Dear Partners,

Four years ago, we founded PSP with an ambitious goal: provide better educational options for families by investing $100 million to catalyze the creation of 35,000 new seats in high-performing schools for students citywide. We are nearly halfway toward that goal; as of the end of 2014, more than 35 schools have opened or are expanding to serve nearly 16,000 children as a result of investments by the Great Schools Fund. More than two-thirds of those schools are on track to reach quality benchmarks.

As anticipated, we have also experienced setbacks. Some schools have not met expectations, and the District’s structural financial crisis has challenged the work on many fronts. Yet PSP stayed focused this year on key levers that enable the growth and sustained improvement of high-quality schools:

Creating More Great Schools

Nearly 4,700 more Philadelphia students began the 2014-15 school year at new or expanded district, charter and private schools. Results from our earliest investments are proving that it’s possible for students in every neighborhood to learn and achieve at high levels.

Developing School Leaders & Teachers

We worked with schools of all types – district, charter and private – to create a sustainable strategy for recruiting and developing quality educators. The PhillyPLUS leadership training program tripled in size to more than 30 residents this year, and the nationally-recognized model is now being replicated in several other cities.

Increasing Family Engagement

More than 100,000 families used free resources to find, compare and choose schools in Philadelphia, and we ramped up grassroots efforts to focus on targeted neighborhoods lacking quality school options.

All of this work has reinforced our conviction that families are demanding better schools and outstanding educators are able to provide a quality education to all students – regardless of background – when given the opportunities and tools to succeed. That’s why we also increased our efforts to promote best practices and proven policies at the state and local levels.

There’s much more to do in 2015 to ensure every child in Philadelphia is on the path to college and career, so we thank you for your continued support.

Sincerely,

Mike O’Neill
The Great Schools Fund

Investing in Great Schools

The Great Schools Fund has invested in one in every ten schools in the city. We do not intend to stop until every student has the opportunity to receive an excellent education.

We are raising and investing $100 million for our Great Schools Fund to give more students access to a great school by:

Expanding High-Performing Schools
Growth grants fund the expansion or replication of existing successful schools so they can serve more students.

Transforming Schools that Aren’t Working
Turnaround grants fund school operators with a strong track record of successful school turnaround or experience successfully operating an urban school.

Opening New Schools
Startup funding helps proven leaders to launch new schools with fully developed plans.

Incubating New School Ideas
Incubation funding supports talented teams, individuals and organizations with new school ideas so they can develop comprehensive plans.

The Fund deploys startup capital to enable and encourage entrepreneurial school leaders to create schools that inspire, innovate and level the playing field for disadvantaged families.

In March 2014, we invested $2M to help open Building 21 in North Philadelphia.

Incubating and launching an innovative high school
In fall 2014, Building 21 opened its doors to 150 new 9th grade students with plans to grow to 600 students over the next three years. The innovative new high school uses a “competency-based” educational model that engages students through individualized learning, relationships, projects and technology. “High school graduation shouldn’t just be based on credits and courses, but skills and knowledge,” says school founder Laura Shubilla.1 The school is open to all students from across Philadelphia, and enrolls 60 percent of its student body from surrounding North Philadelphia neighborhoods.

Our Results

To date, we have invested nearly $36 million to create great schools for an additional 15,500 students.*

*As of Dec. 31, 2014. The $100 million Fund includes 12% overhead.

The Great Schools Fund

Portfolio Performance

The Fund invests in the incubation, startup, growth and transformation of K-12 schools of all types – district, charter and private – with the ability to produce outstanding results for low-income students.

PSP is agnostic about school type and zealous about investing in great leaders. To date, roughly 55 percent of our committed funds are invested in creating seats in high-quality charter schools, 33 percent in district schools and 12 percent in private schools.

All investments have been guided by the track record of applicants. Notably, a new report from The Center for Research on Education Outcomes (CREDO) at Stanford University demonstrates that Philadelphia’s charter sector has led the way in creating better schools for low-income and minority students.

Still, with 131,000 students in district schools, PSP continues to seek investment opportunities in the District and has at least one grant pending.

All schools in the Great Schools Fund portfolio serve predominantly low-income and minority students, who historically have been the most underserved populations in Philadelphia.

Early results show the vast majority of our grantees are meeting performance benchmarks even while adding capacity to serve more students.

As of December 2014, approximately 70 percent of our investments are on track to meet or exceed performance benchmarks. Another 27 percent of our investments are within reach of meeting their targets with some support, while 13 percent are at risk of not meeting quality benchmarks.

Transforming a network of schools through strong leadership

We initially invested $500,000 in Independence Mission Schools (IMS) to develop plans for 14 urban Catholic elementary schools – many in financial distress and serving predominantly low-income students – to improve the quality of their academic programs, grow enrollment and become financially sustainable. The schools are now partnering with PhillyPLUS to develop a pipeline of school leaders to help transform academically struggling schools. Three subsequent investments in IMS schools are supporting some of those new leaders. Since 2012, enrollment at IMS schools has increased nearly 25 percent.

In June 2014, we invested $275,000 to support planning for the turnaround and growth of two Catholic elementary schools in North and South Philadelphia.

Developing Excellent Leaders for High-Need Schools

In 2013-14, Jessica Ramos trained at Stearene Elementary as a PhillyPLUS resident, a program that recruits, trains and supports new school leaders serving low-income students. At the end of the school year, more than 500 Stearene parents petitioned to retain Ramos as the school’s new principal. She is now leading the transformation and growth of the school in North Philadelphia. “What makes PhillyPLUS different from traditional administrator certifications is the focus on accountability for principals, high level of preparation, and attention to on-the-job training,” said Ramos.

PhillyPLUS is producing tested, entrepreneurial leaders for dozens of schools serving thousands of low-income students.

Creating the Conditions

Ensuring that Great Schools Thrive

To create the conditions for great schools to thrive, we are working with schools of all types to address some of the most pressing needs shared by school operators – most importantly, a pipeline of talented educators.

PSP works with partners on cross-sector initiatives to attract and train school leaders and teachers, empower families and promote policies that put students first.

Developing Talent

• Expanded PhillyPLUS, a residency-based principal training program to recruit, select, prepare and credential leaders for schools of all types
• Launched a citywide Emerging Leaders Program in partnership with KIPP Philadelphia to identify and develop great leaders in early career stages
• Scaled Mastery Charter Schools’ proven Teacher Effectiveness Program to schools of all types
• Collaborated with partners to develop strategies for preparing new teachers for high-needs schools

Empowering Families

• With GreatPhillySchools, reached more than 100,000 families with information to find, compare and choose schools
• Launched an online application portal to make it easier for more than 3,000 families to apply to schools of all types
• Hosted the 2014 Philly High School Fair for nearly 10,000 parents and students

Promoting Proven Policies

• Launched a sister advocacy organization, Philadelphia School Advocacy Partners, to promote policies at the state and local levels that put student interests first

Developing Talent

Our work is reaching underserved students and low-income neighborhoods across much of the city.

Great Schools Fund Portfolio

1. Mastery–Clymer*
2. Mastery–Simon Gratz*
3. Mastery–Hardy Williams*
4. Universal Vane Middle School
5. Universal Auerinen High School
6. Oloyo Charter High School
7. Cristo Rey High School
8. Henry Edmunds-String Theory Schools
9. Freire Charter School
10. Wissahikon Charter School*
11. Esperanza Charter School
12. Samuel Powel Elementary School
13. Young Scholars Kanderston
14. KIPP Philadelphia Elementary
15. KIPP Dunbar Collegiate Academy
16. Hill-Freedman World Academy
17. SLA @ Beiber
18. The Workshop School*
20. DePaul Catholic School
21. Mastery–Thomas
22. Mastery–Pastorius
23. Mastery–Pickett
24. Mastery–Cleveland
25. James G. Blaine School
26. William D. Kelley School
27. Independence Charter
28. First Philadelphia
29. St. Thomas Aquinas
30. St. Helena Incarnation
31. Carver Engineering & Sciences
32. New Foundations Charter
33. Building 21*
34. City School

*More than one grant made to listed school
Note: Schools are listed in chronological order by the date of grant. Map excludes network level incubation grants and grants with location TBD.

PhillyPLUS residents (2014-15)
PhillyPLUS post-residency leadership placements (2014-15)

As of 12/31/2014

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### 2014 Financials

#### Support and revenue
- **Contributions**: $6,204,594
- **Donated services and other income**: $1,473
- **Contractual services - affiliate**: $51,126
- **Interest income**: $2,728
- **Net assets released from restriction**: $3,607,556
- **Other income**: $2,400
**Total support and revenue**: $9,869,877

#### Operating expenses
- **Great Schools Fund - Investments (disbursed)**: $11,195,745
- **Other special purpose grants**: $506,045
- **Talent & Collaboration grants**: $470,000
- **Staff expenses**: $1,528,897
- **Professional services**: $2,485,407
- **Marketing and communications**: $418,418
- **Office, administration and insurance**: $252,329
- **Depreciation and amortization**: $62,209
**Total operating expenses**: $16,919,050

#### Change in net assets
**Net assets, at Dec. 31, 2014 (unrestricted)**: $5,119,454

### To date, PSP donors have pledged $76 million (2010-2014)

#### Lead Investors ($5 million and above)
- Maguire Family Foundation
- Walton Family Foundation
- William Penn Foundation
- Jeff and Janine Yass

#### Champions ($1 million - $4,999,999)
- Anonymous
- J. Mahlon Buck, Jr. Family
- Michael & Susan Dell Foundation
- Bill & Melinda Gates Foundation
- Dorrance H. Hamilton
- Patricia Kind
- Jeannie and Mike O’Neill
- Charlie Ryan

#### Stakeholders ($100,000 - $999,999)
- Anonymous
- Sogan
- ACE Group
- Halle and David Adelman
- The Barra Foundation
- Liz Green Brodsky & Julian A. Brodsky
- Connolly Foundation
- Hills & Preston Darke Foundation
- Samuel S. Fels Fund
- Otto H. and Harolda H. Fels Charitable Trust
- Mike and Joyce Hagan
- Haldeman Family Foundation
- Hamilton Family Foundation
- Marcia and Ted Kaplan
- The Brook J. Lenfest Foundation
- Janney Montgomery Scott
- jP Morgan Chase Bank, N.A.
- Sarah and Kevin Kleinschmidt
- Lincoln Financial Foundation
- Christian R. and Mary F. Lindback Foundation
- Jordie Maine
- Peter Morse
- Stephanie and Michael Nadel
- The Nelson Foundation
- Patriarch Family Foundation
- PECO
- Jane G. Pepper
- Marsha and Jeffrey Perelman
- Leo, Eve, Kate, Lexy & Julia Pierce
- The Rubenstein Foundation
- Patrisse Kallon

### Empowering families with information to demand great schools

In 2014, more than 100,000 Philadelphia parents and caregivers used the GreatPhillySchools website and print guides to get information to find, compare and choose schools of all types. We deepened our grassroots outreach efforts in low-income neighborhoods in North and West Philadelphia, and we worked with partners to distribute 90,000 print guides with profiles of every K-12 school. In collaboration with nonprofits and city agencies, we expanded GreatPhillySchools.org to include early childhood centers, giving families the ability to more easily research and find quality early childhood education options.

This year, nearly all of the city’s highest-rated schools on GreatPhillySchools received more applications from students.
Our mission is to create and expand great schools in Philadelphia.

We raise philanthropic funds to invest in the startup, expansion and turnaround of public and private schools, and we work to create the conditions for great schools to thrive.

Our vision is that every child in every neighborhood has access to a great school and graduates from high school prepared for college or career training.

We believe that great schools come in all types and exist in all sectors, but every great school starts with a talented leader and the belief that all children can learn and achieve at high levels.