



Stanford eCorner

Measuring Social Return for Investors

Kim Smith, *New Schools Venture Fund*

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Video URL: <http://ecorner.stanford.edu/videos/619/Measuring-Social-Return-for-Investors>

New Schools is non-profit fund with only a social return; any earnings are reinvested into the fund, says Smith. Ventures are chosen for their social impact.



Transcript

So the question was about, what do I mean when I say launching schools and how does that help us to provide a return for our investors? So I'll do the last part first. We don't provide a return to our investors other than a social return. So even when we invest in companies, and we sell those companies when they go public, those funds come back into us, as a non-profit and we use them again for investments. So anyone who's giving us money is making a tax deductible charitable contribution, right? And we are a non-profit with a social purpose. They don't get any money back. When we make investments though, if it's a non-profit we typically do grants and loans and loans would come back to us, the grants would not. And in companies we typically are making equity investments alongside other investors in that company. We're motivated a little bit differently from our co-investors. They are typically traditionally for profit investors and we are typically the only social investor at the table. But we do the investments we do because of their potential for social impact.

So our return is entirely social.