Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2002

Open to Public Inspection

A For the 2002 calendar year, or tax year beginning 07/01 , 2002, and ending 06/30/2003

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Final return [ ] Amended return [ ] Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization
KAMEHAMEHA SCHOOLS

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
P.O. BOX 3466

City or town, state or country, and ZIP + 4
HONOLULU, HI 96801

D Employer identification number
99-0073480

E Telephone number
(808)523-6200

F Accounting method: [ ] Cash [X] Accrual [ ] Other (specify) ▶

● **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? N/A [ ] Yes [ ] No (If "No," attach a list See instructions)

H(d) Is this a separate return filed by an organization covered by a group ruling? [ ] Yes [X] No

G Web site: ▶WWW.KSBE.EDU

J Organization type (check only one) ▶ [X] 501(c) (3) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

K Check here ▶ [ ] if the organization's gross receipts are normally not more than $25,000 The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data **Some states require a complete return.**

I Enter 4-digit GEN ▶

M Check ▶ [X] if the organization is **not** required to attach Sch B (Form 990, 990-EZ, or 990-PF)

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 9,923,953,215.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions)

Line	Description			Line	Amount
1	Contributions, gifts, grants, and similar amounts received.				
a	Direct public support	1a			
b	Indirect public support	1b			
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash $ ______ noncash $ ______)			1d	
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	4,504,729.
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	4,401,835.
5	Dividends and interest from securities			5	87,830,954.
6 a	Gross rents	6a	140,379,333.		
b	Less rental expenses	6b	63,507,054.		
c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	76,872,279.
7	Other investment income (describe ▶ STMT 1)			7	-7,184,750.

Line	Description	(A) Securities		(B) Other	Line	Amount
8 a	Gross amount from sales of assets other than inventory	9,425,348,494.	8a	268,542,497.		
b	Less cost or other basis and sales expenses	9,461,068,319.	8b	60,825,525.		
c	Gain or (loss) (attach schedule) STMT 28	-35,719,825.	8c	207,716,972.		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))				8d	171,997,147.

Line	Description			Line	Amount
9	Special events and activities (attach schedule)				
a	Gross revenue (not including $ ______ of contributions reported on line 1a)	9a			
b	Less direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c	
10 a	Gross sales of inventory, less returns and allowances	10a			
b	Less cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c	
11	Other revenue (from Part VII, line 103)			11	130,123.
12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	338,552,317.
13	Program services (from line 44, column (B))			13	172,554,437.
14	Management and general (from line 44, column (C))			14	28,487,661.
15	Fundraising (from line 44, column (D))			15	
16	Payments to affiliates (attach schedule)			16	
17	**Total expenses** (add lines 16 and 44, column (A))			17	201,042,098.
18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	137,510,219.
19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	3,948,531,757.
20	Other changes in net assets or fund balances (attach explanation) STMT 2 STMT 3			20	166,524,326.
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	4,252,566,302.

Revenue / Expenses / Net Assets

RECEIVED
MAY 19 2004
038 IRS-OSC
OGDEN, UT

SCANNED JUN 10 2004

For Paperwork Reduction Act Notice, see the separate instructions.

JSA 2E1010 1 000

17

OD8990 1034 V02-8.1 569532

Part II Statement of Functional Expenses All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See page 21 of the instructions)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash $ 15,730,164. noncash $)	22	15,730,164.	15,730,164.	STMT 4	
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc.	25	2,552,961.	479,500.	2,073,461.	
26 Other salaries and wages	26	72,584,533.	56,297,522.	16,287,011.	
27 Pension plan contributions	27				
28 Other employee benefits	28	20,313,040.	15,476,665.	4,836,375.	
29 Payroll taxes	29				
30 Professional fundraising fees	30				
31 Accounting fees	31	669,437.		669,437.	
32 Legal fees	32	4,808,485.		4,808,485.	
33 Supplies	33	13,625,582.	10,902,971.	2,722,611.	
34 Telephone	34	1,478,714.	314,949.	1,163,765.	
35 Postage and shipping	35	414,847.	270,680.	144,167.	
36 Occupancy	36	866,509.	839,105.	27,404.	
37 Equipment rental and maintenance	37	6,378,401.	145,535.	6,232,866.	
38 Printing and publications	38	662,258.	401,674.	260,584.	
39 Travel	39	1,039,493.	777,677.	261,816.	
40 Conferences, conventions, and meetings	40	667,765.	416,709.	251,056.	
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42	16,401,795.	13,787,625.	2,614,170.	
43 Other expenses not covered above (itemize) STMT 5	43a	42,848,114.	56,713,661.	-13,865,547.	
b	43b				
c	43c				
d	43d				
e	43e				
44 **Total functional expenses** (add lines 22 through 43) *Organizations completing columns (B)-(D), carry these totals to lines 13-15*	44	201,042,098.	172,554,437.	28,487,661.	

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ▶ ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs $ ______ ; (ii) the amount allocated to Program services $ ______ ;

(iii) the amount allocated to Management and general $ ______ ; and (iv) the amount allocated to Fundraising $ ______

Part III Statement of Program Service Accomplishments (See page 24 of the instructions.)

What is the organization's primary exempt purpose? ▶ STMT 6 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	**Program Service Expenses** (Required for 501(c)(3) and (4) orgs , and 4947(a)(1) trusts, but optional for others)
a STMT 7 (Grants and allocations $ 15,730,164)	172,554,437.
b (Grants and allocations $)	
c (Grants and allocations $)	
d (Grants and allocations $)	
e Other program services (attach schedule) (Grants and allocations $)	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	172,554,437.

Part IV Balance Sheets (See page 24 of the instructions.)

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*

				(A) Beginning of year		(B) End of year
Assets	45	Cash - non-interest-bearing			45	
	46	Savings and temporary cash investments		4,176,309.	46	134,801,713.
	47a	Accounts receivable	47a 12,784,394.			
	b	Less: allowance for doubtful accounts	47b 9,011,086.	7,690,142.	47c	3,773,308.
	48a	Pledges receivable	48a			
	b	Less: allowance for doubtful accounts	48b		48c	
	49	Grants receivable			49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50	
	51a	Other notes and loans receivable (attach schedule)	51a 6,131,710.			
	b	Less: allowance for doubtful accounts	51b	9,481,867.	51c	6,131,710.
	52	Inventories for sale or use		813,471.	52	600,880.
	53	Prepaid expenses and deferred charges		28,287,276.	53	36,109,671.
	54	Investments - securities (attach schedule) STMT 8 ▶ [ ] Cost [X] FMV		3,046,927,728.	54	3,475,752,109.
	55a	Investments - land, buildings, and equipment: basis	55a NONE			
	b	Less accumulated depreciation (attach schedule)	55b NONE	60,534,286.	55c	NONE
	56	Investments - other (attach schedule) STMT. 9		559,407,858.	56	312,642,560.
	57a	Land, buildings, and equipment. basis	57a 883,045,193.			
	b	Less: accumulated depreciation (attach schedule)	57b 233,617,095.	525,616,439.	57c	649,428,098.
	58	Other assets (describe ▶ STMT 10)		10,888,514.	58	8,358,584.
	59	**Total assets** (add lines 45 through 58) (must equal line 74)		4,253,823,890.	59	4,627,598,633.
Liabilities	60	Accounts payable and accrued expenses		84,351,577.	60	81,289,993.
	61	Grants payable			61	
	62	Deferred revenue		20,141,765.	62	16,939,184.
	63	Loans from officers, directors, trustees, and key employees (attach schedule)			63	
	64a	Tax-exempt bond liabilities (attach schedule)			64a	
	b	Mortgages and other notes payable (attach schedule)		138,575,000.	64b	208,575,000.
	65	Other liabilities (describe ▶ STMT 11)		62,223,791.	65	68,228,154.
	66	**Total liabilities** (add lines 60 through 65)		305,292,133.	66	375,032,331.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ [X] and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted		3,948,531,757.	67	4,252,566,302.
	68	Temporarily restricted			68	
	69	Permanently restricted			69	
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 70 through 74				
	70	Capital stock, trust principal, or current funds			70	
	71	Paid-in or capital surplus, or land, building, and equipment fund			71	
	72	Retained earnings, endowment, accumulated income, or other funds			72	
	73	**Total net assets or fund balances** (add lines 67 through 69 **or** lines 70 through 72; column (A) **must** equal line 19; column (B) **must** equal line 21)		3,948,531,757.	73	4,252,566,302.
	74	**Total liabilities and net assets / fund balances** (add lines 66 and 73)		4,253,823,890.	74	4,627,598,633.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 26 of the instructions.)

a	Total revenue, gains, and other support per audited financial statements ▶	a	544,357,132.
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments $104,527,390.		
(2)	Donated services and use of facilities $		
(3)	Recoveries of prior year grants $		
(4)	Other (specify): STMT 12 $ 37,770,371.		
	Add amounts on lines (1) through (4) ▶	b	142,297,761.
c	Line a minus line b ▶	c	402,059,371.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify): STMT 13 $-63,507,054.		
	Add amounts on lines (1) and (2) ▶	d	-63,507,054.
e	Total revenue per line 12, Form 990 (line c plus line d) ▶	e	338,552,317.

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements ▶	a	240,322,587.
b	Amounts included on line a but not on line 17, Form 990.		
(1)	Donated services and use of facilities $		
(2)	Prior year adjustments reported on line 20, Form 990 $		
(3)	Losses reported on line 20, Form 990 $		
(4)	Other (specify): STMT 14 $ 49,531,188.		
	Add amounts on lines (1) through (4) ▶	b	49,531,188.
c	Line a minus line b ▶	c	190,791,399.
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 $		
(2)	Other (specify): STMT 15 $ 10,250,699.		
	Add amounts on lines (1) and (2) ▶	d	10,250,699.
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	201,042,098.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see page 26 of the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SEE STATEMENT 17		2,552,961.	423,609.	270,241.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than $100,000 from your organization and all related organizations, of which more than $10,000 was provided by the related organizations? ▶ ☐ Yes ☒ No
If "Yes," attach schedule - see page 26 of the instructions

Part VI Other Information (See page 27 of the instructions.)

			Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77		X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a	X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? STMT 18	80a	X	
b	If "Yes," enter the name of the organization ▶ and check whether it is [X] exempt or [ ] nonexempt.			
81a	Enter direct or indirect political expenditures See line 81 instructions — 81a NONE			
b	Did the organization file Form 1120-POL for this year?	81b	N/A	
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III.) — 82b N/A			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A	
85	*501(c)(4), (5), or (6) organizations.* a Were substantially all dues nondeductible by members?	85a	N/A	
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	85b	N/A	
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year			
c	Dues, assessments, and similar amounts from members — 85c N/A			
d	Section 162(e) lobbying and political expenditures — 85d N/A			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices — 85e N/A			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) — 85f N/A			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A	
86	*501(c)(7) orgs.* Enter: a Initiation fees and capital contributions included on line 12 — 86a N/A			
b	Gross receipts, included on line 12, for public use of club facilities — 86b N/A			
87	*501(c)(12) orgs.* Enter a Gross income from members or shareholders — 87a N/A			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them) — 87b N/A			
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301 7701-3? If "Yes," complete Part IX	88	X	
89a	*501(c)(3) organizations.* Enter Amount of tax imposed on the organization during the year under: section 4911 ▶ NONE, section 4912 ▶ NONE; section 4955 ▶ NONE			
b	*501(c)(3) and 501(c)(4) orgs.* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ NONE			
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ NONE			
90a	List the states with which a copy of this return is filed ▶ N/A			
b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	1517	
91	The books are in care of ▶ CONTROLLER Telephone no ▶ 808-523-6200			
	Located at ▶ 567 SOUTH KING STREET, HONOLULU, HI ZIP + 4 ▶ 96813			
92	*Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041* - Check here ▶ [ ] and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 N/A			

Part VII Analysis of Income-Producing Activities (See page 31 of the instructions.)

Note: *Enter gross amounts unless otherwise indicated.*	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
93 Program service revenue:	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
a TUITION					4,918,932.
b FOOD SERVICES					2,441,289.
c OTHER REVENUES					2,558,185.
d LESS FINANCIAL AID					-5,413,677.
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	4,401,835.	
96 Dividends and interest from securities			14	87,830,954.	
97 Net rental income or (loss) from real estate:					
a debt-financed property			38	-5,565,928.	
b not debt-financed property	900003	31,413.	16	82,406,794.	
98 Net rental income or (loss) from personal property					
99 Other investment income STMT 21		9,813,069.	18	-16,997,819.	
100 Gain or (loss) from sales of assets other than inventory			18	171,997,147.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue. a					
b OTHER REVENUE STMT 21	900003	45,354.	01	84,769.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		9,889,836.		324,157,752.	4,504,729.

105 Total (add line 104, columns (B), (D), and (E)) ▶ 338,552,317.

Note: *Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.*

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 32 of the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	STMT 19

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
STMT 20	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 33 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: *If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).*

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Please Sign ▶ DuJay Mailer | 5-12-04

Signature of officer | Date

[redacted]

Date 5/10/04 | Check if self- | Preparer's SSN or PTIN (See Gen Inst W)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

▶ MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2002

Name of the organization: KAMEHAMEHA SCHOOLS

Employer identification number: 99-0073480

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
M. CHUN 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	HEADMASTER 40-60 HRS	200,998.	6,076.	NONE
D. HOKE 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	DIR, INTERAL AUDIT 40-60 HRS	182,199.	6,302.	NONE
D. CHAMBERLAIN 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	HEADMASTER, MAUI 40-60 HRS	166,566.	13,244.	38,804.
S. FORTUNA, JR 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	HEADMASTER, HILO 40-60 HRS	166,019.	13,646.	47,616.
R. LAU 567 SOUTH KING STREET, STE 200 HONLULU, HI 96813	DIRECTOR HR 40-60 HRS	170,000.	11,401.	NONE
Total number of other employees paid over $50,000 . . . . ▶	500			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
GROUP 70 INTERNATIONAL 925 BETHAL STREET 5TH FL, HON, HI 96813	ARCHITECT	5,318,427.
KMH FKA KARNS MURAKAMI & HANASHIRO 737 BISHOP ST STE 2900, HON, HI 96813	CONSULTING	1,210,351.
MILLER & CHEVALIER 655 15TH ST NW STE 90, WA DC 20005	LEGAL	890,722.
NETWORK 2000 LLC 2826 KAIHIKAPU ST., HONOLULU, HI 96819	IT CONSULTING	705,281.
HOGAN & HARTSON LLP COLUMBIA SQUARE, 555 13TH ST NW, WASH DC	LEGAL	623,767.
Total number of others receiving over $50,000 for professional services . . . . ▶ 57		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

JSA
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Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ 226,234. (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1	X	
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)* STMT 21			
a	Sale, exchange, or leasing of property?	2a	X	
	STMT 22			
b	Lending of money or other extension of credit?	2b	X	
	STMT 23			
c	Furnishing of goods, services, or facilities?	2c	X	
	STMT 24			
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3	Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)	3	X	
4	Do you have a section 403(b) annuity plan for your employees?	4	X	

Note: *Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.* STMT 25

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 ☒ A school Section 170(b)(1)(A)(ii) (Also complete Part V.)

7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state** ▶

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A.)

11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 ☐ An organization that normally receives. **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: **(1)** lines 5 through 12 above; or **(2)** section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3))

Provide the following information about the supported organizations (See page 5 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) *Use cash method of accounting.* NOT APPLICABLE

Note: *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.*

Calendar year (or fiscal year beginning in) ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 **Organizations described on lines 10 or 11:** a Enter 2% of amount in column (e), line 24 NOT APPLICABLE ▶ 26a

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. **Do not file this list with your return.** Enter the total of all these excess amounts ▶ 26b

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c

d Add Amounts from column (e) for lines: 18 ______ 19 ______ 22 ______ 26b ______ ▶ 26d

e Public support (line 26c minus line 26d total) ▶ 26e

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f %

27 **Organizations described on line 12:** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return. Enter the sum of such amounts for each year:**

(2001) ______ (2000) ______ (1999) NOT APPLICABLE (1998) ______

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) $5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:

(2001) ______ (2000) ______ (1999) ______ (1998) ______

c Add Amounts from column (e) for lines. 15 ______ 16 ______ 17 ______ 20 ______ 21 ______ ▶ 27c

d Add Line 27a total ______ and line 27b total ______ ▶ 27d

e Public support (line 27c total minus line 27d total) ▶ 27e

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) ▶ 27f

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant **Do not file this list with your return. Do not include these grants in line 15.**

Part V **Private School Questionnaire** (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	X	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	X	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31	X	
	If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement) STMT 26			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	X	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	X	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	X	
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d	X	
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		X
b	Admissions policies?	33b		X
c	Employment of faculty or administrative staff?	33c		X
d	Scholarships or other financial assistance?	33d		X
e	Educational policies?	33e		X
f	Use of facilities?	33f		X
g	Athletic programs?	33g		X
h	Other extracurricular activities?	33h		X
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		X
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b		X
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc. 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35	X	

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check ▶ a [ ] if the organization belongs to an affiliated group.
Check ▶ b [ ] if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		16,660.
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		209,574.
38 Total lobbying expenditures (add lines 36 and 37)	38		226,234.
39 Other exempt purpose expenditures	39		196,520,586.
40 Total exempt purpose expenditures (add lines 38 and 39)	40		196,746,820.
41 Lobbying nontaxable amount Enter the amount from the following table -			
If the amount on line 40 is - / **The lobbying nontaxable amount is -**			
Not over $500,000 ... 20% of the amount on line 40			
Over $500,000 but not over $1,000,000 ... $100,000 plus 15% of the excess over $500,000			
Over $1,000,000 but not over $1,500,000 ... $175,000 plus 10% of the excess over $1,000,000	41		1,000,000.
Over $1,500,000 but not over $17,000,000 ... $225,000 plus 5% of the excess over $1,500,000			
Over $17,000,000 ... $1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		250,000.
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		
Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720.*			

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
46 Lobbying ceiling amount (150% of line 45(e))					6,000,000.
47 Total lobbying expenditures	209,574.	170,107.	81,749.	84,431.	545,861.
48 Grassroots nontaxable amount	250,000.	250,000.	250,000.	250,000.	1,000,000.
49 Grassroots ceiling amount (150% of line 48(e))					1,500,000.
50 Grassroots lobbying expenditures	16,660.				16,660.

Part VI-B **Lobbying Activity by Nonelecting Public Charities** NOT APPLICABLE
(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines **c** through **h**)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines **c** through **h**)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions:			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

FORM 990, PART I - OTHER INVESTMENT INCOME

DESCRIPTION	AMOUNT
OTHER INVESTMENT INCOME (LOSS)	-7,184,750.
TOTAL	-7,184,750.

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON SECURITIES AT MARKET VALUE	130,123,090.
EQUITY IN EARNINGS OF SUBSIDIARY & AFFILIATES	61,996,936.
TOTAL	192,120,026.

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

DESCRIPTION		AMOUNT
IMPAIRMENT/RESERVE		25,595,700.
	TOTAL	25,595,700.

FORM 990, PART II - GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
GRANTS PAID			
SEE STATEMENT 4a			21,143,841.
LESS FINANCIAL AID INCLUDED WITH PROGRAM REVENUE			-5,413,677.
		TOTAL CONTRIBUTIONS PAID	15,730,164.

FORM 990, PART II – GRANTS AND ALLOCATIONS PAID DURING THE YEAR

Financial aid scholarships were provided to approximately 7,500 students. Details are available upon request.

The following is an excerpt from the Annual report:

Learners Served
Through financial aid and scholarships

Fulfilling our educational mission includes helping ease the financial burden of the cost of education for needy families. Following is an account of the need-based scholarships administered by Kamehameha Schools' Financial Aid and Scholarship Services department during fiscal year 2003.

PROGRAM	RECIPIENTS	AMOUNT
PRESCHOOL - GRADE 12		
• Preschool	528	$341,862
• Elementary	679	$902,421
• Middle School	701	$1,288,123
• High School	1,172	$2,561,111
SUMMER PROGRAMS		
• Alu Like Summer School Assistance Program	1,159	$320,160
POST-HIGH SCHOLARSHIPS		
• KS Graduates	1,036	$6,509,031
• Non-KS Graduates	1,726	$7,743,103
• Alu Like, Inc. Vocational Programs	219	$200,000
• Hawaii Technology Institute	123	$465,750
• East-West Center	5	$125,000
OTHER PROGRAMS		
Pauahi Keiki Scholars	169	$687,279
TOTAL:	**7,517**	**$21,143,840**

SOURCE: THE KAMEHAMEHA SCHOOLS 2002-2003 ANNUAL REPORT

Foundation funds support educational programs
Ke Ali'i Pauahi Foundation, a non-profit support organization of Kamehameha Schools, raised more than $1,164,600 in contributions last year in support of KS educational programs and outreach services. In addition to overseeing several fund-raising programs, the foundation also manages 75 scholarship and endowment funds, including the Inspirational Educator Endowment, which gives donors the opportunity to make a donation in the name of an educator who has impacted their lives.

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
PROFESSIONAL AND OTHER SERVICE	13976682.	4,425,282.	9,551,400.
INSURANCE	3,142,881.	2,423,311.	719,570.
UTILITIES	3,097,147.	3,087,636.	9,511.
REPAIRS & ALTERATIONS	7,976,850.	7,399,191.	577,659.
PROV FOR UNCOLLECTIBLE ACCTS	-33,658.	-41,216.	7,558.
FOOD SERVICES	2,384,376.	2,384,376.	
INCOME TAXES	-5,884.		-5,884.
OTHER TAXES	228,668.	38,636.	190,032.
REAL PROPERTY TAX	85,567.	85,567.	
INVESTMENT EXPENSES	10250699.		10250699.
OTHER EXPENSES	1,744,786.	-331,829.	2,076,615.
INDIRECT G&A COSTS		37242707.	-37242707.
TOTALS	42848114.	56713661.	-13865547.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

KAMEHAMEHA SCHOOLS WAS ESTABLISHED UNDER THE AUSPICES OF THE WILL AND CODICILS OF BERNICE PAUAHI BISHOP IN 1887 AND IS NOW ONE OF THE LARGEST PRIVATE SCHOOLS IN THE UNITED STATES SERVING GRADES K-12 AND PRESCHOOL. FOR OVER ONE HUNDRED YEARS, KAMEHAMEHA SCHOOLS HAS CONTINUOUSLY PROVIDED QUALITY EDUCATION GIVING PREFERENCE TO STUDENTS OF HAWAIIAN ANCESTRY TO THE EXTENT PERMITTED BY LAW.

THE ATTACHED ARE EXCERPTS FROM THE STRATEGIC PLAN 2000-2015.

Ke Ali'i Pauahi's Will

Bernice Pauahi Bishop

The Will and Codicils of Bernice Pauahi Bishop established Kamehameha Schools. They grant broad powers to the trustees to determine the character of the education offered and to manage the schools and endowment.

The Will and Codicils in pertinent part state:

> "Thirteenth: I give, devise and bequeath all of the rest, residue and remainder of my estate real and personal, wherever situated unto the trustees below named, their heirs and assigns forever, to hold upon the following trusts, namely: to erect and maintain in the Hawaiian Islands two schools, each for boarding and day scholars, one for boys and one for girls, to be known as, and called the Kamehameha Schools.
>
> "I direct my trustees to expend such amount as they may deem best, not to exceed however one-half of the fund which may come into their hands, in the purchase of suitable premises, the erection of school buildings, and in furnishing the same with the necessary and appropriate fixtures furniture and apparatus.
>
> "I direct my trustees to invest the remainder of my estate in such manner as they may think best, and to expend the annual income in the maintenance of said schools; meaning thereby the salaries of teachers, the repairing buildings and other incidental expenses; and to devote a portion of each years income to the support and education of orphans, and others in indigent circumstances, giving the preference to Hawaiians of pure or part aboriginal blood; the proportion in which said annual income is to be divided among the various objects above mentioned to be determined solely by my said trustees they to have full discretion.
>
> "I desire my trustees to provide first and chiefly a good education in the common English branches, and also instruction in morals and in such useful knowledge as may tend to make good and industrious men and women; and I desire instruction in the higher branches to be subsidiary to the foregoing objects.
>
> "For the purposes aforesaid I grant unto my said trustees full power to lease or sell any portion of my real estate, and to reinvest the proceeds and the balance of my estate in real estate, or in such other manner as to my said trustees may seem best.
>
> "I also give unto my said trustees full power to make all such rules and regulations as they may deem necessary for the government of said schools and to regulate the admission of pupils, and the same to alter, amend and publish upon a vote of a majority of said trustees.
>
> "I also direct that my said trustees shall annually make a full and complete report of all receipts and expenditures, and of the condition of said schools to the Chief Justice of the Supreme Court, or other highest judicial officer in this country; and shall also file before him annually an inventory of the property in their hands and how invested, and to publish the same in some Newspaper published in said Honolulu; I also direct my said trustees to keep said school buildings insured in good Companies, and in case of loss to expend the amounts recovered in replacing or repairing said buildings.

STATEMENT 69

"I also direct that the teachers of said schools shall forever be persons of the Protestant religion, but I do not intend that the choice should be restricted to persons of any particular sect of Protestants." (Will of Bernice Pauahi Bishop, paragraph 13)

"17th. I give unto the trustees named in my will the most ample power to sell and dispose of any lands or other portion of my estate, and to exchange lands and otherwise dispose of the same; and to purchase land, and to take leases of land whenever they think it expedient, and generally to make such investments as they consider best; but I direct that my said trustees shall not purchase land for said schools if any lands come into their possession under my will which in their opinion may be suitable for such purpose; and I further direct that my said trustees shall not sell any real estate, cattle ranches, or other property, but to continue and manage the same, unless in their opinion a sale may be necessary for the establishment or maintenance of said schools, or for the best interest of my estate... And I give unto my executors named in my said will full power to sell any portion of my real estate for the purpose of paying debts or legacies without obtaining leave of Court; and to give good and valid deeds for the same, the purchasers under which are not to be responsible for the application of the purchase money." (Codicil 1, paragraph 17)

"4th. Of the two schools mentioned in the thirteenth article of my said will, I direct the school for boys shall be well established and in efficient operation before any money is expended or anything is undertaken on account of the new school for girls. It is my desire that my trustees should do thorough work in regard to said schools as far as they go; and I authorize them to defer action in regard to the establishment of said school for girls, if in their opinion from the condition of my estate it may be expedient, until the life estates created by my said will have expired, and the lands so given shall have fallen into the general fund. I also direct that my said trustees shall have power to determine to what extent said school shall be industrial, mechanical, or agricultural; and also to determine if tuition shall be charged in any case." (Codicil 2, paragraph 4)


Charles Reed Bishop

At the first Founder's Day ceremony in December, 1889, Charles Reed Bishop, Pauahi's husband and a member of Kamehameha's first Board of Trustees, elaborated on her intentions.

"Bernice Pauahi Bishop, by founding the Kamehameha Schools, intended to establish institutions which should be of lasting benefit to her country...The founder of these schools was a true Hawaiian. She knew the advantages of education and well directed industry. Industrious and skillful herself, she respected those qualities in others. Her heart was heavy, when she saw the rapid diminution of the Hawaiian people going on decade after decade and felt it was largely the result of their ignorance...The hope that there would come a turning point, when, through enlightenment, the adoption of regular habits and Christian ways of living, the natives would not only hold their numbers, but would increase again, like the people of other races, at time grew faint, and almost died out... And so, in order that her own people might have the opportunity for fitting themselves for such competition, and be able to hold their own in a manly and friendly way, without asking any favors which they were not likely to receive, these schools were provided for, in which Hawaiians have the preference, and which she hoped they would value and take the advantages of as fully as possible." (Handicraft, Vol. 1, No. 1, January, 1889. Honolulu H.I.)

STATEMENT 6b

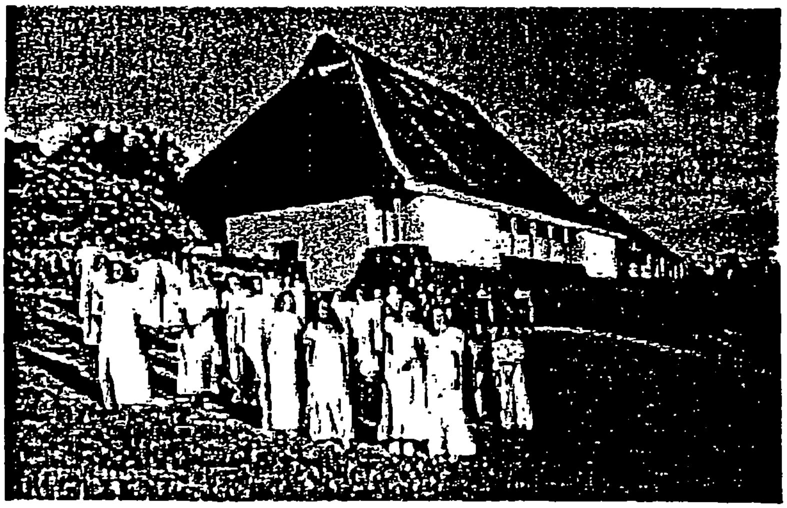
Vision

Kamehameha Schools is a dynamic and nurturing learning community committed to educational excellence. We assist people of Hawaiian ancestry to achieve their highest potential as "good and industrious men and women." We do so by contributing to their development as people who are:

- grounded in spiritual and Christian values;
- intellectually, emotionally, and socially self-reliant;
- resourceful, resilient, life-long learners;
- equipped with the skills they need to succeed in endeavors of their choosing;
- responsible, ethical, contributing members of their multi-cultural and diverse communities, and
- prepared to practice and perpetuate the Hawaiian values and traditions of Ke Ali'i Pauahi.

Mission

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.



STATEMENT 6C

FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

DESCRIPTION	GRANTS AND ALLOCATIONS	EXPENSES
KAMEHAMEHA SCHOOLS SERVES FULL-TIME STUDENTS & PARTICIPATES THROUGH ITS EDUCATIONAL EXTENSION PROGRAMS (E.G. SUMMER PROGRAMS, GRANTS, K-3 READING PROGRAMS & KS/DOE PROGRAMS). THE PROGRAMS FOCUS ON PROVIDING EDUCATION TO CHILDREN OF HAWAIIAN DESCENT. ATTACHMENT 1a-j IS AN EXCERPT FROM THE ANNUAL REPORT.	15,730,164.	172,554,437.
TOTAL	15,730,164.	172,554,437.

THE FOLLOWING IS AN EXCERPT FROM THE KAMEHAMEHA SCHOOLS 2002-2003 ANNUAL REPORT:

Our Education System

Early Childhood Education

Background
Since its inception more than 20 years ago, the Kamehameha Schools Preschool Program has provided more than 10,000 *keiki* with their first school experience. Today, approximately one-quarter of all Hawaiian preschoolers in Hawai'i are directly served by Kamehameha Schools.

Curriculum
The Kamehameha early childhood program is based on the belief that children learn best with the help of their parents, teachers and peers and through experience with their physical and social environment.

Because skill in oral and written communication is necessary for success in school, the program emphasizes language and literacy. The curriculum also addresses each child's social, emotional, physical, intellectual, cultural and spiritual needs. Performance goals are developed with the understanding that individual children achieve at different levels.

Preschool locations
76 classrooms at 32 locations on the islands of Kaua'i, O'ahu, Moloka'i, Maui and Hawai'i.

Students served
1,356 three- and four-year-olds statewide.

Kapālama Campus

Background
In 1887, Princess Pauahi's vision of educating Hawaiians became reality with the opening of the Kamehameha School for Boys on the current site of the Bishop Museum. The school had an enrollment of 35 students. Seven years later, the Kamehameha School for Girls opened nearby. Between 1930 and 1955, the schools moved *ma uka*, to the current Kamehameha Schools site in the verdant hills of Kapālama Heights. Since the schools' founding, KS has graduated nearly 20,000 young men and women.

Curriculum
The Kamehameha Schools elementary program emphasizes the development of the whole child through academics, social skills, the arts and cultural, spiritual and physical education.

Middle school courses of study are designed to provide students with a systematic way to learn, as well as to continue to practice basic skills that will prepare them for the college preparatory curriculum of the Kapālama campus high school.

The campus' high school college preparatory program is designed to challenge students to think critically and to prepare them for college. There are high expectations for the academic achievement of every student enrolled in the high school.

Campus description
The sprawling 600-acre hillside campus has more than 70 major buildings, including the Bernice Pauahi Bishop Memorial Chapel and a 3,000-seat athletic complex with a football/soccer field and track.

CONTINUED STATEMENT 7a

Students served, 2002-2003
3,201 students, K-12.

Hawai'i Campus

Background
In 1996, the Kamehameha Schools Hawai'i Campus opened its temporary facility in Keaukaha with 128 elementary school students. The permanent Hawai'i campus opened its doors to 144 elementary school students in 2001.

Curriculum
The Hawai'i Campus elementary program balances Christian and Hawaiian cultural values, strengthens academic and physical abilities, and creates opportunities for technical, social and artistic development.

In the middle school years, students flourish in a school environment that offers a balanced curriculum with clear academic and behavioral expectations and prepares students to transition to high school. A solid core curriculum is enhanced by Hawaiian or Spanish as a second language, PE/health and electives in art, band/orchestra/choir, drama, nutrition, aqua-agriculture and technology.

In addition to a college preparatory curriculum, the Hawai'i Campus will offer its high school students a choice of career academies, which combine liberal arts and technical preparatory studies to provide students with both skill development and career orientation. Academies are being developed which may include: Arts and Communication, Business and Leadership, Engineering and Design, Health and Wellness, Science and Natural Resources, Social and Government Services, and Self Design.

Campus description
The 312-acre Kamehameha Schools Hawai'i Campus is located in Kea'au, eight miles south of Hilo in a lush, forested area.

Students served, 2002-2003
640 students, grades K-9.

Maui Campus

Background
In 1996, the Kamehameha Schools Maui Campus opened its temporary facility in Pukalani with 80 elementary school students. The permanent Maui campus opened its doors to 152 elementary school students in 1999.

Curriculum
The Kamehameha Schools Maui Campus offers its elementary school students a well-rounded program that includes emphasis on language arts and math. Beginning in kindergarten, students also have classes in Hawaiian Language and culture, visual and performing arts, science, technology, and physical education.

Middle school students build their core skills in instructional teams of English, math, science and social studies. Students explore a greater spectrum of arts and athletics while extending their knowledge of Christian and Hawaiian practices. Co-curricular activities include student government, community service learning and athletics.

In addition to a college preparatory curriculum, the Maui Campus will offer its high school students a choice of career academies, which combine liberal arts and technical preparatory studies to provide students with both skill development and career orientation. Academies are being developed which may include: Arts and Communication, Business and Leadership, Information and Technology, and Science and Natural Resources.

Campus description
The 180-acre campus is located at the 1,500-foot elevation on the gentle slopes of Maui's spectacular dormant volcano Haleakalä.

Students served, 2002-2003
586 students, grades K-9.

<u>Extension Education</u>

Background
Kamehameha Schools' Extension Education Division (EED) is charged with extending KS' educational reach to those not already being served by campus-based programs. The division traces its roots to the late 1960s. EED services include: instruction, curriculum development, training and technical assistance, and resource and referral.

Programs

Career Education and Lifelong Learning
Provides opportunities for career education and lifelong learning to youth and adults.

Community Learning Center at Nānākuli
Provides a wide range of services to the Leeward community, including computer/technology access and support, through KS programs and other service providers.

Distance Learning
Extends the reach of KS through worldwide educational programming using online and broadcast technology.

Enrichment Programs
Provides educational enrichment programs that increase awareness, knowledge and skills in Hawaiian culture, academic achievement, leadership, etc. for Hawaiian youth and adults.

Grants Department
Provides assistance to Hawaiian communities and organizations through grant preparation workshops, informational databases including access to funding resources, and supportive networks.

CONTINUED STATEMENT 7c

Hawaiian Studies Institute (HSI)
Provides programs and materials to support the preservation and perpetuation of Hawai'i's culture, language and history. Programs include the Heritage Center, located on the KS' Kapālama campus, which offers opportunities for learners to experience historical and cultural aspects of the life of Princess Bernice Pauahi Bishop.

Health, Wellness and Family Education
Provides culturally appropriate educational services and products to increase resiliency, decrease at-risk behaviors and improve the health and well-being of Native Hawaiian families.

Kamehameha Scholars
Provides educational support services, resources and mentoring to enable youth to achieve personal growth and educational success while enhancing post-secondary educational options.

Literacy Enhancement
Provides instructional support, tutoring and parent education to establish a strong foundation in literacy for school-age children, their families and communities.

Division headquarters
The division is based at Kamehameha's Kapālama Campus. Its outreach programs extend Pauahi's educational reach to communities across the state and across the sea.

Learners served
145,588 learners through part-time community outreach programs, conferences, workshops, classes, distance education, tours and presentations.

Learners Served
By campus-based and extension education programs

Preschool and K-12 programs
Official enrollment figures for the 2002 - 2003 school year, taken on September 1, 2002

Program	Learners served
EARLY CHILDHOOD PROGRAM	1,283*
• O'ahu Preschools	596
• Hawai'i Preschools	427
• Kaua'i Preschools	106
• Maui Preschools	134
• Moloka'i Preschools	20
CAMPUS-BASED PROGRAMS	
Kapälama Campus	3,201
• High School (9-12)	1809
• Middle School (7-8)	641
• Elementary School (K-6)	751

CONTINUED STATEMENT 7

Hawai'i Campus	640
• High School (Grade 9)	96
• Middle School (6-8)	288
• Elementary School (K-5)	256
Maui Campus	586
• High School (Grade 9)	96
• Middle School (6-8)	234
• Elementary School (K-5)	256
TOTAL:	**5,710**

**This number grew to 1,356 after the addition of classrooms on Maui and the Big Island which opened during the 2002-2003 school year.*

Extension Education Programs*

Program	**Learners served**
Career Education & Lifelong Learning	920
Community Learning Center at Nänäkuli	996
Enrichment Programs	4,705
Grants Institute	242
Hawaiian Studies Institute • Heritage Center	12,573 29,765
Health, Wellness & Family Education	2,201
Kamehameha Scholars	72
Literacy Enhancement	4,149
Distance Learning	89,965
TOTAL:	**145,588**

** Includes part-time community outreach programs, conferences, workshops, classes, distance education programs, tours and presentations.*

Extending our reach in early childhood education

Kamehameha Schools recognizes preschool education as a priority critical to the educational success and well-being of children. With that in mind, Kamehameha Schools extended its reach in early childhood education in the following important ways:

Preschool enrollment at an all-time high

At the beginning of the 2002-2003 school year, KS extended its educational reach to 1,283 three- and four-year-olds in 72 classrooms in 33 locations statewide. By the end of the school year, enrollment was up to 1,356 keiki in 76 classrooms at 32 locations - the highest in KS history. The increase in enrollment was due, in part, to the addition of two preschool classrooms at Paukūkalo on Maui, and two classrooms at Keaukaha on the Big Island.

Scholarships spur preschool attendance

KS' Pauahi Keiki Scholars Program awarded more than $680,000 in need-based preschool scholarships to 169 four-year-olds. The renewable annual scholarships may be used at preschools approved by KS or accredited by the National Association for the Education of Young Children.

Accreditations yield quality education
KS teamed up with the Hawai'i Association for the Education of Young Children (HAEYC) to help 39 non-KS preschools begin the national accreditation process. KS supported HAEYC's Hawai'i Early Childhood Accreditation Project in designing mentor training and providing accreditation resources. More than 1,000 keiki stand to benefit from this partnership when the schools' accreditations are achieved. The collaboration was part of KS' overall efforts to strengthen its community partnerships. In addition to assisting other schools with this process, 19 KS preschools earned national accreditation.

Traveling preschool engages 'ohana in keiki learning
For the second year in a row, KS lent its support to Nā Kamalei, a traveling preschool based at the Queen Lili'uokalani Children's Center in Punalu'u. Nā Kamalei encourages *'ohana* involvement in children's educational experiences. Over 129 keiki from the Punalu'u, Hauula and Kahuku communities were served through the program during the 2003 fiscal year.

Early childhood authorities share their expertise
In an effort to improve early childhood education statewide, KS sponsored presentations by nationally renowned early childhood experts Dr. Alice Honig and Dr. Samuel Meisels. More than 200 educators from the State Department of Education, the University of Hawai'i, plus private education providers benefited from the two special events.

Extending our reach in K-12th grade education

Kamehameha Schools is committed to providing a wide range of educational experiences to prepare children of Hawaiian ancestry to make positive, informed life choices. To that end, KS extended its educational reach to K-12 graders in the following ways:

K-12 enrollment is highest in KS history
At the onset of the 2002-2003 school year, Kamehameha's three-campus K-12 program enrollment stood at 4,427 students - 624 more than the previous year. The jump in enrollment was largely due to the phenomenal growth of the Hawai'i and Maui campuses. Both schools added a ninth grade level and grew by 300 and 320 students, respectively.

Collaboration supports conversion charter schools
KS collaborated with Ho'okāko'o Corporation, a non-profit organization that supports selected public schools in their conversion to charter schools. In addition to providing $280,000 in start-up funding to Ho'okāko'o, KS has pledged to contribute funding to Ho'okāko'o-sponsored conversion charter schools that meet KS criteria, including being located in communities with large Hawaiian student populations.

Community-based charter schools secure support
Eight community-based start-up charter schools received more than $663,000 in funding, technical and resource support through KS' Ho'olako Like program. The

charter schools, operating at non-DOE locations, served 669 Kaua'i, O'ahu and Big Island students, 95 percent of whom are of Hawaiian ancestry. KS also pledged to contribute value-added funding and training to state monies provided for instructional support.

Mentoring program enhances student academic success
Over 70 Leeward O'ahu, Kaua'i and West Hawai'i seventh graders of Hawaiian ancestry received an orientation to KS' Kamehameha Scholars Program, an initiative that will shepherd them through their senior year. KS will provide them with academic and career counseling, technology training, Hawaiian cultural experiences and more, to help enhance their academic success.

Kapālama enrichment programs offered to outside learners
The Hi'ilei Center for Learning launched five initiatives that extend access to the KS Kapālama Campus to more Hawaiian learners. Over 825 students of Hawaiian ancestry took part in the following summer programs: the Mele Hawai'i Institute, Exploring Musical Theater, the Creative Writing Summer Institute, Summer Forensics, and the Hawai'i Astronomy Institute.

Extending our reach in the area of career opportunities

Kamehameha Schools is committed to providing quality educational experiences that prepare Hawaiians for a wide range of post-high educational pursuits and career choices. To that end, KS extended its reach in the following ways:

Hawaiian learners focus on careers
More than 660 learners nationwide, from grade six through adult, took part in KS' Career Education and Lifelong Learning (CELL) program. CELL develops and supports educational opportunities for Hawaiian youth seeking career preparation, and adults pursuing personal enrichment. The program delivers services in four distinct tracks: career exploration/aspiration, basic skills, career academies and lifelong learning.

Career-based scholarships established
KS established scholarships to support post-high education in the fields of technology and education - fields in which Hawaiians are underrepresented. The awards include: the Career and Technical Education Scholarship for students pursuing certificates in technology, health sciences, agriculture and education; the Kumu Kōkua Scholarship which provides scholarships to DOE Educational Assistants and other paraprofessionals; and the Pauahi Educator Scholarship which provides scholarships to aspiring teachers. Approximately 175 awards will be made for the 2003-2004 school year.

Legal eagles learn the ropes
KS' Legal Group provided two three-month paid internships to law students from the William S. Richardson School of Law at the University of Hawai'i at Mānoa. In addition to doing research and writing, the students had an opportunity to learn about Kamehameha Schools' programs, properties and operations.

Expanding lifelong educational options through eco-cultural collaborations and extension education

Kamehameha Schools is committed to forming collaborations that help communities improve the well-being of their families and expand educational options for more Hawaiians. With that in mind, KS extended its educational reach in the following ways:

Kamehameha lands serve as learning environments
More than 360,000 acres or 98 percent of KS' Hawai'i lands are zoned for agriculture and conservation. KS' Land Assets Division (LAD) has bridged the management of these lands with Kamehameha's educational mission through its 'Āina Ulu eco-cultural education program. During the 2003 fiscal year, nearly 6,000 learners participated in programs designed to use KS lands as a classroom for project-based teaching and learning. Through community collaborations, students engaged in hands-on learning experiences at more than 20 island sites. In addition to extending Kamehameha's educational reach, these programs help build communities' capacities to meet the needs of their *'ohana.*

Training tomorrow's leaders
KS' Pauahi Leadership Institute provided leadership training to more than 200 learners, within KS and the Hawaiian community. Institute programs include *Building a Leading Team*, which focuses on the skill development and enrichment of KS staff members; *Learn to Lead*, a specialized curriculum being tested within the KS school system; and *Emerging Leaders*, a program that enhances the leadership skills of young Hawaiian professionals.

Kona keiki get cultural learning experience
In March 2003, more than 40 non-Kamehameha sixth graders took part in Ho'olauna Kona, a pilot program that provides keiki with cultural learning experiences using their West Hawai'i home as a classroom. The weeklong boarding program features lessons on Hawaiian culture and traditions, language, history, values, science and geography. The program accepted its first official students in June 2003. Expansion to other sites is planned.

Resource center serves Leeward O'ahu community
The Community Learning Center at Nānākuli provided services to more than 200 Leeward O'ahu learners. The center offers a wide range of services including computer/technology access and support, KS financial aid workshops and foster parent training.

Grant-writing workshops held
KS' Grants Institute held 18 workshops and community meetings to provide assistance to 242 Hawaiians and members of Hawaiian community groups to access and successfully bid for both federal and non-federal resources.

Program improves Hawaiian health and well-being
KS' Health, Wellness and Family Education program is dedicated to improving the health and well-being of Hawaiian families and their communities by providing culturally sensitive programs, services, curricula and training to nearly 1,800 Hawaiian learners.

Educators focus on eco-cultural endeavors
Nineteen school and community-based teachers teamed up last year to mentor and share information on eco-cultural education as part of KS' Alaka'i Project. The project is dedicated to developing *alaka'i* or leaders who will be prepared to teach and train others to teach in the natural environment.

Enhancing the learning environment and establishing a database to extend our reach and support families

Kamehameha Schools is committed to improving the learning environment of the Hawaiian community and establishing systems to support data-driven decision-making to enhance the well-being of more Hawaiians. To that end, KS extended its reach in the following ways:

Data Center verifies Hawaiian ethnicity
KS' Ho'oulu Hawaiian Data Center was developed to eliminate barriers to Kamehameha Schools programs and other programs that target the Hawaiian population by pre-verifying applicants' Hawaiian ancestry. The center facilitates ethnic and birth registry verification through the compilation of a comprehensive database of the Hawaiian population. The 77 participants in the Kamehameha Scholars program were the first students verified by the Data Center.

Science and teaching resources now more accessible to Hawaiians
A wealth of information on educating Hawaii's children is now available online through the efforts of Pauahi Publications. The purpose of the program is to produce and disseminate research publications and teacher resource materials to native Hawaiians. Pauahi Publications completed its first online posting of over 100 articles from the Kamehameha Schools Journal of Education, originally published from 1990 to 1995. Journal titles include: *Technology in the Classroom* and *Learning Beyond Classroom Walls*. To access the journals, visit www.ksbe.edu/pase.

Developing and reallocating resources to support expanded educational reach

Kamehameha Schools is committed to improving cost-effectiveness, efficiency and productivity so more resources can be directed toward the expansion of educational programs. To that end, KS extended its educational reach in the following ways:

Foundation funds support educational programs
Ke Ali'i Pauahi Foundation, a non-profit support organization of KS, raised more than $1,164,600 in contributions last year in support of KS' educational programs and outreach services. In addition to overseeing several fund-raising programs, the foundation also manages 75 scholarship and endowment funds, including the Inspirational Educator Endowment, which gives donors the opportunity to make a donation in the name of an educator who has impacted their lives.

New policies help preserve land legacy
The KS Strategic Plan recognizes the physical, spiritual and cultural importance of *'āina* (land), natural resources, and places of cultural significance. Policies for Hawai'i lands,

water resources management and stewardship were developed by KS' Endowment staff with stakeholder input to honor this relationship. The policies mandate that these resources be managed and used in a reasonable, prudent and sustainable manner. Objectives will be balanced to optimize cultural, educational, economic and environmental benefits, as well as community impacts.

Collaborating with others to support and perpetuate 'Ike Hawai'i

Kamehameha Schools is committed to the perpetuation and practice of Hawaiian values, culture and language - *'Ike Hawai'i.* To that end, KS extended its educational reach in the following ways:

Hawaiian culture on the move
Over 8,000 learners from grade four through adult benefited from 'Ike Pono Hawai'i, KS' Hawaiian traveling resource program. In collaboration with Bishop Museum, 'Ike Pono Hawai'i offers artifacts, presentations, and demonstrations on select aspects of the Hawaiian culture to students and adults throughout Hawai'i and on the mainland. Last fiscal year, the program shared information with learners on O'ahu, Maui, Hawai'i, Kaua'i, Moloka'i and Läna'i, as well as community groups in Utah, Washington and Oregon.

Cultural events take center stage
More than 2,300 learners were served through KS' Hawaiian Cultural Center Project (HCCP) through cultural events such as Life with Kawena, a look at the life of the late Hawaiian cultural authority Mary Kawena Pükui, and *Aha Mana Maoli,* a four-day series of presentations and activities promoting interaction among indigenous peoples of the Pacific.

Culture education goes the distance
Nearly 30,000 learners worldwide received Hawaiian cultural content remotely, through KS' Distance Learning program. In addition to providing televised high school credit courses during the summer, the program produced *'Ike Pono,* a locally broadcast television talk show that discusses educational issues related to the Hawaiian community; and *Nahenahe,* a radio Webcast program which explores Hawaiian language through Hawaiian music.

Küpuna share their knowledge and wisdom
Through the unique services of KS' Traveling Kūpuna Resource Program, over 2,000 K-3 students, educators and *kūpuna* (elders) received cultural offerings on the concept of "Where I live." Colorful picture books developed by the *küpuna* and KS' Design and Production Services department helped enhance the masterful teachings of three retired Kamehameha elementary teachers.

FORM 990, PART IV - INVESTMENTS - SECURITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
COMMON & PREFERRED STOCK	3,017,573,061.	3,383,339,108.
COMMON STOCK - LISTED	23,730,991.	87,206,001.
PROMISSORY NOTES/SUBORDINATED DEBT	5,623,676.	5,207,000.
TOTALS	3,046,927,728.	3,475,752,109.

FORM 990, PART IV - INVESTMENTS - OTHER

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
INVESTMENT IN SUBSIDIARY & AFFILIATES	202,983,551.	133,380,488.
PARTNERSHIPS & OTHER	356,424,307.	179,262,072.
TOTALS	559,407,858.	312,642,560.

KAMEHAMEHA SCHOOLS 99-0073480

FORM 990, PART IV - OTHER ASSETS

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
INTEREST & OTHER RECEIVABLE	214,620.	262,418.
INVESTMENT INCOME RECEIVABLE	10,673,894.	8,096,166.
TOTALS	10,888,514.	8,358,584.

FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
ACCRUED POSTRETIREMENT	19,326,901.	20,151,715.
DEFERRED COMPENSATION PLAN	9,627,664.	8,951,697.
ACCRUED PENSION LIABILITY	33,269,226.	39,124,742.
TOTALS	62,223,791.	68,228,154.

FORM 990, PART IV-A - OTHER REVENUE ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
EQUITY IN EARNINGS OF AFFILIATE & SUBSIDIARY	61,996,936.
INVESTMENT EXPENSES	-10,250,699.
ACTIVITIES OF WHOLLY OWNED SUBSIDIARY	-13,975,866.
TOTAL	37,770,371.

KAMEHAMEHA SCHOOLS 99-0073480

FORM 990, PART IV-A - OTHER REVENUE ON RETURN BUT NOT ON BOOKS

DESCRIPTION		AMOUNT
GROSS RENT EXPENSES		-63,507,054.
	TOTAL	-63,507,054.

FORM 990, PART IV-B - OTHER EXPENSES ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
GROSS RENT EXPENSE	63,507,054.
ACTIVITIES OF WHOLLY OWNED SUBSIDIARY	-13,975,866.
TOTAL	49,531,188.

FORM 990, PART IV-B - OTHER EXPENSES ON RETURN BUT NOT ON BOOKS

DESCRIPTION	AMOUNT
INVESTMENT EXPENSES	10,250,699.
TOTAL	10,250,699.

FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	DEFERRED COMPENSATION & CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT. AND OTHER ALLOWANCES
R. KIHUNE 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	91,500.	NONE	NONE
D. PLOTTS 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	91,500.	NONE	NONE
C. LAU 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	104,000.	NONE	NONE
D. ING 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	101,000.	NONE	NONE
N. THOMPSON 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	91,500.	NONE	NONE
H. MCCUBBIN 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	CEO 40-60 HRS	493,586.	353,253.	181,541.
K. BELSBY 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VICE PRESIDENT 40-60 HRS	184,856.	8,171.	50,000.
E. YEAMAN 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	CO/FO 40-60 HRS	190,853.	11,144.	NONE

FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	DEFERRED COMPENSATION & CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
M. LOO 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VP FINANCE & ADMIN. 40-60 HRS	153,846.	10,177.	NONE
D. HARE, JR. 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	CEDO 40-60 HRS	692,872.	11,642.	38,700.
C. WONG 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VICE PRESIDENT LEGAL 40-60 HRS	190,161.	15,899.	NONE
K. PAULSEN 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	INTERIM VP-COMMUNIC. 40-60 HRS	52,082.	5,486.	NONE
C. HOE 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	INTERIM VP-EDUCATION 40-60 HRS	68,776.	4,364.	NONE
L. WONG 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	INTERIM VP-LEGAL 40-60 HRS	18,117.	2,191.	NONE
E. CLARKE 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	INTERIM VP-FINANCE 40-60 HRS	28,312.	1,282.	NONE
	GRAND TOTALS	2,552,961.	423,609.	270,241.

FORM 990, PART VI - NAMES OF RELATED ORGANIZATIONS

KE ALI'I PAUAHI SCHOLARSHIP FUND
CHARLES REED BISHOP TRUST

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE NO.	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES
93	ALL REPORTED INCOME IS GENERATED FROM ACTIVITIES THAT ARE CUSTOMARILY CARRIED ON BY EDUCATIONAL INSTITUTIONS WITHIN THE DEFINITION OF INTERNAL REVENUE CODE SECTION 170(B)(1)(A)(II), INCLUDING TUITION, MEAL FEES, BOARDING FEES, STUDENT FEES, BUS PASSES, AND THE LIKE, ALL OF WHICH CONTRIBUTE DIRECTLY TO THE OVERALL EDUCATIONAL PROGRAM.

Kamehameha Schools
Form 990 , Part IX
FYE 6/30/2003

Name & EIN No	% * Ownership	Nature of Business	Total Income (in thousands)	End of Year Assets (in thousands)
Meridian Associates, L P. EIN: 33-0423466	97.46%	Real Estate	7,488	39,368
Montrose Erwin Square Investors L P EIN: 56-1574915	89 46%	Real Estate	0	0
Erwin Square, L P. EIN: 56-1574914	89.46%	Real Estate	43	6,049
Erwin Square Office Tower I, L P EIN. 56-1574916	89.46%	Real Estate	2	157
Montrose Land Acquisition, L.P. EIN 56-1583601	99 00%	Real Estate	80	1,757
Southern Nevada Income Properties EIN: 33-0324029	91 43%	Real Estate	24,879	108,790
Sino Finance Group, LTD EIN: 99-0324938	90.48%	Investment	253	6,843
Bishop Holdings Corporation EIN. 99-0335777	100 00%	Investments and Property Management	43,894	164,692
Konia, Inc. EIN. 99-0309615	100.00%	Investment	2	137
Carlyle West Coast Portfolio EIN 52-2215093	98 00%	Real Estate	209	1,204
Carlyle Liquidity Discount Portfolio	98 00%	Real Estate	0	0
Carlyle Hartford Coinvestment Qualifed, L.P EIN 52-2215053	98 00%	Real Estate	2,800	0
Carlyle North Courthouse Coinvestment Qualifed, L.P EIN 52-2215067	98 00%	Real Estate	2,430	0
Carlyle San Jose Coinvestment Qualifed, L P EIN 52-2215071	98 00%	Real Estate	6	0
Carlyle Sunnyvale Coinvestment Qualifed, L P EIN 52-2215081	98 00%	Real Estate	1,698	588

* - criteria - investments with 50% or greater ownership

SCHEDULE A, PART III - EXPLANATION FOR LINE 2A

VARIOUS PROPERTIES ARE LEASED TO WHOLLY OWNED SUBSIDIARIES BASED ON BUSINESS TERMS & CONDITIONS.

ALL ACTIVITIES WERE PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2B

LOANS AND EXTENSIONS OF CREDIT ARE PROVIDED TO WHOLLY OWNED SUBSIDIARIES BASED ON COMMERCIAL TERMS AND CONDITIONS.

ALL ACTIVITIES WERE PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2C

CAMPUS LODGING IS PROVIDED TO CERTAIN KEY INDIVIDUALS AS A CONDITION OF EMPLOYMENT UNDER IRC SECTION 119(D).

ALL ACTIVITIES WERE PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

SEE FORM 990, PART V.

ALL ACTIVITIES WERE PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS.

SCHEDULE A, PART III - EXPLANATION FOR LINE 4

KAMEHAMEHA SCHOOLS PROVIDES NEED AND MERIT BASED FINANCIAL AID SCHOLARSHIPS AND GRANTS TO INCREASE THE OPPORTUNITIES AVAILABLE TO STUDENTS IN THEIR PURSUIT OF EDUCATION GIVING PREFERENCE TO CHILDREN OF HAWAIIAN ANCESTRY TO THE EXTENT PERMITTED BY LAW.

FINANCIAL ASSISTANCE IS PROVIDED IN THE FORM OF:

- -GENERAL FINANCIAL ASSISTANCE - NEED BASED
- -SPECIAL PROGRAMS AND COMMUNITY SCHOLARSHIPS - NEED AND/OR MERIT BASED

SEE STATEMENT 4a FOR AN EXCERPT FROM THE ANNUAL REPORT.

SCHEDULE A, PART V - EXPLANATION FOR LINE 31

KAMEHAMEHA SCHOOLS PUBLICIZES ANNOUNCEMENTS RELATING TO ADMISSIONS APPLICATION AVAILABILITY IN ALL LOCAL NEWSPAPERS AND PERIODIC HAWAIIAN PUBLICATIONS.

FORM 990, PART VII - ANALYSIS OF INCOME PRODUCING ACTIVITIES

LINE 99, OTHER INVESTMENT INCOME

SHELTER BAY GROSS PROFIT	531390	4,217,674
SHELTER BAY OTHER INCOME	531390	12,976
SHELTER BAY GAIN ON SALE	531390	5,380,985
CAPITAL GAIN FROM PARTNERSHIPS	900003	124,911
PARTNERSHIP INCOME	900003	76,523
TOTAL UBIT OTHER INVESTMENT INCOME		9,813,069

LINE 103, OTHER REVENUE

CREDIT ENHANCEMENT INCOME	900003	45,354
TOTAL OTHER REVENUE		45,354

FORM 990, PART 1 - REVENUE, EXPENSES, AND CHANGES IN NET ASSETS OR FUND BALANCES, LINE 8c

LAND SALES AND EXCHANGES ARE COMPRISED OF RESIDENTIAL LAND SALES UNDER A PLANNED PROGRAM OF LIQUIDATION COVERED UNDER IRS PRIVATE LETTER RULINGS AND NON-RESIDENTIAL LAND SALES. COST BASIS INFORMATION IS NOT READILY AVAILABLE, HOWEVER, SUBSTANTIALLY ALL LANDS SOLD WERE HELD SINCE THE INCEPTION OF THE BERNICE PAUAHI BISHOP ESTATE IN 1884.

	GROSS PROCEEDS	COST, SALES EXPENSES	NET GAIN
MARKETABLE SECURITIES			
PRIVATE INVESTMENTS	9,425,348,494	9,461,068,319	(35,719,825)
TOTAL SECURITIES	9,425,348,494	9,461,068,319	(35,719,825)
LAND SALES & OTHER	268,542,497	60,825,525	207,716,972
	9,693,890,991	9,521,893,844	171,997,147

• If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** and check this box . . . . ▶ [x]

Note: *Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.*

• If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must File Original and One Copy.

Type or print			
	Name of Exempt Organization KAMEHAMEHA SCHOOLS		Employer identification number 99-0073480
File by the extended due date for filing the return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 3466		For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions HONOLULU, HI 96801		

Check type of return to be filed (File a separate application for each return):

[X] Form 990 [ ] Form 990-EZ [ ] Form 990-T (sec. 401(a) or 408(a) trust) [ ] Form 1041-A [ ] Form 5227 [ ] Form 8870
[ ] Form 990-BL [ ] Form 990-PF [ ] Form 990-T (trust other than above) [ ] Form 4720 [ ] Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

• If the organization does **not** have an office or place of business in the United States, check this box . . . . ▶ [ ]

• If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ________ . If this is for the **whole** group, check this box ▶ [ ] If it is for **part** of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 05/17/2004 .

5 For calendar year ______ , or other tax year beginning 07/01/2002 and ending 06/30/2003 .

6 If this tax year is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

7 State in detail why you need the extension INFORMATION NECESSARY TO PREPARE A COMPLETE A ACCURATE RETURN IS NOT YET AVAILABLE.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions . . . . $

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 . . . . $

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions . . . . $

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ [signature] Title ▶ AGENT-CPA Date ▶ 1/21/04

Notice to Applicant - To Be Completed by the IRS

[✓] We have approved this application Please attach this form to the organization's return.

[ ] We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return Please attach this form to the organization's return

[ ] We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.

[ ] We cannot consider this application because it was filed after the due date of the return for which an extension was requested

[ ] Other ________

EXTENSION APPROVED
FEB 19 2004

________ By ________

Director Date

LINDA WEISHUHN, FIELD DIRECTOR, SUBMISSION PROCESSING, OGDEN

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	
	Name KPMG LLP
	Number and street (include suite, room, or apt. no.) Or a P.O. box number P.O. BOX 4150
	City or town, province or state, and country (including postal or ZIP code) HONOLULU, HI 96812-9972

KPMG
P.O. Box 4150
Honolulu, Hawaii 96812-4150
Emp. Ident. No.: 13-5565207

OD8990 1034 01/06/2004 22:50:00 V02-8.1 569532

Form **8868**
(December 2000)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Note: ***Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.***

Part I **Automatic 3-Month Extension of Time** — Only submit original (no copies needed)

~~Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only~~ ▶ [ ]

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization: KAMEHAMEHA SCHOOLS	**Employer identification number**: 99-0073480
	Number, street, and room or suite no. If a P.O. box, see instructions.: P.O. BOX 3466	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.: HONOLULU, HI 96801	

Check type of return to be filed (file a separate application for each return):

[X] Form 990	[ ] Form 990-T (corporation)	[ ] Form 4720
[ ] Form 990-BL	[ ] Form 990-T (sec. 401(a) or 408(a) trust)	[ ] Form 5227
[ ] Form 990-EZ	[ ] Form 990-T (trust other than above)	[ ] Form 6069
[ ] Form 990-PF	[ ] Form 1041-A	[ ] Form 8870

- If the organization does **not** have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the **whole** group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-month, for **990-T corporation**) extension of time until FEBRUARY 15 , 20 04 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ [ ] calendar year 20 ___ or

▶ [X] tax year beginning JULY 1 , 20 02 , and ending JUNE 30 , 20 03 .

2 If this tax year is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . $ 0

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit . . . $

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions . . . $ 0.00

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ [signature] Title ▶ INTERIM VICE-PRESIDENT FOR LEGAL AFFAIRS Date ▶ 10/30/03

For Paperwork Reduction Act Notice, see Instruction Form **8868** (12-2000)

ISA
STF FED9056F 1