

KAMEHAMEHA SCHOOLS REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2020 – JUNE 30, 2021



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 Ke Ali'i Bernice Pauahi Pākī Bishop, Kamehameha Schools (KS) is a private, educational, charitable trust committed to improving the capability and well-being of Native Hawaiians through education. Returns generated from our endowment portfolio provide more than 98% of KS' educational mission spend.

Over the past school year, KS has rapidly adapted to the changing context of the COVID-19 pandemic. KS continued educating haumāna through our world-class campuses and preschools in safe and innovative ways, while finding the means to support Hawaiian Culture-Based and Digital Education throughout the pae 'āina. Through collaborations with partners, stewardship of our 'āina, and the promotion of new technologies, KS continues to fulfill our commitment to advance stronger educational outcomes for Native Hawaiian learners by investing in community leaders and organizations that provide effective learning environments for our haumāna.

For the fiscal year ending June 30, 2021, KS spent \$231 million on campus-based programs, \$102 million for scholarships and community-focused educational programs, and \$105 million for other educational costs – primarily capital, debt financing, and support services. This total of \$438 million is equal to 3.8% of the five-year trailing market value of the endowment, also referred to as our “spend rate.” The average spend rate, which is targeted to 4% annually, was 3.8% for the last five and 10 years. Educational spending and learners served for this fiscal year include:

- **Campuses:** A total of \$231.3 million serving 6,857 learners
 - Preschools: \$39.4 million serving 1,403 learners at 29 preschool sites;
 - K-12 Campuses: \$191.9 million serving 5,454 learners including 697 graduates
 - KS Hawai'i (1,176 enrolled, 133 graduated);
 - KS Maui (1,097 enrolled, 117 graduated); and
 - KS Kapālama (3,181 enrolled, 447 graduated).
- **Scholarships:** \$28.2 million disbursed to serve 4,246 learners, including
 - \$9.6 million in Pauahi Keiki Scholarships (Early Learning) serving 1,323 learners;
 - \$5.2 million in Kīpona Scholarships (K-12) serving 676 learners; and
 - \$11 million in Nā Ho'okama a Pauahi scholarships (Post High) serving 1,976 learners.
- **Financial Aid:** \$27.4 million disbursed to serve 5,731 learners, including preschool and K-12 campuses across the state.
- **Community Investing:** \$32.9 million disbursed to serve 27,521 program participants.

Additionally, KS invested \$13.8 million (net of agriculture rents) to steward agricultural and conservation 'āina across the state to protect cultural and environmental assets.

KS' endowment is managed primarily using long-term investment return and educational spending metrics to best align with policies adopted in 2000 to ensure long-term financial stability, equilibrium, and real growth for a perpetual organization.

The endowment achieved an average return of 8.8% over 10 years, with average returns over five years at 10.6% and one year at 27.2%.

The consolidated balance sheet shows total assets of \$11.9 billion, and reflects 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 commercial real estate assets total \$4 billion, and the entire endowment (excluding educational, agricultural and conservation real estate) is valued at \$14.7 billion as of June 30, 2021.

For more, including a copy of KS' audited “Consolidated Financial Statements and Supplemental Schedules” for the fiscal year 2021, visit ksbe.edu/annual-reports.

CONSOLIDATED BALANCE SHEET

June 30, 2021 (in thousands)

Assets

Current assets		
Cash and cash equivalents	\$ 126,245	
Receivables, net	6,018	
Other	5,245	

Total current assets		137,508
Trust investments		
Financial investments, net	10,671,823	
Real estate investments, net	244,349	10,916,172

Other investments		58,167
Property and equipment, net		606,526
Accrued pension assets		10,069
Deferred charges and other		129,224

Total assets		\$ 11,857,666

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 71,060	
Current portion of notes payable	14,986	
Deferred income and other	27,284	

Total current liabilities		113,330
Notes payable		240,262
Accrued postretirement benefits		62,870
Deferred income and other		161,858

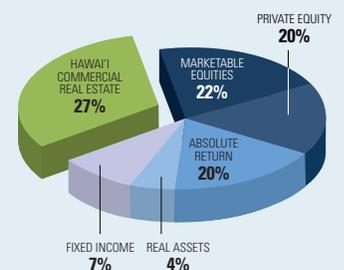
Total liabilities		578,320

Commitments and contingencies		
Net assets – without donor restrictions		11,279,346

Total liabilities and net assets		\$ 11,857,666

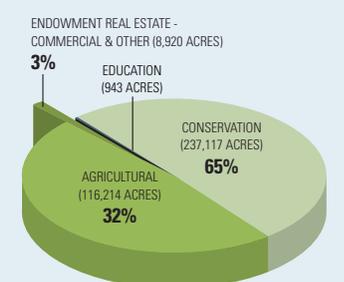
KAMEHAMEHA SCHOOLS ENDOWMENT

Kamehameha Schools' mission is 98% supported by its endowment with 2% being supported by tuition, net of financial aid. The endowment was valued at \$14.7 billion as of June 30, 2021. A globally diversified financial assets portfolio of \$10.7 billion, and Hawai'i commercial real estate representing \$4 billion at fair market value comprise the endowment's value.



KAMEHAMEHA SCHOOLS LANDS

Endowment real estate lands makeup 3% of total acreage (363,194 acres) belonging to Kamehameha Schools and is mostly commercial and residential. Agricultural and conservation lands comprise 97% and are primarily considered sustainability assets, not included in the endowment fund.



Kamehameha Schools®