

AMENDED

9906

OMB No. 1545-0047
1998
This Form is Open to Public Inspection

Form **990**

Return of Organization Exempt From Income Tax

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

Department of the Treasury
Internal Revenue Service

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

A For the 1998 calendar year, OR tax year period beginning July 1, 1998, and ending June 30, 1999

- B** Check if:
- Change of address
- Initial return
- Final return
- Amended return (required also for state reporting)

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
Kamehameha Schools Bishop Estate

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

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

D Employer identification number
99 0073480

E Telephone number
(808) 523-6200

F Check if exemption application is pending

G Type of organization — Exempt under section 501(c) 3 (insert number) OR section 4947(a)(1) nonexempt charitable trust
Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates? Yes No

If either box in H is checked "Yes," enter four-digit group exemption number (GEN) _____

(b) If "Yes," enter the number of affiliates for which this return is filed: _____

(c) Is this a separate return filed by an organization covered by a group ruling? Yes No

J Accounting method: Cash Accrual
 Other (specify) _____

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 it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 13.)

SCANNED AUG 14 2000

ED ACCOUNTS RECEIVED JUN 12 2008 TRPGDLE

1 Contributions, gifts, grants, and similar amounts received:			
a Direct public support	1a		
b Indirect public support <i>SEE ATTACHED</i>	1b	<u>51,333,031</u>	
c Government contributions (grants)	1c	<u>2410,747</u>	
d Total (add lines 1a through 1c) (attach schedule of contributors) (cash \$ _____ noncash \$ _____)	1d		<u>53,743,778</u>
2 Program service revenue including government fees and contracts (from Part VII, line 83)	2		<u>7,756,688</u>
3 Membership dues and assessments	3		
4 Interest on savings and temporary cash investments	4		<u>36,850,812</u>
5 Dividends and interest from securities	5		<u>32,169,179</u>
6a Gross rents	6a	<u>84,714,710</u>	
b Less: rental expenses	6b	<u>6,916,102</u>	
c Net rental income or (loss) (subtract line 6b from line 6a)	6c		<u>72,798,608</u>
7 Other investment income (describe <u>Equity in Subsidiaries</u>)	7		<u>552,471,471</u>
8a Gross amount from sale of assets other than inventory	8a	<u>124,166,056</u>	
b Less: cost or other basis and sales expenses	8b	<u>79,750,670</u>	
c Gain or (loss) (attach schedule)	8c	<u>44,415,386</u>	
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		<u>83,186,914</u>
9 Special events and activities (attach schedule)			
a Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a		
b Less: direct expenses other than fundraising expenses	9b		
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
10a 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		<u>101,836</u>
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		<u>839,079,286</u>
13 Program services (from line 44, column (B))	13		<u>110,538,731</u>
14 Management and general (from line 44, column (C))	14		<u>50,149,072</u>
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		<u>160,687,803</u>
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		<u>678,391,483</u>
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		<u>2205,064,356</u>
20 Other changes in net assets or fund balances (attach explanation)	20		<u>< 40,540,029 ></u>
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		<u>2,842,915,810</u>

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 Specific Instructions on page 17.)

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			
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			
26	Other salaries and wages	26			
27	Pension plan contributions	27	**SEE ATTACHED**		
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33			
34	Telephone	34			
35	Postage and shipping	35			
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39			
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42			
43	Other expenses (itemize): a	43a			
	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	160,687,803	110,538,731	50,149,072

Reporting of Joint Costs.—Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? 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 Specific Instructions on page 20.)

What is the organization's primary exempt purpose? ▶	EDUCATION	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a	**SEE ATTACHED**	
	(Grants and allocations \$ 2,410,747)	110,538,731
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)	110,538,731

Part IV Balance Sheets (See Specific Instructions on page 20.)

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 **SEE ATTACHED**		45
	46 Savings and temporary cash investments		46
	47a Accounts receivable 47a		47c
	b Less: allowance for doubtful accounts 47b		
	48a Pledges receivable 48a		48c
	b Less: allowance for doubtful accounts 48b		
	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		51c
	b Less: allowance for doubtful accounts 51b		
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53
	54 Investments—securities (attach schedule)		54
	55a Investments—land, buildings, and equipment: basis 55a		55c
	b Less: accumulated depreciation (attach schedule) 55b		
	56 Investments—other (attach schedule)		56
	57a Land, buildings, and equipment: basis 57a		57c
	b Less: accumulated depreciation (attach schedule) 57b		
58 Other assets (describe ▶ _____)		58	
59 Total assets (add lines 45 through 58) (must equal line 74)	2,512,484,994	59	3,170,564,673
Liabilities	60 Accounts payable and accrued expenses **SEE ATTACHED**		60
	61 Grants payable		61
	62 Deferred revenue		62
	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)		64b
	65 Other liabilities (describe ▶ _____)		65
66 Total liabilities (add lines 60 through 65)	307,420,638	66	327,648,863
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted **SEE ATTACHED**		67
	68 Temporarily restricted		68
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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 and column (B) must equal line 21)		73	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	2,512,484,994	74	3,170,564,673

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 VI Other Information (See Specific Instructions on page 23.)

Table with columns for question number, question text, and Yes/No checkboxes. Includes questions 76 through 92 regarding organizational activities, financial reporting, and tax status.

**SCHEDULE A
Form 990**

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

OMB No. 1545-0047

1998

Department of the Treasury
Internal Revenue Service

Supplementary Information

See separate instructions.

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

Name of the organization

Kamehameha Schools Bishop Estate

Employer identification number

99-0073480

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See instructions on page 1. 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
SEE ATTACHED				
Total number of other employees paid over \$50,000	338			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See instructions on page 1. 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
SEE ATTACHED		
Total number of others receiving over \$50,000 for professional services	50	

Part III Statements About Activities

	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 ▶ \$ _____ 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.		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its 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:		
a Sale, exchange, or leasing of property?	X	
b Lending of money or other extension of credit?	X	
c Furnishing of goods, services, or facilities?	X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	X	
e Transfer of any part of its income or assets? If the answer to any question is "Yes," attach a detailed statement explaining the transactions.	X	
3 Does the organization make grants for scholarships, fellowships, student loans, etc.?	X	
4a Do you have a section 403(b) annuity plan for your employees?	X	
b Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments. (See instructions on page 2.)		

Part IV Reason for Non-Private Foundation Status (See instructions on pages 2 through 4.)

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, page 4.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(ii).
- 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 instructions on page 4.)

(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 instructions on page 4.)

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.

Calendar year (or fiscal year beginning in) ▶	(a) 1997	(b) 1996	(c) 1995	(d) 1994	(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 not a business unrelated 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. . . . ▶					26a
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1994 through 1997 exceeded the amount shown in line 26a. Enter the sum 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," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year: (1997) _____ (1996) _____ (1995) _____ (1994) _____					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list 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.) 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: (1997) _____ (1996) _____ (1995) _____ (1994) _____					
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 on 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 1994 through 1997, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See Instructions on page 4.)					

Part V Private School Questionnaire (See instructions on page 4.)
(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?	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?	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? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) <u>Kamehameha Schools Bishop Estate publicizes in all local newspapers and periodic Hawaiian publications announcing admissions application availability.</u>	X	
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
d Copies of all material used by the organization or on its behalf to solicit contributions?	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?		X
b Admissions policies?		X
c Employment of faculty or administrative staff?		X
d Scholarships or other financial assistance?		X
e Educational policies?		X
f Use of facilities?		X
g Athletic programs?		X
h Other extracurricular activities?		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?	X	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		X
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	X	

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions on page 6.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check here a If the organization belongs to an affiliated group.
 Check here b If you checked "a" above and "limited control" provisions apply.

Limits on Lobbying Expenditures		SEE STATEMENT ATTACHED	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)				
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38	Total lobbying expenditures (add lines 36 and 37)	38		
39	Other exempt purpose expenditures	39		110,538,731
40	Total exempt purpose expenditures (add lines 38 and 39)	40		110,538,731
41	Lobbying nontaxable amount. Enter the amount from the following table— If the amount on line 40 is— The lobbying nontaxable amount is— Not over \$500,000 20% of the amount on line 40. Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000 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	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		
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50 on page 7.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 1998	(b) 1997	(c) 1996	(d) 1995	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities
 (For reporting only by organizations that did not complete Part VI-A) (See instructions on page 8.)

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 II - Statement of Functional Expenses

DESCRIPTION	Total	Program Services	Management & General
Salaries and wages	\$51,053,809	\$45,767,999	\$5,285,810
Financial aid	21,537,007	21,537,007	
Professional and other services	20,840,819	6,005,268	14,835,551
Employee benefits	15,697,776	14,108,189	1,589,587
Taxes	15,465,238		15,465,238
Depreciation, depletion, etc.	11,154,099	7,488,780	3,665,319
Supplies	6,303,867	5,483,681	820,186
Insurance	4,084,736	1,524,721	2,560,015
Repairs and alterations	4,076,004	3,372,362	703,642
Trustees' commissions	3,677,090		3,677,090
Utilities	2,482,317	1,783,344	698,973
Other	2,477,043	1,306,217	1,170,826
Food Service	1,900,453	1,900,453	
Rental	901,895	616,244	285,651
Adjustment for consolidation	840,118		840,118
Real property tax, net	4,527	3,276	1,251
Expenses, capitalized or recovered	(1,808,995)	(358,810)	(1,450,185)
Total	\$160,687,803	\$110,538,731	\$50,149,072

PART III Statement of Program Service Accomplishments

The Kamehameha Schools serve approximately 4,500 full-time students and approximately 8,400 participants through its educational extension programs (e.g., summer schools and post-high financial aid). The programs focus on providing education to children of Hawaiian descent.

All Program Services expenditures were made in support of the Kamehameha Schools. Exempt purpose programs are under the direction of the Hawaii Court appointed Trustees. Annual reports are prepared and submitted to the appropriate Hawaii Court for review. The Attorney General of the State of Hawaii, as parens patriae, is also a party to the review to determine that the exempt function is properly carried out pursuant to the terms of the Will of Bernice Pauahi Bishop.

PART IV Balance Sheets

	(A)	(B)
	Beginning of Year	End of Year
45 Cash-non-interest bearing	-	-
46 Savings and temporary cash investments	\$120,968,394	\$246,467,172
47a Accounts receivable	14,613,341	12,152,264
47b Less: allowance for doubtful accounts	(9,739,356)	(6,608,605)
48a Pledges receivable	-	-
48b Less: allowance for doubtful accounts	-	-
49 Grants receivable	-	-
50 Receivables from officers, directors, trustees, and key employees	-	-
51a Other notes and loans receivable	105,826,258	89,852,897
51b Less: allowance for doubtful accounts	-	-
52 Inventories for sale or use	-	-
53 Prepaid expenses and deferred charges	28,950,308	29,106,912
54 Investments-securities	895,205,193	1,032,041,935
55a Investments-land, buildings and equipment: basis	-	-
55b Less: accumulated depreciation	-	-
56 Investments-other	784,308,902	1,163,887,777
57a Land, buildings, and equipment: basis	719,459,632	771,469,869
57b Less: accumulated depreciation	(147,107,678)	(167,805,548)
58 Other assets	-	-
59 Total Assets	\$2,512,484,994	\$3,170,564,673
60 Accounts payable and accrued expenses	\$19,044,141	\$38,553,639
61 Grants payable	-	-
62 Deferred revenue	9,863,551	11,189,824
63 Loans from officers, directors, trustees, and key employees	-	-
64a Tax-exempt bond liabilities	-	-
64b Mortgages and other notes payable	218,866,058	218,958,484
65 Other liabilities	59,646,888	58,946,916
66 Total Liabilities	\$307,420,638	\$327,648,863
Organizations that follow SFAS 117, check here [<input checked="" type="checkbox"/>] and complete lines 67 through 69 and lines 73 and 74.		
67 Unrestricted	\$2,205,064,356	\$2,842,915,810
68 Temporarily restricted	-	-
69 Permanently restricted	-	-
Organizations that do not follow SFAS 117, check here [<input type="checkbox"/>] and complete lines 70 through 74.		
70 Capital stock, trust principal, or current funds		
71 Paid-in or capital surplus, or land, bldg., and equipment funds		
72 Retained earnings, endowment, accumulated income, or other funds		
73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	2,205,064,356	2,842,915,810
74 Total liabilities and net assets/fund balances (add lines 66 and 73)	\$2,512,484,994	\$3,170,564,673

PART IV Balance Sheets - Continued**OTHER NOTES & LOANS RECEIVABLE (Ln 51a)**

	FYE 6/30/99	FYE 6/30/98
Land Sale Receivables	\$82,693,383	\$91,465,909
Investment Income Receivables	6,769,358	9,908,919
Other Notes Receivables	390,156	4,451,431
	<u>\$89,852,897</u>	<u>\$105,826,259</u>

INVESTMENTS - SECURITIES (Ln 54)

	FYE 6/30/99	FYE 6/30/98
Marketable Debt and Securities	\$634,050,643	\$643,587,868
Privately Placed Debt and Equity Securities	265,374,316	130,550,596
Money Market Securities	106,977,029	67,318,188
Deferred Compensation Plan	16,347,056	15,220,386
US Government Obligations	9,292,891	38,528,155
	<u>\$1,032,041,935</u>	<u>\$895,205,193</u>

INVESTMENT IN WHOLLY-OWNED SUB. (Ln 56)

	FYE 6/30/99	FYE 6/30/98
Kamehameha Activities Association	\$1,163,887,777	\$784,308,902

LAND, BLDGS., & EQUIP.: BASIS (Ln 57a)

	FYE 6/30/99	FYE 6/30/98
Buildings and Improvements	\$434,212,663	\$426,656,791
Land	232,609,830	222,572,139
Construction in Progress	58,060,278	28,310,455
Office and Automotive Equipment	46,587,098	41,920,247
	<u>\$771,469,869</u>	<u>\$719,459,632</u>

ACCUMULATED DEPRECIATION (Ln 57b)

	FYE 6/30/99	FYE 6/30/98
Accumulated Depreciation	\$167,805,548	\$147,107,678

MORTG. & OTHER NOTES PAYABLE (Ln 64b)

	FYE 6/30/99	FYE 6/30/98
Senior Promissory Notes	\$118,575,000	\$118,575,000
Commercial Paper Payable	96,305,005	100,291,058
Other	4,078,479	
	<u>\$218,958,484</u>	<u>\$218,866,058</u>

OTHER LIABILITIES (Ln 65)

	FYE 6/30/99	FYE 6/30/98
Accrued Pension	\$24,811,453	\$19,607,606
Accrued Postretirement	19,128,943	19,367,758
Deferred Compensation	15,006,520	15,220,508
Accrued Vacation		3,786,946
Deposits and Performance Bonds		1,664,070
	<u>\$58,946,916</u>	<u>\$59,646,888</u>

PART IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

	FYE 6/30/99
a. Total revenue, gains and other support per audited financial statements	\$1,214,651,709
b. Amounts included on line a but not on line 12, Form 990	
(1) Net unrealized gains on investments	(\$48,624,897)
(2) Donated services & use of facilities	0
(3) Recoveries of prior year grants	0
(4) Other: income from wholly-owned subsidiary	352,876,009
(4) Other: adjustment for prior land sale/exchange	8,084,868
Add amounts on lines (1) through (4)	312,335,980
c. Line a minus b	\$902,315,729
d. Amounts included on line 12, Form 990 but not on line a:	
(1) Investment expenses not included on line 6b, Form 990	\$0
(2) Other: gross rental expenses	(61,916,102)
(2) Other: interest expense	(1,320,341)
Add amounts on lines (1) and (2)	(63,236,443)
Total revenue per line 12, Form 990 (line c plus line d)	\$839,079,286

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

	FYE 6/30/99
a. Total expenses and losses per audited financial statements	\$576,800,355
b. Amounts included on line a but not on line 17, Form 990:	
(1) Donated services & use of facilities	\$0
(2) Prior yr adjustments reported on line 20, Form 990	0
(3) Losses reported on line 20, Form 990	0
(4) Other: expenses from wholly-owned subsidiary	352,876,109
(4) Other: gross rental expense	61,916,102
(4) Other: interest expense	1,320,341
Add amounts on lines (1) through (4)	416,112,552
c. Line a minus line b	\$160,687,803
d. Amounts included on line 17, Form 990 but not on line a:	
(1) Investment expenses not included on line 6b, Form 990	\$0
(2) Other	0
Add amounts on lines (1) and (2)	0
Total expenses per line 17, Form 990 (line c plus line d)	\$160,687,803

PART V - List of Officers, Directors, Trustees, and Key Employees

Name and address	Title and average hours per week devoted to position	Compensation (if not paid, -0-)	Contributions to employee benefit plans & deferred compensation	Expense account and other allowances
G. Jervis Kailua, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
M. L. Lindsey Honolulu, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
H. Peters Waianae, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
O. Stender Kailua, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
R. Wong Honolulu, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
R. Kihune Hilo, Hawaii	Trustee/Full-time	\$42,000	\$0	\$0
R. Libkuman Honolulu, Hawaii	Trustee/Full-time	\$42,000	\$0	\$0
C. Lau Honolulu, Hawaii	Trustee/Full-time	\$42,000	\$0	\$0
D. Coon Kamuela, Hawaii	Trustee/Full-time	\$42,000	\$0	\$0
F. Keala Honolulu, Hawaii	Trustee/Full-time	\$42,000	\$0	\$0

PART V - List of Officers, Directors, Trustees, and Key Employees

Name and address	Title and average hours per week devoted to position	Compensation (if not paid, -0-)	Contributions to employee benefit plans & deferred compensation	Expense account and other allowances
G. Jervis Kailua, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
M. L. Lindsey Honolulu, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
H. Peters Waianae, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
O. Stender Kailua, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
R. Wong Honolulu, Hawaii	Trustee/Full-time	\$735,429	\$0	\$0
Court appointed effective, February 26, 1999:				
R. Kihune Hilo, Hawaii	Trustee/See below	\$42,000	\$0	\$0
R. Libkuman Honolulu, Hawaii	Trustee/See below	\$42,000	\$0	\$0
C. Lau Honolulu, Hawaii	Trustee/See below	\$42,000	\$0	\$0
D. Coon Kamuela, Hawaii	Trustee/See below	\$42,000	\$0	\$0
F. Keala Honolulu, Hawaii	Trustee/See below	\$42,000	\$0	\$0

The Trustees devote part/full-time as needed.

PART VI LINE (80b) - Related Organizations

1. Charles Reed Bishop Trust
2. Kamehameha Activities Association
3. Kamehameha Alumni Association
4. Kamehameha Schools Association of Teachers & Parents
5. Ke Ali'i Pauahi Scholarship Fund

PART VI LINE (81a and 81b) - Political Expenditures

Kamehameha Schools (KS) may have incurred political expenditures during the taxable year ended June 30, 1999. The extent to which KS may have incurred political expenditures is the subject of a current inquiry. When that inquiry is completed, an amended Form 990 will be filed, if required.

PART VI LINE (89b) - Section 4958 Excess Benefit Transaction

Kamehameha Schools (KS) may have to report excess benefit transactions during the taxable year ended June 30, 1999. The extent to which KS may have to report excess benefit transactions is the subject of a current inquiry. When that inquiry is completed, an amended Form 990 will be filed, if required.

PART VII Analysis of Income-Producing Activities

Line (93) Program Service Revenue	FYE 6/30/99
Tuition	\$3,721,904
Food Services	2,156,730
Revenues - Other	1,878,054

Program Service Revenue	\$7,756,688
	=====
Line (93) Government Grants	FYE 6/30/99
Native Hawaiian Higher Education (SFA)	\$1,020,132
Native Hawaiian Drug Free Schools and Communities	990,489
Talent Search Program	276,169
Native Hawaiian Health Professional Scholarship Program	123,957

Government Grants	\$2,410,747
	=====
Total Line 93	\$10,167,435
	=====

PART VIII Relationship of Activities to the Accomplishment of Exempt Purposes

Lines 93 & 103c All income and grants reported were from activities that are customarily carried on by educational institutions within the definition of Internal Revenue Code Section 170(b)(1)(A)(ii), such as tuition, meal fees, boarding fees, student fees, bus passes, etc.

PART IX Information Regarding Taxable Subsidiaries
(Complete this Part if the "Yes" box on line 88 is checked.)

Name and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income (in thousands)	End-of-year assets (in thousands)
Bishop Holdings Corp. EIN: 99-0335777	100%	Investments & property management	\$158,472	\$336,251
Konia, Inc. EIN: 99-0309615	100%	Investment	\$44	\$588
Montrose Land Acquisition L.P. EIN: 56-1583601	99.00%	Real Estate	\$1	\$2,303
Meridian Associates L.P. EIN: 33-0423466	97.99%	Real Estate	\$7,069	\$44,427
Southern Nevada Income Properties L.P. EIN: 33-0324029	91.43%	Real Estate	\$23,486	\$119,978
Sino Finance Group L.L.C. EIN: 99-0324938	90.48%	Investment	\$0	\$6,308
Unison Pacific Investment (US), Ltd. EIN: Foreign Corporation	90.00%	Investment	\$814	\$9,714
Montrose Erwin Square Investors L.P. EIN: 56-1574915	89.46%	Real Estate	\$0	\$5,975
Erwin Square L.P. EIN: 56-1574914	89.46%	Real Estate	\$25	\$6,027
Erwin Square Office Tower I L.P. EIN: 56-1574916	89.46%	Real Estate	\$7	\$635
CONAM Harbor Point Associates L.P. EIN: 33-0430197	64.00%	Real Estate	\$2,039	\$229
MCM Venture, LTD EIN: 33-0636207	50.00%	Real Estate	\$3,756	\$23,250

SCHEDULE A - PART III Statements About Activities

- Line 2a Properties were leased to wholly-owned subsidiaries
- Line 2b Loans and extensions of credit were provided to wholly-owned subsidiaries
- Line 2c *Campus housing was provided to certain staff as a condition of employment*
- Line 2d Commissions and salaries were paid
- Line 2e Capital contributions were provided to wholly-owned subsidiaries
- Line 4b Kamehameha Schools provided need and merit based financial aid scholarships and grants to increase the opportunities for students of Hawaiian descent to pursue an education. Categories of financial aid include: general financial assistance (need-based) and special programs and community scholarships (need and/or merit based)

SCHEDULE A - PART VI-A Lobbying Expenditures by Electing Public Charities

Kamehameha Schools (KS) may have incurred lobbying expenditures during the taxable year ended June 30, 1999. The extent to which KS may have incurred lobbying expenditures is the subject of a current inquiry. When that inquiry is completed, an amended Form 990 will be filed, if required.

SCHEDULE A - PART V Private School Questionnaire

- Line 34a Kamehameha Schools received various government grants to further the exempt purpose of the Kamehameha Schools.

**SCHEDULE A - PART I Compensation of the Five Highest Paid Employees
Other Than Officers, Directors, and Trustees**

Name and address of each employee paid more \$50,000	Title & average hours per week devoted to position	Compensation	Contribution to employee benefit plans & deferred compensation	Expense account and other allowances
1. N. Aipa Honolulu, HI	General Counsel Full-time; 40+ hours	\$196,595	\$7,640	\$7,313
2. Dr. M. Chun Honolulu, HI	President, Kamehameha Schools Full-time; 40+ hours	\$176,254	\$5,626	\$10,500
3. R. Chang Honolulu, HI	Principal Executive-Asset Mgmt. Full-time; 40+ hours	\$170,217	\$5,490	\$6,205
4. R. Park Honolulu, HI	Principal Executive-Administration Full-time; 40+ hours	\$160,926	\$7,534	\$5,700
5. Y. Takemoto Honolulu, HI	Principal Executive-Budget & Review Full-time; 40+ hours	\$157,434	\$5,794	\$5,700
Total number of other employees paid over \$50,000		338 =====		

REVISED SCHEDULE A - PART II; LIST OF FIVE HIGHEST PAID INDEPENDENT CONTRACTORS

1. Cades Schutte Fleming & Wright	1000 Bishop St. Honolulu, HI 96808	Legal	\$1,801,265
2. Datahouse Inc.	1585 Kapiolani Blvd Suite 1800 Honolulu, Hawaii 96814-4500	Consultant	1,505,600
3. Inacom Information Systems	1020 Auahi St., Bldg 5 Honolulu, HI. 96814	Computer Supplies	1,350,321
4. Arthur Andersen LLP	737 Bishop St., Suite 2900 Honolulu, HI 96813-3289	Consultant	1,279,915
5. PriceWaterhouseCoopers LLP	P.O. Box 7247-8073 Philidelphia, PA 19170-8073	Consultant	1,225,005
Total number of others receiving over \$50,000			<u>60</u>