

KAMEHAMEHA SCHOOLS

REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2022 – JUNE 30, 2023



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

This fiscal year, our three K-12 campuses and 30 preschools continued to provide safe learning environments, grounded in E Ola!,

to nurture the next generation of 'ōiwi leaders who will help to shape the future of our communities, the state and the world. We also enhanced our service to the community by establishing KS Kaiāulu, an integrated ecosystem that offers improved access to KS-supported community programs, scholarships, and online resources. During this period, we began to re-envision our 'āina stewardship with the consolidation of our commercial, agricultural and conservation lands into a unified portfolio called 'Āina Pauahi. Returns from our endowment portfolio provide more than 97% of Kamehameha Schools educational spend.

For the fiscal year ending June 30, 2023, Kamehameha Schools spent \$272 million on campus programs; \$96 million for scholarships and community investments; and \$118 million for other educational infrastructure and costs, including capital, debt financing, support services, and legal settlements.

This total of \$486 million in annual education spend is equal to 3.8% of the trailing five-year average market value of the endowment, also referred to as the "spend rate." Kamehameha Schools strives to maintain an annual education spending rate within a range of 2.5% to 6.0% each fiscal year based on this trailing five-year average. The long-term target average spending rate is 4.0%, although this may vary annually around the 4.0% target, depending on program needs and changes in the average market value of the endowment. Additionally, Kamehameha Schools invested \$41 million (net of agriculture rents) to steward agricultural and conservation 'āina across the state. Together, this total spend of \$527 million represents 4.1% of the trailing five-year average market value of the endowment.

For this past fiscal year, educational spending and learners served include:

Campuses: A total of \$272 million spent serving 7,106 learners.

- Preschools: \$42 million spent serving 1,660 learners at 30 preschools; and
- K-12: \$230 million spent serving 5,446 learners including 686 graduates at three campuses
 - KS Hawai'i (1,172 learners);
 - KS Maui (1,112 learners); and
 - KS Kapālama (3,162 learners).

Financial Aid: \$29.2 million spent serving 5,139 learners at KS' preschools and K-12 campuses.

Community: \$95.8 million spent serving 70,430 learners.

- Scholarships: \$31.4 million spent serving 4,281 learners, including:
 - \$11 million spent for Pauahi Keiki Scholars Scholarships (early learning) serving 1,302 learners;
 - \$5.5 million spent for Kipona Scholarships (K-12) serving 663 learners; and
 - \$14.9 million spent for post-high scholarships serving 2,316 learners.
- Community investments:
 - \$41.8 million spent serving 53,418 learner experiences and supporting partnerships with 122 community organizations;
 - \$22.6 million spent serving 12,731 learners through various community engagements, internships, college & career counseling, leadership and other programming throughout the pae 'āina.

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 and real growth for a perpetual asset base.

The endowment achieved average returns of 7.7%, 7.9% and 0.5% on a 10, 5 and 1-year basis, respectively. The policy benchmarks over the same time period are 6.7%, 6.7% and -1.9%, respectively.

The consolidated balance sheet shows trust investments (i.e. endowment) of \$10.3 billion, which reflects real estate investments primarily at cost rather than fair market value. When considering the fair market value of real estate investments at \$4.7 billion, the entire endowment is valued at \$14.6 billion as of June 30, 2023.

For more, including a copy of KS' audited "Consolidated Financial Statements and Supplemental Schedules" for the fiscal year 2023, visit ksbe.edu/annualreports.

CONSOLIDATED BALANCE SHEET

June 30, 2023 (in thousands)

Assets

Current assets	
Cash and cash equivalents	\$136,463
Receivables, net	5,135
Other	5,644

Total current assets	147,242
Trust investments	
Financial investments, net	9,953,841
Real estate investments, net	337,005

	10,290,846
Other investments	
	57,384
Property and equipment, net	583,351
Deferred charges and other	157,697

Total assets	\$ 11,236,520

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 78,173
Current portion of notes payable	19,569
Deferred income and other	38,556

Total current liabilities	136,298
Notes payable	241,749
Accrued postretirement benefits	51,920
Accrued pension liability	2,320
Deferred income and other	159,205

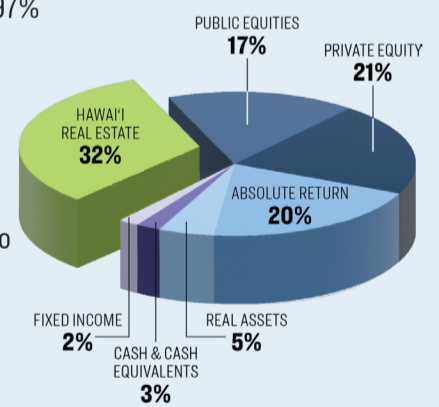
Total liabilities	591,492

Net assets – without donor restrictions	10,645,028

Total liabilities and net assets	\$ 11,236,520

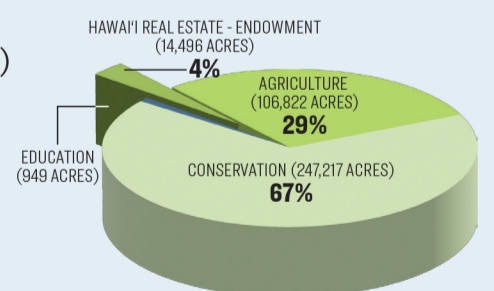
KAMEHAMEHA SCHOOLS ENDOWMENT

Kamehameha Schools' mission is 97% supported by its endowment with 3% being supported by tuition, net of financial aid. The endowment was valued at \$14.6 billion as of June 30, 2023. A globally diversified financial assets portfolio of \$9.9 billion, and Hawai'i real estate representing \$4.7 billion at fair market value comprise the endowment's value.



KAMEHAMEHA SCHOOLS LANDS

Hawai'i real estate lands in the endowment comprise 4% of total acreage (369,484 acres) belonging to Kamehameha Schools and are mostly commercial and residential. Agricultural and conservation lands comprise 96% and are primarily considered sustainability assets, not included in the endowment fund.



Kamehameha Schools®