

# REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2018 – JUNE 30, 2019

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.



Founded in 1887 by the legacy of Princess Bernice Pauahi Bishop, Kamehameha Schools (KS) is a private, educational, charitable trust committed to improving the capability and well-being of Native Hawaiians through education. Income generated from its endowment portfolio funds more than 97% of KS' educational mission.

In 2015, Kamehameha Schools embarked on a bold voyage that envisions, in one generation, a thriving Lāhui in which learners achieve post-secondary educational success, enabling good life and career choices. Learners will be grounded in Christian and Hawaiian values, and become leaders who contribute to their communities, both locally and globally.

At the heart of this journey are those who share this vision to ensure that all Native Hawaiians have the opportunity to succeed. Strong community collaborations, donor participation and key state, national and international partnerships are vital to creating the means to propel learners onto paths of knowledge and careers of their choice.

For the fiscal year 2018-19, Kamehameha Schools had a total educational spend of \$415 million\*, an amount equal to a 3.7%\* spend rate for the year. The average spend rate for the last five years was 3.7% and 3.8% for the last 10 years. Educational spend consisted of \$221 million on campus-based programs, \$126 million on scholarships and community-focused programs, and \$68 million on other educational costs — primarily capital, and support services. Educational spending and students served:

- **Preschools:** \$34.8 million serving 1,606 learners at 29 preschools statewide.
- **Tri-Campus:** \$185.9 million serving 5,417 learners including 688 graduates at three K-12 campuses: KS Hawai'i (1,162 enrolled, 140 graduated), KS Maui (1,061 enrolled, 112 graduated) and KS Kapālama (3,194 enrolled, 436 graduated).
- **Scholarships:** \$37.8 million disbursed, serving 5,845 learners.
- **Community Engagement:** \$50.1 million disbursed, serving 13,554 learners.
- **Community Investing:** \$35.3 million disbursed to 102 organizations serving 58,598 participants.
- **Innovation:** \$3.2 million disbursed to 15 community organizations.

Also, \$15.4 million was spent (net of agricultural rents) stewarding our agricultural and conservation lands across the state to protect our cultural, water and natural habitat assets.

Kamehameha Schools' endowment is managed primarily using long-term investment return and educational spending metrics to best align with long-term investment and spending policies, which were adopted in 2000 to ensure long-term financial stability, equilibrium, and real growth for the perpetuation of the organization.

Over 10 years, Kamehameha Schools' endowment achieved an average return of 9.3%, with returns over five years at 5.7% and one year at 4.8%.

The Consolidated Balance Sheet reflects our total assets of \$9.5 billion. It records real estate at cost rather than fair market value, and includes endowment, educational, agricultural, and conservation assets. When reviewing by fair market value, the Hawai'i real estate assets total \$3.7 billion and the full endowment is valued at \$12.1 billion as of June 30, 2019.

For more information, including a copy of Kamehameha Schools' audited "Consolidated Financial Statements and Supplemental Schedules" for fiscal year 2019, please visit [www.ksbe.edu/annualreports](http://www.ksbe.edu/annualreports).

\* Spend and spending rate before debt financing

## CONSOLIDATED BALANCE SHEET

June 30, 2019 (in thousands)

### Assets

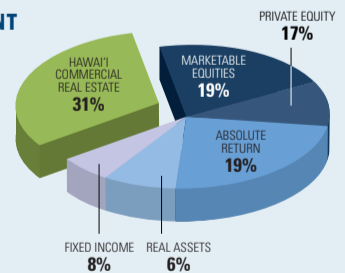
<b>Current assets</b>			
Cash and cash equivalents		\$ 103,110	
Short-term investments		31,035	
Receivables, net		6,205	
Other		2,925	
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Total current assets	.....		143,275
<b>Trust investments</b>			
Financial investments, net		8,325,316	
Interest receivables		5,619	
Real estate investments, net		253,853	8,584,788
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Other investments	.....		42,030
Property and equipment, net	.....		629,369
Accrued pension assets	.....		1,486
Deferred charges and other	.....		129,697
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Total assets	.....		\$ 9,530,645
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### Liabilities and Net Assets

<b>Current liabilities</b>			
Accounts payable and accrued expenses		\$ 54,315	
Settlement liability		7,500	
Current portion of notes payable		15,386	
Deferred income and other		24,398	
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Total current liabilities	.....		101,599
Notes payable	.....		303,733
Accrued postretirement benefits	.....		64,745
Deferred income and other	.....		172,822
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Total liabilities	.....		642,899
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<b>Commitments and contingencies</b>			
Net assets – without donor restrictions	.....		8,887,746
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Total liabilities and net assets	.....		\$ 9,530,645
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## KAMEHAMEHA SCHOOLS ENDOWMENT

Kamehameha Schools' mission is primarily supported by its endowment. The endowment was valued at \$12.1 billion as of June 30, 2019. A globally diversified financial assets portfolio of \$8.4 billion, and Hawai'i commercial real estate representing \$3.7 billion at fair market value comprise the endowment's value.



## KAMEHAMEHA SCHOOLS LANDS

Commercially zoned lands make up 1% of total acreage (4,660) belonging to Kamehameha Schools. Agricultural and conservation lands comprise 99% and are primarily considered stewardship assets, not included in the endowment fund.

