

KAMEHAMEHA SCHOOLS REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2021 – JUNE 30, 2022



Founded in 1887 by the Will and legacy of Ke Ali'i Bernice Pauahi Pākī Bishop, Kamehameha Schools is a private, educational, charitable trust that is committed to improving the capability and well-being of Native Hawaiians through education.

Kamehameha Schools operates three K-12 campuses and 30 preschool sites, each committed

to educating haumāna through Hawaiian culture-based education toward E Ola! learner outcomes. Kamehameha Schools also stewards more than 363,000 acres of land across the pae 'āina, through culturally-rooted stewardship and as a foundation for 'āina-based education. Additionally, Kamehameha Schools engages in community partnerships, investments and strategies that provide educational opportunities for Native Hawaiian keiki throughout the Lāhui. Returns from its endowment portfolio provide more than 97% of Kamehameha Schools' educational spend.

For the fiscal year ending June 30, 2022, Kamehameha Schools spent \$253 million on pre-K-12 campus-based programs; \$105 million for scholarships, community education programs and initiatives; and \$132 million for other educational infrastructure and costs, including for capital, debt financing, support services, and legal settlements. This total of \$490 million of annual spend is equal to 4.0% of the five-year trailing average market value of the endowment, also referred to as the "spend rate." The target spend rate for Kamehameha Schools is 4% annually. For additional context, the annual spend rate was 3.9% over the past five- and 10-year periods. For this past fiscal year, main areas of educational spending and learners served include:

- **Campuses:** A total of \$253 million spent serving 7,039 learners
 - Preschools: \$39.0 million spent serving 1,582 learners at 30 preschool sites; and
 - K-12: \$213.3 million spent serving 5,457 learners including 683 graduates at three campuses
 - o KS Hawai'i (1,159 learners);
 - o KS Kapālama (3,197 learners); and
 - o KS Maui (1,101 learners).
- **Scholarships:** \$26.9 million spent serving 4,146 learners, including
 - \$9.4 million spent for Pauahi Keiki Scholars scholarships (early learning) serving 1,168 learners;
 - \$5.3 million spent for Kipona scholarships (K-12) serving 691 learners; and
 - \$12.2 million spent for post-high scholarships serving 2,287 learners.
- **Financial aid:** \$28.3 million spent serving 5,233 learners at Kamehameha Schools' preschools and K-12 campuses.
- **Community investing:** \$38.0 million spent serving 49,636 learner experiences and supporting partnerships with 124 community organizations.

Additionally, KS invested \$25.5 million (net of agricultural rents) to steward agricultural and conservation 'āina across the state.

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

The endowment achieved an average annual return of 9% over 10 years, 9.5% over five years; and 6.7% over this past fiscal year.

The consolidated balance sheet shows total assets of \$11.6 billion, which reflects real estate at cost rather than fair market value, and includes endowment, educational, agricultural and conservation assets. When reviewing by fair market value, Hawai'i commercial real estate assets are valued at \$4.8 billion, and the entire endowment (excluding educational, agricultural, and conservation real estate) is valued at \$15.1 billion, as of June 30, 2022.

For more, including a copy of KS' audited "Consolidated Financial Statements and Supplemental Schedules" for the fiscal year 2022, visit ksbe.edu/annualreports

* Financial data sourced from Consolidated Financial Statements for FY2021-22.
** Learner and program participant sourced from Annual Report collected through September 9, 2022.

CONSOLIDATED BALANCE SHEET

June 30, 2022 (in thousands)

Assets

Current assets	
Cash and cash equivalents	\$ 145,898
Receivables, net	6,262
Other	6,547

Total current assets	158,707
Trust investments	
Financial investments, net	10,351,390
Real estate investments, net	313,937

	10,665,327
Other investments	52,133
Property and equipment, net	607,463
Accrued pension assets	2,727
Deferred charges and other	132,217

Total assets	\$ 11,618,574

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 78,712
Current portion of notes payable	19,569
Deferred income and other	27,408

Total current liabilities	125,689
Notes payable	277,568
Accrued postretirement benefits	48,500
Deferred income and other	160,037

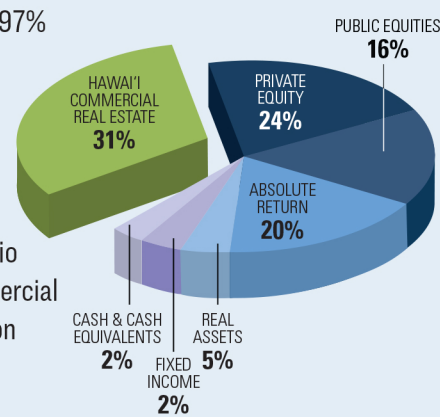
Total liabilities	611,794

Commitments and contingencies	
Net assets – without donor restrictions	11,006,780

Total liabilities and net assets	\$ 11,618,574

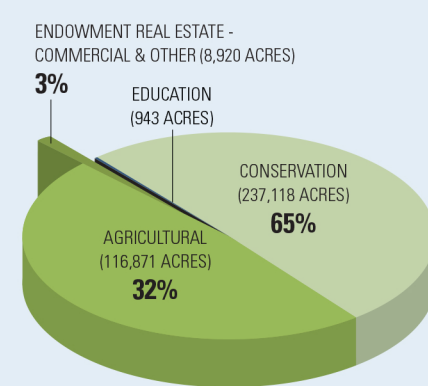
KAMEHAMEHA SCHOOLS ENDOWMENT

Kamehameha Schools' mission is 97% supported by its endowment with 3% being supported by tuition, net of financial aid. The endowment was valued at \$15.1 billion as of June 30, 2022. A globally diversified financial assets portfolio of \$10.4 billion, and Hawai'i commercial real estate representing \$4.8 billion at fair market value comprise the endowment's value.



KAMEHAMEHA SCHOOLS LANDS

Endowment real estate lands comprise 3% of total acreage (363,852 acres) belonging to Kamehameha Schools and are mostly commercial and residential. Agricultural and conservation lands comprise 97% and are primarily considered sustainability assets, not included in the endowment fund.



Kamehameha Schools®