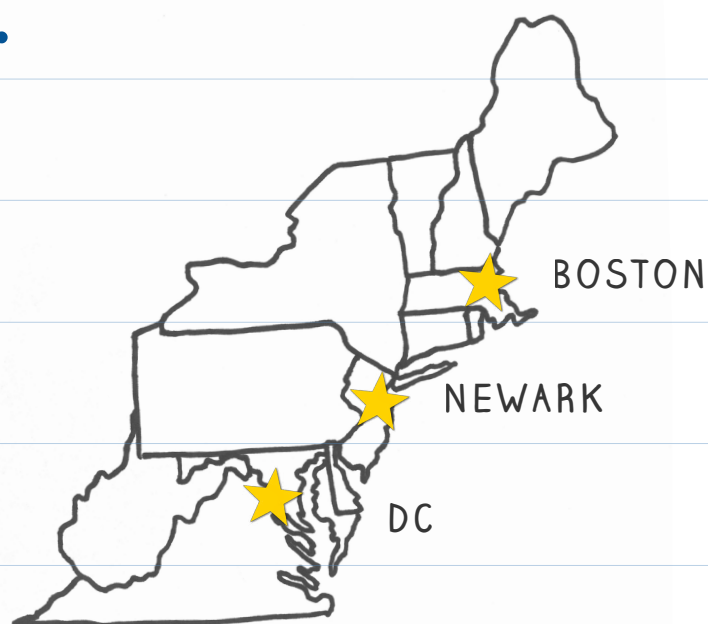
NEWSCHOOLS INVESTS IN INNOVATIVE MODELS of teacher training that equip new teachers to advance student learning from day one in the classroom and use student progress as the key measure of their success. No other school-based factor is more important to a student's academic achievement than the quality of his or her teacher. Yet, of the 72,000 new teachers who stand in front of classrooms in low-income communities each fall, few have the preparation they need to succeed. NewSchools invests in entrepreneur-led programs and brings together stakeholders from a broad range of organizations who work to define new standards for teacher preparation. As one of our portfolio ventures, The New Teacher Center, so succinctly puts it, "When we focus on teachers, students succeed."

"I BECAME A TEACHER BECAUSE

I wanted to directly impact the lives of children," says Natalie Aronson, a first grade teacher trained by RELAY GRADUATE SCHOOL OF EDUCATION, one of the new teacher preparation programs that NewSchools supports. "At Relay, the focus is on teaching techniques that make you a better teacher, as measured by your students' achievement. In a classroom with an effective teacher, students are answering questions at all times and are pushing their understanding beyond the facts. Every minute is focused on rigorous instruction and ensuring that students are achieving at high levels."

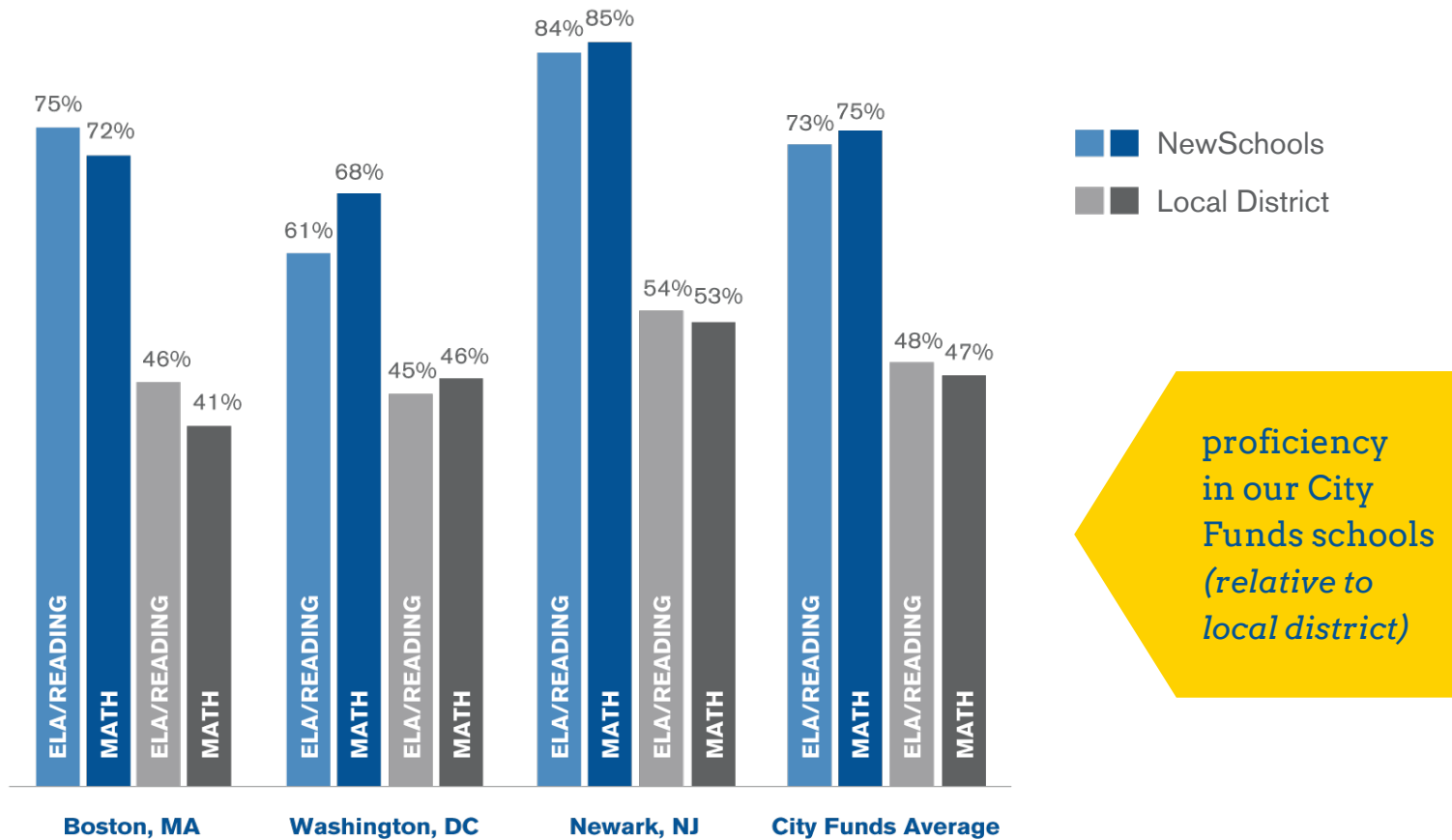
WE SUPPORT ENTREPRENEURS WHO ARE

creating excellent educational options for students in urban school systems.



NEWSCHOOLS OPERATES CITY FUNDS in major metropolitan areas—currently Newark, Boston, and Washington DC. Each City Fund brings together national and local funders, local education leaders, and entrepreneurs from across our portfolio. With this infusion of new ideas, practices, and capital, our City Funds are catalyzing system-wide reform and creating *thousands of new seats* in excellent schools that prepare students to make it “to and through” college.

CITY FUNDS:



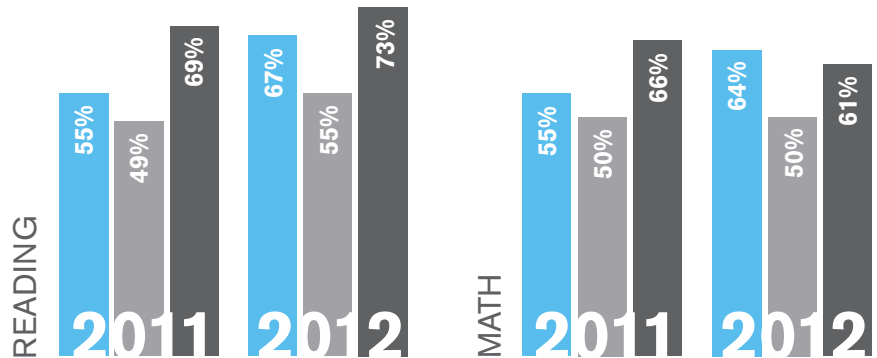
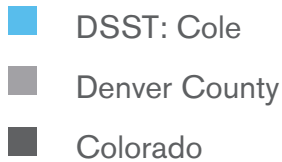
OUR BOSTON CITY FUND is working to expand five charter organizations that have achieved outstanding results for low-income students. One of these is EXCEL ACADEMY CHARTER SCHOOLS, a network of public middle schools whose mission is to address low college matriculation.

Among Excel's many successful students is Kevin, who arrived at Excel in grade 7. "When I first came to Excel Academy," Kevin shares, "I was afraid and failing school. My first year at Excel was hard, but my teachers did not give up on me and told me that they expected more... that I could learn everything I needed to succeed at school and beyond. They put so much time into teaching me and preparing me for life. I am now in eighth grade and am an honor roll student. Excel has changed me so much and I am not looking back."

WE SUPPORT ENTREPRENEURS WHO ARE
**improving education for
students in the country's
lowest-performing schools.**



NEWSCHOOLS FUNDS CHARTER SCHOOL OPERATORS working with districts to turn around some of the nation's 12,000 chronically low-performing public schools. By operating successful schools that create high expectations for all students, these entrepreneurs are bringing renewed hope to students and communities that have been underserved for far too long. In 2012, NewSchools invested in 12 turnaround organizations working in public school systems in Boston, New York City, New Orleans, Denver, Detroit, and the San Francisco Bay Area.

**% STUDENTS AT OR ABOVE
ACADEMIC PROFICIENCY**

NewSchools' portfolio venture DSST operates "some of the highest performing schools in our district," said Tom Boasberg, Superintendent of Denver Public Schools. "We partnered with them to open a new school serving students in one of the highest poverty neighborhoods in the city. During their first year, DSST: Cole students posted some of the highest scores for middle school students in the district."



EXPLORE SCHOOLS, a network of highly successful charter schools in New York City, is another example of our work. In 2012, students at Explore's flagship turnaround campus made more academic progress than those at any other public grade K-8 school in the city. Stories like Damian's demonstrate why Explore Schools' turnaround efforts are so critical. Damian was reading far below grade level and—at only eight years old—was already falling through the cracks. Explore began to turn around his school, and within six months Damian had advanced a full year in reading and his math scores had increased from 52% to 85%. "It's a really good feeling to know I have my child going to a school where he can actually learn," his mother notes. "Now he's coming home and teaching me."

NEWSCHOOLS INVESTMENTS



NewSchools is proud to partner with these outstanding organizations.
We salute them for their commitment to transforming education.

class of 2012



ding organizations, their founders, and their teams.
ng public education for all children.

thank you



TO OUR **2012 FUNDERS** FOR YOUR GENEROSITY AND CONFIDENCE!

Your support and partnership inspire and motivate us.

Adam Cioth and Beth Cobert
Allison and Aneel Bhusri
Ambassador Frank and Kathy Baxter
Amy and Robert Stavits
Andrea Rice
The Andrew and Julie Klingenstein Family
Fund, Inc.
Andrew F. and Ann B. Mathieson Fund
Ann and John Doerr
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Emerson Education Fund
Eugene and Agnes E. Meyer Foundation
Flamboyant Foundation
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Silicon Valley Community Foundation

Innovate Family Foundation
J.A. and Kathryn Albertson Foundation
J.P. Morgan Chase Foundation
The J. Willard and Alice S. Marriott Foundation
Jill and Brian Olson
Jonathan Sackler and Mary Corson
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Philanthropies of Greater Boston, Inc.
Lance Fors
Laura and Gary Lauder Philanthropic Fund
Lawrence and Nancy Coolidge
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Michael & Susan Dell Foundation
Nancy Peretsman
Paul and Ann Sagan Family Fund
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Community Trust
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The Boston Foundation
Robert and Paula Hisaoka
Robertson Foundation
Steve and Sue Mandel
Steve Dostart and Sharon Meers
Tammy and Bill Crown
Target
Tim Brady
The Walton Family Foundation
Wasserman Foundation
Wolf Charitable Fund



100 Black Men of the Bay Area
Community Schools
Academy for Urban School
Leadership (AUSL)
Acelero Learning
Achievement First
The Achievement Network
Achievement Preparatory Academy
ACT Academy Charter School
Alliance College-Ready Public
Schools
Appletree Institute for Education
Innovation
Aspire Public Schools
Bellwether Education Partners
BetterLesson
Beyond 12
Big Picture Company
BrightBytes
Canter Institute (EduService, Inc.)
Capital Teaching Residency Program
Carnegie Learning
Center City Public Charter Schools
Center to Support Excellence in
Teaching (CSET)
Cesar Chavez Public Charter
Schools
Character Lab
Charter Board Partners
Chicago International Charter School
Children First Network
Civic Builders
ClassDojo
Concentric Educational Solutions
CoreSpring
Crescent City Schools
DC Preparatory Academy
DC Public Charter School Board
DC School Reform Now
DSST Public Schools
E.L. Haynes Public Charter School
EdBuild
EdSurge
Education Elements

Education for Change	Learning Games Network	Reading Partners
Educreations	LearnNow	Relay Graduate School of Education
Edward Brooke Charter School	LearnZillion	ReNEW Schools
Ellevation	Lighthouse Academies	Research for Better Teaching
Elsie Whitlow Stokes Community Freedom Public Charter School	Locomotive Labs	Revolution Foods
EnCorps	Mastery Charter Schools	Rocketship Education
Engrade	MasteryConnect	Roxbury Prep (Uncommon Schools)
eSpark Learning	Match Education	Scholar Academies
Excel Academy Charter School	Match Teacher Residency and the Sposato Graduate School of Education	School Leaders Network
Explore Schools	Matchbook Learning Solutions	Shining Stars Montessori Academy
Friends of Choice in Urban Schools (FOCUS)	Mundo Verde Bilingual Public Charter School	Success Charter Network
Friendship Public Charter Schools	Mytonomy	Success for All
Future Is Now Schools	National Center on Education and the Economy	Teach For America
Goalbook	Nearpod	Teach Plus
Gobstopper	New Classrooms Innovation Partners	Teaching Channel
GreatSchools	New Leaders	Teaching Works
Green Dot Public Schools	New Paradigm for Education	TeachNow, Inc.
Grockit	New Schools for New Orleans	Teachscape
Guaranteach	New Teacher Center	TEAM Charter Schools (KIPP NJ)
Hapara	Noble Network of Charter Schools	TNTP
High Tech High	NoRedInk	Thurgood Marshall Academy
Houston Teaching Partners	North Star Academy (Uncommon Schools)	Touchstone
Illinois Facilities Fund	Pacific Charter School Development	Tree of Life Public Charter School
Ingenuity Prep Public Charter School	Partners in School Innovation	Two Rivers Public Charter School
Inner City Education Foundation	Partnerships to Uplift Communities (PUC Schools)	Uncommon Schools
Inspired Teaching Demonstration School	Perspectives Charter Schools	Unlocking Potential
JUMP Math	PHILO	UNO (United Neighborhood Organization) Charter Schools
Junyo	PresenceLearning	Urban Teacher Center
Khan Academy	r3 school solutions	Urban Teacher Residency United
KIPP DC	Readia, Inc.	Wireless Generation
KIPP MA		
Leadership Public Schools		
Leading Educators		

THE NEWSCHOOLS **PORTFOLIO**

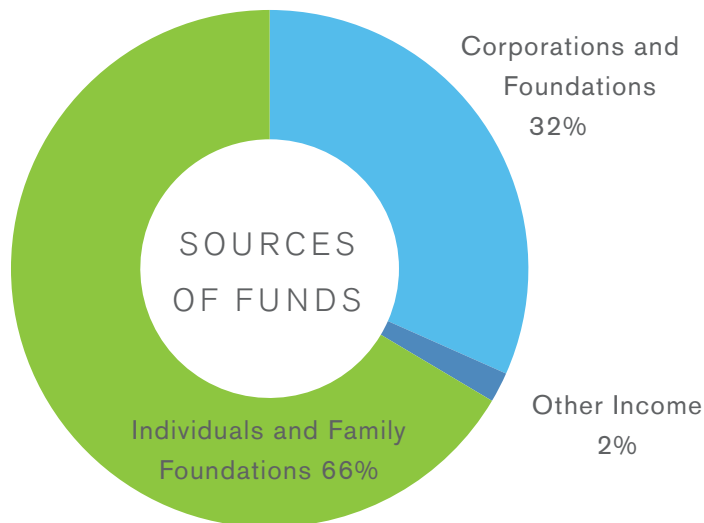


FINANCIAL HIGHLIGHTS

for calendar year 2012

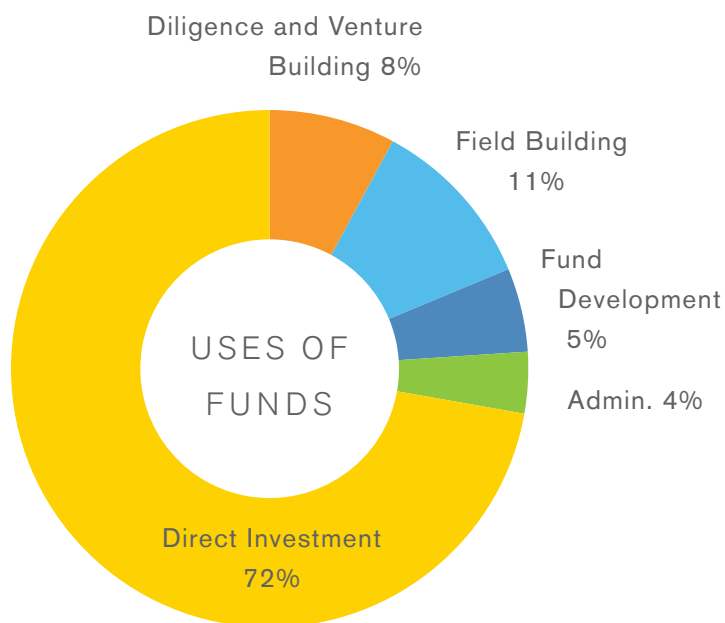
SOURCES OF FUNDS

Individuals and Family Foundations	\$ 25,200,000
Corporations and Foundations	\$ 12,000,000
Other Income	\$ 796,000
TOTAL	\$ 37,996,000



USES OF FUNDS

Direct Investment	\$ 20,700,000
Diligence and Venture Building	\$ 2,265,000
Field Building	\$ 3,100,000
Fund Development	\$ 1,500,000
Administration	\$ 1,100,000
TOTAL	\$ 28,665,000



INCREASE IN NET ASSETS \$ 9,331,000

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