

# KAMEHAMEHA SCHOOLS ANNUAL REPORT

July 1, 2009 - June 30, 2010

*“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.”*



## Unveiling of Ke Kupu Mālamalama – the Kapālama Master Plan – Highlights Fiscal Year 2010

*Kamehameha Schools sees endowment value, trust spending and numbers served all rise during a very successful year*

The June 2010 groundbreaking on the long-awaited Ke Kupu Mālamalama – the Kapālama Master Plan – was the featured piece in a year full of accomplishment for Kamehameha Schools.

The \$118.5 million, three-year construction project is the single largest undertaking in the history of the Kapālama campus and will provide students, faculty and other campus users with facilities that support and improve access to educational programs and services.

Ke Kupu Mālamalama includes four distinct projects: the redevelopment of the middle school campus and dormitories; the redevelopment of the physical education/athletics complex; the construction of the Ka’iwakīloumoku Hawaiian Cultural Center; and the construction of a new parking structure facing Kekūhaupi’o gymnasium.

Overall, it was a very good fiscal year (July 1, 2009 to June 30, 2010) for Kamehameha Schools.

The fair value of the Kamehameha Schools Endowment rose to \$7.8 billion, a 13.5 percent one-year total return, up from \$7.2 billion the year before.

Trust spending, including education and other support costs, saw a 16 percent increase over the previous year, jumping \$41.3 million to \$299 million.

Kamehameha’s trust spending percentage was 3.83 percent for the fiscal year. Kamehameha Schools has a target spending rate of 4.0 percent which is based on the average fair value of the endowment’s previous 20 calendar quarters.

The fifth year of the Kamehameha Schools Education Strategic Plan saw the organization increase its numbers served to 45,418 learners, parents and caregivers, a 2.2 percent increase over the previous year, exceeding the original target number for the year by nearly 5,000 learners.

“We have been able to more than stay the course over the last two years despite turbulent economic seas,” said Kamehameha Schools’ chief executive officer **Dee Jay Mailer**.

“The success of this fiscal year is a testament to the heart of our staff – everyone who pitched in so that our programs could continue and we could successfully fulfill the mission of Kamehameha Schools and the wishes of our beloved princess Ke Ali’i Pauahi.”

Of particular note this fiscal year is

Since the inception of the education strategic plan in 2005 – which called for Kamehameha to extend its programs into the community and serve more learners – Kamehameha Schools has spent more than \$415 million on community based programs and more than doubled the number of learners served.

Kamehameha’s trust spending, which included \$129 million for campus based programs and \$102 million spent on community based programs. These amounts include direct educational costs and allocated indirect costs, which represents the portion of the finance, operations and legal services that support the Kamehameha Schools’ educational programs and purpose.

Since the inception of the education strategic plan in 2005 – which called for Kamehameha to extend its programs into the community and serve more learners – Kamehameha Schools has spent more than \$415 million on community based programs and more than doubled the number of learners served.

“Most people think of our campuses when they see the name Kamehameha Schools, and we have very talented students in all three of



*Kamehameha Schools Kapālama president and headmaster Dr. Michael Chun offers words of welcome and vision at ceremonies celebrating the beginning of Ke Kupu Mālamalama on May 24, 2010.*

our campus programs – from a record breaking Speech and Debate team at Kapālama to award winning student journalists at KS Maui to a Gates Millennium Scholar (**Shariyah Campbell KSH’10**) at KS Hawai’i,” Mailer added. “But what many don’t realize is that we support talented young students in community programs and public schools throughout Hawai’i.”

“Our outreach numbers last year were well past the target numbers for fiscal year 2010 that we established in 2005,” said Chris Pating, Kamehameha vice president of Strategic Planning and Implementation.

“Still, we know there are 75,000 school-aged Native Hawaiian keiki in our public schools, so we are deepening our efforts to support initiatives and programs already in communities with large numbers of Native Hawaiians.”

Signature educational achievements for the year included:

- More than 1,500 students served at 31 pre-school sites across the state
- Nearly 1,900 Pauahi Keiki Scholarships totaling \$11.3 million
- Nearly 5,000 learners and caregivers served by the Literacy Instruction & Support program held at 21 Department of Education schools in targeted communities
- Nearly 3,500 learners served in the Extension Education Division’s Explorations Series

*continued on page 5*

*Ho’olauna Wai’anae student Pohai Enos of Ke Kula Kaiapuni ‘O Ānuenuē school displays his kalo after spending the day in the Ka’ala Farms lo’i. Kamehameha’s Ho’olauna programs are part of the Enrichment Department’s Explorations Series, which served nearly 3,500 learners in fiscal year 2010, a 6 percent increase over the previous year.*





# Progress and Promise

*2010 marks the 10-year milestone of the Kamehameha Schools Strategic Plan*

Over the past fiscal year, more than 45,000 of Pauahi's children have flourished on our campuses, in preschools, public schools, community programs and at universities across the country. Every day, some of those learners take their new skills back into their neighborhoods helping to build more vibrant Hawaiian communities.

This transformational progress began with seeds of promise planted 10 years ago as part of the Kamehameha Schools Strategic Plan. The year 2010 marked the 10-year milestone of the 15-year plan which maps out the direction of our educational outreach and helps ensure that the trust serves Hawaiian children for generations to come.

Since the inception of our strategic plan, we and our community collaborators have made tremendous progress in the areas of education, asset management, leadership development, land stewardship, cultivating cultural awareness and strengthening our organization.

Guided by the goals of its strategic plan, in the past decade Kamehameha Schools:

- Doubled the number of learners and caregivers served to over 45,000
- Built K-12 campuses on Maui and Hawai'i island serving a combined 2,220 students
- Opened nearly 20 additional preschool classrooms
- Awarded nearly \$200 million in preschool, private school and post-high scholarships
- Doubled its support of community collaborators to more than \$20 million per year
- Increased stewardship of native ecosystems on legacy lands from 3,000 acres to 179,000 acres
- Offered cultural learning opportunities to Kamehameha staff members and the community
- Boosted the fair value of the trust by 38 percent from \$5.6 billion to \$7.8 billion
- Increased its annual educational trust spending by 125 percent from \$133 million to \$299 million, spending a cumulative \$2.5 billion on educational programs and educational support
- Developed investment and spending policies to protect KS' ability to provide educational opportunities in perpetuity

These achievements are a clear sign of progress and promise for Kamehameha Schools. We are grateful to the members of the Kamehameha 'ohana who helped make them happen.

We mahalo the strategic plan core planning team who, at nearly 70 community meetings, helped gather input from Kamehameha stakeholders.

We mahalo the alumni, faculty, staff members, parents and students who helped cultivate the plan.

And finally, we mahalo the Kamehameha Schools employees, past and present, who have carried out the plan with diligence, perseverance and aloha.

As we celebrate the amazing progress we've made toward fulfilling our strategic plan goals, let us remember that we must ho'omau – continue our good work to assure that results are achieved and that they impact



## The Kamehameha Schools Board of Trustees

*For fiscal year 2010. From left: J. Douglas Ing KSK'62, Corbett A.K. Kalama, Diane J. Plotts, Micah Kāne KSK'87, Nainoa Thompson.*



## The Kamehameha Schools Chief Executive Officer Team

*Front row, from left: Michael Chun KSK'61, Ph.D., KS Kapālama president and headmaster; Lee Ann Johansen DeLima KSK'77, KS Maui headmaster; Dee Jay Mailer KSK'70, KS chief executive officer; Michael P. Loo, former VP for Finance and Administration; Colleen I. Wong KSK'75, VP for Legal Services; D. Rodney Chamberlain, D.Ed, VP for Campus Strategic and Academic Affairs; second row: Darrel Hoke, director, Internal Audit; Kalei Stern KSK'89, VP and executive director of the Ke Ali'i Pauahi Foundation; Christopher J. Pating, VP for Strategic Planning and Implementation; Ann Botticelli, VP for Community Relations and Communications; Sylvia Hussey, VP for Administration; back row: Randie Fong, director, Hawaiian Cultural Development; Kirk O. Belsby, VP for Endowment; Stan Fortuna, Ed.D., KS Hawai'i headmaster.*

generations to come.

Mahalo for all that you do to honor our beloved Princess Pauahi. We are truly blessed to be on this mission with you.

Me ka ha'aha'a,

### Trustees

Corbett A.K. Kalama  
Micah A. Kāne KSK'87  
Nainoa Thompson

J. Douglas Ing KSK'62  
Diane J. Plotts

### CEO

Dee Jay Mailer KSK'70

This transformational progress began with seeds of promise planted 10 years ago as part of the Kamehameha Schools Strategic Plan. The year 2010 marked the 10-year milestone of the 15-year plan which maps out the direction of our educational outreach and helps ensure that the trust serves Hawaiian children for generations to come.



# Assessing the Impact of Kamehameha Schools Programs and Services

by Nolan J. Malone, Ph.D.



The 2009–2010 fiscal year marked the second year of the evaluation phase of Kamehameha Schools' Education Strategic Plan.

Consequently, more and more KS constituents – staff, alumni, leadership, etc. – are being asked, “So, what impact is KS having?”

Answering such a question for an educational system with three campuses, 31 preschools, dozens of community programs and collaborations, and several scholarships can prove tricky.

However, sometimes complex responses can be boiled down to selected core components that can provide clear answers.

In other words, questions surrounding “KS impact” produce answers that demonstrate the many ways in which KS programs deliver educational services.

Impact can occur within the context of a single program, a set of programs serving learners of specific ages, a set of programs that occur in a specific context (e.g., a campus, a community, etc.), or over time along a specific pathway of consecutive programs.

## Single Program Impact

For example, KS's Research & Evaluation Division examined the long-term outcomes of KS preschool program participants from the past nine years throughout their public school careers by analyzing their performance on standardized tests.

The summary results reveal that KS preschool alumni fare well in public schools relative to their peers, with the majority meeting proficiency in both reading and math during the years examined.

Many national studies of long-term preschool impact show that the benefits of preschool generally diminish throughout elementary school, however the findings from this study show a sustained positive impact of KS preschools well into middle school.



More than 5,350 students, including these learners from KS Maui Elementary, were served through Kamehameha Schools campus programs in fiscal year 2010.

## Age-specific Program Impact

While understanding the impact of a single program is important, we also want to obtain a more comprehensive look at the impact of an entire set of KS programs that serve a specific age group of learners.

The first “strategic evaluation” focused on all major KS-funded programs that serve keiki ages 3- and 4-years-old, a key age group within strategic priority 1 of the education strategic plan.

Initial findings of the “Early Childhood Education Strategic Evaluation” revealed that all the participating programs are operating in diverse range of communities with different sets of resources and need; programs are empirically based, well established and of high quality;

Teacher's aide Houston Ala KSK'00 reads to young learners at Kamehameha's Kalihi-Pālana preschool. Serving the 0-8 age group is the first priority of the Kamehameha Schools Education Strategic Plan. To read the plan in its entirety, visit [www.ksbe.edu/spi/esp](http://www.ksbe.edu/spi/esp).

ity early education opportunities are available to keiki throughout the state; providing a diversity of such opportunities to sufficiently meet the needs of families; and, to lay a strong foundation at an early age for continued lifelong learning.

## Organization-wide Impact

Ultimately, however, when questioned about what impact KS as a whole is having, most people have difficulty summing up the “KS impact” in a short phrase or a convenient statistic.

However, throughout the evaluation stage



Kamehameha Scholars, a supplementary enrichment program with a focus on college and career guidance, served nearly 500 students who do not attend Kamehameha Schools in fiscal year 2010.

and, data quality is sound for child development measures.

These preliminary observations align with many of the priorities laid out in the education strategic plan, most notably: ensuring that qual-

of the education strategic plan, an approach has been developed to effectively integrate individual program costs, reach and measures of impact in a concise and comparable fashion, permitting division-wide, region-wide and system-wide perspectives.

The efforts to evaluate the educational impact of KS programs range from individual program evaluations to organization-wide assessments of impact.

As Kamehameha Schools continues to reach out to learners of all ages, providing educational services to meet multiple needs, so too does the Kamehameha Schools impact grow and evolve.

Nolan J. Malone, Ph.D., is the director of the Research & Evaluation Division of Kamehameha Schools.



# Measuring the Performance of the Kamehameha Schools Endowment

by Kirk Belsby  
Vice President for Endowment



Kirk Belsby

The endowment for Kamehameha Schools rode a recovery wave in fiscal year 2009-10.

The endowment bounced back to a fair value of \$7.82 billion with a healthy 13.7 percent return – 13.5 percent after administrative expenses. The returns within the portfolio were fairly balanced between the \$2.5 billion Hawai'i real estate portfolio at 14.9 percent and the \$5.3 billion securities portfolio at 13.3 percent.

While there was a wealth of other accomplishments this past year, we are tempted to review our investment philosophy and financial performance over a longer and more sustained timeframe – the 11-year period since the start of current accounting practices.

One consistent issue that continues to guide our philosophy is that 98 percent of the revenue that supports Kamehameha Schools comes from our endowment.

What this means is that we must temper our risk profile so as to not expose ourselves to severe loss events since we have no other significant means of support.

Wherever we make investments, we try to hedge our risk through intense due diligence and we model potential upside and downside scenarios. This strategy means that sometimes we must pass on an interesting, albeit risky, opportunity, even though we recognize it may ultimately prove very rewarding.

In other words, our strategy has been to outperform the market during down times, or “bear” markets. The flip side of the coin is that we should typically expect to trail the market during the “bull” upswings.

The fact that we endured the second largest market shock over the past 100 years while still achieving our investment target largely validated our risk and investment philosophies, although we continue to constantly re-assess and re-evaluate a constantly changing market environment.

Given the above preface, let's get down to business. Just like “Dancing with the Stars” and “American Idol,” there are three judges – or more accurately, three financial measures.

The first is the most basic one: we want to achieve a 5.0 percent premium over the long term CPI (consumer price index) rate, which equates



Kamehameha's Royal Hawaiian Center was awarded the 2010 Shopping Center of the Year Award from the International Council of Shopping Centers Hawai'i Chapter. The award is presented each year to a leading individual in the retail profession or to a shopping center based on its excellence in service, design, community and industry involvement.

to a targeted average return of 7.5 percent for the past 11 years since we started keeping score.

The first judge's scorecard reveals a 7.7 percent actual return for Kamehameha Schools for the 2000-2010 timeframe, a reasonable premium of 0.2 percent (20 basis points) over target!

What is interesting is that while there were periods of market growth from 2004-2007, no one will soon forget the deep scar created by the 2008 market collapse, a financial disaster exceeded only by the stock market crash of 1929.

The fact that we endured the second largest market shock over the past 100 years while still achieving our investment target largely validated our risk and investment philosophies, although we continue to constantly re-assess and re-evaluate a constantly changing market environment.

The second judge measures how well Kamehameha Schools performed against market benchmarks within the various asset classes in which we invested.

For example, we evaluate our investment returns in U.S. stocks against the Russell 3000, which is a comprehensive measurement of the

stock performance of the 3,000 largest U.S. companies.

This judge is generally a fair one, kind of like Ellen DeGeneres on “American Idol.”

If we weight the market benchmarks for all the asset classes, the combined overall industry returns for the past year was 7.0 percent, and 4.1 percent for the previous 11 years.

And the Kamehameha Schools scores? They show an impressive 13.5 percent for the past fiscal year and 7.7 percent for the new millennium. These returns demonstrate a near doubling of industry/market returns!

The remaining measure is the “peer benchmark,” which is a stack ranking of the largest endowments and foundations in the U.S. with assets greater than \$1 billion. The goal for Kamehameha Schools is to perform within the top half (50 percentile or higher) in both the short and long term.

Like Simon Cowell on “American Idol,” this measure generates the most attention as it pits us portfolio managers against each other.

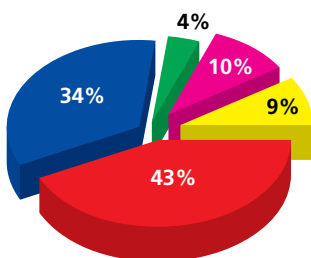
The dicey part is that you may recall that

## KAMEHAMEHA SCHOOLS TRUST SPENDING

FISCAL YEAR 2010

Kamehameha Schools spending policy targets annual spending on education at 4.0 percent of the five-year average fair value of its Endowment. Spending in FY 2010 was 3.8 percent and allocated as follows:

Category	Amount
Campus-based Programs	\$129 million
Community Education and Scholarships	\$102 million
Major Repairs & Capital Projects	\$29 million
Debt Financing and Other	\$28 million
Other Programs	\$11 million
<b>Total Trust Spending</b>	<b>\$299 million</b>



## KAMEHAMEHA SCHOOLS INVESTMENT RETURNS

PERIOD ENDING JUNE 30, 2010

	ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	SINCE JULY 1, 1999
<b>TOTAL ENDOWMENT FUND, NET OF ALL INVESTMENT-RELATED EXPENSES</b>	<b>13.5%</b>	<b>-1.2%</b>	<b>6.6%</b>	<b>7.1%</b>	<b>7.7%</b>
ENDOWMENT FUND COMPOSITE BENCHMARK	7.0%	-4.6%	2.3%	3.7%	4.1%
TOTAL ENDOWMENT FUND LONG-TERM OBJECTIVE (CPI + 5%)	6.1%	6.5%	7.3%	7.4%	7.5%



# Unveiling of Ke Kupu Mālamalama – the Kapālama Master Plan – Highlights Fiscal Year 2010

continued from page 1



- Nearly 500 students enrolled in the Kamehameha Scholars program
- 17 DOE Hawaiian-focused public charter schools supported with \$9.1 million in per-pupil funding and support impacting more than 3,600 students
- More than 2,000 post-high scholarships awarded totaling \$12.6 million
- 657 seniors graduating from KS campuses on Hawai'i, on Maui and at Kapālama.
- Orphan and indigent children comprised approximately 30 percent of fiscal year 2010 invited students and 25 percent of enrolled students
- Nearly 1,900 non-campus learners enrolled in campus-based summer programs



KS Kapālama high school Hawaiian language students chant to instructor Mele Pang KSK'87 asking permission to enter the classroom. Kamehameha Schools graduated more than 650 seniors from its three campuses in fiscal year 2010.

Fiscal year 2010 will be remembered for these highlights:

- The July 2009 appointment of **Micah Kāne KSK'87** to serve as trustee, replacing **Robert Kihune KSK'55**. Kāne was serving as the director of the Department of Hawaiian Homelands at the time of his appointment.
- The July 2009 selection of former All-American volleyball player **Glennie Adams KSK'78** as the associate athletic director at Kamehameha Schools Kapālama, the first female athletic director in the history of Kamehameha Schools.
- The August 2009 announcement of Kamehameha Schools' commitment to supporting educational transformation on O'ahu's Leeward Coast – where more Native Hawaiians live than anywhere else in the world – in the form of an educational initiative called, for now, Ka Pua. This initiative, which envisions a collaborative, coordinated and comprehensive network of educational and other social services woven together to meet and support the needs of Leeward Coast learners and their families, is

Kamehameha's leading educational priority for the coming years. It will involve extensive collaboration with other community resources, like the Department of Education, the Department of Hawaiian Home Lands, numerous other private service providers, non-profit agencies, corporations, civic organizations and individuals – all working toward strengthening Leeward Coast educational outcomes.

- The September 2009 groundbreaking for the Kamehameha Preschool at He'eia. The preschool will house six classrooms and administrative offices and serve more than 100 children from the Kāne'ohe, He'eia and Kahalu'u communities.
- The November 2009 launching of the Mālama Card program, which offers exclusive discounts and promotions to card members. Mālama Card was created by Kamehameha Schools as a way to generate business for its commercial tenants during difficult economic times.

Kamehameha Schools has a more defensive strategy since we almost exclusively rely on the endowment for organizational revenue – yet our portfolio brethren typically contribute only 25 to 40 percent of educational spend since these universities also receive tuition payments, alumni gifts, as well as public and private funding.

This allows these same endowments to be more flexible in the pursuit of higher returns since the universities have other means of support. To make matters even more difficult within the peer ranking measure is that we compete with the most recognized universities in the nation.

I would compare our goal to the University of Hawai'i football team achieving a Top 30 national ranking – and not just for one year, but for every year.

Yet even with this level of competition, we are pleased to report that on a scale with a possible top score of "100," we posted a one-year return that put us in the 69th percentile. Even more impressive is that Kamehameha Schools generated a 10-year return at the 95th percentile!

While some may wonder how we achieved such results, we believe the answer lies in consistent performance and a disciplined approach to pricing risk.

Those organizations that over allocated resources to higher risk investments chasing short term returns got punished dearly in 2008, while the endowments that took a longer term balanced approach fared better.

In conclusion, while we take pride in our results, we will foremost be managing the Kamehameha Schools portfolio to our own criteria and assessment of risk.

While our performance may not be as stellar in the short term of one to three years, we will continue to acknowledge that we manage a perpetual trust that relies on stability and long term success.

I mua Kamehameha!

## NUMBERS SERVED THROUGH KAMEHAMEHA SCHOOLS PROGRAMS AND COLLABORATIONS

		FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
SP1	CAREGIVER SUPPORT "CHILD"	104	329	464	1,528	1,517
SP1	CENTER-BASED PRESCHOOLS	1,439	1,467	1,485	1,532	1,524
SP1	SUPPORTING PRESCHOOL AGE CHILDREN	1,094	1,845	1,924	2,879	2,949
SP1	K-3 GRADE IN PUBLIC SCHOOLS	3,375	1,600	1,952	3,581	3,491
SP2	SUPPORTING 4-12 GRADES, POST-HIGH AND CHARTER SCHOOLS	12,043	14,235	15,993	15,833	17,142
SP3	CAMPUSES	5,298	5,354	5,372	5,353	5,372
SP1-3	CAREGIVER TRAINING AND SUPPORT; SUPPORT FOR FAMILIES AND CAREGIVERS OF CHILDREN PN-12 – COMMUNITY	4,686	10,776	10,989	13,695	13,423
<b>TOTAL NUMBER OF HAWAIIANS SERVED</b>		<b>28,039</b>	<b>35,606</b>	<b>38,179</b>	<b>44,401</b>	<b>45,418</b>

SP1 – STRATEGIC PRIORITY 1 OF THE KS EDUCATION PLAN

SP2 – STRATEGIC PRIORITY 2

SP3 – STRATEGIC PRIORITY 3



In fiscal year 2010, Kamehameha Schools operated 31 preschools on five Hawaiian islands serving 1,500 students.



# Kamehameha Schools' Collaborations Aid in Reaching Native Hawaiian Community

*Kamehameha Schools awards \$23.4 million in collaboration efforts during fiscal year 2010*

**K**amehameha Schools realizes that it cannot reach every Native Hawaiian student and their families alone.

In order to extend the reach of Kamehameha Schools in fiscal year 2010, the organization awarded \$23.4 million to more than 30 effective community collaborators.

The top six collaborators were 'Aha Pūnana Leo, Alu Like, the Hawai'i State Department of Education (DOE), public charter schools, INPEACE and Kanu O Ka 'Āina Learning 'Ohana.

"This past year was a wonderful reflection on the power of partnerships!" said Dr. Rod Chamberlain, Kamehameha Schools vice president for Campus Strategic and Academic Affairs.

"As one can see from the year's data, in a time of economic challenge, the mission of Ke Ali'i Pauahi continues to serve an increasing number of Native Hawaiians across the state in a wide variety of programs because we are working with strong partners.

"These collaborations produce measureable results in education and culture and help develop individuals who want to make a difference in their communities in the future. Our partners win. Those we serve win. The whole state wins. And our mission is fulfilled."

The following is a partial list of community collaborators who entered into agreements with Kamehameha Schools over the past fiscal year.

- 'Aha Pūnana Leo
- Alu Like, Inc.
- Big Brothers Big Sisters of Honolulu, Inc.
- Big Brothers Big Sisters of Maui, Inc.
- Chaminade University
- Department of Education
- The Dollywood Foundation
- Edith Kanaka'ole Foundation
- Friends of the Leeward Coast Public Charter School
- Good Beginnings Alliance
- Hawai'i Association for the Education of Young Children
- Hawai'i Charter School Network
- Hawai'i Pacific University
- Hawaiian Educational Council
- Ho'okāko'o Corporation
- Ho'oulu Lāhui
- Hui Mālama I Ke Kai Foundation
- Institute for Native Pacific Education and Culture (INPEACE)



*Keiki Steps, an INPEACE program, is a free preschool program open to parents and caregivers with children 0-5 years of age.*

- Ka Huli o Hāloa
- Ka'ala Farms, Inc.
- KAANA, Inc.
- Kai Loa, Inc.
- Kāko'o Ka 'Umeke
- Kanu I Ka Pono, Inc.
- Kanu o ka 'Āina Learning 'Ohana
- Keaukaha Community Association
- The Kohala Center
- Kualoa-He'eia Ecumenical Youth Project
- Kupu
- Lunalilo Trust
- Ma Ka Hana Ka 'Ike Building Program
- Makana o Līloa
- Mana Maoli
- Moloka'i Community Services Council
- Pacific American Foundation
- Paepae O He'eia
- Papahana Kuaola
- Partners in Development
- Queen Lili'uokalani Children's Center
- Supporting the Language of Kaua'i, Inc.
- Teach for America, Inc.
- University of Hawai'i at Hilo
- University of Hawai'i at Mānoa
- Waipā Foundation

## Supporting Hawai'i's Public Schools

*Kamehameha Schools spends \$31 million on public school funding and collaborations in fiscal year 2010*

**R**ecognizing that the majority of Native Hawaiian students are enrolled in Hawai'i's public schools, Kamehameha Schools spent \$31 million on Hawai'i public school funding and collaborations in largely Hawaiian neighborhoods during fiscal year 2010.

Kamehameha Schools supports public schools with direct programming, collaboration funding to public schools as well as organizations who serve in public schools, spending a total of \$31 million during fiscal year 2010.

The funding included \$7.4 million for on-site literacy instruction by Kamehameha Schools staff in 21 DOE schools – 220 K-3 classrooms – statewide. Nearly 5,000 learners were served – 4,348 children and 575 parents.

Another \$6.6 million was provided in funding support for a variety of programs for students in DOE schools, including:

- Tutoring and test preparation for students ages 16 and over to attain their competency-based high school diploma

- Summer enrichment programs on campus
- Homework centers and after-school tutoring
- Place-based learning in lo'i kalo and Hawaiian fishponds
- Distance learning
- Classroom-based Hawaiian social studies instructions for grades 4-7
- After school violence and substance abuse prevention for at-risk youth

Additionally, \$9.1 million was provided in per-pupil funding and support for 17 Hawaiian-focused start-up and conversion public charter schools serving 3,640 students and their families.

And, in a 7 percent increase over the previous fiscal year, \$7.9 million was spent on educator training and support, including funding for Teach for America participants serving predominantly Hawaiian public schools.

*Nānākuli High School student Branielle Young-Velarde is excited to see her brand new Toshiba laptop computer for the first time. In July 2010, Kamehameha Schools was among several community partners that helped make Nānākuli and Wai'anae High School a part of the New Technology High School Network, where students use technology to build and apply their knowledge of topics such as science, math, English and history on solving real life problems and opportunities, called Project-Based Learning.*





# KAMEHAMEHA SCHOOLS

## REPORT ON FINANCIAL ACTIVITIES

JULY 1, 2009 - JUNE 30, 2010



As of June 30, 2010, the overall fair value of Kamehameha Schools' endowment was approximately \$7.8 billion. The endowment total return is reported at fair value and excludes non-investment related assets, such as educational, administrative, and agricultural and conservation assets.

For the fiscal year ended June 30, 2010, Kamehameha Schools spent approximately \$299 million on educational programs and educational support, with \$102 million spent on community-focused programs and \$129 million spent on campus-based programs. These financial resources enabled Kamehameha Schools to extend its educational reach to more Hawaiians through its education strategic plan, adopted in 2005 and based on the Kamehameha Schools Strategic Plan 2000-2015.

Fiscal year 2010 was the fifth year of the 10-year education strategic plan, and the number of children and families impacted by Kamehameha's campus and community programs increased by more than 2 percent, from approximately 44,400 learners to more than 45,400 learners. More than 13,400 parents and caregivers were provided training and support for families and caregivers of children in the prenatal to grade 12 community.

### Prenatal to 8 years of age

Kamehameha Schools served more than 9,400 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 1,500 students at 31 KS preschool sites across the state and nearly 4,000 students served through community collaborations. Nearly 1,900 Pauahi Keiki Scholarships were awarded totaling \$11.3 million.

### Grades 4 through post-high

Kamehameha Schools served more than 17,100 learners through its enrichment, campus outreach and summer school programs such as the Explorations Series, Kamehameha Scholars, 'Ike Pono and Career & Post-High Counseling. More than 2,000 post-high scholarships were awarded totaling \$12.6 million and more than 3,600 students were supported with \$9.1 million in per-pupil funding and support to 17 of the Department of Education's 31 public charter schools. More than 1,850 non-campus learners were enrolled in campus-based summer programs.

### Campus programs

Kamehameha Schools educated more than 5,370 learners, including graduating more than 650 seniors, at campus programs on Hawai'i, on Maui and at Kapālama. Orphan and indigent children comprised approximately 30 percent of students invited to campus programs and 25 percent of students enrolled during fiscal year 2010.

For more, including a copy of Kamehameha Schools' audited "Consolidated Financial Statements and Supplemental Schedules" for fiscal year 2010, please visit [www.ksbe.edu/annualreports](http://www.ksbe.edu/annualreports).

### Consolidated Statement of Assets

June 30, 2010  
(in thousands of dollars)

	COST OR ESTIMATED FAIR MARKET VALUE	
<b>CASH AND EQUIVALENTS</b>	\$54,512	
<b>INVESTMENTS</b>		
<b>Marketable debt and equity securities</b>		
Common and preferred stocks	\$699,650	
Fixed income	745,032	
Short-term investments and cash equivalents	126,408	
Mutual funds	239,781	1,810,871
<b>Other investments</b>		
Hedge funds	2,053,944	
Private equity funds	797,051	
Commingled funds	521,793	
Other	35,556	3,408,344
<b>Amounts receivable for securities sold</b>		123,991
<b>RECEIVABLES, NET</b>		
Tenant and tuition receivables	8,241	
Interest	11,889	
Trade	3,130	
Other	2,118	
Less: Allowance for doubtful accounts	(6,624)	18,754
<b>PROPERTY AND EQUIPMENT, NET</b>		
Educational property and equipment	489,179	
All other property and equipment	333,728	
Construction in progress	44,494	867,401
<b>REAL ESTATE HELD FOR DEVELOPMENT AND SALE</b>		24,409
<b>DEFERRED CHARGES AND OTHER</b>		113,082
<b>TOTAL ASSETS</b>		<u>\$6,421,364</u>

### Schedule of Hawai'i Real Estate by Island and Zoning\*

June 30, 2010  
(in acres)

ISLAND	AREA IN ACRES	PERCENTAGE OF TOTAL
<b>HAWAII</b>		
Residential	999.2078	0.34
Apartment	105.7557	0.04
Commercial	173.1248	0.06
Industrial	25.9719	0.01
Agricultural	201,029.4457	67.97
Conservation	93,065.7966	31.46
Hotel and Resort	204.8936	0.07
Homeowner	155.0621	0.05
<b>Total</b>	<b>295,759.2582</b>	<b>100.00</b>
<b>KAUA'I</b>		
Agricultural	1,147.1820	9.78
Conservation	10,578.3470	90.22
<b>Total</b>	<b>11,725.5290</b>	<b>100.00</b>
<b>MAUI</b>		
Residential	175.1950	6.55
Agricultural	1,197.3970	44.79
Conservation	1,300.6360	48.66
<b>Total</b>	<b>2,673.2280</b>	<b>100.00</b>
<b>MOLOKA'I</b>		
Agricultural	3,392.0630	68.51
Conservation	1,559.3600	31.49
<b>Total</b>	<b>4,951.4230</b>	<b>100.00</b>
<b>O'AHU</b>		
Residential	2,371.2355	4.91
Commercial	870.7186	1.80
Industrial	258.8125	0.54
Agricultural	17,942.2650	37.17
Conservation	26,807.6580	55.54
Hotel and Resort	19.5111	0.04
<b>Total</b>	<b>48,270.2007</b>	<b>100.00</b>
<b>SUMMARY</b>		
Residential	3,545.6383	0.98
Apartment	105.7557	0.03
Commercial	1,043.8434	0.29
Industrial	284.7844	0.08
Agricultural	224,708.3527	61.84
Conservation	133,311.7976	36.68
Hotel and Resort	224.4047	0.06
Homeowner	155.0621	0.04
<b>Total</b>	<b>363,379.6389</b>	<b>100.00</b>

\* Unaudited



KAMEHAMEHA SCHOOLS®