

SAMUEL N. AND MARY CASTLE FOUNDATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

## Independent Auditors' Report

The Trustees  
Samuel N. and Mary Castle Foundation

We have audited the accompanying statements of assets and net assets of Samuel N. and Mary Castle Foundation as of December 31, 2007 and 2006, and the related statements of revenues and expenses and changes in net assets for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Samuel N. and Mary Castle Foundation as of December 31, 2007 and 2006, and the revenues, expenses and changes in net assets for the years then ended, on the basis of accounting described in Note 2.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, on the basis of accounting described in Note 2, in all material respects in relation to the basic financial statements taken as a whole.



Honolulu, Hawaii  
March 17, 2008

SAMUEL N. AND MARY CASTLE FOUNDATION  
 Statements Of Assets And Net Assets  
 December 31, 2007 And 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 3,132,662	\$ 3,371,103
Investment securities, at fair value		
Corporate stocks	16,973,303	19,812,797
Government securities	5,589,207	7,532,366
Corporate bonds	4,476,579	5,409,169
Mutual funds	<u>19,426,749</u>	<u>12,601,237</u>
	<u>46,465,838</u>	<u>45,355,569</u>
Undivided interest in land held for lease, at cost	<u>91,407</u>	<u>95,977</u>
	<u>\$49,689,907</u>	<u>\$48,822,649</u>

NET ASSETS

Unrestricted	<u>\$49,689,907</u>	<u>\$48,822,649</u>
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The accompanying notes are an integral part  
 of the financial statements.

SAMUEL N. AND MARY CASTLE FOUNDATION  
 Statements Of Revenues And Expenses  
 And Changes In Net Assets  
 Years Ended December 31, 2007 And 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Net realized and unrealized gains on investments	\$ 2,398,816	\$ 3,672,775
Interest	664,021	910,754
Dividends	448,694	542,090
Other	30,311	31,343
Rent	<u>14,803</u>	<u>16,843</u>
Total revenues	<u>3,556,645</u>	<u>5,173,805</u>
Expenses		
Direct grants and donations	1,117,900	1,414,840
Grants and donations through Henry and Dorothy Castle Memorial Fund	1,072,034	714,700
Fiscal management fees	228,644	212,714
Personnel expense	122,842	119,198
Federal excise tax	87,000	54,500
Office rent and parking	23,133	21,274
Audit and tax return fees	12,373	11,831
Operating expense	8,337	6,548
Conference expense, including travel	7,708	6,998
Real estate expense	2,614	17,670
Insurance, directors/officers liability	2,475	2,250
Meeting expense	2,337	3,010
Printing and publications	985	2,797
General excise taxes	600	721
Membership dues	400	500
License and fees	<u>5</u>	<u>5</u>
Total expenses	<u>2,689,387</u>	<u>2,589,556</u>
Change In Net Assets	867,258	2,584,249
Net Assets, Beginning Of Year	<u>48,822,649</u>	<u>46,238,400</u>
Net Assets, End Of Year	<u>\$49,689,907</u>	<u>\$48,822,649</u>

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