

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

OMB No. 1545-0047

1997

This Form Is
Open to Public
InspectionDepartment 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 1997 calendar year, OR tax year period beginning July 1, 1997, and ending June 30, 1998

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
Instruc-
tions.

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 State registration number

10014809

F Check ☐ if exemption application
is pendingG 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 ☒ NoI 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: ▶

J Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) ▶(c) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ NoK 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 11.)

1 Contributions, gifts, grants, and similar amounts received:

a Direct public support

b Indirect public support

c Government contributions (grants)

d Total (add lines 1a through 1c) (attach schedule of contributors)

(cash \$ noncash \$)

1a

1b

1c

2,729,954

1d 2,729,954

2 Program service revenue including government fees and contracts (from Part VII, line 93)

3 Membership dues and assessments

4 Interest on savings and temporary cash investments

5 Dividends and interest from securities

6a Gross rents

b Less: rental expenses

c Net rental income or (loss) (subtract line 6b from line 6a)

7 Other investment income (describe ▶ Equity in Subsidiaries)

8a Gross amount from sale of assets other
than inventory

b Less: cost or other basis and sales expenses

c Gain or (loss) (attach schedule)

d Net gain or (loss) (combine line 8c, columns (A) and (B))

9 Special events and activities (attach schedule)

a Gross revenue (not including \$ of
contributions reported on line 1a)

b Less: direct expenses other than fundraising expenses

c Net income or (loss) from special events (subtract line 9b from line 9a)

10a Gross sales of inventory, less returns and allowances

b Less: cost of goods sold

c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)

11 Other revenue (from Part VII, line 103)

12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)

1a

1b

1c

6a

6b

8a

8b

8c

9a

9b

10a

10b

10c

11

12

13

14

15

16

17

18

19

20

21

2,729,954

2,729,954

8,020,346

67,889,712

17,764,738

141,879,791

65,565,494

76,314,297

71,543,953

(A) Securities

(B) Other

155,750,557

26,065,762

82,841,557

8,548,916

72,909,000

17,516,846

90,425,846

9a

9b

10a

10b

10c

11

12

13

14

15

16

17

18

19

20

21

334,688,846

104,207,611

33,800,427

138,008,038

196,680,808

1,944,773,444

63,610,104

2,205,064,356

13 Program services (from line 44, column (B))

14 Management and general (from line 44, column (C))

15 Fundraising (from line 44, column (D))

16 Payments to affiliates (attach schedule)

17 Total expenses (add lines 16 and 44, column (A))

18 Excess or (deficit) for the year (subtract line 17 from line 12)

19 Net assets or fund balances at beginning of year (from line 73, column (A))

20 Other changes in net assets or fund balances (attach explanation)

21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)

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 15.)

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	138,008,038	104,207,611	33,800,427

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 18.)

What is the organization's primary exempt purpose? ▶ <u>Education</u>	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 \$ 2,729,954)	104,207,611
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)	104,207,611

Part IV Balance Sheets (See Specific Instructions on page 18.)

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
		** SEE ATTACHED **	45	
45	Cash—non-interest-bearing		46	
46	Savings and temporary cash investments			
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			
b	Less: accumulated depreciation (attach schedule) 55b		55c	
56	Investments—other (attach schedule)		56	
57a	Land, buildings, and equipment: basis 57a			
b	Less: accumulated depreciation (attach schedule) 57b		57c	
58	Other assets (describe ►)		58	
59	Total assets (add lines 45 through 58) (must equal line 74)	2,263,304,434	59	2,512,484,994
		** SEE ATTACHED **	60	
60	Accounts payable and accrued expenses		61	
61	Grants payable		62	
62	Deferred revenue			
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)	318,530,990	66	307,420,638
Organizations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74. ** SEE ATTACHED **			67	
67	Unrestricted		68	
68	Temporarily restricted		69	
69	Permanently restricted			
Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74.			70	
70	Capital stock, trust principal, or current funds		71	
71	Paid-in or capital surplus, or land, building, and equipment fund		72	
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)		73	
74	Total liabilities and net assets / fund balances (add lines 66 and 73)	2,263,304,434	74	2,512,484,994

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

a	Total expenses and losses per audited financial statements . . ▶	a	
b	Amounts included on line a but not on line 17, Form 990: ** SEE ATTACHED **		
(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): _____ _____ \$ _____		
c	Add amounts on lines (1) through (4) ▶	b	
d	Line a minus line b ▶ Amounts included on line 17, Form 990 but not on line a:	c	
(1)	Investment expenses not included on line 6b, Form 990. . . \$ _____		
(2)	Other (specify): _____ _____ \$ _____		
e	Add amounts on lines (1) and (2) ▶ Total expenses per line 17, Form 990 (line c plus line d) ▶	d	
		e	138,008,038

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see Specific Instructions on page 20.)

[illegible]

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 Specific Instructions on page 20.

Enter gross amounts unless otherwise indicated.

93 Program service revenue:

a				8,020,346
b	** SEE ATTACHED **			
c				
d				
e				
f	Medicare/Medicaid payments			
g	Fees and contracts from government agencies			
94	Membership dues and assessments			14 67,704,593
95	Interest on savings and temporary cash investments			14 17,764,738
96	Dividends and interest from securities			
97	Net rental income or (loss) from real estate:			
a	debt-financed property			38 33,946,603
b	not debt-financed property			16 41,331,651
98	Net rental income or (loss) from personal property			
99	Other investment income			14 71,543,953
100	Gain or (loss) from sales of assets other than inventory			18 90,425,846
101	Net income or (loss) from special events			
102	Gross profit or (loss) from sales of inventory			
103	Other revenue: a			
b	Partnership Income			6599 1,221,162
c	Government Grants			
d				
e				
104	Subtotal (add columns (B), (D), and (E))			1,221,162 322,717,384 10,750,300
				334,688,846

105 Total (add line 104, columns (B), (D), and (E))

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

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 Specific Instructions on page 26.)

[illegible]

Part IX	Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on line 88 is checked.)
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Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
	%			
** SEE ATTACHED **	%			
	%			
	%			

turn, including accompanying schedules and statements, and to the best of my knowledge and belief (other than officer) is based on all information of which preparer has any knowledge.

Gilbert Ishikawa, Director

**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

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

1997

Department of the Treasury
Internal Revenue Service

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	289			

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	41	

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? **1** ☐ Yes ☒ No

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.

- 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? **2a** ☒ Yes ☐ No

b Lending of money or other extension of credit? **2b** ☒ Yes ☐ No

c Furnishing of goods, services, or facilities? **2c** ☒ Yes ☐ No

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? **2d** ☒ Yes ☐ No

e Transfer of any part of its income or assets? **2e** ☒ Yes ☐ No

If the answer to any question is "Yes," attach a detailed statement explaining the transactions.

- 3** Does the organization make grants for scholarships, fellowships, student loans, etc.? **3** ☒ Yes ☐ No

- 4** 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)(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 33½% 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 33½% 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 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</u> <u>periodic Hawaiian publications announcing admissions application</u> <u>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		(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	170,000
38	Total lobbying expenditures (add lines 36 and 37)	38	170,000
39	Other exempt purpose expenditures	39	104,207,611
40	Total exempt purpose expenditures (add lines 38 and 39)	40	104,207,611
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		41	1,000,000
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			
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	-0-

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) 1997	(b) 1996	(c) 1995	(d) 1994	(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 7.)

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:

- 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)

Yes	No	Amount

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

PART I Revenue, Expenses, and Changes in Net Assets or Fund Balances**Line 1c: Schedule of Grants**

	1998
	\$998,488
	785,322
	547,792
	265,191
	133,161
TOTAL	\$2,729,954

Line 8c: Gain or (loss)

Land sales and exchanges are comprised primarily of condemnation proceeds received from the State of Hawaii and the City and County of Honolulu, or a planned program of liquidation covered under IRS private letter rulings. The cost basis used is the taxable values as determined by the City and County of Honolulu for real property tax purposes as of January 1, 1965 with subsequent additions and improvements recorded at cost. Acquisition dates are not readily available. However, substantially all lands sold were held since the inception of the Estate in 1884.

	GROSS PROCEEDS	COST, SALES EXPENSES	NET GAIN
Securities	\$155,750,557	\$82,841,557	\$72,909,000
Land Sales & Other	26,065,762	8,548,916	17,516,846
	<u>\$181,816,319</u>	<u>\$91,390,473</u>	<u>\$90,425,846</u>

Line 20: Other changes in net assets or fund balances

	1998
Recognize unrealized gain on securities carried at market value (also, see Part IV-A; Ln. b(1))	\$52,538,223
Cumulative effect of change in accounting policy for deferred building maintenance	11,071,881
Total per Part I; Ln. 20	\$63,610,104

PART II - Statement of Functional Expenses

	Total	Program	Management &
	1998	Services	General
	1998	1998	1998
Salaries and wages	\$49,013,807	\$43,279,913	\$5,733,894
Financial aid	21,232,913	21,232,913	
Professional and other services	15,247,156	5,322,258	9,924,898
Employee benefits	14,377,327	13,093,516	1,283,811
Depreciation, depletion, etc.	12,356,779	8,490,826	3,865,953
Supplies	5,861,899	4,973,172	888,727
Trustees' commissions	5,185,060		5,185,060
Insurance	4,927,706	1,644,191	3,283,515
Utilities	2,924,322	2,058,520	865,802
Repairs and alterations	2,544,391	1,262,248	1,282,143
Food Service	1,788,178	1,788,178	
Interest	1,572,720		1,572,720
Other	1,435,636	647,067	788,569
Rental	676,746	641,518	35,228
General Excise Tax	133,233		133,233
Real property tax, net	7,061	3,549	3,512
Expenses, capitalized or recovered	(1,276,896)	(230,258)	(1,046,638)
Total	\$138,008,038	\$104,207,611	\$33,800,427

PART III Statement of Program Service Accomplishments

The Kamehameha Schools serve approximately 4,400 full-time students and approximately 23,800 participants through its educational extension programs (e.g., summer schools, financial aid and federal grant programs).

All Program Services expenditures were made in support of the Kamehameha Schools. Exempt purpose programs are under the direction of Hawaii's Supreme Court appointed Trustees. Annual reports are prepared and submitted to the appropriate court of Hawaii 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) Beginning of Year	(B) End of Year
45 Cash-non-interest bearing	-	-
46 Savings and temporary cash investments	\$46,114,992	\$120,968,394
47a Accounts receivable	12,249,737	14,613,341
47b Less: allowance for doubtful accounts	(6,315,051)	(9,739,356)
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	118,946,582	105,826,258
51b Less: allowance for doubtful accounts	-	-
52 Inventories for sale or use	-	-
53 Prepaid expenses and deferred charges	29,736,069	28,950,308
54 Investments-securities	821,103,321	895,205,193
55a Investments-land, buildings and equipment: basis	-	-
55b Less: accumulated depreciation	-	-
56 Investments-other	667,282,298	784,308,902
57a Land, buildings, and equipment: basis	701,037,312	719,459,632
57b Less: accumulated depreciation	(126,850,826)	(147,107,678)
58 Other assets	-	-
59 Total Assets	<u>\$2,263,304,434</u>	<u>\$2,512,484,994</u>
60 Accounts payable and accrued expenses	\$30,946,216	\$19,044,141
61 Grants payable	-	-
62 Deferred revenue	10,076,709	9,863,551
63 Loans from officers, directors, trustees, and key employees	-	-
64a Tax-exempt bond liabilities	-	-
64b Mortgages and other notes payable	222,957,031	218,866,058
65 Other liabilities	54,551,034	59,646,888
66 Total Liabilities	<u>\$318,530,990</u>	<u>\$307,420,638</u>
Organizations that follow SFAS 117, check here [X] and complete lines 67 through 69 and lines 73 and 74.		
67 Unrestricted	\$1,944,773,444	\$2,205,064,356
68 Temporarily restricted	-	-
69 Permanently restricted	-	-
Organizations that do not follow SFAS 117, check here [] 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)	1,944,773,444	2,205,064,356
74 Total liabilities and net assets/fund balances (add lines 66 and 73)	<u>\$2,263,304,434</u>	<u>\$2,512,484,994</u>

PART IV Balance Sheets - Continued

OTHER NOTES & LOANS RECEIVABLE (Ln 51a)	1998
Agreements of sale	\$66,979,504
Mortgage notes receivable	24,486,405
Interest	13,176,869
Other notes receivable	1,183,480
	<u>\$105,826,258</u>

INVESTMENTS - SECURITIES (Ln 54)	1998
Marketable debt and equity securities	\$572,894,559
Privately placed debt and equity securities	322,310,634
	<u>\$895,205,193</u>

INVESTMENT IN WHOLLY-OWNED SUB. (Ln 56)	1998
Pauahi Holdings Corporation	<u>\$784,308,902</u>

LAND, BLDGS., & EQUIP.: BASIS (Ln 57a)	1998
Buildings and improvements	\$426,656,791
Land	222,572,139
Office and automotive equipment	41,920,247
Construction in Progress	28,310,455
	<u>\$719,459,632</u>

ACCUMULATED DEPRECIATION (Ln 57b)	1998
Accumulated Depreciation	<u>\$147,107,678</u>

MORTG. & OTHER NOTES PAYABLE (Ln 64b)	1998
Senior Promissory Notes	\$118,575,000
Commercial Paper Payable	100,291,058
	<u>\$218,866,058</u>

OTHER LIABILITIES (Ln 65)	1998
Accrued pension liability	\$19,607,606
Accrued postretirement	19,367,758
Deferred compensation	15,220,508
Accrued vacation	3,786,946
Deposits and performance bonds	1,664,070
	<u>\$59,646,888</u>

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

a. Total revenue, gains and other support per audited financial statements		\$544,431,899
b. Amounts included on line a but not on line 12, Form 990		
(1) Net unrealized gains on investments	\$52,538,223	
(2) Donated services & use of facilities	0	
(3) Recoveries of prior year grants	0	
(4) Other: income from wholly-owned subsidiary	91,639,336	
Add amounts on lines (1) through (4)		144,177,559
c. Line a minus b		<u>\$400,254,340</u>
d. Amounts included on line 12, Form 990 but not on line a:		
(1) Investment expenses not included on line 6b	\$0	
(2) Other: gross rental expenses	(65,565,494)	
Add amounts on lines (1) and (2)		(65,565,494)
Total revenue per line 12, Form 990 (line c plus line d)		<u><u>\$334,688,846</u></u>

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

a. Total expenses and losses per audited financial statements		\$235,017,996
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	91,639,337	
(4) Other: gross rental expense	65,565,494	
(4) Other: income tax provision	(60,194,873)	
Add amounts on lines (1) through (4)		97,009,958
c. Line a minus line b		<u>\$138,008,038</u>
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 (specify)	0	
Add amounts on lines (1) and (2)		\$0.00
Total expenses per line 17, Form 990 (line c plus line d)		<u><u>\$138,008,038</u></u>

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	\$1,037,012	\$0	\$0
M. L. Lindsey Honolulu, Hawaii	Trustee/Full-time	\$1,037,012	\$0	\$0
H. Peters Waianae, Hawaii	Trustee/Full-time	\$1,037,012	\$0	\$0
O. Stender Kailua, Hawaii	Trustee/Full-time	\$1,037,012	\$0	\$0
R. Wong Honolulu, Hawaii	Trustee/Full-time	\$1,037,012	\$0	\$0

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 VII LINE (93) PROGRAM SERVICE REVENUE

	1998
Tuition	\$4,007,127
Food Services	2,165,246
Revenues - Other	1,847,973
Total Program Service Revenue	<u>\$8,020,346</u>

PART VIII Relationship of Activities to the Accomplishment of Exempt Purposes

Line 93 All income and grants reported are 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)
Pauahi Holdings Corp. EIN: 99-0288052	100%	Investments & property management	\$230,142	\$948,626
Konia, Inc. EIN: 99-0309615	100%	Investment	\$31	\$418
Montrose Land Acquisition L.P. EIN: 56-1583601	99.00%	Real Estate	\$0	\$2,303
Meridian Associates L.P. EIN: 33-0423466	98.03%	Real Estate	\$7,092	\$45,499
Southern Nevada Income Properties L.P. EIN: 33-0324029	91.43%	Real Estate	\$23,604	\$122,800
Sino Finance Group L.L.C. EIN: 99-0324938	90.48%	Investment	\$243	\$6,329
Unison Pacific Investment (US), Ltd. EIN: Foreign Corporation	90.00%	Investment	(\$194)	\$10,597
Montrose Erwin Square Investors L.P. EIN: 56-1574915	89.46%	Real Estate	\$0	\$6,600
Erwin Square L.P. EIN: 56-1574914	89.46%	Real Estate	\$0	\$6,052
Erwin Square Office Tower I L.P. EIN: 56-1574916	89.46%	Real Estate	\$8,388	\$680
CONAM Harbor Point Associates L.P. EIN: 33-0430197	64.00%	Real Estate	\$3,499	\$13,092
PBPOC Holdings Inc. EIN: 33-0220233	60.00%	Investment	\$136,096	\$2,213,054
MCM Venture, LTD EIN: 33-0636207	50.00%	Real Estate	\$3,622	\$24,206

**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	\$178,164	\$7,287	\$7,313
2. Dr. M. Chun Honolulu, HI	President, Kamehameha Schools Full-time; 40+ hours	\$177,145	\$5,580	\$10,500
3. R. Park Honolulu, HI	Principal Executive-Administration Full-time; 40+ hours	\$161,035	\$7,259	\$5,700
4. Y. Takemoto Honolulu, HI	Principal Executive-Budget & Review Full-time; 40+ hours	\$156,993	\$5,582	\$5,700
5. R. Freitas Honolulu, HI	Vice-Pres., Kamehameha Schools Full-time; 40+ hours	\$150,603	\$7,248	\$5,700

Total number of other employees paid over \$50,000 289

**SCHEDULE A - PART II; Compensation of the Five Highest Paid
Independent Contractors for Professional Services**

Name and address of each independent contractor paid more than \$50,000	Type of service	Compensation
1. Cades Schutte Fleming & Wright Honolulu, HI	Legal	\$1,730,645
2. Datahouse, Inc. Honolulu, HI	Consulting	\$1,204,260
3. McCorriston Miho Miller Mukai Honolulu, HI	Legal	\$1,108,975
4. Kajioka Yamachi Architects Inc. Honolulu, HI	Consulting	\$1,046,322
5. Arthur Andersen LLP Honolulu, HI	Consulting	\$666,830

Total number of others receiving over \$50,000 41

SCHEDULE A - PART III Statements About Activities

Line 2a Properties were leased to wholly-owned subsidiaries
Line 2b Loans 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 4 Kamehameha Schools Bishop Estate provided need and merit based financial aid.
Categories of financial aid include: general financial assistance (need-based), special programs and community scholarships (need and/or merit based).

SCHEDULE A - PART V Private School Questionnaire

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

Application for Extension of Time to File
Certain Excise, Income, Information, and Other Returns

OMB No. 1545-0148

Department of the Treasury
Internal Revenue Service

File a separate application for each return.

Please type or
print. File the
original and
one copy by
the due date
for filing your
return. See
instructions on
back.

Name

Employer identification number

KAMEHAMEHA SCHOOLS BERNICE PAUHI BISHOP ESTATE

99-0073480

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

C/O PRICEWATERHOUSECOOPERS LLP, 999 BISHOP ST., SUITE 1900

City, town or post office, state, and ZIP code. For a foreign address, see instructions.

HONOLULU, HI 96813

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICs, and trust must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until MAY 17, 1999, to file (check only one):

- | | | | |
|--|---|---|------------------------------------|
| <input type="checkbox"/> Form 706-GS(D) | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 1120-ND (sec. 4951 taxes) | <input type="checkbox"/> Form 8612 |
| <input type="checkbox"/> Form 706-GS(T) | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 3520-A | <input type="checkbox"/> Form 8613 |
| <input checked="" type="checkbox"/> Form 990 or 990-EZ | <input type="checkbox"/> Form 1041 (estate) (see instructions) | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 8725 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 8804 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1042 | <input type="checkbox"/> Form 6069 | <input type="checkbox"/> Form 8831 |

If the organization does not have an office or place of business in the United States, check this box ☐

2a For calendar year JULY 1, 1997 and ending JUNE 30, 1998

b If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period3 Has an extension of time to file been previously granted for this tax year? ☒ Yes ☐ No

4 State in detail why you need the extension

ADDITIONAL TIME IS REQUIRED TO COMPILE THE NECESSARY INFORMATION TO FILE A COMPLETE
AND ACCURATE RETURN.

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720,

6089, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions \$ 0

b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and

estimated tax payments made. Include any prior year overpayment allowed as a credit \$ 0

c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD

coupon if required. See instructions \$ 0

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

Certified Public Accountant 576-80-8338

Date

FEB 12 1999

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by the IRS

- ☐ We HAVE approved your application. Please attach this form to your return.
- ☐ We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
- ☐ We HAVE NOT approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other:

By:

Director

Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please
Type
or
Print

Name

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

City, town or post office, state, and ZIP code. For a foreign address, see instructions.

Application for Extension of Time to File
Certain Excise, Income, Information, and Other Returns

OMB No. 1545-0143

Department of the Treasury
Internal Revenue Service

File a separate application for each return.

Please type or
print. File the
original and
one copy by
the due date
for filing your
return. See
instructions on
back.

Name

Employer identification number

KAMEHAMEHA SCHOOLS BERNICE PAUHI BISHOP ESTATE

99-0073480

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)
C/O PRICEWATERHOUSECOOPERS LLP

999 BISHOP ST., SUITE 1900,

City, town or post office, state, and ZIP code. For a foreign address, see instructions.

HONOLULU, HAWAII 96813

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICs, and trust must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until FEBRUARY 15, 1999 to file (check only one):

- | | | | |
|--|---|---|------------------------------------|
| <input type="checkbox"/> Form 706-GS(D) | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 1120-ND (sec. 4951 taxes) | <input type="checkbox"/> Form 8612 |
| <input type="checkbox"/> Form 706-GS(T) | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 3520-A | <input type="checkbox"/> Form 8613 |
| <input checked="" type="checkbox"/> Form 990 or 990-EZ | <input type="checkbox"/> Form 1041 (estate) (see instructions) | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 8725 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 8804 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1042 | <input type="checkbox"/> Form 6069 | <input type="checkbox"/> Form 8831 |

If the organization does not have an office or place of business in the United States, check this box ☐

- 2a For calendar year JULY 1, 1997 and ending JUNE 30, 1998
- b If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 3 Has an extension of time to file been previously granted for this tax year? ☐ Yes ☒ No
- 4 State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO COMPILE THE NECESSARY DATA TO FILE A COMPLETE AND ACCURATE RETURN.

- 5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions . . . \$ 0
- b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit . . . \$ 0
- c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required. See instructions . . . \$ NONE

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

Certified Public Accountant 576-60-8338

Date

OCT 14 1998

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by the IRS

- ☒ We HAVE approved your application. Please attach this form to your return.
- ☐ We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
- ☐ We HAVE NOT approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other: _____

By: _____

Director

DEBORAH S. DECKER, Director
OGDEN SERVICE CENTER

Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please
Type
or
Print

Name

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

City, town or post office, state, and ZIP code. For a foreign address, see instructions.