

KAMEHAMEHA SCHOOLS REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2019 – JUNE 30, 2020

Kamehameha Schools' mission is to fulfill Ke Ali'i 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.

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.

In the fifth and final year of our 2015-2020 Strategic Plan (SP2020), Kamehameha Schools (KS) continued to build a strong foundation for long-term impact while also rapidly adapting to the unexpected impacted of COVID-19.

For the fiscal year ending June 30, 2020, KS had a total educational spend of \$456 million, equal to a 4% spend rate for the year. The average spend rate for the last five years was 3.8%, and 3.8% for the last 10 years. Educational spend consists of \$224 million for campus-based programs, \$125 million for scholarships and community-focused programs, and \$107 million for other educational costs — primarily capital, debt financing, and support services. Educational spend and learners served for this fiscal year include:

- **Campuses:** \$224.2 million serving 7,049 learners
 - Preschools: \$36.5 million serving 1,618 learners at 29 preschool sites.
 - K-12: \$187.7 million serving 5,431 learners including 683 graduates; KS Hawai'i (1,147 enrolled, 139 graduated), KS Maui (1,074 enrolled, 108 graduated) and KS Kapālama (3,210 enrolled, 436 graduated).
- **Financial Aid:** \$32.4 million serving 5,695 learners at KS preschools and K-12 campuses.
- **Scholarships:** \$38.7 million disbursed to serve 5,714 learners, including \$17.7 million in Pauahi Keiki Scholarships to 2,541 learners, \$5.6 million in Kīpona Scholarships to 760 learners, and \$14.9 million in post-high scholarships to 2,413 learners.
- **Community Education:** \$47.3 million to serve 12,750 learners.
- **Community Investing:** \$36.8 million disbursed to 103 educational and community organizations through our efforts serving 44,161 program participants.
- **Innovation:** \$2.1 million disbursed to 15 organizations.

Additionally, \$9.4 million (net of agricultural rents) was spent to steward our agricultural and conservation lands across the state to protect our cultural, water, and natural habitat assets.

KS' 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 our perpetual organization.

Over 10 years, the endowment achieved an average annual return of 8.2%, with average annual returns over five years at 5.4% and this fiscal year at 2.5%.

The Consolidated Balance Sheet shows total assets to be \$9.3 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 billion as of June 30, 2020.

For more information, including a copy of Kamehameha Schools' audited "Consolidated Financial Statements and Supplemental Schedules" for fiscal year 2020, visit ksbe.edu/annual-reports.

CONSOLIDATED BALANCE SHEET

June 30, 2020 (in thousands)

Assets

Current assets			
Cash and cash equivalents		\$ 39,146	
Receivables, net		11,911	
Other		3,139	

Total current assets	.....		54,196
Trust investments			
Financial investments, net		8,209,804	
Real estate investments, net		256,998	
Interest receivables		3,760	8,470,562

Other investments	.....		40,944
Property and equipment, net	.....		617,704
Accrued pension assets	.....		14,133
Deferred charges and other	.....		128,474

Total assets	.....	\$ 9,326,013	

Liabilities and Net Assets

Current liabilities			
Accounts payable and accrued expenses		\$ 53,676	
Current portion of notes payable		15,986	
Deferred income and other		20,870	

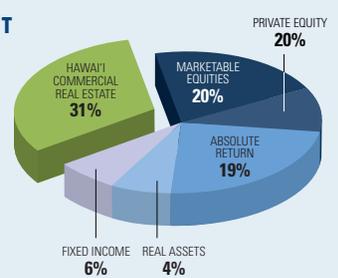
Total current liabilities	.....		90,532
Notes payable	.....		271,498
Accrued postretirement benefits	.....		67,667
Deferred income and other	.....		167,227

Total liabilities	.....		596,924
Commitments and contingencies			
Net assets – without donor restrictions	.....		8,729,089

Total liabilities and net assets	.....	\$ 9,326,013	

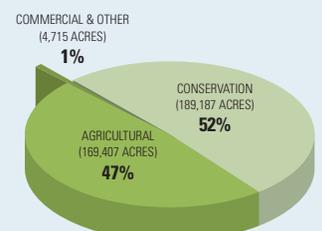
KAMEHAMEHA SCHOOLS ENDOWMENT

Kamehameha Schools' mission is 97% supported by its endowment with 3% being supported by tuition, net of financial aid. The endowment was valued at \$12 billion as of June 30, 2020. A globally diversified financial assets portfolio of \$8.3 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 (363,309 acres) belonging to Kamehameha Schools. Agricultural and conservation lands comprise 99% and are primarily considered sustainability assets, not included in the endowment fund.



Kamehameha Schools®