

Kamehameha Schools

Report on Financial Activities

July 1, 2012 – June 30, 2013

Kamehameha Schools' mission is to fulfill Pauahi's desire to create educational opportunities in perpetuity to improve the capability and well-being of people of Hawaiian ancestry.

For the fiscal year ending June 30, 2013, Kamehameha Schools expended \$362 million in its campus- and community-based educational programs and services statewide, an increase of \$23 million over the previous year.

Kamehameha Schools' official trust spending rate is reported at \$315 million, or 3.74 percent, for the fiscal year, and when factoring in an additional \$46 million in debt for the completion of the Kapālama Master Plan and reserve activity during the period, the trust's effective spending rate, at \$362 million, was 4.29 percent based on the five-year average value.

Kamehameha Schools spent \$168 million on campus-based programs and \$110 million on community-focused programs over the fiscal year.

Spending highlights include more than \$15 million awarded in Pauahi Keiki Scholarships to 2,341 preschool students and \$2.7 million awarded to 512 students through the Kipona (Pauahi Keiki Scholarships Kindergarten Scholarships) program.

Additionally, more than \$15 million in post-high scholarships was awarded to 2,148 students attending college.

A total of \$17.4 million was spent on collaboration efforts with more than 50 community organizations statewide.

In addition, Kamehameha Schools provided \$25.3 million in support of public school transformation in largely Hawaiian communities, including almost \$6 million in per-pupil funding and support to 4,100 students in 17 Hawaiian-focused start-up and conversion public charter schools, \$6.5 million for on-site literacy instruction by Kamehameha Schools' staff in 21 DOE schools (K-3 classrooms) statewide and \$7.3 million in funding for a variety of programs for students in DOE schools, including tutoring, summer enrichment programs, homework centers, place-based learning, distance learning and the Kamehameha Scholars program.

As of June 30, 2013, the overall fair market value of the Kamehameha Schools endowment was \$10.1 billion. The Consolidated Balance Sheet below shows total assets to be \$7.7 billion; it records real estate at cost rather than fair market value, and includes non-endowment assets such as educational, agricultural and conservation assets.

Fiscal year 2013 was the eighth year of the Kamehameha Schools 10-year Education Strategic Plan, adopted in 2005 and based on the Kamehameha Schools Strategic Plan 2000-2015. The number of children and families impacted by Kamehameha Schools' campus and community programs in fiscal year 2013 was 47,421 learners (including a total of 13,642 parents and caregivers in the prenatal to grade 12

community who received training to support their children.

In direct service to Pauahi's mission of educating her beneficiaries, Kamehameha Schools saw the following results in educational achievement.

Prenatal to 8 Years of Age

Kamehameha Schools served 9,988 keiki ages 0-8 and their parents and caregivers through its 30 KS center-based preschools, preschool scholarships, literacy instruction and various educational collaborations.

With Kamehameha Schools' investments in early education, 60 percent of Hawaiian children have enrolled in early learning programs versus the state average of 50 percent and reading rates have improved by 7 percent in DOE classrooms supported by Kamehameha Schools' literacy instructors.

Grades 4 Through Post-High

Kamehameha Schools served 18,399 learners through its enrichment, campus outreach, collaborations, distance learning and summer school programs such as the Explorations Series, Kamehameha Scholars, 'Ike Pono and Career Post-High & Guidance Counseling. The Kamehameha Scholars program saw 100 percent of its 157 seniors receive college acceptance letters. A total of 2,126 non-campus learners were enrolled in campus-based summer programs.

Campus Programs

Kamehameha Schools educated 5,392 learners, including graduating 694 seniors, at campus programs on Hawai'i, on Maui and at Kapālama with 95 percent of seniors continuing their education at colleges and universities in Hawai'i and across the nation. The goal, however, is not just to have students attend college, but to graduate.

There are nationwide concerns about the low levels of college graduation rates, and Kamehameha Schools is monitoring how many of its college-bound graduates actually graduate from college within six years. In the past fiscal year, Kamehameha Schools' graduates averaged 59 percent in graduation from college, compared to a 56 percent national rate of students who went to college. Although there may be extenuating circumstances such as economics or family situations which can impact college graduation rates, Kamehameha Schools has set post-secondary success as an essential outcome for its beneficiaries and will thus target future efforts to improve college persistence.

For more, including a copy of Kamehameha Schools audited "Consolidated Financial Statements and Supplemental Schedules" for fiscal year 2013, please visit www.ksbe.edu/annualreports.

CONSOLIDATED BALANCE SHEET

JUNE 30, 2013 (in thousands)

ASSETS

Current assets

Cash and cash equivalents	\$	44,326	
Receivables, net		5,299	
Other		3,825	
Total Current assets			53,450

Trust investments

Financial Investments		6,502,616	
Amounts receivable for securities sold		33,948	
Interest receivables		13,460	
Real estate investments, net		269,695	
Real estate held for development and sale		16,603	6,836,322

Other investments

37,999

Property and equipment, net

687,823

Deferred charges and other

111,170

TOTAL ASSETS

\$ 7,726,764

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$	51,481	
Current portion of notes payable		20,783	
Deferred income and other		23,783	
Total Current liabilities			96,047

Notes payable

254,550

Accrued pension liability

71,122

Accrued postretirement benefits

39,265

Amounts payable for securities purchased

20,460

Other long-term liabilities

23,443

Total liabilities

504,887

Commitments and contingencies

Net assets – unrestricted

7,221,877

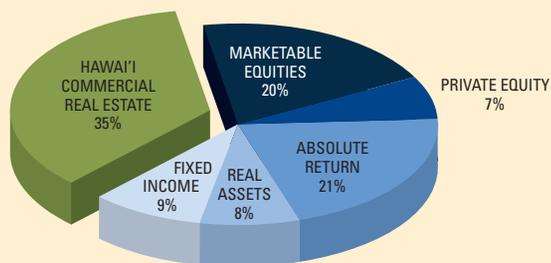
TOTAL LIABILITIES AND NET ASSETS

\$ 7,726,764



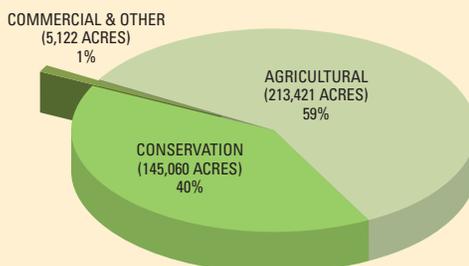
KAMEHAMEHA SCHOOLS ENDOWMENT

Kamehameha Schools' mission is fully supported by its endowment. At fiscal year end, the endowment was valued at \$10.1 billion at June 30, 2013. A globally, diversified financial assets portfolio of \$6.6 billion, and Hawai'i commercial real estate representing \$3.5 billion at fair market value.



KAMEHAMEHA SCHOOLS LANDS

Commercially zoned lands make up 1 percent of total acreage (363,603 acres) belonging to Kamehameha Schools. Agricultural and conservation lands comprise 99 percent and are primarily considered sustainability assets, not included in the endowment fund. During the fiscal year 2013, Kamehameha Schools spent \$12 million (net of agricultural rents) to steward agricultural and conservation lands and natural resources.



KAMEHAMEHA SCHOOLS®