

# KAMEHAMEHA SCHOOLS

## REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2011 – JUNE 30, 2012

*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 ended June 30, 2012 – the 125th year of its existence – Kamehameha Schools expended \$339 million in its campus- and community-based educational programs and services statewide, an increase of nearly \$33 million over the previous year.

Kamehameha Schools official trust spending rate is reported at \$263 million, or 3.17 percent, for the fiscal year, and when factoring in an additional \$77 million in debt and reserve activity during the period, the trust's effective spending rate, at \$339 million, was 4.09 percent based on the five-year average value.

Kamehameha Schools spent \$145 million on campus-based programs and \$111 million on community-focused programs over the fiscal year.

Highlights of that spending include nearly \$15 million awarded in Pauahi Keiki Scholarships to more than 2,572 preschool students and more than \$2.6 million awarded to 489 students through the Pauahi Keiki Scholarships Kindergarten Scholarships.

Additionally, nearly \$13 million in post-high scholarships was awarded to 1,954 students.

More than \$20 million was utilized in collaboration efforts with 54 community organizations statewide over the fiscal year.

Total spending on Hawai'i State Department of Education funding and collaborations was \$29.5 million. That amount included \$9.5 million in per pupil funding and support to 4,100 students in 17 of the state's 31 public charter schools, \$6.5 million for on-site literacy instruction by Kamehameha Schools staff in 13 DOE schools (K-3 classrooms) statewide and \$6.8 million in funding support for a variety of programs for students in DOE schools, including tutoring, summer enrichment programs, homework centers, place-based learning and distance learning.

As of June 30, 2012, the overall fair value of the Kamehameha Schools endowment was \$9.2 billion. The Consolidated Balance Sheet below shows total assets to be \$7.2 billion; it values real estate at cost rather than fair value,

and includes non-endowment assets such as educational, agricultural, and conservation assets.

Fiscal year 2012 was the seventh year of 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 increased from approximately 46,900 learners to more than 47,400 learners.

Nearly 13,500 parents and caregivers in the prenatal to grade 12 community received training and support.

### PRENATAL TO 8 YEARS OF AGE

Kamehameha Schools served nearly 10,325 keiki ages 0-8 and their parents and caregivers through its KS center-based preschools, preschool scholarships, literacy instruction and various educational collaborations. That number included more than 1,550 students at 31 KS preschool sites across the state.

### GRADES 4 THROUGH POST-HIGH

Kamehameha Schools served more than 18,200 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 Counseling & Guidance. More than 1,700 non-campus learners were enrolled in campus-based summer programs.

### CAMPUS PROGRAMS

Kamehameha Schools educated more than 5,380 learners, including graduating 688 seniors, at campus programs on Hawai'i, on Maui and at Kapālama. Orphan and indigent children comprised approximately 31 percent of students invited to campus programs.

For more, including a copy of Kamehameha Schools audited "Consolidated Financial Statements and Supplemental Schedules" for fiscal year 2012, please visit [www.ksbe.edu/annualreports](http://www.ksbe.edu/annualreports).

### CONSOLIDATED BALANCE SHEET

JUNE 30, 2012 (in thousands)

#### ASSETS

##### Current Assets

Cash and cash equivalents		\$	73,158
Receivables, net			
Tenant and tuition receivables	\$	9,496	
Interest		5,892	
Trade		2,085	
Other		2,116	
Less: Allowance for doubtful accounts		(3,533)	16,056
Other			5,626
Total Current Assets			94,840

##### Investments

Marketable debt and equity securities			
Common and preferred stocks	689,728		
Fixed income	785,115		
Short-term investments and cash equivalents	40,911		
Mutual funds	209,571		1,725,325
Other investments			
Hedge funds	2,644,471		
Private equity funds	1,061,072		
Commingled funds	580,747		
Other	39,418		4,325,708

##### Amounts receivable for securities sold

14,182

##### Property and equipment, net

Educational property and equipment	517,746		
All other property and equipment	328,677		
Construction in progress	66,964		913,387

##### Real estate held for development and sale

25,992

##### Deferred charges and other

108,321

##### TOTAL ASSETS

\$7,207,755

#### LIABILITIES AND NET ASSETS

##### Current liabilities

Accounts payable and accrued expenses	\$	52,189	
Current portion of notes payable		22,646	
Deferred income and other		22,530	
Total Current Liabilities			97,365

##### Notes payable

249,708

##### Accrued pension liability

114,371

##### Accrued postretirement benefits

41,681

##### Amounts payable for securities purchased

8,641

##### Other long-term liabilities

17,955

Total liabilities			529,721
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##### Commitments and contingencies

##### Net assets – unrestricted

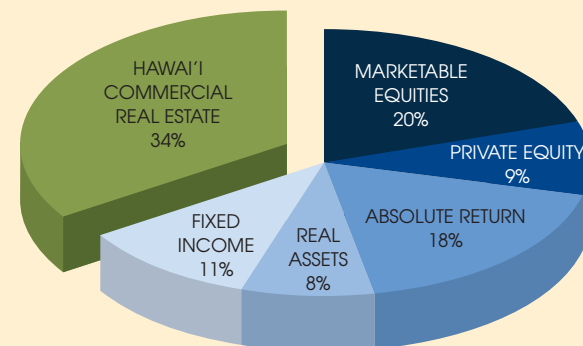
6,678,034

##### TOTAL LIABILITIES AND NET ASSETS

\$7,207,755

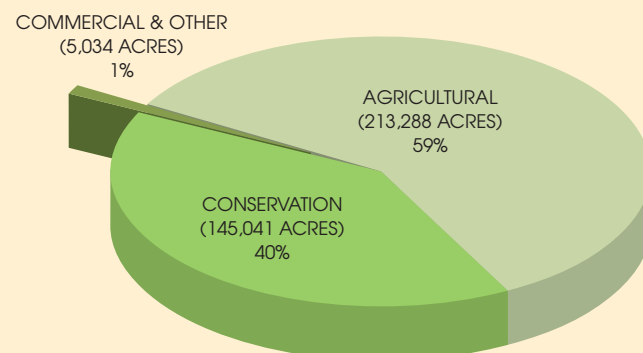
### KAMEHAMEHA SCHOOLS ENDOWMENT

The endowment that supports Kamehameha Schools' mission is the legacy of Princess Bernice Pauahi Bishop. It was valued at \$9.2 billion at June 30, 2012. A global, diversified financial assets portfolio comprised \$6.0 billion, and Hawai'i commercial real estate represented \$3.2 billion at fair value.



### KAMEHAMEHA SCHOOLS LANDS

Commercially zoned lands make up 1 percent of total acreage (363,363 acres) belonging to Kamehameha Schools. Agricultural and conservation lands comprise 99 percent and are considered sustainability assets, not included in the endowment fund. During the fiscal year 2012, Kamehameha Schools spent \$8 million (net of agricultural rents) to steward agricultural and conservation lands and natural resources.



KAMEHAMEHA SCHOOLS®



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