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

2003

Open to Public Inspection

A For the 2003 calendar year, or tax year beginning 07/01 , 2003, and ending 06/30/2004

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): P.O. BOX 3466 — Room/suite:

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

I Group Exemption Number ▶

G Website: ▶ 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.**

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 ▶ 9,042,753,702.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions)

				(A) Securities		(B) Other		
Revenue	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	7,812,859.
	3	Membership dues and assessments					3	
	4	Interest on savings and temporary cash investments					4	4,464,336.
	5	Dividends and interest from securities					5	82,779,673.
	6 a	Gross rents			6a	127,869,839.		
	b	Less rental expenses			6b	61,287,089.		
	c	Net rental income or (loss) (subtract line 6b from line 6a)					6c	66,582,750.
	7	Other investment income (describe ▶ STMT 1)					7	18,057,587.
	8 a	Gross amount from sales of assets other than inventory		8,716,296,794.	8a	85,469,753.		
	b	Less: cost or other basis and sales expenses		8,496,952,129.	8b	1,019,466.		
	c	Gain or (loss) (attach schedule) STMT 30		219,344,665.	8c	84,450,287.		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))					8d	303,794,952.
	9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ [ ]						
	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	2,861.
	12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)					12	483,495,018.
Expenses	13	Program services (from line 44, column (B))					13	202,364,483.
	14	Management and general (from line 44, column (C))					14	32,978,114.
	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	235,342,597.
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)					18	248,152,421.
	19	Net assets or fund balances at beginning of year (from line 73, column (A))					19	4,252,566,302.
	20	Other changes in net assets or fund balances (attach explanation) STMT 2 STMT 3					20	294,375,723.
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)					21	4,795,094,446.

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For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2003)

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 22 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 $ ______ noncash $ ______)	22	15,792,498.	15,792,498.	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	1,911,839.	540,500.	1,371,339.	
26 Other salaries and wages	26	81,657,783.	65,075,536.	16,582,247.	
27 Pension plan contributions	27				
28 Other employee benefits	28	24,564,091.	19,523,630.	5,040,461.	
29 Payroll taxes	29				
30 Professional fundraising fees	30				
31 Accounting fees	31	232,500.		232,500.	
32 Legal fees	32	7,191,096.		7,191,096.	
33 Supplies	33	13,649,330.	11,487,039.	2,162,291.	
34 Telephone	34	1,398,077.	386,735.	1,011,342.	
35 Postage and shipping	35	504,585.	270,227.	234,358.	
36 Occupancy	36	947,671.	921,729.	25,942.	
37 Equipment rental and maintenance	37	5,388,402.	144,758.	5,243,644.	
38 Printing and publications	38	798,994.	524,405.	274,589.	
39 Travel	39	1,101,621.	885,977.	215,644.	
40 Conferences, conventions, and meetings	40	964,592.	672,851.	291,741.	
41 Interest	41	2,785,056.	2,785,056.		
42 Depreciation, depletion, etc (attach schedule) STMT 31	42	19,032,463.	17,829,873.	1,202,590.	
43 Other expenses not covered above (itemize) STMT 5	43a	57,421,999.	65,523,669.	-8,101,670.	
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	235,342,597.	202,364,483.	32,978,114.	

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 25 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 $ 15,792,498.)	202,364,483.
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) ▶	202,364,483.

Part IV **Balance Sheets** (See page 25 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		26,850.	45	24,867.
	46	Savings and temporary cash investments		134,774,863.	46	11,434,182.
	47a	Accounts receivable	47a 12,900,820.			
	b	Less allowance for doubtful accounts	47b 7,264,565.	3,773,308.	47c	5,636,255.
	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 1,293,583.			
	b	Less allowance for doubtful accounts	51b	6,131,710.	51c	1,293,583.
	52	Inventories for sale or use		600,880.	52	397,864.
	53	Prepaid expenses and deferred charges STMT. 8		36,109,671.	53	503,490,252.
	54	Investments - securities (attach schedule) STMT 9 ▶ ☐ Cost ☒ FMV		3,475,752,109.	54	3,701,899,397.
	55a	Investments - land, buildings, and equipment basis	55a			
	b	Less accumulated depreciation (attach schedule)	55b		55c	
	56	Investments - other (attach schedule) STMT. 10		312,642,560.	56	739,684,249.
	57a	Land, buildings, and equipment basis	57a 966,894,226.			
	b	Less accumulated depreciation (attach schedule) STMT 31	57b 263,158,840.	649,428,098.	57c	703,735,386.
	58	Other assets (describe ▶ STMT 11)		8,358,584.	58	8,665,461.
	59	**Total assets** (add lines 45 through 58) (must equal line 74)		4,627,598,633.	59	5,676,261,496.
Liabilities	60	Accounts payable and accrued expenses		81,289,993.	60	69,588,163.
	61	Grants payable			61	
	62	Deferred revenue		16,939,184.	62	21,090,964.
	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) STMT. 12		208,575,000.	64b	256,715,000.
	65	Other liabilities (describe ▶ STMT 14)		68,228,154.	65	533,772,923.
	66	**Total liabilities** (add lines 60 through 65)		375,032,331.	66	881,167,050.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ ☒ and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted		4,252,566,302.	67	4,795,094,446.
	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)		4,252,566,302.	73	4,795,094,446.
	74	**Total liabilities and net assets / fund balances** (add lines 66 and 73)		4,627,598,633.	74	5,676,261,496.

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 27 of the instructions.)

a	Total revenue, gains, and other support per audited financial statements ▶	a	838,759,168.
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments $297,992,814.		
(2)	Donated services and use of facilities $		
(3)	Recoveries of prior year grants $		
(4)	Other (specify): STMT 15 $ -4,015,753.		
	Add amounts on lines (1) through (4) ▶	b	293,977,061.
c	Line a minus line b ▶	c	544,782,107.
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 16 $-61,287,089.		
	Add amounts on lines (1) and (2) ▶	d	-61,287,089.
e	Total revenue per line 12, Form 990 (line c plus line d) ▶	e	483,495,018.

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

a	Total expenses and losses per audited financial statements ▶	a	296,231,024.
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 17 $ 75,259,585.		
	Add amounts on lines (1) through (4) ▶	b	75,259,585.
c	Line a minus line b ▶	c	220,971,439.
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 18 $ 14,371,158.		
	Add amounts on lines (1) and (2) ▶	d	14,371,158.
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	235,342,597.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see page 27 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 20		1,911,839.	75,715.	157,103.

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 28 of the instructions

Part VI Other Information (See page 28 of the instructions)

		Line	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
78 a	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
80 a	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?	80a	X	
b	If "Yes," enter the name of the organization ▶ STMT 21 and check whether it is [X] exempt or [ ] nonexempt.			
81 a	Enter direct and indirect political expenditures See line 81 instructions. 81a NONE			
b	Did the organization file Form 1120-POL for this year?	81b	N/A	
82 a	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			
83 a	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	
84 a	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? 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.	85b	N/A	
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	
89 a	*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			
90 a	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, 2003 (See instructions) 90b 1713			
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			

JSA
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Part VII Analysis of Income-Producing Activities (See page 33 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
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a TUITION					7,425,840.
b FOOD SERVICES					2,968,942.
c OTHER REVENUES					3,156,557.
d LESS FINANCIAL AID					-5,738,480.
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	4,464,336.	
96 Dividends and interest from securities	523000	1,689.	14	82,777,984.	
97 Net rental income or (loss) from real estate:					
a debt-financed property			38	-7,095,928.	
b not debt-financed property	900003	30,768.	16	73,647,910.	
98 Net rental income or (loss) from personal property					
99 Other investment income	525990	439,898.	18	17,617,689.	
100 Gain or (loss) from sales of assets other than inventory			18	303,794,952.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue. a					
b OTHER REVENUE			01	2,861.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		472,355.		475,209,804.	7,812,859.

105 Total (add line 104, columns (B), (D), and (E)) ▶ 483,495,018.

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 34 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 22

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 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 23	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 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).*

Please Sign 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

▶ Dee Jay Mailer | 4-18-05

Signature of officer | Date

[redacted] ive Officer

Date 4/6/05 | Check if self-employed ▶ ☐ | Preparer's SSN or PTIN (See Gen Inst W) P00365424

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

2003

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
D. CHAMBERLAIN 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	HEADMASTER, MAUI 40-60 HRS	173,229.	13,624.	39,128.
M. CHUN 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	HEADMASTER, KAPALAMA 40-60 HRS	208,113.	7,300.	NONE
S. FORTUNA, JR. 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	HEADMASTER, KEEAU 40-60 HRS	172,660.	13,660.	30,080.
S. TODANI 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	DIR MAINLAND INVEST. 40-60 HRS	199,178.	12,417.	NONE
D. HOKE 567 SOUTH KING STREET, STE 200 HONOLULU, HI 96813	DIR INTERNAL AUDIT 40-60 HRS	190,333.	8,233.	NONE
Total number of other employees paid over $50,000 . . . . ▶	681			

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
JP MORGAN RESEARCH P.O. BOX 27169, NEW YORK, NY 10087-7169	INVESTMENT MGT	2,828,696.
MILLER & CHEVALIER 655 15TH ST NW, STE 900, WA, DC 20005	LEGAL	1,684,928.
GROUP 70 INTERNATIONAL 925 BETHEL ST, 5TH FL, HON, HI 96813	ARCHITECT	1,545,238.
WELLINGTON MANAGEMENT 75 STATE ST, BOSTON, MA 02109	INVESTMENT MGT	1,403,298.
CADES SCHUTTE FLEMING & WRIGHT 1000 BISHOP ST, STE 1000, HON, HI 96813	LEGAL	1,328,677.
Total number of others receiving over $50,000 for professional services . . . . ▶ 96		

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 ▶ $ 212,378. (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)*			
a	Sale, exchange, or leasing of property? STMT 24	2a	X	
b	Lending of money or other extension of credit? STMT 25	2b	X	
c	Furnishing of goods, services, or facilities? STMT 26	2c	X	
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? STMT 27	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments) STMT 28	3a	X	
b	Do you have a section 403(b) annuity plan for your employees?	3b		X
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 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 6 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.*

Note: *You may use the worksheet in the Instructions for converting from the accrual to the cash method of accounting* NOT APPLICABLE

Calendar year (or fiscal year beginning in) ▶	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(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 1999 through 2002 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:

(2002) ______ (2001) ______ (2000) NOT APPLICABLE (1999) ______

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

(2002) ______ (2001) ______ (2000) ______ (1999) ______

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 1999 through 2002, 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 29			
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?	34b		X
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
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		NONE
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		212,378.
38 Total lobbying expenditures (add lines 36 and 37)	38		212,378.
39 Other exempt purpose expenditures	39		235,015,971.
40 Total exempt purpose expenditures (add lines 38 and 39)	40		235,228,349.
41 Lobbying nontaxable amount. Enter the amount from the following table -	41		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		NONE
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		NONE

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
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

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)** 2003	**(b)** 2002	**(c)** 2001	**(d)** 2000	**(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	212,378.	209,574.	170,107.	81,749.	673,808.
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	NONE	16,660.	NONE	NONE	16,660.

Part VI-B **Lobbying Activity by Nonelecting Public Charities**
(For reporting only by organizations that did not complete Part VI-A) (See page 12 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
INCOME FROM SUBSIDIARIES & INVESTMENTS	18,057,587.
TOTAL	18,057,587.

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON MARKETABLE SECURITIES	302,793,427.
TOTAL	302,793,427.

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

DESCRIPTION	AMOUNT
IMPAIRMENT/RESERVE-PROPERTY	4,710,613.
IMPAIRMENT/RESERVE-INVESTMENT	90,000.
EQUITY IN EARNINGS OF SUBSIDIARY & AFFILIATES	3,617,091.
TOTAL	8,417,704.

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			21,530,978.
LESS FINANCIAL AID INCLUDED WITH PROGRAM REVENUE			-5,738,480.
		TOTAL CONTRIBUTIONS PAID	15,792,498.

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

During the 2004 fiscal year, Kamehameha Schools awarded more than $20 million in financial aid and scholarships to 7,746 recipients. The awards included about $14.8 million in post-high school scholarships to Kamehameha and non-Kamehameha students, $4 million in financial aid to Kamehameha students in grades K-12, and $1.5 million in financial aid and scholarships to Kamehameha and non-Kamehameha preschoolers. In our continued efforts to extend educational opportunities to more Hawaiians, Kamehameha Schools helped Alu Like, Inc. create a $320,000 financial aid fund to provide much-needed tuition assistance to 1,500 public summer school students.

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
PROFESSIONAL AND OTHER SERVICE	19577463.	5,614,917.	13962546.
INSURANCE	5,743,061.	2,789,569.	2,953,492.
UTILITIES	3,904,841.	3,900,439.	4,402.
REPAIRS AND ALTERATIONS	6,956,171.	6,526,880.	429,291.
PROV FOR UNCOLLECTIBLE ACCTS	131,888.	131,888.	
FOOD SERVICES	2,466,146.	2,466,146.	
INCOME TAXES	1,946,038.		1,946,038.
OTHER TAXES	47,778.	44,564.	3,214.
REAL PROPERTY TAX	65,760.	65,760.	
OTHER INVESTMENT EXPENSE	14371158.		14371158.
OTHER EXPENSES	2,211,695.	1,643,942.	567,753.
INDIRECT G&A EXPENSES		42339564.	-42339564.
TOTALS	57421999.	65523669.	-8101670.

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 6
CONTINUED

"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 6
CONTINUED

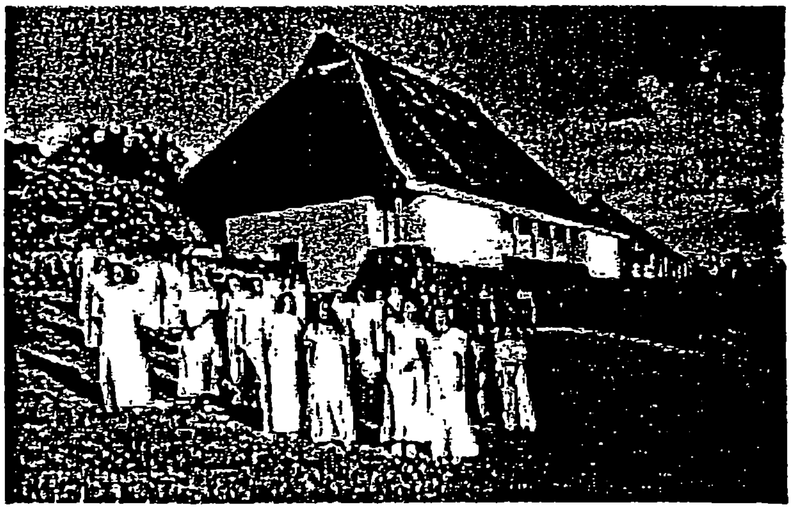
Vision

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 6
CONTINUED

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. ATTACHED IS AN EXCERPT FROM THE ANNUAL REPORT.	15,792,498.	202,364,483.
TOTAL	15,792,498.	202,364,483.

EARLY CHILDHOOD EDUCATION

Since its inception more than 20 years ago, the Kamehameha Schools preschool program has provided more than 11,000 keiki with their first school experience. Today, approximately 14 percent of all Hawaiian preschoolers in Hawai'i are directly served by Kamehameha Schools.

Pauahi's littlest flowers blossomed at 33 Kamehameha Schools preschools statewide during the 2003-2004 school year. Kamehameha extended its educational reach to nearly 1,400 *keiki* in 77 classrooms on Hawai'i, Kaua'i, Maui, Moloka'i and O'ahu. This was an increase of more than 100 *keiki* over the previous year.

Parents play a critical role in nurturing these precious blossoms. In addition to making preschool more accessible to parents through scholarships and enhanced school hours, Kamehameha Schools continued to encourage family involvement in the children's learning. Read how Kamehameha *keiki* are sharing the story of Princess Pauahi with their families in a story on page 12.

2004 Fiscal Year Highlights

Pauahi Keiki Scholars

The Pauahi Keiki Scholars Program helped spur preschool attendance among island *keiki*. Kamehameha awarded more than $1.3 million in need-based preschool scholarships to 308 four-year-olds during the 2003-2004 school year. The annual scholarships may be used at Kamehameha-approved preschools or those accredited by the National Association for the Education of Young Children. Early Childhood Education (ECE) Division staff members reviewed more than 60 preschools statewide to ensure that they met quality standards.

STATEMENT 7 (cont)

Extended Day Program
The ECE Division helped make preschool accessible for more families by expanding its Extended Day Program by 10 additional classes, raising the total number of extended day classes to 21. Longer preschool days allow working parents, or parents attending school, to better align their schedules with preschool hours of operation.

Early Childhood Collaborative
Plans were approved for the implementation of the Hi'ilani Early Childhood Collaborative, a program that will work with parents to promote positive child health, development and school readiness among *keiki*, with a special focus on Hawaiian children. Kamehameha Schools will team up with local health and educational organizations to serve *keiki* from prenatal to three years old. The program will begin its efforts in the community of Waimānalo, O'ahu.

Teacher Training
In its efforts to enhance overall early childhood education in Hawai'i, Kamehameha Schools opened its ECE teacher training workshops to more than 130 educators including faculty and staff of private preschools, the state Department of Education and the University of Hawai'i. The workshops included a special visit by two nationally renowned art educators, Sharon Mitchell and Lenore Blank Kelner. The sharing of resources opened doors to future educational collaborations.

An Educational Collaboration
Kamehameha Schools teamed up with the Hawai'i Association for the Education of Young Children (HAEYC) to guide 39 non-Kamehameha preschools through the national accreditation process. Funding was provided for mentor training and accreditation resources for HAEYC's accreditation project. More than 1,000 *keiki* stand to benefit from this partnership when the schools' accreditations are achieved. Accreditation from the National Association for the Education of Young Children ensures that a preschool meets the highest of educational standards.

Family Involvement
Family involvement continued to be an important component of the ECE program. Kamehameha Schools preschools held parent workshops on topics including nutrition, child management, and literacy enhancement. Parents were also encouraged to be involved in their children's learning. During the 2003-2004 school year, parents gave generously of their time and *mana'o* (thoughts) to a number of preschool activities, including making presentations to *keiki* on their careers and the contributions they make to the community.

Parent Satisfaction Surveys
A recent Parent Satisfaction Survey by evaluators from Western Michigan University indicated that parents across all regions of the state expressed high levels of satisfaction with Kamehameha Schools preschool programs. The survey of more than 1,300 parents revealed that 100 percent of them feel comfortable and welcomed in their child's classroom. The survey also showed that 100 percent of parents feel like they are part of the teaching team when it comes to their child's learning.

A Pauahi Book for Preschoolers
The ECE Division's Hawaiian Culture Committee sparked the creation of a picture book on the life of Kamehameha Schools founder Princess Bernice Pauahi Bishop. Kamehameha Schools preschools received classroom copies of the book, and *keiki* received copies to share with their families. The book was written by retired Kapālama teacher Julie Williams, illustrated by Kamehameha graphic designer Robin Yoko Racoma, and printed in-house. Kamehameha Schools Press will publish the book in hard cover format.

STATEMENT 7 (cont)

STATEMENT 7 (cont)

KAMEHAMEHA SCHOOLS KAPĀLAMA CAMPUS (K-12)

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 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 mauka to their current site.

Kamehameha Schools' 600-acre Kapālama Campus is located in the verdant hills of Kapālama, O'ahu. Nearly 3,200 children, in grades K through 12, received Pauahi's gift of education at this campus during the 2003-2004 school year.

The campus cultivated the education of Hawaiians beyond its classroom walls, through far-reaching programs like the Kamehameha Schools Song Contest and the Hawaiian Cultural Center Project Web site. Another important way it extended its educational reach is through the development of community collaborations. Read how the campus teamed up with the University of Hawai'i to train teachers of Hawaiian children in a story on page 17.

2004 Fiscal Year Highlights

Educational Collaboration

Eleven Kapālama Campus elementary school teachers served as mentors for student teachers from the University of Hawai'i College of Education's Kaho'iwai program. The program uses culturally relevant curriculum and teaching strategies to prepare *kumu* (teachers) to teach from a Hawaiian perspective. Graduates of the program are currently teaching at Hawaiian language immersion schools and public charter schools across the state.

Service Learning

For the 10th year in a row, Kapālama Campus elementary school students raised more money than any other Hawai'i school, and was among the top fund-raisers in the nation, as part of the American Heart Association's Jump Rope for Heart educational fund-raiser. They raised $55,000 in the 2003-2004 school year. Studies show that Hawaiians have among the highest rate of heart disease in the nation. Over the past two decades, the elementary school children have learned about heart-healthy habits and raised more than $700,000 for this worthy cause.

Talented Youth

Eighteen Kapālama fifth and sixth graders were honored as top scorers in the Johns Hopkins University Center for Talented Youth Talent Search–the highest number of awards of any school in Hawai'i. The Baltimore-based center recognizes students with exceptional math and verbal reasoning abilities, and offers them unique learning opportunities. With financial aid from Kamehameha Schools, five students will be attending summer enrichment programs at such learning institutions as Stanford University. Others participated in online Johns Hopkins writing courses.

New Leaders

The Kapālama Campus elementary school welcomed two new leaders to its employee *'ohana*—Principal Holoua Stender and Vice Principal Ronnie Kopp. Stender has been with the Kapālama campus for 25 years, most recently as vice principal of the elementary school. He replaced longtime principal Kahele Kukea. Kopp is a former fourth grade teacher who has been with the campus for over 23 years.

Interim Accreditation

The Kapālama Campus middle school received approval of interim accreditation by the Schools Commission of the Western Association of Schools and Colleges (WASC) until June 30, 2007. The designation was achieved after an on-site visit to the campus by WASC committee members and the submission of a comprehensive accreditation report based on such criteria as curriculum, instruction, leadership, assessment and parent and community involvement.

National Merit Scholars

The Kamehameha Schools class of 2004 yielded two National Merit finalists, two National Merit semi-finalists, and 18 National Merit commended scholars. Out of more than a million entrants into the prestigious scholarship program each year, only 50,000 students with the highest PSAT/NMSQT scores qualify for recognition in the program. National Merit Finalists rank among the top 15,000 students nationwide, semi-finalists rank among the top 16,000 students, and commended scholars rank among the top 34,000 students.

College Bound

The Kamehameha Schools class of 2004 added 435 graduates to the schools' distinguished list of alumni. Fifty-four of those graduates earned honors diplomas, and 97 percent of them planned to pursue higher education. Since the schools' founding, the campus has graduated more than 20,000 young men and women. Kamehameha graduates have helped shape our society as leaders in many fields, including business, health, education, government, science, social services and culture and the arts.

Song Contest

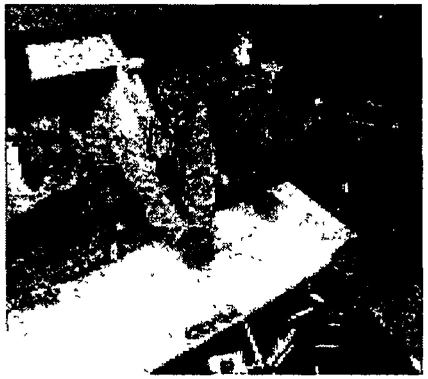
The 82nd Annual Kamehameha Schools Song Contest, honoring the works of Auntie Leila Hohu Ki'aha, showcased the musical talents of Kapālama high school students. The locally televised special is a highlight for the Kamehameha

community as well as the general public This year, the special was televised locally and once again streamed live, on Kamehameha Schools' Web site, to the world. The Friday night broadcast was viewed by thousands of local residents as well as Hawaiians and non-Hawaiians in Kirkland, Washington through a pilot Internet broadcast coordinated with the Kamehameha Schools Northwest Alumni Region

Hawaiian Cultural Center Project

HCCP is laying the groundwork for the creation of a cultural facility at the Kapālama Campus. In its continued efforts to promote Hawaiian cultural education, practices and traditions, HCCP launched its Web site: http://kaiwakiloumoku ksbe.edu. Entitled *Ka'iwakīloumoku* (an epithet given to King Kamehameha) the site features a wellspring of information on all things Hawaiian, including issues, events, health, history, music, literature and food.

STATEMENT 7(cont.)



STATEMENT 7 (cont.)

KAMEHAMEHA SCHOOLS HAWAI'I CAMPUS (K-12)

The Kamehameha Schools Hawai'i Campus began serving Big Island children in a temporary Keaukaha facility in 1996. The school had an opening enrollment of 80 elementary school students. The permanent Hawai'i campus opened its doors to 144 elementary school students in 2001.

The 312-acre Kamehameha Schools Hawai'i Campus is located in scenic Kea'au, eight miles south of Hilo. Nearly 830 of Pauahi's *keiki*, in grades K through 10, prospered in both mind and spirit here during the 2003-2004 school year—a 30 percent increase over the previous year.

Much of this prosperity was in the perpetuation of *'ike Hawai'i*, an emphasis throughout the Kamehameha Schools system. Hawai'i campus teachers integrated *'ike Hawai'i* into nearly every school subject in innovative ways, including experiential learning. Read how Hawai'i middle schoolers learned how to *mālama* (care for) the land using Moloka'i as their classroom in a story on page 20

2004 Fiscal Year Highlights

Campus Construction
The Hawai'i Campus celebrated completion of five new high school facilities during the 2003-2004 school year: a learning center, a science building, an administration/classroom building, a dining hall and a full-sized gymnasium.

Collaborations for Education
The Hawai'i Campus continues to find ways of sharing its resources and combined expertise with others. During the 2003-2004 school year, the Hawai'i Campus opened the doors of its elementary school library to the faculty and students of Ke Kula 'O Nāwahīokalani'ōpu'u Hawaiian immersion school. In another community collaboration, the campus shared the time and expertise of its teachers with the University of Hawai'i Teacher Training Program. Four Hawai'i Campus elementary school teachers also served as mentors to four UH student teachers, helping them to successfully complete their training.

Theme Week
The Hawai'i Campus provided middle school students with the opportunity to explore careers in Business and Leadership, Arts and Communications, and Science and Technology through its annual Theme Week event. Twenty-two Hawaiian leaders spoke to students on possible career paths, opening their

eyes to a broad spectrum of possibilities. Speakers included Kamehameha Schools Trustee Nainoa Thompson and Lieutenant Governor Duke Aiona. Students also visited career opportunity sites throughout the community.

ʻIke Hawaiʻi

The perpetuation of *ʻike Hawaiʻi* is an emphasis throughout the Kamehameha Schools system. The Hawaiʻi Campus included as one of its *ʻike Hawaiʻi* service learning projects, a trip to Molokaʻi for the entire eighth grade class. During their three-day journey of discovery, students learned from island *kūpuna* (elders) how to *mālama* the land using nature as a classroom.

Character Education

Two programs were implemented to cultivate character education on the Hawaiʻi Campus. A program entitled Ke ʻAno o Ka Liko Lehua o Keaʻau (the nature of the children of Keaʻau) was developed for Hawaiʻi Campus high schoolers. The program included lessons on goal-setting, decision-making, Christian education practices, pride in Hawaiian identity, traditional music of Kamehameha Schools, and organizational skills. The campus' middle school developed a peer counseling program. Twenty-four students were trained in conflict resolution and peer counseling. In addition to helping their peers, the students facilitate community-building activities, promote service learning, and serve as ambassadors of goodwill throughout the school.

High School Opens

Ninth and tenth graders celebrated the opening of the campus' new high school facilities. Sophomores were introduced to the school's Career Academy program, which begins in their junior year. The program combines liberal arts and technical preparatory studies to provide students with both skill development and career orientation. Planned career academies include Arts and Communication, Business and Leadership, Engineering and Design, Health and Wellness, Science and Natural Resources, and Social and Government Services.

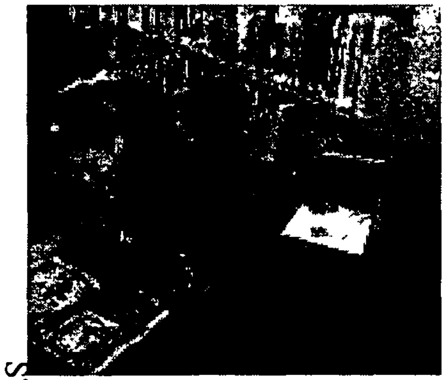
Career Academy Summer Institute

The Kamehameha Schools Hawaiʻi Campus held a hands-on institute to prepare high school teachers for the planned launch of the campus' Career Academy program. In addition to acquainting teachers with the academy design and curriculum, the institute featured field trips to area colleges to discuss future collaborations and career shadowing opportunities with Big Island community members. The field trips helped teachers gain real-world perspective on their areas of focus.

Hōʻike 2004

The school year culminated with this exceptional performing arts *hōʻike* (show) that highlighted the song, dance and drama talents of Hawaiʻi Campus high schoolers. More than 1,800 parents, community leaders and school dignitaries attended the event which paid tribute to the school's home district of Puna. In addition to highlighting the talent of high schoolers, Hōʻike brought to life another example of perpetuating *ʻike Hawaiʻi*.

STATEMENT 7 (cont.)



KAMEHAMEHA SCHOOLS MAUI CAMPUS (K-12)

The Kamehameha Schools Maui Campus began serving island keiki in a temporary Pukalani facility in 1996. The school had an opening enrollment of 80 elementary school students. The permanent Maui campus opened its doors to 152 elementary school students in 1999.

The 180-acre Kamehameha Schools Maui Campus sits on the gentle slopes of Maui's spectacular dormant volcano, Haleakalā. Nearly 830 of Pauahi's children in grades K through 10 flourished at her Maui campus during the 2003-2004 school year—a 41 percent increase over the previous year.

One area of education in which this campus has made exceptional strides, is the teaching of service leadership, a practice fostered throughout the Kamehameha Schools system. The campus operates on the belief that service leadership should not only be a lesson, but a lifestyle. Students, faculty and teachers are encouraged to *kōkua* their communities through service projects. Read how Maui high schoolers lived a lesson in servant leadership by helping a homeless family build the home of their dreams in a story on page 25.

STATEMENT 7 (cont)

2004 Fiscal Year Highlights

Campus Construction
Several construction projects were underway on Maui's high school campus, including a stadium, a full-sized gymnasium, two career academy buildings, an administration/student center building, and a maintenance building. Construction on the projects were slated for completion during the 2005 fiscal year.

Service Learning
One of the goals of Kamehameha Schools is to foster the development of leaders who focus on service to others. To this end, the Maui Campus students and staff took part in more than 20 community service projects to *kōkua* their neighbors in the Maui community and beyond. Projects included helping Maui families build their houses through Habitat for Humanity, helping residents clean and repair their homes in Kalaupapa, Moloka'i, and raising more than $39,000 for organizations such as the American Heart Association.

In-Service Days
The campus set aside six days throughout the year for in-service activities for faculty and staff. The days were dedicated to building a sense of community among the Maui Campus *'ohana*; learning more about Hawaiian culture, connecting with fellow private school teachers and learning new technology skills. The campus

also used the in-service days to begin the self-study process necessary for accreditation by the Western Association of Schools and Colleges.

Summer of Opportunities

The Maui Campus initiated its Summer of Opportunities program in 2003. Community response to the program was excellent, with an enrollment of 645 Kamehameha students and 274 non-Kamehameha students. The summer program offered a broad spectrum of courses, including math, language arts, technology, sports, Hawaiian culture and the arts. The Summer of Opportunities was staffed by teachers from the Kamehameha Schools faculty as well as the Maui community.

Collaborations for Education

The Maui Campus carried on its commitment to supporting the greater Maui community by hosting several educational conferences. The campus lent its facilities, and the time and effort of its faculty and staff members to events including the Maui Educational Technology Conference, the Maui County Parent Community Network Conference and the Maui County Middle School Conference.

New Leader

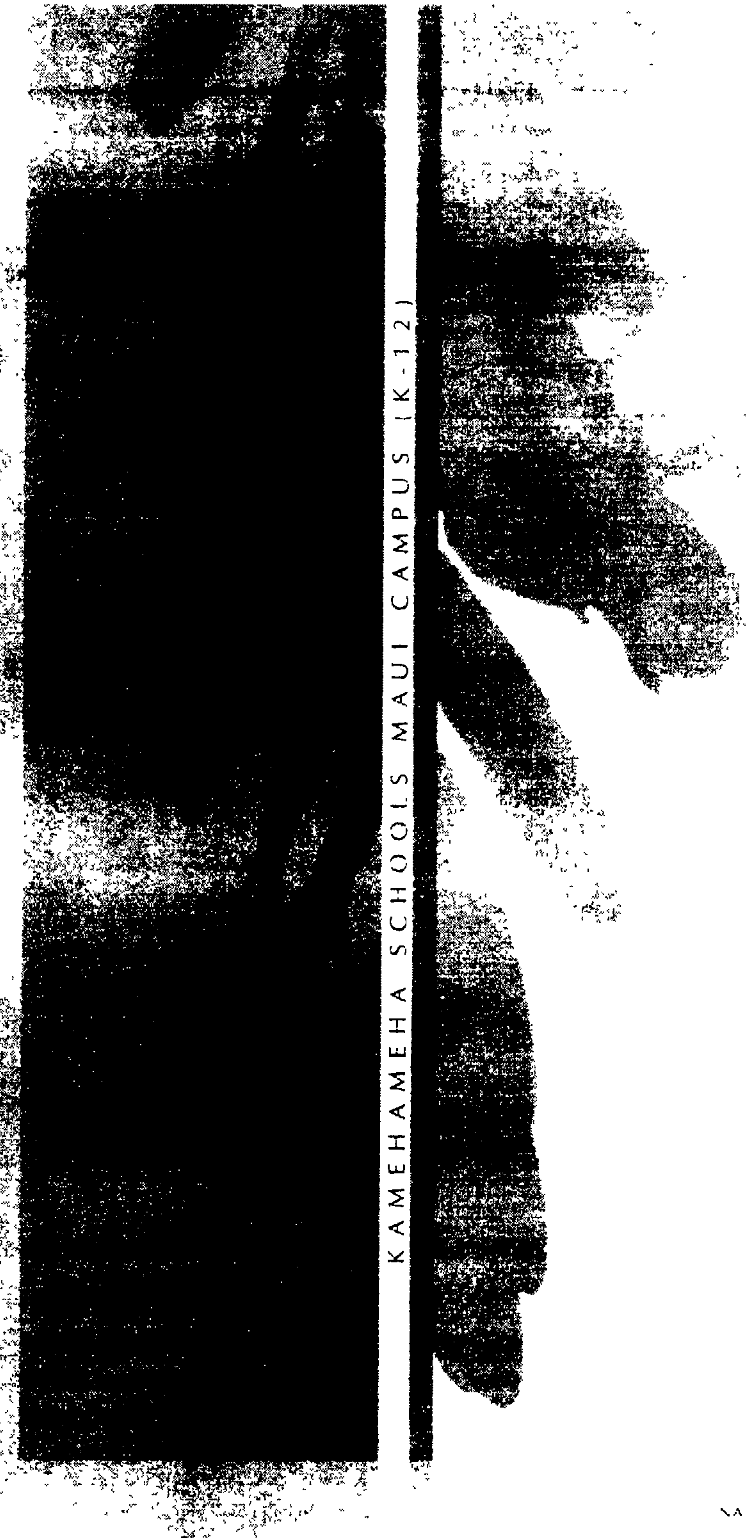
The Maui Campus welcomed a new member to its leadership team during the 2004 fiscal year. Dr. Paul Prevenas joined the campus in August 2003, as elementary school principal. Prior to joining the Kamehameha Schools *'ohana*, Prevenas served as superintendent to the Brookings-Harbor School District in Oregon.

High School Opens

Ninth and tenth graders celebrated the opening of the campus' new high school facilities. Sophomores were introduced to the school's Career Academy program, which begins in their junior year. The program combines liberal arts and technical preparatory studies to provide students with both skill development and career orientation. Academies include: Arts and Communication, Business and Leadership, Information and Technology, and Science and Natural Resources.

Laptop Program

In its efforts to integrate technology into the school curriculum, the campus introduced an innovative wireless computer laptop program for ninth and tenth graders. The pilot program empowers students with the high-tech tools they need to succeed in their academic endeavors, including Internet access from anywhere on campus. A parent component was integrated into the program through a special Parent Laptop Night, an event that encouraged families to share the computers and to master all of their capabilities.



KAMEHAMEHA SCHOOLS MAUI CAMPUS (K-12)

STATEMENT 7 (cont)

EXTENSION EDUCATION

Kamehameha Schools' Extension Education Division (EED) is charged with extending Kamehameha Schools' educational reach to those not served by our campus-based programs The division traces its roots to the late 1960s EED encompasses nine departments which provide programs and services for keiki to kūpuna

More than 27,000 learners of all ages benefited from the outreach of the Extension Education Division during fiscal year 2004, an increase of 1,500 over the previous year The increase was due to the establishment of nine major programs to extend the reach of Kamehameha Schools into communities in Hawai'i and on the continental US

A key to EED's program expansion was the division's successful collaboration with community organizations to deliver more services to Hawaiians In addition to existing partnerships with agencies such as the Queen Lili'uokalani Children's Center and Alu Like, Inc , the division leveraged its resources through collaborative agreements with 17 organizations. Read how one EED department used a long-standing collaboration to help an orphan realize her dreams of a higher education in a story on page 28

2004 Fiscal Year Highlights

Career Education and Lifelong Learning
This department enhances economic self-sufficiency and sustainability for Hawaiian youth and adults through career-focused education and training programs.

More than 3,500 learners were served through programs such as student internships, career academics, career interest inventory and development workshops, industry-recognized certification programs, and job placement opportunities.

Community Learning Center at Nānākuli
This center provides educational support services to Hawaiians on the Wai'anae Coast, through Kamehameha programs and collaborations with other service providers

The center teamed up with six outside agencies and four EED departments to provide resource and referral services to 530 Hawaiians. Services included computer technology classes, family nutrition classes and application assistance for Kamehameha Schools programs.

Enrichment
This department provides a variety of educational opportunities to primarily non-Kamehameha campus Hawaiian learners, to enrich and enhance academic achievement, self-worth and cultural awareness.

STATEMENT 7 (cont.)

More than 4,600 learners were served through its enrichment programs, which included two new Ho'olauna summer programs for non-Kamehameha students on Kaua'i and Moloka'i. The week-long boarding experiences focused on Hawaiian culture in the context of each island.

Grants Assistance

This department provides educational assistance to Hawaiian communities to enable them to access and successfully bid for both federal and non-federal resources.

Grants information and assistance was provided to nearly 430 learners. Twenty-nine learners submitted 85 grant proposals resulting in 26 grants awarded and 31 pending replies.

Hawaiian Studies Institute

This department provides educational and cultural services in *'ike Hawai'i* to the learning community.

The institute served more than 11,800 learners through its cultural education programs. HSI's *kupuna* resource program implemented an island-centered cultural education program for Moloka'i *keiki*. And, its Hawaiian traveling resource program served 112 schools and organizations statewide and on the continental US.

Health, Wellness and Family Education

This department provides culturally appropriate educational services and products to increase resiliency, decrease at-risk behaviors and improve the health and well-being of Hawaiian families.

More than 3,500 learners were served through its outreach programs, including Kūpa'a: Building Healthy Families conferences on Hawai'i and O'ahu. The conferences featured sessions on topics such as nutrition, developing resilient families and surviving domestic violence.

Kamehameha Scholars

This department increases educational success and post-secondary options for Hawaiian youth through a variety of learner support services.

Kamehameha Scholars helped increase the educational success of more than 275 middle school students through a broad scope of services, including: counseling, leadership training, study skills development and parent involvement. The department served scholars and their families in the regions of Leeward O'ahu, Kaua'i and West Hawai'i.

Literacy Enhancement

This department increases literacy achievement and builds capacity among teachers and parents by providing support in the following areas: curriculum and instruction, professional development, tutoring and parent education.

Literacy Enhancement served nearly 2,600 learners through its outreach services. With the department's support, Nānākuli and Nānāikapono elementary schools met their Grade 3 performance benchmark indicators in reading for the Hawai'i Content and Performance Standards II State Assessment Program which measures achievement in reading comprehension and math.

STATEMENT 7 (cont)

STATEMENT 7 (cont)

CHARTER SCHOOL SUPPORT

Kamehameha Schools views charter schools as a promising educational alternative, and demonstrated its support by developing two strategies to extend Pauahi's legacy to Hawai'i's public school students. In fiscal year 2004, Kamehameha Schools developed Ho'olako Like, a program which supports Hawaiian-centered, community-based start-up charter schools, and assisted in the development of the Ho'okāko'o Corporation, a nonprofit that operates conversion charter schools.

During the 2004 school year, there were 26 charter schools in Hawai'i. Kamehameha Schools provided funds and services to 12 of them—11 start-up charter schools and one conversion charter school. Read how one charter school is helping restore Hawaiian pride in its students in a story on page 33.

HO'OLAKO LIKE

Ho'olako Like provides financial support to start-up charter schools that emphasize Hawaiian values, culture and language. In addition to providing much-needed funding, the program provides assistance with curriculum, program evaluation, professional staff development, accreditation and consultation on other funding opportunities.

2004 Fiscal Year Highlights

Learners Served

Eleven community-based charter schools on Hawai'i, Kaua'i and O'ahu received more than $1.2 million in funding through Kamehameha Schools' Ho'olako Like program. The charter schools, operating in predominantly Hawaiian communities, served 890 students, 94% of whom are of Hawaiian ancestry. This was an increase of more than 200 students over the previous year.

More Qualified Schools

Three new charter schools qualified for assistance through Ho'olako Like during fiscal year 2004, including the state's only Leeward O'ahu charter school—Ka Waihona O Ka Na'auao in Mākaha. The other new schools are located on the island of Hawai'i: Kua O Ka Lā in Pāhoa and Ke Kula 'O Nāwahīokalani'ōpu'u 'Iki, a Hawaiian language immersion school in Kea'au.

Per-Pupil Funding Increase

Kamehameha Schools contributes $1 for every $4 contributed to charter schools by the state Department of Education (DOE). During the 2004 fiscal year, Kamehameha Schools' funding increased from $970 per student to $1,339 per student, based on an increase in the DOE's per-pupil allocation from $3,380 to $5,354.

Training and Support

In addition to providing funding, Ho'olako Like collaborated with Kamehameha departments and community organizations to offer valuable technical training and support to 12 charter schools. The support included leadership training through Kamehameha's Pauahi Leadership Institute and a learning assessment workshop by its Policy Analysis & System Evaluation Department.

HO'OKĀKO'O CORPORATION

Kamehameha Schools is also supporting conversion charter schools serving Hawaiian communities through the Ho'okāko'o Corporation, an independent, nonprofit organization that operates traditional public schools that have converted to charter schools. Ho'okāko'o Corporation serves as the schools' local board as well as its link with the state Department of Education, the state Board of Education, labor unions and other supporting entities such as Kamehameha Schools.

2004 Fiscal Year Highlights

Waimea Middle School

Kamehameha Schools contributed more than $700,000 to the Ho'okāko'o Corporation to help provide financial support to this conversion charter school in Kamuela, Hawai'i. Waimea Middle School was the first to be funded through the corporation. The school had an enrollment of 520 *keiki*, nearly 200 of whom were of Hawaiian ancestry.

Kualapu'u Elementary School

Ho'okāko'o Corporation received authorization from the state Board of Education to operate this conversion charter school on Moloka'i. The school serves 336 students, more than 300 of whom are of Hawaiian ancestry. Kamehameha Schools will provide funding to this school through the corporation during the 2004-2005 fiscal year.

STATEMENT 7 (cont)

FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
DEFERRED CHARGES/OTHER ASSETS	36,109,671.	42,822,581.
COLLATERAL-SECURITIES LENDING	NONE	460,667,671.
TOTALS	36,109,671.	503,490,252.

FORM 990, PART IV - INVESTMENTS - SECURITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
COMMON & PREFERRED STOCK	3,383,339,108.	3,678,048,037.
COMMON STOCK - LISTED	87,206,001.	18,644,360.
PROMISSORY NOTES/SUBORDINATED DEBT	5,207,000.	5,207,000.
TOTALS	3,475,752,109.	3,701,899,397.

FORM 990, PART IV - INVESTMENTS - OTHER

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
INVESTMENT IN SUBSIDIARY & AFFILIATES	133,380,488.	129,763,397.
PARTNERSHIPS & OTHER	179,262,072.	609,920,852.
TOTALS	312,642,560.	739,684,249.

FORM 990, PART IV - OTHER ASSETS

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
INTEREST & OTHER RECEIVABLE	262,418.	767,238.
INVESTMENT INCOME RECEIVABLE	8,096,166.	7,898,223.
TOTALS	8,358,584.	8,665,461.

FORM 990, PART IV - MORTGAGES AND OTHER NOTES PAYABLE

LENDER: PRUDENTIAL CAP CORP-SR PROMISSORY NOTES
ORIGINAL AMOUNT: 118,600,000.
INTEREST RATE: 6.890000
MATURITY DATE: 06/22/2013
REPAYMENT TERMS: SUM OF $11,860,000 PLUS INT EACH 6/22, BEG 6/22/04
PURPOSE OF LOAN: FINANCING FOR HAWAII KAI COMM & WINDWARD MALL
DESCRIPTION AND FMV OF CONSIDERATION: CASH OF $118,600,000

BEGINNING BALANCE DUE	118,575,000.
ENDING BALANCE DUE	106,715,000.

LENDER: PRUDENTIAL CAP CORP-SHELF AGREEMENT A
ORIGINAL AMOUNT: 20,000,000.
INTEREST RATE: 6.800000
MATURITY DATE: 03/01/2027
REPAYMENT TERMS: SUM OF $952,381 PLUS INT EACH 3/1, BEG 3/1/2007
PURPOSE OF LOAN: FINANCING FOR CIP, INCL KEEAU AND MAUI CAMPUSES
DESCRIPTION AND FMV OF CONSIDERATION: CASH OF $20,000,000

BEGINNING BALANCE DUE	20,000,000.
ENDING BALANCE DUE	20,000,000.

LENDER: PRUDENTIAL CAP CORP-SHELF AGREEMENT B
ORIGINAL AMOUNT: 70,000,000.
INTEREST RATE: 4.880000
MATURITY DATE: 06/10/2028
REPAYMENT TERMS: SUM OF $3,333,333.33 + INT EACH 6/10, BEG 6/10/08
PURPOSE OF LOAN: FINANCING FOR CIP, INCL KEEAU AND MAUI CAMPUSES
DESCRIPTION AND FMV OF CONSIDERATION: CASH OF $70,000,000

BEGINNING BALANCE DUE	70,000,000.
ENDING BALANCE DUE	70,000,000.

LENDER: PRUDENTIAL CAP CORP-SHELF AGREEMENT C
ORIGINAL AMOUNT: 60,000,000.
INTEREST RATE: 4.930000
MATURITY DATE: 04/14/2029
REPAYMENT TERMS: PRINCIPAL PLUS INT EACH 4/14, BEG 4/14/09
PURPOSE OF LOAN: FINANCING FOR CIP, INCL KEEAU AND MAUI CAMPUSES
DESCRIPTION AND FMV OF CONSIDERATION: CASH OF $60,000,000

BEGINNING BALANCE DUE	NONE
ENDING BALANCE DUE	60,000,000.
TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	208,575,000.
TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	256,715,000.

FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
ACCRUED POSTRETIREMENT	20,151,715.	21,276,735.
DEFERRED COMPENSATION PLAN	8,951,697.	9,480,011.
ACCRUED PENSION LIABILITY	39,124,742.	42,407,594.
OBL TO REPAY SEC LEND COLL	NONE	460,608,583.
TOTALS	68,228,154.	533,772,923.

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

DESCRIPTION	AMOUNT
EQUITY IN EARNINGS OF AFFLIATE & SUBSIDIARY	-3,617,091.
INVESTMENT EXPENSES	-14,371,158.
ACTIVITIES OF WHOLLY-OWNED SUBSIDIARY	13,972,496.
TOTAL	-4,015,753.

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

DESCRIPTION	AMOUNT
GROSS RENT EXPENSES	-61,287,089.
TOTAL	-61,287,089.

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

DESCRIPTION	AMOUNT
GROSS RENT EXPENSE	61,287,089.
ACTIVITIES OF WHOLLY-OWNED SUBSIDIARY	13,972,496.
TOTAL	75,259,585.

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

DESCRIPTION		AMOUNT
INVESTMENT EXPENSES		14,371,158.
	TOTAL	14,371,158.

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

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	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	105,000.	NONE	NONE
D. PLOTTS 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	103,500.	NONE	NONE
C. LAU 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	113,500.	NONE	NONE
D. ING 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	100,500.	NONE	NONE
N. THOMPSON 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	TRUSTEE 20-30 HRS	118,000.	NONE	NONE
D.J. MAILER 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	CEO 40-60 HRS	174,359.	7,128.	22,916.
K. BELSBY 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VP ENDOWMENT 40-60 HRS	375,000.	14,669.	134,187.
M. LOO 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VP FINANCE & ADMIN. 40-60 HRS	217,462.	12,952.	NONE

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

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
C. WONG 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VP LEGAL 40-60 HRS	225,000.	15,744.	NONE
C. HOE 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	ACTING VP EDUCATION 40-60 HRS	140,139.	9,049.	NONE
R. SOON 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	VP CRC 40-60 HRS	143,265.	5,866.	NONE
K. PAULSEN 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	INTERIM VP CRC 40-60 HRS	26,870.	2,728.	NONE
L. WONG 567 SOUTH KING STREET, SUITE 200 HONOLULU, HI 96813	INTERIM VP LEGAL 40-60 HRS	69,244.	7,579.	NONE
	GRAND TOTALS	1,911,839.	75,715.	157,103.

FORM 990, PART VI - NAMES OF RELATED ORGANIZATIONS
==

KE ALI'I PAUAHI FOUNDATION
CHARLES REED BISHOP TRUST

STATEMENT 21

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.

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 29%	Real Estate	7,665	38,223
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	25	4,830
Erwin Square Office Tower I, L P EIN 56 1574916	89 46%	Real Estate	0	64
Montrose Land Acquisition, L P EIN 56 1583601	99 00%	Real Estate	0	1,738
Southern Nevada Income Properties EIN 33 0324029	91 43%	Real Estate	23,675	102,959
Sino Finance Group, LTD EIN 99 0324938	90 48%	Investment	2	6,499
Bishop Holdings Corporation EIN 99 0335777	100 00%	Investments and Property Management	10,297	157,661
Koma, Inc EIN. 99 0309615	100 00%	Investment	1	135
Newport Kohala, LLC EIN 56 2392110	100 00%	Investment	3	80,678
Carlyle West Coast Portfolio EIN. 52 2215093	98 00%	Real Estate	40	1,241
Carlyle Liquidity Discount Portfolio	98 00%	Real Estate	0	0
Carlyle Sunnyvale Coinvestment Qualifed, L P EIN 52 2215081	98 00%	Real Estate	1,923	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.

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.

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.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

SEE FORM 990, PART V.

ALL ACTIVITIES WERE PREVIOUSLY APPROVED.

SCHEDULE A, PART III - EXPLANATION FOR LINE 3A
==

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

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 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 GENERALLY 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	8,716,296,794	8,496,952,129	219,344,665
TOTAL SECURITIES	8,716,296,794	8,496,952,129	219,344,665
LAND SALES & OTHER	85,469,753	1,019,466	84,450,287
	8,801,766,547	8,497,971,595	303,794,952

FORM 990, PART IV - BALANCE SHEET

LINE 57 - LAND, BUILDINGS, AND EQUIPMENT: BASIS & ACCUMULATED DEPRECIATION

	COST OR OTHER BASIS	BEGINNING ACCUMULATED DEPRECIATION	CURRENT YEAR DEPRECIATION	DISPOSALS	ADJUSTMENT	ENDING ACCUMULATED DEPRECIATION	ENDING BOOK VALUE
LAND	61,801,084					-	61,801,084
BUILDING & IMPROVEMENTS	807,778,991	208,892,348	27,235,231	(417,430)		235,710,149	572,068,842
FURN/FIXT/EQUIP	44,168,518	24,724,747	4,268,826	(1,570,422)	25,540	27,448,691	16,719,827
CONSTRUCTION IN PROGRESS	53,145,633					-	53,145,633
	966,894,226	233,617,095	31,504,057	(1,987,852)	25,540	263,158,840	703,735,386
LESS: AMOUNTS INCLUDED AS RENTAL EXPENSE			(12,471,594)				
			19,032,463				

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	Name of Exempt Organization	Employer identification number
	KAMEHAMEHA SCHOOLS	99-0073480
File by the due date for filing your return See instructions	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	

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 ________ , ____ , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ [ ] calendar year ____ or

▶ [x] tax year beginning JULY 1 , 2003 , and ending JUNE 30 , 2004 .

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 . . . . $

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 . . . . $

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 ▶10/7/04

JSA
3F8054 1 000

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

- 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	Employer identification number
	KAMEHAMEHA SCHOOLS	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.	For IRS use only
	P.O. BOX 3466	
	City, town or post office, state, and ZIP code For a foreign address, see instructions	
	HONOLULU, HI	

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 MAY 15, 2005.

5 For calendar year ______ , or other tax year beginning JULY 1, 2003 and ending JUNE 30, 2004.

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 ADDITIONAL TIME IS NEEDED TO GATHER THE NECESSARY INFORMATION TO FILE A COMPLETE AND ACCURATE TAX RETURN.

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 $

RECEIVED
JAN 1 9 2005
OGDEN, UT
499
IRS-OSC

ENVELOPE POSTMARK DATE JAN 1 1 2005

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 ▶ Cate K. Stuhler Title ▶ CPA/AGENT Date ▶ 1/10/05

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 ______

______ By: ______
Director Date

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

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