

Manhattan School of Music *Periodic Review Report*

presented by:

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Part 1: Executive summary

In 2013, Manhattan School of Music celebrates its 95th year as a strong institution with a remarkable history and a clear, consistent mission. Since its founding in 1918, the school has aimed to provide excellent educational opportunities in classical music (and later also jazz). Internationalism has been valued from the beginning, as the school was founded with the mission of serving new immigrant students and families, along with more established residents of New York City. With its early insistence on academic courses to complement a musical education, MSM has been a curricular innovator from the start. And in its original Upper East Side location, the school articulated community outreach as a founding goal, a goal still actively pursued to this day.

Over the last five years, Manhattan School of Music has faced a number of serious challenges, and has emerged from those challenges stronger and more self-aware. The 2007-2008 accreditation process, which pushed the school toward a more focused assessment process and a re-examination of certain administrative responsibilities, helped prepare MSM to deal with problems as they arose.

Briefly, some of the major issues dealt with in this period, and discussed in more detail in this report, are:

- The effects of rising interest costs in financial crisis of 2008-2009
- Administrative reorganization
- Rapidly increasing international enrollment
- Competition from low- or no-tuition schools
- Departure of the President and Vice President for External Affairs

Within the same period, MSM responded to the challenges listed above and also made gains in a number of new directions, including:

- Appointment of a new President
- Positive financial adjustments
- Initiation of a major strategic study, with independent consultants
- Engagement with New York City for support as a cultural presenter
- Creation of a new facilities plan
- Greatly increased role in teaching in NYC public schools with large DOE contract
- New program in Entrepreneurship
- New program in English Language
- New summer programs: Summer Voice Festival, Chamber Music Festival, Camp MSM, Summer English Study
- Expanded Recording and Distance Learning
- Enhanced student services in health and counseling
- Major renovation of large rehearsal/performance space
- Construction of new recital hall

For the near future, MSM must reexamine and update its strategic plan. This is the single most important task before the school. The school began this update in 2011 and commissioned a strategic study, with outside consultants facilitating participation of students, faculty, staff and the Board. The process paused when the President announced his departure in the spring of 2012, and a presidential search began. With information from the strategic study and the arrival of a new President in May 2013, the school has the pieces in place to complete this essential work. Over the next year, resources have been budgeted to allow for further consultation as needed, and the Board and administration are committed to engaging the whole school in this most fundamental job. In the meantime, the school has focused its energies and made numerous advancements based on its long-established mission and goals. The strategic study process, the presidential search and details of the interim progress are documented at greater length in the report.

MSM is not as wealthy as many of the schools it competes with, and therefore, to remain competitive, the school will need to be especially vigilant in the use of its resources. Despite the impressive gains enumerated above and discussed in more detail below, MSM continues to face significant challenges. Our dependence on enrollment creates pressure on the school to maintain quality. The availability of tuition-free programs elsewhere means that MSM must continue to build its scholarship offerings, and must have the essential faculty and curricular innovations to draw the best students. Two of the three main buildings are over eighty years old, and will continue to need upgrades and maintenance. Some infrastructure items, including elevators and the overall technology backbone of the school need immediate attention (and will soon be addressed).

The Periodic Review Report documents gains made in institutional self-assessment and in the evaluation of the education offered at MSM. Both the accreditation self-study of 2007-2008 and this report, with their strong emphasis on assessment, have helped to focus MSM's energies on the essential issues of educational quality, institutional renewal and sustainability. Despite the challenges during this period, the assessment processes have provided organized methods for keeping the school on track. As we approach the 100th anniversary of the Manhattan School of Music, we are confident that the school stands on solid ground as it renews its vital mission.

Part 2: Summary of response to the Commission's recommendations

MSM took seriously the recommendations made as part of the re-accreditation process in 2008, and amended or developed new protocols and approaches in order to improve in the areas cited. All recommendations from the 2008 report are listed below by Standard, followed by a summary of MSM's specific responses.

Standard 2: Planning, Resource Allocation, and Institutional Renewal Recommendations:

- **that the institution clarify more explicitly what individual(s) and/or committee(s) are responsible for establishing priorities at the institutional level based on the numerous priorities submitted by the administrative and academic units.**
- **that the President make every effort to ensure that the Board of Trustees Standing Committee devoted to the Long Range Planning effort is fully engaged in the process.**
- **that the institution strive to make use of the data collected throughout the institution in a manner that supports decision-making at both the unit level and the institutional level.**

Responses to Standard 2 recommendations:

After the 2007-2008 accreditation process, MSM's Accreditation Steering Committee recommended appointing the Dean of Academics (now the Vice President for Academics and Performance, Dr. Marjorie Merryman) to take responsibility for clarifying institutional priorities in all academic and artistic areas, and for helping to communicate these priorities within the administration. (Please note that MSM's administrative structure changed during the year after the accreditation process, creating two new vice-president positions. These changes are discussed in question 3). The Vice President appointed three people to assist her in three specific areas. The Director of Keyboard Skills, Dr. Marjean Olson, was assigned to oversee academic assessment. The Director of Administration and Human Relations, Ms. Carol Matos, was appointed to coordinate assessment within all administrative units. The Executive Vice President of Finance and Administration, Mr. Paul Kelleher, took on responsibility for data management. This group of four people now constitute the Steering Committee, and they confer as a group about the institution as a whole. Additionally, MSM has a number of committees that meet regularly to address focused concerns: Council of Chairs (all academic and artistic department chairs and directors, senior administrators); Interstaff Committee (representing all administrative departments); Enrollment Management (academic/artistic vice presidents, Dean of Admissions, Dean of Students); Senior Staff; Faculty Council (an elected faculty body); Faculty Liaison Committee (President, Academic/Performance VPs, representatives of Faculty Council). These committees represent a breadth of performance and classroom faculty, as well as members of the administration in all areas. Each of these committees, except Faculty Council, includes at least one member of the Steering Committee, ensuring that the Steering Committee is aware of all institutional concerns. The Organizational Flow Chart (please see Appendix) lists all committees, showing chairs and membership by position.

In order to improve the institutional planning process and to unify strategic thinking among the senior administration and the Board of Trustees, MSM undertook a major strategic planning initiative during the 2011-2012 academic year. A committee of the Board, the Second Century Committee, led this effort, and for the purposes of this response may be considered the “Standing Committee devoted to Long Range Planning” referenced in the Recommendation above. The Second Century Committee hired outside educational consultants to ensure that MSM’s Board and administration could be fully aware of challenges, opportunities and best practices. This process engaged the Board, and produced large amounts of data as well as numerous possible strategic options.

Because MSM’s president announced his retirement at the end of the 2011-2012 academic year, the Second Century Committee decided to suspend its deliberations until the new executive was in place. MSM appointed Dr. James Gandre as its ninth president on May 6, 2013, and the strategic planning process is now continuing. A précis of the findings of the Committee was written in June 2012, summarizing the work of the committee up to that point. A copy of this précis can be found in the Appendix. With this collected information and the planning work of the Second Century Committee, MSM has ensured that decision-making at the institutional level considers information gathered from each unit of the school, and that decisions ultimately reached will reflect both MSM’s goals and the best practice of peer schools. A major objective for the coming year is to finalize the strategic plan.

Standard 7: Institutional Assessment

Recommendations:

- **that MSM catalog the various forms of data being collected across the institution for specific purposes and explore ways to centralize this process and reduce potential redundancies.**
- **that MSM demonstrate that assessment results generated at the academic and administrative departmental level have been used to inform decisions, programs or activities at the unit level.**
- **that MSM identify a mechanism consistent with MSM’s unique mission through which the assessment activities initiated at the unit level can be maintained and begin to replicate assessment at an institutional level.**
- **that MSM create and formalize a plan to insure that the recent implementation of the institutional effectiveness process model introduced during the assessment workshop is sustained. This plan should include an annual timeline that communicates the on-going, cyclical nature of institutional assessment.**
- **that MSM designate the person responsible for oversight of the institutional assessment plan and its further implementation. This individual should be grounded in the central academic mission of the institution.**

Responses to Standard 7 recommendations:

Data collection: Following the re-accreditation process, the President of MSM designated the office of the Executive Vice President of Finance and Administration (CFO) to be the central point for data collection. In this office, the various forms of data being collected across the institution for specific purposes are catalogued and centralized. This designation has helped MSM reduce potential redundancies in various forms of data. The CFO receives data from areas such as the registrar; controller; admissions and enrollment; development; administration and human relations. These units are still responsible for both collecting information and for distributing it to specific external constituencies. These responsibilities are well-defined, and MSM has never been cited for failures in this regard by any organization to which it reports (organizations such as New York State Department of Education; NY Department of Health; Commerce Department; Bureau of Veterans Affairs; Middle States; IPEDS; Federal Student Aid Audit; National Student Clearinghouse; Department of Labor; etc). In coordinating the collection of data through the CFO's office, various administrative units can draw on information already in existence, avoiding duplication and enriching understanding. Available data can be presented in accessible formats including graphs and projections. This data can then be reviewed, as needed, by the president, the executive committee, and the Board.

Assessment: MSM has set a goal of creating an overall culture of assessment, in which assessment mechanisms and results are echoed at all levels, from the individual units, through larger departments and through institution as a whole. Specific examples of academic and administrative decisions informed by assessment processes are discussed at length in Part 5 of this report.

Although MSM has always undertaken assessment in a variety of ways, the current organized, institution-wide approach grew out of the self-study process of 2007-2008. Assessment is overseen by the Steering Committee, and that group, with its chair the VP for Academics and Performance, is rooted in the central academic mission. The Executive VP for Administration and Finance (who is the CFO) provides important perspective to the group. Within the Steering Committee, the Director of Administration and Human Relations, guides assessment on the administrative side. On the academic side, assessment is overseen by a faculty member, the Director of Keyboard Skills. As members of the Steering Committee, these individuals are in regular contact. Assessment protocols, while not identical in the administrative and academic areas, are viewed in a unified way and regularly discussed by the committee as a whole.

In general, MSM bases its assessment mechanisms on the format provided to MSM by James and Karen Nichols of Institutional Effectiveness Associates, adapted and expanded for the school's specific purposes. The Nichols visited MSM and presented workshops in fall 2007. In MSM's approach, each department articulates specific goals, and identifies criteria that can serve as a means of assessment. The department can then review the assessment criteria and make appropriate changes based on that review. MSM encourages departments to present their information in either a narrative format or by using the "A-B-C" forms suggested by the Nichols. Typically both administrative and academic

departments are asked to articulate goals for each academic year, and the goals are assessed in the spring or early summer. Adjustments and new ideas can then be applied and assessed in the following year. In Part 5, several examples of assessment are offered, with specific discussion and documentation, to demonstrate the ongoing nature of assessment efforts, and their relationship to larger institutional programs and decisions.

While MSM has made tremendous progress in making assessment a priority, there is still room for improvement, particularly on the academic side. Students are assessed through jury exams, which have many characteristics of objective assessment, and which also inform the faculty about standards and methods in a relatively objective way (as discussed in Part 5). New courses and curricula also benefit from concentrated assessment activity. In order to encourage faculty to think about assessment of older courses and curricula, we will be asking all academic department chairs to participate in an assessment workshop this fall. Here we will be trying to look at time-honored courses, courses-of-study and methods, to see how we can improve their effectiveness and relevance for our students.

Standard 8: Student Admissions and Retention

Recommendations:

- **that a comprehensive enrollment management plan be developed and that it serve to inform the strategic and operational planning process.**
- **that the institution follow through with its proposed creation of a cross departmental standing committee (including faculty representation) that addresses the related issues of enrollment management and student retention. This group will need to significantly strengthen both the depth and breadth of admission and retention data gathered, analyzed and used to guide decisions on program improvements and their prioritization.**

Enrollment management: An Enrollment Management Committee was formed to develop a comprehensive enrollment management plan which informs the strategic and operational planning process. The committee members are: Associate Dean for Enrollment Management, Amy Anderson; Registrar, David McDonagh; Dean of Students, Elsa Jean Davidson; Vice President of Academics and Performance (who is also faculty member of the composition department), Dr. Marjorie Merryman; Vice President for Instrumental Performance (who is also a faculty member of the string department), David Geber. This committee meets weekly to discuss admissions and retention issues and strategies, to study trends in applications and needs of the school, to analyze demographic and financial aid information, to develop initiatives for strengthening the school's draw where needed, to review student feedback, and to consider specific cases.

Admissions/enrollment assessment: MSM continually assesses its admissions protocols, and adjusts them annually in an effort to get the best information regarding applicants who ultimately choose MSM, and those who do not. The admissions office, assisted by the Information Technology (IT) staff, keeps statistical account of raw

numbers, broken down by geographic area within the US and internationally; MSM applicant numbers year-to-year versus numbers of other schools; financial need of applicants; applications for specific instruments and majors; specific teachers requested; test scores; and a host of other criteria. The school also tracks broad demographic and financial trends, both nationally and internationally. Students admitted to MSM who decline to enroll are asked for feedback. Through the office of Student Life, students who attend MSM are asked to complete surveys indicating their level satisfaction with services and academic experiences.

A snapshot of the current year's concerns and actions will illustrate the Enrollment Management Committee's work as well as efforts from other offices to respond to the admissions/retention issues raised in 2008. The committee is very active and deals with a variety of issues every year. These agenda items from 2012-2013 illustrate its work:

- Admissions portal: the admissions office worked with MSM's IT department to create a new on-line portal to streamline and simplify the application experience. The new portal went into effect in December 2012 for this year's admissions cycle. It is now being assessed and tweaked for next year.
- Prescreen and recorded auditions: for 2012, a new version of download software was introduced for prescreen (which is never in person) and recorded auditions. The new software was judged to be superior to the previous versions in ease of use for both applicants and faculty.
- English language assessment: MSM's enrollment is almost 50% international, and demographic analysis shows that this trend is likely to continue. Like many schools, MSM has found that the TOEFL is not as reliable as it once was, due to widespread challenges to the integrity of the exam process. Therefore the Enrollment Management committee worked with MSM's own ESL department to come up with an English Language Assessment tool that could be administered rapidly when students come for live auditions, or given over Skype. This year, the test was used primarily for placement, but it is being assessed (and will be assessed further when the new class enrolls) with a view to its becoming a fully realized admissions tool.
- International recruitment: MSM's international student population comes overwhelmingly from China and Korea. In the current year, more than 20% of all applicants came from those two countries. In fall 2011, MSM joined a number of other schools in an audition tour to China, Korea and Japan. Assessment of numbers from these countries suggested that this tour was helpful in recruitment; therefore the Associate Dean of Admissions repeated the tour in fall 2012. In winter 2011 a small group of faculty participated in an off-site audition program in Korea. Assessment of this program suggested that it was not so productive as to justify the expenditure of time and money, and this was not repeated in 2012.
- Faculty involvement: According to our student surveys and admissions data, MSM faculty are the major draw for our students, and the admissions, recruitment and retention of students all depend upon faculty. The Enrollment Management committee members therefore regularly present information and seek feedback from faculty. Individual faculty frequently meet with the Dean of Admissions,

- and the committee's findings and concerns are presented and discussed in meetings with the faculty and at the Council of Chairs.
- **Financial aid:** Financial pressure is the most frequently cited reason for students leaving MSM, and also plays a major role in admissions, as students choose schools with more generous financial aid packages. MSM is the least well-endowed of the major conservatories in the US, and is highly tuition dependent. Therefore, MSM has a special challenge in maintaining both the quality it aspires to and the number of students it needs for tuition income. Working with the CFO and the Board, the Enrollment Management Committee has presented compelling statistics that have resulted in increased spending in this crucial area (\$8.9 million for 2013). The International Advisory Board, responding to the strongly international character of the student body, has initiated a scholarship drive for international students. The Admissions office has also updated its explanations and formatting of student loan programs and provides personalized help and information for all students.

Retention: MSM has paid close attention to issues of retention and graduation rates in the period since the accreditation report. During the last five years, retention and graduation rates have improved dramatically. For the class that entered MSM in 2000, the six-year graduation rate was 62%. For the class that entered in 2006, the six-year graduation rate was 79%. This dramatic increase reflects the work of many departments and an institution-wide effort to attract and retain students who will do well at MSM.

All students who withdraw or request leaves from MSM are asked to give reasons for their departure, so that MSM can look for patterns and improve where possible. Students cite a number of factors, including finances, change of career aspirations, medical issues that affect performance and dissatisfaction with programs, facilities and other aspects of their experience. As we have said in previous reports, we don't believe that students should be urged to stay in our highly specialized school if they find that their interests are developing in other directions; we also recognize that the physical demands of performance will eliminate some students. In an effort to retain the students whose aspirations fit our offerings, we have increased financial aid, as cited above. Through the Dean of Students office we have greatly expanded the counseling services available, and also brought health services onto the MSM campus. MSM's improvements to student services are discussed further in Part 3.

MSM students complete course evaluations, and faculty are responsive to these as they try to improve delivery of content in classes. To increase administrative awareness of student attitudes, and to give students a better forum for making non-academic suggestions, we have refined our student survey, trying a new model this year (Appendix). The new survey is taken online, and is shorter and more focused than its predecessor. Working with the office of student life, we are assessing both the survey and its data. We have acted on some issues (for example, we avoided price increases in the cafeteria, since food cost is a major source of student complaints). The survey results suggest several other possible avenues to improving student

satisfaction, and we are acting on those for the coming year. Plans for 2013-2014 include a renewed effort to encourage student government, improvements in on-line scheduling and registration, clearer information about the functions of various administrative offices, and a number of other adjustments. Retention is an ongoing challenge, and we recognize that we must assess and improve every year.

Standard 9: Student Support Services

Recommendation:

- **that the inadequate number of practice rooms accessible to nonresidential students should be remedied as quickly as possible.**

After receiving this recommendation, the Office of Student Life reviewed its policy regarding practice room use for nonresidential students. Seventeen practice rooms in the residence hall were made available for any nonresidential student to practice. In the main building there are now 38 spaces, and the residence hall has 37 practice rooms with 17 on the second floor available for use by nonresidential students. Our total number of practice rooms is 75. This number is greatly augmented by many teaching studios and classrooms that are available for practicing at specific times.

MSM recognizes that students need practice space. Fortunately, staggered ensemble rehearsal schedules mean that not all students are trying to practice at the same time. To help with the most crowded times, the Scheduling office maintains a reservation system, and students can book rooms on-line ahead of time.

Part 3: Major Challenges and Opportunities

MSM faces challenges common to higher education in general, special concerns common to music schools, and unique issues of its own. Among the questions facing most colleges and universities are serious issues of rising costs and problems of curricular relevance as the work environment changes. Student services have become more complex, with students and parents more vocal about student needs and new legal and liability concerns emerging. Scholarship funding and over-borrowing by students are major concerns at all schools, while the presence of tuition-free education at several top conservatories increases financial pressures on MSM and others in this specific cohort. Music schools in general must adjust to a rapidly changing demographic in classical music and jazz, and radical changes in recording and educational technology. MSM has also faced serious debt and cash-flow issues during the period under review, and as a consequence revamped its debt structure. The continuing challenges of an aging facility have been considered, and plans and priorities for renovations have been made. The material below outlines significant achievements for MSM during the last five years, and also analyzes some of the challenges that lie ahead.

Administrative Changes

MSM faced administrative challenges during the period under review: The long-serving Vice President/Dean of the Faculty retired in 2009, and the administration was restructured. The retiring VP/Dean of Faculty position was combined with two existing dean positions in the academic/performance realm. The result was the creation of two new positions to replace the previous three. The newly created positions were titled Dean of Faculty for Instrumental Performance and Dean of Faculty for Academics and Performance. The restructuring gave more even attention across MSM's range of disciplines, and fit well with the qualifications of the upper administrative staff. These two positions were later retitled as Vice Presidents, to create an overall structure of one President and four VPs, two on the academic/artistic side, and two on the business-administration/development side.

In spring 2012 the President of MSM announced his retirement, effective November 1, 2012. This announcement was soon followed by the departure of the Vice President for External Affairs. During 2012-2013, MSM appointed an Interim President (the VP for Academics and Performance) and searched for a new President, engaging an international search team and including input from the Board, the faculty, the administrative staff and students. After an extensive search, Dr. James Gandre, Provost and Executive Vice President of Roosevelt University in Chicago, was appointed as the 9th President of Manhattan School of Music. Dr. Gandre began his term on May 6, 2013. With the arrival of the new President, MSM will now hire a new Vice President for Development/External Affairs. We expect this hire to be made within 2013.

Financial Challenges and Plans

During the economic downturn in 2008-2009, interest on MSM's \$42M bond shot up, producing significant loss due to the credit market freeze. In 2009, opting for a direct purchase with a new lender (Wells Fargo Bank), MSM was able to restructure its debt and interest rates, and realized significant savings. The current agreement ends in December 2014, and renegotiation is currently underway. During the last five years, MSM has also reviewed its investments and investment strategies. Restricted endowment has grown from \$14.7M in 2008 to \$21.3M projected at the end of June 2013. Total investments have grown to over \$25M, a figure that allows the school more latitude in eligibility for various types of financial instruments. Ultimately, MSM aspires to grow its funds for the purposes of increasing scholarships, improving and modernizing programs, keeping pace with salaries, and maintaining its facility.

Funding of students

MSM has increased the scholarship budget during the last five years, from \$5.8M in 2007-2008 to \$8.9M in 2012-2013, an increase of 53%. This has been accomplished both through a re-allocation of funds, and through an aggressive search for more scholarship dollars in the philanthropic realm. On the philanthropic side, MSM has sought new sources of funding, and has targeted some of this activity at the changing demographic (increased internationalism) of the student body. MSM's International Advisory Board, for example, now contributes over \$100,000 annually to support international students; MSM also initiated a China-Manhattan Scholarship Fund, and held kick-off events in 2012. In addition to new efforts, MSM has used ongoing fund-raising events to increase scholarship. For example, MSM's annual gala in May 2013 was themed specifically around the School's excellent jazz program, and raised more than \$200,000 for jazz scholarships. Because MSM competes with tuition-free schools (Curtis Institute, Yale School of Music, Colburn School of Music) as well as schools much more richly endowed than MSM, the school must continue to build scholarship support in order to draw the best students. Financial projections included in this report show total scholarship funds pushing above \$10M in 2016.

In addition to increasing scholarship awards, MSM now provides more counseling to families than it did five years ago, so that parents and students have a better opportunity to understand the loan programs and other options that may be available to them. Since MSM owns a residence hall, it has been able to offer housing stipends to some students in order to ease financial burdens. In general, MSM's aims in this area are to compete successfully with peer schools to attract the best students; to support students adequately, so that those who deserve to be at MSM can be; and to reduce the burden of debt that students take on in the course of their education.

Strategic Study

MSM is well aware that many issues face the school and face the higher education community in general. Therefore assessment must be done to understand current

positions, and planning must be done to prepare for the future. During the 2011-2012 academic year, the school commissioned and participated in a strategic analysis and planning process run by the consulting firms Prager, Sealy, LLC, and Huron Education Consulting (hired as a subcontractor to Prager, Sealy). The purpose of this study was to make a thorough comparative analysis of MSM and to use that analysis as the basis for further strategic planning. The departure of the top executive and one vice president created an additional opportunity to re-examine the administrative structure, priorities and mission. A précis of the strategic analysis, including a strengths-weaknesses-opportunities-threats section, can be found in the Appendix.

The third-party consulting team interviewed faculty, staff, students and members of the Board. After an extensive process of interviews, committee meetings and data analysis, broad themes emerged: MSM competes with elite conservatories and has remarkable success in attracting well-qualified students; the school's faculty, atmosphere and location all help in recruiting students, and MSM's reputation abroad provides strong international reach; the School is less wealthy than other schools in this group, and thus must rely more on tuition; to remain competitive, MSM must run as efficiently as possible, and must also examine its programs and offerings with discipline, keeping its core strong; MSM must be careful not to expand into areas that it cannot support; MSM must actively seek both philanthropic support and additional revenue streams.

With the major administrative change just completed, MSM is still considering its long-term institutional strategies, taking in the work of the strategic study up to this point. The school can now concentrate on questions and challenges raised by the study, and can formulate a full-blown strategic plan. This is a major item on the Board's and administration's agenda for 2013-2014, and funds have been budgeted to support further consultation as needed. But the school has not stood still over the past five years, nor has it suspended forward thinking. To meet the challenges outlined both in the strategic analysis and in higher education in general, MSM has made numerous changes and improvements and has formulated new plans within the current mission, as outlined below.

Curricular relevance

Like most schools, MSM adds courses and changes curricula periodically to ensure that students have opportunities to acquire the information and skills they will need after graduation. Adjustments of this kind are made by means of a Curriculum Committee. This committee is comprised of faculty representing the disciplines of the school, as well as the Dean of Students. It is chaired by the VP for Academics and Performance and also includes the VP for Instrumental Performance, both of whom are faculty members in their respective fields. The Curriculum Committee considers individual courses, program additions and changes, and large-scale adjustments in response to specific faculty or departmental suggestions. In this way, the Committee provides general curricular assessment and oversight.

During the review period, MSM has added individual courses designed to enhance student preparedness for life after school. These range from a one-credit course preparing singers for auditions, to a full-blown program that aims to provide a more organized way for students to learn practical job-related skills, the Center for Music Entrepreneurship.

The Center for Music Entrepreneurship (CME) grew out of an assessment and planning process in which MSM's existing music-business offerings were catalogued and discussed, and other programs elsewhere were examined. A focus group that included faculty, administration and students looked at possible configurations, and a design for the Center was presented first to the Curriculum Committee and administration, and then to the Board. A fund-raising effort helped secure funds to launch the CME, and the Center was inaugurated in the summer of 2010. The CME's mandate is to provide an overall entrepreneurship course required for all undergraduates, additional, more advanced course offerings, work-related counseling, a "gig" service, and listings of jobs and internships for students. The CME started with a part-time director, and some previous structures from MSM's former gig service were folded in. After one year of operation, the program was assessed, the director position was expanded, and the gig service and job counseling were expanded. A new director was hired in 2011.

The CME is still developing and will probably undergo further adjustments. To help faculty and students understand the scope of entrepreneurial thinking in the CME, the Center has hosted numerous presentations by industry leaders and MSM alums. An advanced course offered by the CME features the presentation of entrepreneurial student projects at the end of each academic year – projects which have had at least some degree of actual success. Projects presented have included a moveable (portable) concert hall; an on-line booking service; a young-people's music festival; as well as numerous more personal projects including touring, CDs, DVDs and websites. A goal of the CME is to catalog projects as case studies, so that new students may be able to learn from the entrepreneurial efforts of the students who preceded them. A major challenge of the CME is to help students anticipate changes in the business of music. While no one can foresee all the ways that technology and popular culture may affect the careers of today's music students, MSM views these questions as critical to our mission and will continue to consult with faculty, alumni and outside advisors to develop our thinking. We will also be able to assess the CME by following and surveying MSM graduates who have taken its courses and used its services.

In addition to entrepreneurial studies, MSM is modernizing its curriculum in the technological realm. While the school offers a number of technology-focused courses in subjects such as Electronic Music, Performance with Electronics, MIDI and Computer Music, these courses have sprouted up over time within several departments. There is currently no unified curriculum in technology-related areas. We see that overall trends in the music industry are demanding that students have greater mastery of technology, and career opportunities may hinge on such mastery. Therefore a challenge for the immediate future is to create an overall structure that will embrace the technological courses MSM already offers, add relevant courses to fill in gaps, and by means of this unified approach,

offer more options and greater flexibility to students who seek to concentrate in these subjects.

An opportunity that comes with curricular development is the possibility of collaboration with neighboring campuses. For many years, MSM has had a partnership with Barnard College to provide broadened Humanities options for MSM, in exchange for music study for Barnard students. The current planning for curricular expansion embraces more recent collaborative energies. For example, MSM students in digital media are collaborating with Columbia University film students to create new films. A concert/showing of these films takes place every semester. Students from the New York Institute of Technology (NYIT), a number of whom live in MSM's residence hall, are taking credited courses on the MSM campus and participating in MSM events. We plan to study additional possible collaborations with NYIT, with the idea of offering more technologically-based courses to MSM students.

Student services

At MSM, the student experience differs from life in a liberal arts college in one important respect: for music students, the one-on-one relationship with the studio teacher is the defining factor in the whole experience. The studio teacher is likely to have the most important influence on the student, and to function not only as a teacher but also as a mentor, advisor and even confidant. When a student is having emotional or academic difficulty, the studio teacher is likely to be the first person to become aware of this. While the close relationship between each student and the studio teacher is a strength in many ways, it is also a challenge, as students often need more trained and professional help than any faculty member can provide. For many years MSM has encouraged all faculty, and particularly studio faculty, to work with the Dean of Students in offering help and services to students. MSM has had counseling available for students one afternoon per week, and referred students with illnesses to nearby St. Luke's Roosevelt Hospital.

Over the past five years it has become clear that MSM's student services have not kept pace with students' health and counseling needs. Like most colleges, MSM finds that more students are arriving on campus with chronic health or emotional issues, and it is not advisable or even possible to put the burden of student counseling onto the studio teachers or the Dean of Students alone. While students inevitably continue to confide in their teachers, we have judged that more professional support should be offered, and offered more widely and more frequently. The counseling service has been effective, but with just one day per week access, more on-campus availability is needed. In the same way, an on-campus health service is desirable for minor medical issues.

For the 2012-13 year, MSM made its counseling service more robust and more readily available to all students. The school concluded that a team approach should be established to support decision-making in cases where a student is clearly ill or struggling emotionally. There is now on-site counseling available three days per week, and plans are being made to expand this to five-day availability. A counseling center has been established in the residence hall to ensure that access is easy for students. The Dean of

Students has assessed this change and found that students are taking advantage of the expanded hours. The school has also hired a registered nurse to be on campus every day, so that minor health issues can be dealt with and students can be immediately advised to seek more medical help if their condition warrants it.

MSM has sought outside legal advice about its responsibilities and potential liabilities in cases where students make troubling statements or display disturbing behavior. In summer 2013, Carolyn Reinach Wolf, Esq., of Abrams Fensterman LLP, will provide training to a small group, including the Dean of Students, the Director of Administration and Human Relations and the academic/performance VPs. The goal will be to form a Behavior Intervention Team that has the basic knowledge and skill needed to make front-line determinations when dealing with an array of student situations and behaviors. The Team will help train other staff members as needed. Ms. Wolf is a highly regarded expert in this field, and MSM has determined that its policies going forward should be more deliberate and more in line with best practices in this complex area.

Changing Demographics

Demographic trends in the US and internationally create both challenges and opportunities for Manhattan School of Music. The number of high-school age students in the US has peaked, and is now going down. Numbers of musically prepared American high school students are falling even more quickly as US schools devote fewer resources to music. At the same time, serious music study is very strong in Asia, particularly in Korea, China, Taiwan and Hong Kong, where music study is considered a normal part of children's education. In these countries, private music instruction is a high priority for school-aged children.

MSM currently has a non-US student cohort approaching 50%. Of these students, the vast majority come from Korea, China, Taiwan and Hong Kong. Since students enter MSM by means of competitive audition, these statistics demonstrate the strength of these societies in producing excellent music students. MSM has consciously decided to make itself as welcoming as possible to these students, while maintaining its cultural identity and educational integrity. To do this, MSM has initiated an extensive ESL program, including instruction and language support during the school year, and summer-immersion English study. The ESL program has been assessed and adjusted each year, as MSM's faculty and staff become more accustomed to the large group of international students. The assessment process for ESL at MSM is described more fully in Section 5.

Aspiring to recruit the best international students, MSM works to build and maintain a strong international reputation. The school faces the related issue of finding financial support for this group of students. MSM has worked to enhance its reputation internationally by means of strategic partnerships, performance programs and Distance Learning. MSM's achievements in reputation-building and scholarship development around the world include:

- International partnerships with peer institutions: MSM has exchange and partnership agreements with leading conservatories in Europe and Asia, and

- actively exchanges students and faculty every year. Overall participation in these exchange programs has tripled in the last five years.
- International Advisory Board (IAB): Over the last five years, the IAB has become much more active, and now takes a leading role in developing international connections for MSM students and in raising scholarship funds.
 - China-Manhattan Scholarship Fund: With a kickoff event in 2012, MSM raised over \$100,000 for this fund, which we hope to grow through continued fund-raising in Asia and in the Chinese-American community.
 - International presenter: In 2011-2012 MSM planned and carried out a major international festival partnering with the Hong Kong Arts Development Council. This may serve as a model for future collaborations with governments and consulates.
 - Distance Learning: MSM's pre-eminent Distance Learning program broadcasts live-interactive classes and master classes to peer conservatories and other schools in 22 countries on five continents.
 - Web-streaming: MSM streams select events and master classes around the world. The International Students' Concert, for example, streams live to the home countries of all participating students.

With so much emphasis on internationalism, MSM is currently studying more complex initiatives in this realm. Several opportunities for potential collaboration have been presented to MSM, everything from increasing Distance Learning offerings to creating a physical branch operation outside the United States. As MSM continues to refine its strategic plan, these possibilities can be studied by the Board and the administration in the context of strengthening MSM's core mission and educational values.

Changes in Recording and Distance Learning

MSM offers recording services to all students, regularly records all major events and student recitals, and documents, streams and/or broadcasts the core activity of MSM in performance. As recording technology has rapidly changed in the last five years, MSM's professional services have kept pace, through upgrades to equipment and technology, expanded student services, and increased availability of MSM's recordings. We see increasing demand for recordings, and students often want more complex recording set-ups or special audio effects in their recital performances. Video recording is increasingly requested, and while MSM can provide that service in the newly constructed Mikowsky Hall, it is likely that the school will need a videographer if this service continues to expand.

Streaming has now become standard for large ensemble concerts (since 2009, all MSM orchestra concerts and operas have been streamed to our Library's website), and statistics show that far more students listen to concerts in this format than previously checked out performance CDs. MSM has been able to use concert recordings for recruitment purposes

on its website, and the Recording Department has also been able to support public broadcast of MSM performances on New York area stations such as WQXR and WWFM. In 2011, MSM entered into an agreement with WWFM, *The Classical Network*, to supply MSM concert recordings for its weekly program *Celebrating our Musical Future*.

In Distance Learning, MSM's unique, interactive live transmission over Internet2 is in demand around the country and all over the world. Through this platform, MSM provides live classes, lessons and master classes to 39 states and 22 countries. Offerings include high-level master classes to peer schools and conservatories, live individual lessons, and interactive classroom presentations for children of all ages. Distance Learning through *The Global Conservatory* for college-level content and *Music Bridges* for K-12, provides valuable cultural experiences and information to children and adults who might not have other exposure to high-quality musical instruction, and enhances MSM's brand in its connection to peer schools. Instruction is offered by MSM faculty, student instructors and alums. Thus, Distance Learning echoes MSM's mission in offering excellent performances, innovation, opportunity for student development and a broad cultural reach.

All of this activity challenges the department of Recording and Distance Learning, and we expect the pressure to continue. MSM has responded to the financial challenges by building a recording fee for graduation recitals into the student fee structure, by increasing the number of professional recordings done at MSM when our halls are available, by raising the profit margins on our Distance Learning classes, and by selling specific DL content that can help support other aspects of the operation. Our corporate partner, Polycom, has agreed to donate state-of-the-art equipment, and also contributes a modest cash payment in return for our promotion and demonstration of Polycom equipment.

Distance Learning is an important part of MSM's overall identity and has considerable potential for expansion. With many inquiries coming in about possible service relationships, contracts and collaborations, the immediate challenge will be to carefully control the growth in this area so as not to overwhelm our facilities or personnel. We have high hopes that both Distance Learning and Recording can keep growing in concert with the overall mission and goals of MSM.

Facilities and infrastructure

MSM's oldest building dates from 1910, and its second large building was constructed in the 1930's. These two structures house all the classrooms and most concert spaces, as well as most of the practice rooms. A new building, which opened in 2001, supplies residence hall space, additional practice rooms, and rental space for income. Maintaining the older buildings and upgrading to contemporary standards are constant challenges. During the past five years, MSM has made a number of upgrades to its facilities:

- Refurbishment of many classrooms, studios and practice rooms
- New playback equipment installed in classrooms; 5-year plan initiated in 2012

- Increased wireless connectivity throughout the school
- Major renovation of the school's largest rehearsal space (room 610, now the Carla Bossi-Comelli Studio)
- Construction of a new, small recital hall (Solomon Gadles Mikowsky Recital Hall)
- Purchase of 16 new Steinway pianos (part of the "Steinway Initiative," to become an all-Steinway school)
- Repairs to the stage of Borden Auditorium, MSM's largest hall
- Upgrade of the cafeteria

Currently MSM is engaged in assessment and repair of its façade and exterior surfaces, as required by New York City law. A number of new initiatives have been planned for MSM's physical space and its infrastructure. These include new elevators, a large-scale renovation of Borden Auditorium and a new system for technology services that would include enhanced capabilities in record keeping, billing, faculty and student information and on-line courseware. A more thorough discussion of facilities and infrastructure matters can be found in Part 6, where the relationship between planning and budgeting is discussed.

Part 4: Enrollment and finance trends and projections

MSM tracks enrollments, expenses, trends and benchmarks in an effort to steer the institution in a sound direction at all times. As described in Part 6, the school has orderly budget procedures, and overall budgets are ultimately reviewed and approved by the upper administration, the CFO and President, the Finance Committee of the Board, and finally the full Board of Trustees. While no one can predict exactly what enrollment or investments will do in any given year, the school adjusts regularly and all major issues and decisions are discussed by the administration and vetted either through the Finance Committee of the Board or through the full Board, as called for in the bylaws.

MSM has shown stable performance and has enjoyed excellent investment results through the current year and the previous two years, as shown in the financial statements. High enrollment (870 FT) in FY2012 was helpful in bringing in good revenues. In the current year, full time enrollment averaged 840, and for the coming year, MSM's enrollment is currently projected to be 823. Please note that these figures are full-time only, and do not take part-time students into account. For 2013-2014 we expect an additional 37 FTE in part-time enrollment.

As of this writing, enrollment figures are still fluctuating slightly, as students find financing, succeed in getting loans, decide to defer, etc. Our figures take in expected "melt," which assumes that roughly 3.5% of admitted students who have confirmed by May 15 will not actually attend. We also anticipate that about 3.7% of projected returners will not come back in fall 2013, because they will have transferred, dropped out of school, or have taken a leave-of-absence. It is possible, however, that improved communications from the Admissions Office (through the creation of the new admissions on-line portal, mentioned in Part 2) will have given us stable numbers earlier than usual. In this case, our enrollment figures will be higher than projected in the financial statements. The budget approved for 2013-2014 assumes the lower enrollment figure.

Financial projections for future years project average FT enrollment of 850. A major task for the coming year will be to analyze enrollments from the past three years to determine whether this enrollment goal can be met. If the Enrollment Management Committee concludes that 850 is not realistic for maintaining the quality that MSM desires, then further planning will need to be done in order to adjust revenue expectations.

The balance sheets show a rise in net assets in the past three years, reflecting good control of operating expenses, positive investment results and new funds collected as gifts, grants and endowment income (i.e. gifts to the endowment). Although MSM actively seeks philanthropic giving, it should be noted that the financial model for forecasting purposes assumes gifts and grants plus endowment income totaling only \$1.4M for each of the next three years; the actual amounts have been substantially higher over the current year and the two previous years. We feel confident that the school can carry on its core educational mission, even if development is relatively weak. But, of course, stronger development results would allow MSM more latitude in creating new programs, improving facilities or reducing costs for students. It may be useful to note that

the 2012-2013 results were achieved in a year during which both the President and the VP for External Affairs (chief development officer) left the school. We are hopeful that the appointment of a new President and the hiring of a new VP for Development (anticipated during fall 2013) will bring new opportunities for fundraising at MSM.

Appendix 2 contains the documents requested for this section:

Page

- 1 Look Forward
Balance sheets/Financial plans, showing real figures for FY2012 and forecasts for the current year and the next three years
Enrollment figures are listed as the first item in the Profit and Loss section near the bottom on page 1.

- 4 Audited financial statement (KPMG), 2012

- 21 Management letter, 2012

- 25 Audited financial statement (KPMG), 2011

- 42 Management letter, 2011

- 45 Audited Financial Statement (KPMG), 2010
Note: there was no management letter for 2010

- 62 KPMG Ratio Analysis, showing 2012 and two previous years

- 74 Prager Investments Ratio Models, with forecasting
Note: these use a somewhat different formula from the forecasting shown in the financial plans on pages 1-3, and have not yet been updated (last updated in December 2012). But they show useful information, similar to the Ratio Analysis provided by KPMG.

- 76 Financial information submitted to IPEDS
Please note again, enrollment figures, both actual and projected, are found on page 1 of this appendix.

Part 5: Organized and sustained process to assess institutional effectiveness and student learning

As stated above, Manhattan School of Music aspires to create both an overall “culture of assessment” and the specific mechanisms needed to produce and support that culture. MSM’s Mission Statement establishes specific goals and ideals, and the school encourages administration, faculty and staff to consider these in formulating plans and setting priorities.

Manhattan School of Music prepares highly talented students for careers as passionate performers and composers, and as imaginative, effective leaders in the arts. Our international student body thrives in a supportive atmosphere that encourages excellence, values individuals and welcomes innovation. MSM’s artist faculty inspires the performance, creation and knowledge of great music, while exchange programs, distance learning and entrepreneurial opportunities expand the School’s reach. Offering hundreds of concert presentations and community events each year, Manhattan School of Music is a vigorous contributor to the cultural fabric of New York City and an important player on the world stage.

This section describes and documents specific work in assessment from the unit level up to larger departments. In addition to the specific unit or departmental examples analyzed below, the overarching practice of assessment is carried out at the highest levels of the administration and at the Board level as well.

As has already been described in Part 3, the Board and executive administration undertook a large-scale strategic analysis of the entire institution, starting in the summer of 2011. This analysis produced specific, quantifiable data of all kinds, much of which has been very helpful in considering issues of institutional effectiveness. But the process also asked many other fundamental questions that are crucial for MSM’s self-understanding: What should the 21st-century conservatory look like? What do the various stake-holders regard as the core mission of MSM? How does MSM compare to peers in terms of selection of students and educational outcomes? How can we make sure that MSM students are as prepared as possible for the real-world opportunities we can foresee? Discussion around these fundamental questions continues as we begin a new President’s term, and go forward with the work of updating the overall strategic plan.

The President of MSM as well as the four VPs, the Dean of Students and Dean of the Precollege Division all attend Board meetings and are all present for Board-level discussions relating to the assessment of MSM’s programs and practices. There are also two faculty representatives on the Board of Trustees, with full voting rights. One of these faculty Board members is also a member of Faculty Council, and one is a member of the Council of Chairs. Questions, goals and potential actions are therefore easily transmitted from the Board level through the upper administration, and also through the most important faculty committees. The executive team within the administration meets bi-weekly with the whole senior staff, which, in turn, supervises all personnel employed by MSM. The senior staff meetings allow staff concerns to be communicated to the executive level, and information from the Board and executive group flows through this channel to the staff. Similarly, the Council of Chairs’ meetings include the VPs on the academic/artistic side as well as the Dean of Students and the Director of Human

Resources, creating a channel of communication directly to and from the faculty. In this way, the large-scale assessment effort described earlier has created a context in which assessment questions, methods and results can be discussed, understood and implemented throughout the whole school.

In administration, academic and student services, and instructional departments, each unit's staff and faculty are asked to formulate goals for every school year, identifying issues to be addressed, relationship to the overall mission, steps to be taken, and criteria for judgment. At the end of the year (or when the goal is met), progress is assessed, and the process begins again. These goals, assessments and results are reviewed by the supervisors in the various departments, and by the Steering Committee, to ensure that the overall objective of assessment and improvement is being met. In connection with this PRR, some departments were asked to summarize their goals and to assess their attainments over longer periods, in order to show the long term benefits of the assessment program.

Units and departments may choose the format for expressing the assessment goals, steps taken and results. Some use a narrative format while others utilize the specific forms taken from the Nichols' Institutional Effectiveness materials. Several examples are outlined below, showing (1) a typical one-year goal/assessment cycle in an administrative department (the Box Office); (2) a longer-term cycle in an academic service area (the Peter Jay Sharp Library); (3) the "culture of assessment" inherent in the jury system; (4) MSM student outcomes-assessment based professional attainment in music (Orchestral Performance Program); (5) assessment of an MSM program in connection with National Standards for Education, K-12 (Community Partnerships); (6) the development of an academic instructional department through ongoing assessment and adjustment (ESL and Summer English).

1. Box Office: one-year cycle of goals and assessment

An administrative unit, the Box Office is a part of the External Affairs department. Since MSM is a major concert presenter, offering over 800 public performances during the school year, the Box Office has a very important place in the school's mission and operation. In fall 2012, the Box Office staff articulated two broad goals. The first was to improve student workers' customer service skills, and the second was to develop an electronic ticketing system for MSM events. The goals (each with two subsections) and criteria, in narrative form as created by the Box Office staff, are included in the Appendix. Also included are graphs and results of a student employee survey that addressed the customer service question in detail.

This example illustrates features of a successful assessment cycle. Goals are related to the overall mission of MSM, and are attainable, desirable, and clearly stated. Means of assessment are clear and objective, and desired outcomes are articulated. The "Process of Improvement" sections contain helpful information that allowed the office to conceive of the goal as an ongoing process rather than a temporary quick-fix. The student survey data and statistics for electronic ticketing have produced very clear metrics by which the

processes could be assessed. In most cases goals were met, but there is also room for future improvement, and suggestions are included for future development.

2. The Peter J. Sharp Library: a longer term cycle

The Peter Jay Sharp Library, which is the main library for MSM, can serve as an example of a long-term assessment process. A full documentation of goals, assessment criteria and outcomes for the period of September 2009 to June 2012 is included in the Appendix. This material illustrates the basic procedure that MSM put in place in 2007, using the Nichols' Institutional Effectiveness format.

The Library supports MSM's mission to create a "supportive atmosphere that encourages excellence and ...inspires knowledge of great music." In the example presented here, there are two clearly stated goals, both relating to increasing student convenience and access to Library materials, which are clearly desirable outcomes. The first goal is to convert from CDs to MP3s for recordings of MSM concerts. This conversion allows students to download their performances, rather than wait for a CD copy to be made. The second goal is to replace physical course reserves with digital reserves. Moving to digital reserves allows students to access reserve materials remotely, and makes it possible for everyone to use the reserve materials at the same time, rather than wait for others to finish with physical books or CDs.

As the documentation clearly shows, both of these goals had compelling rationale and easily-understood criteria for success. The statistical analyses, showing dramatic increases in numbers of students using converted library materials, are very compelling. These figures and tables provide convincing evidence that the goals were worthwhile and the attainments of this process were very beneficial.

The Library example again illustrates the ongoing nature of the assessment process. The example itself covers a lengthy period, and the conclusions include next steps that grow out of the goals already achieved.

3. Performance juries and the culture of assessment

On the instructional side, the strongest form of assessment, both for student achievement and for faculty effectiveness, is the performance jury. Every student at MSM performs or presents work in a jury examination for a group of faculty every spring. Several faculty members adjudicate each jury, providing extensive comments as well as concrete scores for discipline-specific criteria, and an overall score. Individual teachers are not allowed to score their own students, nor is there faculty discussion during the juries. The registrar's office computes an average score for each student and assigns a jury grade. Thus students receive a much more objective evaluation than they would get from the teacher they see for a private lesson every week. Indeed, there is often a considerable divergence between the mark given by the studio teacher and the jury grade achieved by the student. MSM's committee on Academic Standing scrutinizes the jury grades for all students, and it is this

most objective grade that weighs heavily in decisions relating to a student's standing and scholarship eligibility.

An important feature of the jury system is that the teaching and the teachers themselves also benefit from this assessment, not just the students. The teachers benefit because professional faculty colleagues score each student and provide extensive, specific written comments. For each studio teacher, this system creates a strong awareness of colleagues' views about the methods and standards applied to every student. After the juries are over, faculty members also discuss departmental juries as a whole, developing an ongoing dialogue about department goals. Since the faculty themselves represent the highest order of professional accomplishment, we consider the jury feedback they receive from each other to be extremely helpful in overall assessment of quality and maintenance of standards at MSM.

Three examples can be found in the Appendix:

- Student X – grade A. The jury forms represent seven faculty members (one per page, with scores and comments). Despite the very approving scores and comments, several faculty have made specific suggestions to the student regarding technical matters such as pedaling and playing in octaves. The overall score and grade at the top of the first page are calculated in the Registrar's office. Note that the student's teacher has not turned in a form (since teacher grades do not count), but that the student has acknowledged reading all the comments and also released them so that the teacher may view them.
- Student Y – grade B+. This example is similar to student X, in that this is a piano jury, with many of the same faculty commenting. But here the comments are more critical, with specific suggestions for improvement. The last page here was filled out by the teacher, who wrote some comments, but did not grade the student, since teacher grades do not count.
- Student Z – grade C. This is an example of a much weaker jury. Most of the faculty commenting here cite the same issues (particularly intonation). Interestingly, both the student's current and former teachers have filled out a form and offered grades (these teachers have identified themselves by checking the box on the form). These grades do not count in the average. Here one can see the difference in the grade the teacher gives and the more objective jury grade: the current teacher, whose jury form is the last in the group, would have given her student an A-, while the actual jury average (and recorded jury grade) is a C. Both the teacher and the student will look at the grades and comments from other faculty, and benefit from this more objective assessment system.

4. Orchestral Performance: assessment of program effectiveness through students' professional attainment

The Orchestral Performance program at MSM (OP) has the most specifically professional orientation of any MSM offering. A grad-only program, the OP program offers students a two-year Master of Music degree or, for students who already have a Masters, a one-year Professional Studies Certificate. The overall goal of the OP program is to give students

the skills, training, experience and knowledge they need to compete for high-level professional orchestra jobs. While most departments at MSM include students with a variety of aspirations (such as soloist, chamber musician, ensemble player, composer in a variety of contexts, opera or musical theater performer, or student in a further degree program, etc), the OP department has one clear marker for student success: a professional orchestral job.

Because of this clear professional criterion, the OP department can calculate the effectiveness of its program by each graduate's success in this highly specialized and competitive arena. Over the past five years, the OP program has brought in a new program director and has made some faculty adjustments, always with the goal of promoting excellence in orchestral preparation. Currently, fully 85% of OP grads win a professional orchestral post within a year of graduation, a truly remarkable level of success. A list of students and their positions, by year, can be found in the Appendix. In looking at the list, it is clear that more recent years have placed more students, and also that the students are winning positions in more distinguished orchestras. During the past two years, MSM's OP grads have been appointed to positions in the New York Philharmonic, the Los Angeles Philharmonic, the Baltimore Symphony, the Cleveland Orchestra, the Detroit Symphony (including Concert Master) and many others.

Although the OP program has not followed a systematic timeline or step-by-step assessment process, it partakes of the "culture of assessment" by means of tracking the students in terms of a unique, objective professional standard. The faculty members in this program are all top-level orchestral musicians in New York City. They are thoroughly aware of the demands of their profession and the standards required for success. The improvements over time in the OP program's success point to the dedication of the faculty. It is clear that this department attains extraordinary results through maintaining an extremely high standard, sustained and improved over a period of many years.

5. Community Partnerships: Assessment of an MSM program coordinated with National Standards in K-12 Education

MSM's Community Partnerships department offers MSM students an opportunity to develop teaching skills in the New York public schools. This program is in keeping with MSM's stated mission to be a "vigorous contributor to the cultural fabric of New York City." Although MSM does not offer a major in Music Education, several departmental curricula require teaching experience, and MSM partners with Columbia Teachers College to offer a joint MM/MA in music performance and in teaching. The assessment instrument shown in the Appendix provides the MSM student with the means of assessing school children in various skills and standards from the National Standards in K-12 Education. An MSM-created chart carefully grades a number of discrete skills, allowing the MSM student-teacher to develop a refined notion of student achievement. MSM students learn to use this assessment tool, and are themselves assessed on their performance. MSM has received enthusiastic feedback on this program from the New

York City Department of Education. In 2011, MSM was awarded a \$600,000 five-year contract to provide services to the New York City public schools.

6. ESL and Summer English: Long-term development of an academic area

MSM's international enrollment has been growing for many years, reflecting the school's strong international reach and the shifting demographics of music study, especially for classical music. During a period when budget cuts have hurt music in American public schools, and popular culture has dominated in the US, classical music study has burgeoned in Asia. Korea has always sent large numbers of students to conservatories in the US, and more recently, China has become a major source of excellent, well-prepared students. In general, the desire for a robust international student component is implicit in MSM's Mission Statement.

For MSM, the challenge of this demographic shift has been in English language. Prior to 2008, the school sent its English-deficient students to Columbia University, where they enrolled part-time in Columbia's American Language Program (ALP). These students were allowed to take only lessons and ensembles at MSM (no classes) and were considered to be only ¼-time. MSM transferred ¾ of their tuition payments directly to Columbia. By 2007-2008, assessment through student interviews and surveys, and results in terms of enrollment and graduation, all indicated serious problems with this approach: students were very unhappy, and felt exiled from MSM; many never attained the language proficiency required by the ALP, and left without ever really studying at MSM; even students who passed through the ALP program, sometimes after several semesters, lacked the specific musical and technical vocabulary needed at MSM; studio faculty at MSM were frustrated on behalf of their students, citing their easy communication with students who were nevertheless deemed too language deficient to enroll at MSM.

In the winter of 2008, a small committee led by the VP for Academics and Performance determined to try another approach. They sought and ultimately hired a certified teacher of ESL who also had a musical background (Mr. John Hagen), and together with him developed two pilot programs: Summer English Study (SES) and an ESL course for the academic year. Successful applicants with TOEFL scores above 79 were not required to enroll for the summer course. But those whose scores fell between 49 and 79, who formerly would have been rejected or relegated to Columbia's ALP, were now allowed to come for a summer immersion course, followed by full enrollment at MSM. For continuation of English during the school year, we devised a year-long course, allowing intensive language study for those students who were not ready to enroll in a regular academic program.

The first iteration of SES was assessed by means of in-house standardized testing and classroom results, student grades and faculty response. The students had gained significantly in English proficiency, but there were many issues that came up when the program was reviewed as a whole: Many students gained enough English to enroll in some course work, but would clearly struggle in more demanding academic settings; students tended to socialize exclusively with classmates from the same country, so that

their English practice was limited to class; students were more comfortable reading and doing assignments than they were in speaking and understanding; some students did not take the summer work seriously enough to make adequate progress; some academic faculty complained that the students were slowing down the native English speakers in their classes.

From that initial version of Summer English, and over the course of over the course of five years, a measured succession of goals has been set, with steps taken, results assessed and further steps planned, as indicated below. Because of the complex nature of this program and its need to evolve quickly on many fronts, the protocol used for this process was often verbal, taking place in meetings between the VP and the program director, or in larger meetings with faculty, the registrar's office, the Dean of Students and with others who are concerned with various aspects of international student education at MSM. For that reason, no neat set of documents exists to illustrate this program development. But notes and records have been used to summarize the main points of this evolution. Because ESL and SES are such important additions to MSM's academic activity, the evolution of these programs is described here at length, on a year-to-year basis. The timetable and continuous adjustments that have been made clearly illustrate that assessment of the program has been a constant concern. As of this writing, this program is receiving new modifications, as we believe that we can continue to improve its effectiveness.

Goals for SES/ESL after summer 2008 and 2008-2009 year:

- Devise a school-year curriculum that could support students who have enough language to take classes, but who may struggle in some subjects.
- Find a way to encourage more speaking and conversation in the summer program

Steps taken:

- The course offerings were expanded from those originally planned; there is now a year-long intensive course, a one-semester grad course, and a tutorial program to support students in their classes.
- A small group conversation program was added to SES to encourage conversation.

Results and further issues:

- The new course offerings seem to work well for the range of student abilities. Adding the tutorial program has allowed tremendous flexibility for students, and one-on-one contact with students provides an additional benefit of constant student feedback. But this requires many hours of faculty time.
- The summer conversation sessions are helpful as part of the summer course and the small increase in professional staff enhances the experience for students. But the amount of conversation is still small, and the "academic" setting may inhibit some students.

Goals after 2009-2010 summer and academic year

- Study the academic results for this cohort: how did the ESL group's GPAs compare to those of other students?

- Find a way to further integrate the non-English speakers with other students.

Steps taken:

- GPA analysis showed that the ESL group did just as well as native speakers by this benchmark. The cumulative GPA for all students involved in the ESL program during the 2009-2010 academic year (56 students) was 3.35. These students also showed somewhat lower rates of attrition, compared to non-ESL students.
- A “peer educator” program was introduced for the summer. In this program, native speaker students can get paid summer work, interacting with the SES students as conversation partners in one-on-one settings.

Results and further issues:

- We are satisfied that the ESL students are doing reasonably well in terms of GPA. But we are concerned that classroom faculty are less satisfied than studio teachers and ensemble directors. Many classroom faculty are concerned that the ESL students are slowing down their classes, particularly in Humanities.
- The “peer educator” program is a great success, but we feel it could be improved if we could make it feel more social and natural for all concerned.

Goals after the 2010-2011 summer and academic year

- Find a way to support undergraduates in the ESL group who are taking the required Humanities core; respond to faculty concerns about the level and preparedness of these students.
- Build on and improve the “peer educator” program for SES.

Steps taken

- The first-year undergraduate ESL course is altered to prepare students specifically for the Humanities core, with graded reading assignments and a focused writing course in the second semester. These students don’t start the Humanities core until the sophomore year. Second-year undergrad ESL students may be placed in a special, non-native section of the core. By the third year, it is expected that they can join the regular sequence.
- The “peer educators” are given debit cards for social gathering spots such as Starbucks, with the aim of making their work more social and thus more rewarding for both parties. A student coordinator is hired to help ensure that each ESL student has the opportunity to interact with native speakers participating in this program.

Results and further issues:

- The first-year undergrad ESL course works well within itself, and many students can go from there to regular courses. The non-native Humanities core course still has to be adjusted for this group. There is concern that some students are simply too weak in English.
- The “peer educators” and their SES counterparts are very pleased with the opportunities to socialize off campus. We hope to see that more friendships and a true sense of community can grow from these contacts.

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Goals after the 2011-2012 summer and academic year

- A new and increasing problem is inaccuracy of the TOEFL test results. Students arriving whose TOEFL scores are high, but whose English is too weak for our program. A goal is to understand what is happening in terms of testing and to further refine our in-house testing instruments.
- Not all students take the summer program as seriously as they should. Find a way to make sure all students put in a strong effort in the summer program.

Steps taken:

- After SES, an analysis is made of each student whose entering English level seems not to match the TOEFL score. This is also done for students whose TOEFL score was high enough to exempt them from ESL altogether. No students are threatened or dismissed, allowing us to interview them and have some rapport. We uncover patterns and methods used in some countries to corrupt the TOEFL and manipulate results. We are aware that other schools are also struggling with this problem. We also feel that this issue contributes to complaints made by some academic faculty: they are correct in their assertion that some of these students are simply too weak in English, and it is very difficult to accommodate them in classes.
- We now require that students make adequate progress in the summer course and in ESL courses throughout the year. Although SES is a non-credit course, students must receive a passing evaluation or face dismissal at the end of the summer. Students who fail ESL courses during the school year may also face probation or dismissal.

Results and further issues:

- New in fall 2012, we require all non-native English speakers to take an English assessment exam. This helps us continue to investigate the relationship between TOEFL scores and actual English proficiency. Students whose English is below our standard are placed in ESL courses, even if their TOEFL would seem to exempt them. However, we are still dealing with some students who should not have been admitted to MSM.
- Students become aware that ESL requirements are taken very seriously and can affect their enrollment and scholarship eligibility. This has the desired result in most cases.

Current goals, based on 2012-2013 academic year

- Reduce the number of students who are admitted to MSM with English levels below our standard.
- Reduce pressure on our overworked faculty.
- Work with classroom faculty to find ways to integrate this growing population without lowering the overall quality and level of our course offerings.

Steps taken

- For this year's admission/audition cycle, an English assessment test has been added for undergrad applicants. The testing instrument was developed in-house,

making it less vulnerable to corruption. We consider it to be quite accurate for our purposes.

- The ESL budget is increased to add academic staff during the academic year (for 2013-2014).
- During the coming school year, we will set up a working group to assess any ongoing issues raised by the academic faculty. We are hopeful that our in-house testing program may result in eliminating some of the problems that some faculty have articulated.

Results and further issues:

- This year's goals and steps taken are still taking effect. We expect the new testing regimen to greatly improve our ability to select students who can excel at MSM in both performance and academic achievement. If we determine that the testing has been effective, we will expand the test requirement to include all applicants (only undergrads were tested this year, since we consider the BMus to be more language intensive than the MM).
- We are confident that adding additional academic staff will reduce pressure in the ESL program.
- The thorniest problem we face is that of course quality. MSM needs the non-native speaker student population, because artistically this is a very talented applicant pool. Many of these students are first-rate in our most fundamental subjects – performance, ensemble, composition and musical skills. But we take seriously the need to ensure that the academic quality of our other course offerings remains high. We expect that tightening the admission requirements through better testing will address this issue. We will also be looking for new ways to approach these questions and to engage the faculty in solutions that maximize educational quality and effectiveness.

Part 6: Linked institutional planning and budgeting process

Manhattan School of Music creates yearly operating budgets through an organized process, and applies continuous oversight to these budgets to stay on track. The school also plans for future initiatives, capital improvements and new programs several years in advance, establishing priorities and using forecasting to set achievable goals. Administration, faculty, staff and the Board all play well-defined roles in developing the yearly operating budgets and in planning for future years. For all participants, paramount concerns are enhancing the mission and educational effectiveness of MSM, and keeping a stable financial environment that will support the institution for years to come.

Planning and budgeting priorities long term

After the fiscal crisis of 2008-2009, MSM took a number of steps to stabilize its finances and create a more effective financial plan. As already discussed in Part 2, the school's bond (which was needed to build the residence hall/library/recital hall building) became very expensive when interest rates rose, and high interest payments resulted in operating cash and cash-on-hand accounts that were lower than desired. Since none of the mission goals can be achieved in a climate of financial instability, the Board, CFO and administration took a number of steps: A new bond arrangement was made by direct purchase with Wells Fargo Bank, a move which immediately stabilized interest rates and dramatically improved cash flow; a longer-term goal was set to build the investment portfolio up to a level of at least \$25M (a goal that has been reached this year); a target of maintaining at least \$5-6M cash reserves was set, and this, too has been reached in the current year.

MSM is tuition-dependent, and will probably remain so for the foreseeable future. Therefore, planning needs to maximize resources, define and fund core programs as a priority, and seek additional revenue streams. In recent years, a decision was made to prioritize endowment/investment portfolio growth, as discussed above, to assure financial stability. At the same time, financial aid was prioritized for the college in order to allow MSM to continue to compete with top-level conservatories. MSM is committed to maintaining its core classical instrumental, voice, and jazz programs, and the concerts, operas and shows that grow out of these programs. The school is also committed to providing a complete and high-quality undergraduate core in the Humanities. But expansion into new realms must be very carefully reviewed. Thus the school has not undertaken to create new majors in other musical fields outside the current core, such as World Music, Early Music, or Contemporary Popular Music. Where the institutional competencies can be used to create new revenue streams, MSM has done so, creating the Summer Voice Festival; MSM Sunday (a community music school, as distinct from MSM's already existing Precollege program); Summer English (an academic enhancement, but also profitable); Adult Chamber Music Festival (summer) and Camp MSM (summer). The school's pre-eminent Distance Learning program, which serves as a model for many other peer schools, has been expanded as a source of revenue, and now sells a significant amount of programming around the world.

For planning and general oversight, the Board and senior administration meet five times per year, as do the Finance and Development subcommittees. These meetings review budgets, renew focus on priorities, and present for formal approval any deviations from the yearly operating plan. In between Board meetings, the Executive Committee of the Board meets with the President and CFO every three or four weeks, reviewing financial and budgetary issues on an ongoing basis.

Although the school aggressively seeks philanthropic support to enhance its capacity, fiscal planning has been purposely designed not to depend on donor generosity. While the school is able to operate on its revenues, many desirable improvements lie beyond its everyday capacity, or might have to be delayed for many years. Therefore, development efforts are often planned to target special purposes and to underwrite specific projects consistent with MSM's mission. In the five-year period since accreditation, MSM started a fund for new pianos (The Steinway Initiative) and attracted a significant donor; the largest rehearsal space in the school was beautifully refurbished with the help of a single donor; another donor contributed and outfitted a small new recital hall. When assessment revealed that students needed required course work in the practical aspects of careers and business strategies, an initiative was put in place to raise funds for a new program. With \$600,000 of start-up funding donated for this purpose, the Center for Music Entrepreneurship opened in fall 2010.

Since some of MSM's facilities are more than 100 years old, maintenance and long-term renewal are major financial concerns. With financial aid and endowment growth heavily prioritized over the last five years, a conscious decision was made to defer major facilities upgrades where possible, while keeping up with scheduled and necessary maintenance. During this period the school has been able to establish a schedule of classroom and studio refurbishment, including a modernization of playback equipment in classrooms and the addition of wireless connectivity in some parts of the buildings. Large video monitors have been installed in key locations to enhance communications. The school stays up-to-date on major work to comply with New York City codes, including extensive review, analysis and repair of exterior masonry ("local law 11"), and a reconfiguration of the 6th floor to improve the fire exit. Necessary repairs have also been made to the stage in Borden Auditorium. As mentioned above, targeted development efforts have been used to improve the facilities during this period.

While keeping up with maintenance and repair, MSM has also engaged in longer-term facilities planning. In 2009 the school received a grant from New York City to commission a master plan for a complete building upgrade, and the firm Raphael Vinoly Associates was engaged to re-imagine the physical plant. While executing the complete Vinoly plan is far beyond current resources of MSM, the school is concentrating on ideas for the reconstruction of Borden Auditorium. This art deco concert hall, built in the 1930s, is a major cultural destination in the Harlem neighborhood where MSM is located. Renovating this hall is very much in keeping with MSM's mission of providing excellent performance opportunities to students and cultural enrichment for the community. New York City has expressed interest in helping to fund renovation of this hall and these funds

have passed the first stage of the city's approval processes. With its endowment/investment goal reached, the school can now actively engage in presenting ideas to the city, and in competing for city funds.

As of spring 2013, the Board has approved further expenditures for facilities. Long-planned upgrades are going forward now, including replacing the elevators (scheduled to begin summer of 2013), and replacing the outmoded academic/administrative software (under study for 2014). As the school is limited by space constraints, future planning may make use of the residence building, Anderson Hall, about half of which is currently rented to non-MSM tenants, producing much-needed income. If possible financially, some of the currently rented space might become additional practice, classroom or office space for MSM.

Planning and budgeting year-to-year

On a year-to-year basis, MSM's quality depends upon attracting a highly talented student body, retaining an excellent faculty and roster of guest artists, presenting high-level performance opportunities for students, maintaining the facility to support education and performance, and providing all the services that students would expect from a first-rate college-conservatory. A brief overview of the yearly processes provides insight into the relationship of mission, planning and budgeting.

Attracting students: From a budgetary standpoint, financial aid is a crucial component to attracting the "highly talented students" MSM needs in order to fulfill its mission. Because MSM competes with several schools that are tuition free, the faculty, administration and the Board all agree that financial aid is a high priority. The financial aid budget has increased dramatically over the last five years. The CFO determines the overall amount available for financial aid in a given year, based on overall budget forecasting and enrollment figures. The process of distributing aid then shifts to the admissions office. Each department is allotted an amount of aid, based on admissions targets for that area (the targets are determined by the faculty and the Enrollment Management committee). Within the available amount, department chairs play the major role in determining which students will be offered awards, and how much they will be offered. This system assures that the faculty, who are most directly concerned with student quality, have a dominant role in the distribution of this resource.

Faculty and guest artists: Selecting faculty and guest artists is the domain of the Vice President for Instrumental Performance and the Vice President for Academics and Performance. These VPs review salaries, hear specific faculty concerns, consult department chairs, select and recruit guest artists, and present budgets for these expenses in the planning process. Because music conservatories feature one-on-one teaching, studio teaching at MSM is the largest salary item. There is no conflict among the administration or the Board about these salaries as a yearly budget priority.

Performance opportunities: MSM is a performance-oriented school, and presents about 800 public concerts during the school year. The school has professional production, recording and external affairs departments, which also include units for scheduling, box office, design and publicity to support this activity. Budgets for these areas are carefully constructed and scrutinized, and budget planning on this practical side also informs concert planning on the artistic side. It is understood that budget limitations in production may affect how elaborate an opera or a jazz extravaganza may be. At the same time, the performance departments are encouraged to plan ahead so that very expensive productions are spaced over a period of years, not all in the same year. Thus MSM presented a very cost-intensive opera in spring 2012, and somewhat less expensive works the following year. The orchestra performed in a relatively inexpensive off-campus venue (St John the Divine) in the spring of 2013, saving for a more expensive venue (Carnegie Hall) in the spring of 2014.

MSM's mission requires it to support "passionate performers" and to "inspire the performance of great music." Ultimately, both the production-oriented departments and the performance departments work with the VPs for Performance to resolve budget issues and to come up with the strongest possible artistic presentation for each season. Elaborate collaborations with budgetary implications may be planned years in advance. For example, a collaboration between MSM and the Apollo Theater in Harlem was planned for three years before it actually took place, in 2013. It must be mentioned here that this advance planning also allows the Development office to look for grants and sponsors, and this possibility impacts budgeting. For example, in recent years, there has been an effort to find sponsors for specific operas that are planned as much as two years ahead of time. This has been quite successful, as at least one opera in each of the last three years has had a major foundation underwriter.

Facilities: As outlined above, MSM's year-to-year facilities planning over the past five years has mainly related to maintenance, along with a few specific, targeted development projects. Because of the age of the facilities and the large numbers of students, competing needs must be prioritized every year. Faculty have the opportunity to request changes and improvements through the Council of Chairs, the Faculty Council, and through direct requests to the CFO or the academic/performance VPs. Faculty requests typically relate to the teaching environment, and this is a core concern. When faculty have requested better conditions (including making the windows open and close, adjusting heating and cooling, improving lighting in classrooms or studios, adjusting piano tuning schedules, bringing in new technology, etc), the school has responded. Staff members also have the opportunity to make requests, through their supervisors and through the InterStaff Committee.

Student services: Services for MSM students fall into a number of different budget categories. The Dean of Students oversees student health and counseling services, the Office of Student Life, the residence hall, and student activities. This large department

reports directly to the President and controls its own budgets. While these budgets compete with other school needs, student services are regarded as high-priority issues. When the Dean of Students and others in the administration concluded that student health services and counseling availability needed serious upgrading, the budget was immediately adjusted to support this area. Other aspects of student services include the Bursar's office, the Registrar, the Library, and Information Technology. All of these areas provide direct services that students need, and the demands are growing as MSM works to keep up with services available at other schools. In general, while supporting one-on-one studio instruction as the core educational modality of the school, MSM recognizes that student services and educational support are essential to learning and to student satisfaction. For this reason, these areas are well supported in budgetary planning.

Unity and change: MSM is a small school with a unified sense of purpose overall. In both short-term and long-term budgeting, the school does not suffer from major conflicts that can beset larger, more diverse institutions. Although there are certainly competing needs, MSM benefits from generally positive relationships among faculty, staff and administration. Having just appointed a new President and with an opening at the VP level, MSM is likely to experience some changes as new leaders bring in new ideas. But there is also significant continuity represented on the Board, the upper administrative staff, and the faculty. As the strategic planning process continues under the new presidency, MSM is well-positioned to plan for the fiscal, educational and artistic challenges ahead while remaining true to its overall mission and goals.

Manhattan School of Music Standing Committees

Executive Committee

President, *Chair*

Vice President for Academics and Performance

Vice President for Instrumental Performance

Vice President of External Affairs

Executive Vice President of Finance and Administration

Dean of the PreCollege Division

Dean of Students

Senior Staff

President, *Chair*

Vice President for Academics and Performance

Vice President for Instrumental Performance

Vice President of External Affairs

Executive Vice President of Finance and Administration

Dean of the PreCollege Division

Dean of Students

Director of Public Relations

Director of Administration and Human Relations

Associate Dean of Enrollment Management

Associate Dean and Director of Recording and Distance Learning

Steering Committee

Vice President for Academics and Performance, *Chair*

Executive Vice President of Finance and Administration

Director of Administration and Human Relations

Director of Keyboard Skills

Faculty Council

Elected Chair

8 elected faculty members

Faculty Liaison Committee

President, *Chair*

Vice President for Academics and Performance

Vice President for Instrumental Performance

Director of Administration and Human Relations

2 Representatives from Faculty Council

Enrollment Management Committee

Dean of Students, *Chair*

Vice President for Academics and Performance

Vice President for Instrumental Performance

Associate Dean of Enrollment Management

Registrar

Council of Chairs

(No Chair)

Vice President for Academics and Performance

Vice President for Instrumental Performance

Director of Administration and Human Relations

Dean of Students

Associate Dean of Enrollment Management

Associate Dean and Director of Recording and Distance Learning

Assistant Dean for Performance Operations & the Graduate Program in Orchestral Performance

Director of Center for Music Entrepreneurship

All Academic and Artistic Department Chairs and Directors

InterStaff Committee

Appointed Chair

Director of Administration and Human Relations

Members of a broad range of administrative departments

Work and Purpose of the Second Century Committee

The work of the Committee is twofold: (1) prepare a detailed analysis of MSM's mission, outlook, position, organization, programs, finances, facilities, reputation, and competitiveness, distilled into a SWOT format (strengths, weaknesses, opportunities, threats); (2) consider a variety of institutional models and formulate a strategic plan whose goal is to support MSM's artistic and educational vision practically and financially, so that the institution is stable, sustainable and capable for the foreseeable future.

Participants

MSM Board members: Peter Robbins, Chair of the Committee; Robert Sirota, President; Loren Douglass; Lorraine Gallard; Paul Guenther; Marcia Hamilton; Brian Henderson; Ed Lowenthal; Linda Mercuro; David Rahm

MSM Staff and Faculty: Susan Ebersole; David Geber; Paul Kelleher; Marjorie Merryman

Consultants: Prager, Sealy LLC (Frederic Prager, Lyn Hutton), Consultants specializing in Education and Non-Profit Investment, Financing and Banking
Huron Consulting Group, General Consultants with a large Education sub-specialization

Methodologies

Prager Sealy and Huron Consulting Group conducted a series of interviews with Board members, faculty and administrative staff. Statistics were compiled both on MSM performance and peer comparisons, looking at all quantifiable questions (admissions yields, enrollments, comparative tuition rates, costs per student, financial aid, operational expenses, costs within individual majors, endowment draw, debt, etc). Broader social and educational trends were considered, such as potential earnings of musicians and effects on music schools of changing demographics and increasing internationalism. Initial findings were analyzed by the Consultants, presented in meetings, discussed by the Committee and refined.

Summary of Findings

Mission

As the Committee considered MSM's goals, strengths and aspirations, it found that the Mission Statement needed to be updated. The new statement is conceived as a stand-alone paragraph which could be enhanced in some publications by the addition of more specific information in bullet points.

Revised Mission Statement:

Manhattan School of Music prepares highly talented students for careers as passionate performers and composers, and as imaginative, effective leaders in the arts. Our international student body thrives in a supportive atmosphere that encourages excellence, values individuals and welcomes innovation. MSM's artist faculty inspires the performance, creation and knowledge of great music, while exchange programs, distance learning and entrepreneurial opportunities expand the School's reach. Offering hundreds of concert presentations and community events each year, Manhattan School of Music is a vigorous contributor to the cultural fabric of New York City and an important player on the world stage.

Second Century Committee Report, page 2

SWOT Discussion

- Strengths:** MSM's reputation is very good in the local market and excellent internationally
Location in Manhattan is a great strength, though we struggle to bring audiences uptown
MSM's atmosphere for students is considered to be better than our local competitors'
MSM has an excellent faculty and its graduates are well regarded in the profession
MSM is generally able to attract and retain the faculty it wants, offering competitive salaries and benefits at the college level
MSM successfully competes with top-tier schools for highly rated students
MSM has several outstanding and distinctive majors and programs (majors such as Orchestral Performance, Jazz, Zukerman String Program, Contemporary Performance, programs such as Opera, Distance Learning, Entrepreneurship)
MSM is a leader in Distance Learning technology and in international education
Generally, MSM's operations are efficient and well-managed
- Weaknesses:** MSM has a much smaller endowment than any of its peers (New England Conservatory's endowment is about 5 times higher; Juilliard's is about 30 times higher)
MSM is much more tuition-dependent than any of its peers
MSM receives much less philanthropic support than any of its peers (a comparison of three year averages shows that NEC receives about 3 times more in philanthropic gift revenues, Juilliard about 7 times more)
MSM is much weaker in expendable resources per student than any of its peers
MSM is heavily leveraged because of the debt on the dormitory
Because of tuition-dependence, MSM must be larger than might otherwise be ideal
MSM must be less selective at the lower end of the admissions pool to maintain size
Some stronger competitors offer BA/BM dual-programs for undergrads
MSM's distinctive qualities/programs should be more clearly apparent to applicants and potential funders
Facilities need upgrading or renovation
Technical infrastructure for administrative and faculty support needs overhaul
Unionization of the Precollege faculty show unresolved labor issues at the Precollege level
- Opportunities:** As a stand-alone institution, MSM is nimble and can change direction as needed
MSM's leaders are interested in innovation and creating distinctive programs
MSM can capitalize on its standing in international education, attracting a critical demographic for the future
MSM should continue to develop the Distance Learning model
MSM may be able to develop community partnerships and funding opportunities, taking advantage of Harlem location
MSM may find new revenue streams, such as continuing education, expanded dorm uses
It is possible that the Precollege, which is profitable, might expand
- Threats:** Social/cultural trends and demographics suggest that some conservatories will fail
MSM could find its purpose and mission diluted by lowering standards to maintain size
MSM does not have sufficient resources to maintain competitive position against tuition-free peers
MSM has no borrowing capacity to carry out strategic improvements or to weather a major financial crisis
Aging facility and deferred maintenance (because of tight resources) could become critical

Second Century Committee Report, page 3

Strategic Directions

The Consultants suggested four strategic alternatives that MSM might consider:

1) Stay the Course

This model would keep MSM's current programs and goals more-or-less intact, and try to improve the school's position through fundraising. This avenue requires a re-articulation of the goals and strengths of MSM as it exists now, so that potential donors see the mission much more clearly. This strategy is attractive to many stakeholders, but it depends upon the capacity of funders and their willingness to commit major support to the school.

2) Aggressive Differentiation

A number of possible avenues were explored that might help to differentiate MSM from its peers. These include reworking of curricula, eliminating some majors and concentrating resources on others, technological enhancements, further internationalization, among others. While some of these plans have considerable merit, financial modeling does not suggest that any of them could make a critical difference to MSM's financial health without drastically altering the character and mission of the school. But aggressively differentiating MSM could be important in drawing needed support for a capital campaign. This avenue therefore needs further exploration, not to eliminate the need for a major fundraising initiative, but possibly being a critical part of such an initiative.

3) Strategic Partnership

MSM is open to a strategic partnership that would strengthen the school's finances. The existing local partnerships (with Barnard and Columbia Teachers College) are educational in nature and are designed to be revenue-neutral. No possible strategic partner has been identified.

4) Merger

While it is possible that MSM might be subsumed in a merger with a larger institution, generally this idea has been viewed negatively. Therefore MSM has not sought out a potential parent institution, and none has presented itself.

State of the Second Century Project as of June 2012

The analytic work based on available data is complete. It is clear that MSM will need more money in order to remain viable into its next century. Even as the school seeks out more revenue streams and efficiencies within its current operations, a large-scale fundraising effort must be undertaken in the near future.

Two types of questions now remain, namely, questions of strategic priorities informed by the analyses already done, and questions about raising the capital that any future version of MSM will require.

Strategic Priorities

How can MSM "stay the course" in terms of its mission, while at the same time using the notion of aggressive differentiation to enhance attractiveness both to students and faculty, and to funders?

What do faculty/staff regard as highest priorities for funding? (choices might include greatly increasing scholarships to compete with tuition-free schools; improving the facilities; reducing school size; adding or enhancing programs; improving compensation, etc)

Funding Questions

How much additional capital is needed? (Tied to answers to strategic priority questions above)

If the school needs to raise the endowment by \$50-\$100 million, what is the plan for doing so?

What is the interest and capacity of current supporters – Board, friends, alums, foundations, the city, etc?

What messages will be most effective in conveying the school's unique values and needs?

What is a reasonable timetable for a capital campaign?

Student Survey

1. You are in which degree program:

Answer Options

Undergraduate
Graduate
Artist Diploma or Professional Studies
Doctoral

2. Your field of study:

Answer Options

Accompanying
Composition: Classical
Composition: Jazz
Conducting
Contemporary Performance
Jazz Performance
Instrumental Performance (Classical): String
Instrumental Performance (Classical): Wind
Instrumental Performance (Classical): Brass
Instrumental Performance (Classical): Percussion
Orchestral Performance (OP): String
Orchestral Performance (OP): Winds
Orchestral Performance (OP): Brass
Orchestral Performance (OP): Percussion
Piano Performance
Vocal Performance

3. You are a:

Answer Options

U.S. Citizen
International Student

4. You are living:

Answer Options

In the dorm
Off campus

5. Top Reason for Choosing MSM: Please rank these in importance 1-6, with "1" being MOST important and "6" being LEAST important.

Answer Options	1	2	3	4	5	6	N/A
Studio instructor (private teacher)							
Specific program							
Location (NYC)							
Reputation of MSM							
Financial Aid package							
Other							
6. If other,							
7. What has been the best part of your experience so far at MSM?							
8. What has been the most difficult part of your experience so far at MSM?							

9. Please select the option that best describes how satisfied you are with following aspects of your time while at MSM.

Answer Options	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied	No Opinion/ Non-applicable
Instructors in classrooms					
Instructors in private lessons					
Instructors in large ensembles					
Instructors in small ensembles					
Opportunities to perform					
Advising on your course selections					
Opportunities to discuss career/ further education					
Opportunities to network with alumni and others					

10. In terms of feeling comfortable with the atmosphere and culture of the MSM community, how would you rate the following.

Answer Options	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied	No Opinion/ Non-applicable
Sense of belonging and attachment					
Freedom and encouragement to take risks					
Opportunity to engage in community activities					

11. Ensembles Which ensembles have you participated in while at MSM? (Check all that apply)

Answer Options

- Choir
- Vocal Ensemble
- Vocal Performance Class
- Contemporary Performance Ensemble
- Jazz Ensembles
- Small/Chamber Ensembles
- Orchestra
- Opera: Vocal
- Opera: Instrumental
- Percussion Ensemble

12. Please select the option that best describes how satisfied you are with your large ensemble experience.

Answer Options	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied	No Opinion/ Non-applicable
Overall satisfaction					
Repertoire selection					

13. Please select the option that best describes how satisfied you are with your small ensemble experience

Answer Options	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied
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Overall satisfaction

14. Please provide any further thoughts regarding ensemble (large or small) experiences in the box below.

15. Please select the option that best describes how satisfied you are with following FACILITIES at MSM.

Answer Options	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied	No Opinion/ Non-applicable
Cafeteria					
Classrooms					
Computers/Printers					
Performance Library					
Peter J. Sharp Library					
Practice Rooms					
Rehearsal Spaces					
Residence Hall					

16. Please select the option that best describes how satisfied you are with following SERVICES of the following MSM OFFICES.

Answer Options	Very Satisfied	Satisfied	Somewhat Satisfied	Dissatisfied	No Opinion/ Non-applicable
Admissions					
Box Office					
Campus Store					
Center for Music					
Entrepreneurship					
Counseling Services					
Distance Learning					
Financial Aid					
Outreach					
Performance Library					
Peter J. Sharp Library					
Registrar					
Residence Life					
Scheduling					
Student Accounts					
Student Life					

17. HOW OFTEN do you interact with the following MSM departments/offices?

Answer Options	Never	A few times while at MSM	Once a month	Weekly	Daily
Admissions					
Box Office					
Campus Store					
Center for Music					
Entrepreneurship					
Counseling Services					
Distance Learning					
Financial Aid					
Outreach					
Peter J. Sharp Library					
Performance Library					
Registrar					
Residence Life					
Scheduling					
Student Accounts					
Student Life					

18. Please select the option that best describes your satisfaction with how MSM is preparing you for life after graduation.

Answer Options

No Opinion/ Non- applicable
Very Satisfied
Satisfied
Somewhat Satisfied
Dissatisfied

19. Would you recommend MSM to colleagues?

Answer Options

Definitely yes
Probably yes
Uncertain
Probably no
Definitely no

20. If you did it again would you still choose MSM?

Answer Options

Definitely yes
Probably yes
Uncertain
Probably no
Definitely no

21. Please provide any additional comments related to your time at MSM.

22. If there was a follow-up discussion group to brainstorm ideas and work with the MSM staff to improve the school, do you feel you would want to participate?

Answer Options

Definitely yes
Probably yes
Uncertain
Probably no
Definitely no

BOX OFFICE - September 2012 - May 2013

Departmental Goal: The main objectives of the Manhattan School of Music Box Office are to (1) facilitate student's educational life and/or their human development and to (2) provide technical expertise and equipment for improved learning and customer satisfaction.

- 1. Improve student's workers customer service skills while interacting with the ticket buyer and patrons:**

Means of Assessment:

A survey focused on various aspects of customer service was sent to all Box Office student workers (Box Office Representatives) on May 2, 2013. The student employees were given until May 10, 2013 to complete the survey. Five anonymous survey responses were received and were evaluated on May 13, 2013. The survey and summary of results are included below.

The survey included three areas of assessment:

Student Employee Self-Assessment (questions 1-2)

Employees were asked to rate their customer service skills before and after the start of their employment with the MSM Box Office.

Self-Perception of Customer Service Skills (questions 3-8)

Student employees were asked to rate their comfort level in performing various customer service tasks.

Student Employee Assessment of Box Office Training (questions 9-12)

Student employees were asked to evaluate the customer service training they received working at the MSM Box Office and its relevancy to future employment.

Desired Outcomes:

In order to demonstrate an improvement in the student employee customer skills, the following criteria must be met:

Employee Self-Assessment (questions 1-2)

75% of student employees feel they have "excellent" customer skills after starting their employment with the MSM Box Office.

Self-Perception of Customer Service Skills (questions 3-8)

90% of student employees feel "very comfortable" or "comfortable" with various customer service tasks.

Student Employee Assessment of Box Office Training (questions 9-12)

90% of student employees “strongly agree” or “agree” that the training they received prepared them for their work in the MSM Box Office and their future employment.

Process of Improvement:

Student employees were given an information packet upon the start of the new performance season. This packet stated the Box Office policies and informed returning student employees of any changes to these policies. It also provided an overview of the season calendar including prices, dates and venues.

On-going emails were sent to the student employees to alert them of any changes or updates to performances including run-times, ticket availability, mature content warnings, etc. This information was also posted visibly near their workstations. Continuously updating the student employees ensured that ticket buyer and patron received the most accurate and up-to-date information.

The Box Office Manager and Box Office Associate were able to supervise the student employees (Box Office Representative) at the sales window.

Results of Assessment:

Student Employee Self-Assessment (questions 1-2)

Prior to their employment at the MSM Box Office, 40% of student employees felt they had “excellent” customer skills. After their employment with the MSM Box Office, 80% of employees stated they have “excellent” customer service skills. The criterion for success was met.

Self-Perception of Customer Service Skills (questions 3-8)

100% of student employees were “very comfortable” or “comfortable” with various customer service tasks. 80% were “very comfortable” and 20% were “comfortable”. The criterion for success was met.

Employee Assessment of Box Office Training (questions 9-12)

70% of student employees “strongly agreed” or “agreed” that the training they received prepared them for their work in the Box Office and future employment. 30% were neutral. The criterion for success was not met.

Future Improvements:

Through this assessment, the Box Office has learned that their student employees feel confident with customer service tasks and have improved their overall customer service skills since being employed by the MSM Box Office. However, the assessment also indicated that training could be further improved and that the Box Office needs to integrate more skills and methods of training into the training program.

The Box Office can improve by asking the employees what they would like to see changed in the training and discuss different forms of involvement with the office to better prepare them for future jobs.

To continue improving the Box Office student employees' customer service skills and the training they receive, new employees can participate in peer mentoring by being paired with a more experienced worker. Peer mentoring will reinforce prior knowledge of the more experienced worker while teaching the new employee necessary customer service skills.

Currently the Box Office assigns student employees to certain positions on concert nights (such as greeter, seller, will call distribution, etc.) based on their strengths. In the future, the Box Office could start a rotation of employees in these positions. This ensures that all employees gain a variety of experience, therefore attaining a more well-rounded set of customer service skills.

2. Provide electronic tickets in order to increase the ticketing options (this goal could increase the number of tickets sold and the diversity of the audience).

Means of Assessment:

The Box Office gathered ticket delivery type statistics from the 2012-2013 performance season. There were approximately 18,000 tickets were sold during the 2012-2013 season. Percentages were calculated for the e-ticket and mobile ticket options.

There were three areas of gathered statistics:

Percentage of Mobile Ticket Delivery:

The 2012-2013 season was the first season the Mobile ticket option was offered. The Mobile ticket uses an app for smartphones called Walletini. The Mobile ticket is the Box Office's only paperless ticket option. The ticket appears on the patron's phone as a QR code and is scanned by the house staff, eliminating the need to wait at the Box Office for a printed ticket.

Percentage of E-Ticket Delivery:

The E-Ticket delivery option was introduced in 2006. This option eliminates the need to wait at the Box Office for a printed ticket by allowing the patron to print the ticket on their own printer.

Percentage of Electronic Ticket (mobile and e-ticket) Delivery:

The electronic ticket includes mobile and e-ticket delivery options. Both options are offered online, eliminating the need to visit the Box Office in person during office hours or before performances. The electronic ticket provides more ways for our patrons to purchase and receive tickets, expanding their idea of the traditional Box Office experience.

Desired Outcomes:

In order to demonstrate success in providing technical expertise and equipment for improved learning, the following criteria must be met:

Percentage of Mobile Ticket Delivery:

20% of patrons choosing the mobile ticket delivery option.

Percentage of E-Ticket Delivery:

30% of patrons choosing the e-ticket delivery option.

Percentage of Electronic Ticket (mobile and e-ticket) Delivery:

50% of patrons choosing either the mobile ticket or e-ticket delivery option.

Process of Improvement:

For each ticketed performance, the Box Office emails MSM staff, faculty and students a Ticket Request Form, giving them the option to reserve complimentary tickets via email. In the Ticket Request Forms emailed to MSM students, only the mobile ticket or e-ticket delivery options are offered in order to encourage the electronic ticket delivery options.

In order to raise awareness of the new mobile ticket option, the Box Office advertised in the season brochure, on the MSM website, and had a poster at the Box Office encouraging patrons to download the free app, Walletini. The e-ticket option was also advertised in the season brochure and on the MSM website.

Results of Assessment:

Percentage of Mobile Ticket Delivery:

10.56% of patrons chose the mobile ticket delivery option during the 2012-2013 season. The criterion for success was not met.

Percentage of E-Ticket Delivery:

15.84% of patrons chose the e-ticket delivery option during the 2012-2013 season. The criterion for success was not met. However, the percentage of patrons choosing the e-ticket option has increased since the last assessment in 2008 where 9.18% of patrons chose the e-ticket option.

Percentage of Electronic Ticket (mobile and e-ticket) Delivery:

26.4% of patrons chose an electronic ticket delivery option. The criterion for success was not met.

Future Improvements:

Through this assessment, the Box Office has learned that they need to do more to promote the electronic ticket delivery options. The electronic ticket delivery option is important because it eliminates traffic at the Box Office, creates a diverse audience, increase the number of tickets

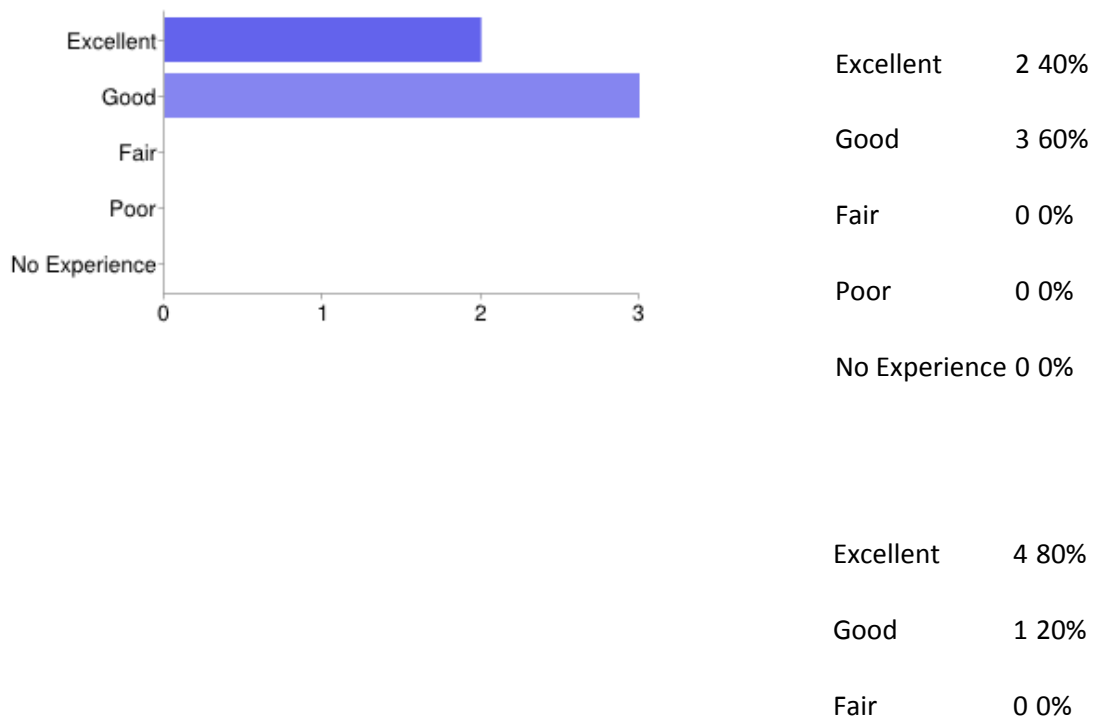
sold, and educates patrons about up-and-coming ticket trends. The Mobile ticket delivery option should be highly encouraged as to promote paperless tickets and reduce waste.

The Box Office plans to expand efforts towards the general public to promote the electronic ticket delivery options. The Walletini logo, URL link, and description should be on the MSM website, Box Office page, and in the season brochure for all future seasons. Patrons could also be offered an incentive for choosing an electronic ticket delivery option. This promotion could include a discount on tickets if the electronic ticket option is selected at the time of purchase.

The Box Office has observed that patrons opt out of the mobile ticket option because they don't have a Walletini account at the time of purchase. In future seasons, the Box Office can offer a help station for registering an account and downloading the Walletini app, with the hope of making the switch to mobile tickets easier for patrons.

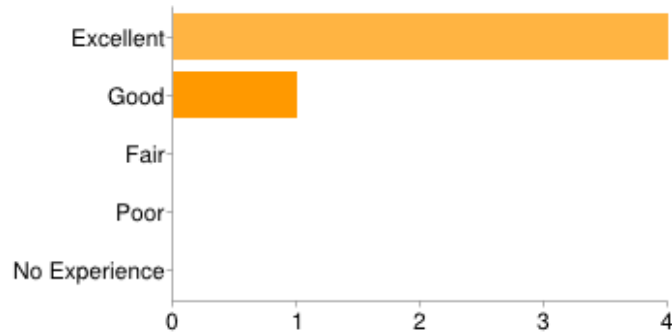
Survey Summary

1. How would you rate your customer service skills prior to your employment with the MSM Box Office [Please answer the following questions regarding your customer service skills]

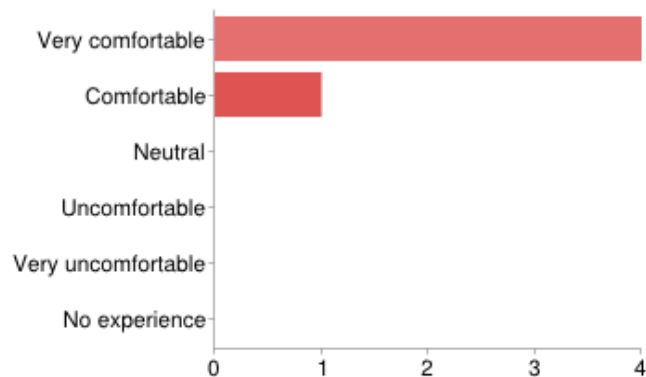


2. How would you rate your customer service after working at the MSM Box Office? [Please the following questions regarding your customer service skills]

Poor 0 0% skills answer
 No Experience 0 0%



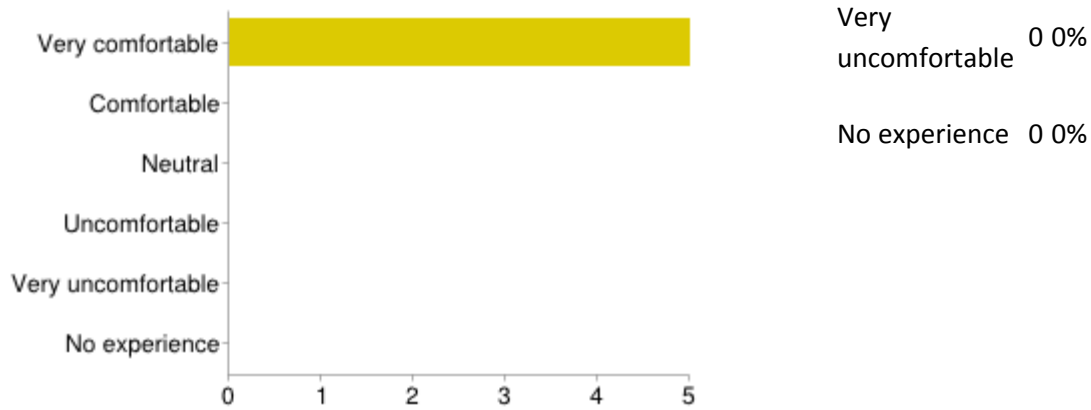
3. Speaking on the phone with a customer? [How comfortable do you feel...]



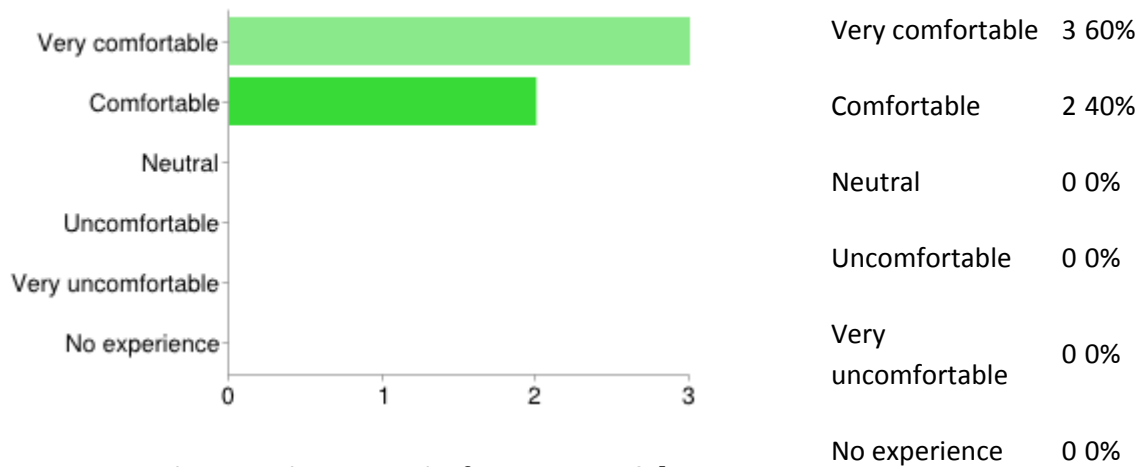
Very comfortable 4 80%
 Comfortable 1 20%
 Neutral 0 0%
 Uncomfortable 0 0%
 Very uncomfortable 0 0%
 No experience 0 0%

4. Corresponding via email with customers? [How comfortable do you feel...]

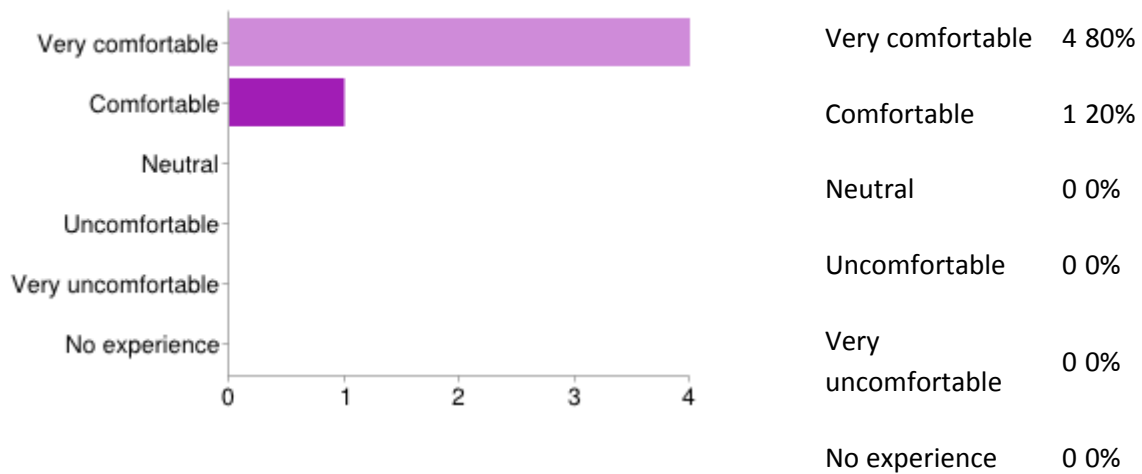
Very comfortable 5 100%
 Comfortable 0 0%
 Neutral 0 0%
 Uncomfortable 0 0%



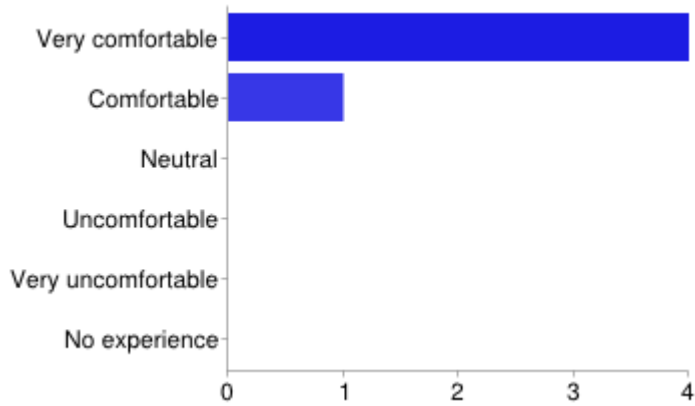
5. Handling a problem with a customer? [How comfortable do you feel...]



6. Speaking with a crowd of customers? [How comfortable do you feel...]

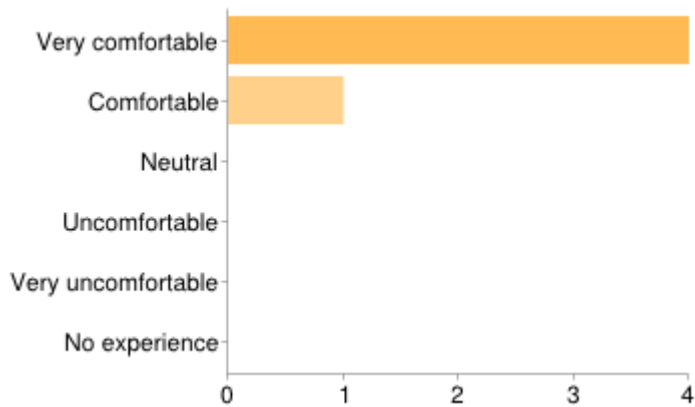


7. Handling cash/credit card/check sales? [How comfortable do you feel...]



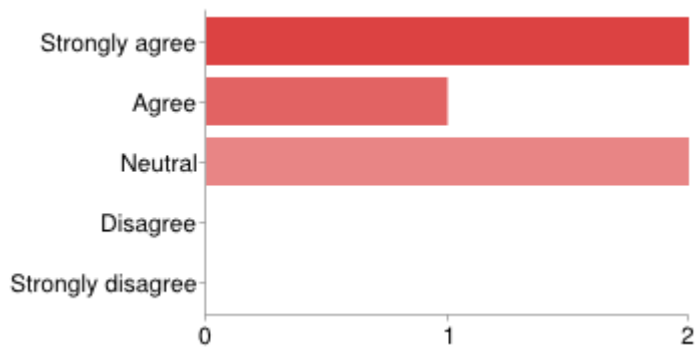
Very comfortable	4	80%
Comfortable	1	20%
Neutral	0	0%
Uncomfortable	0	0%
Very uncomfortable	0	0%
No experience	0	0%

8. Giving change for cash sales? [How comfortable do you feel...]



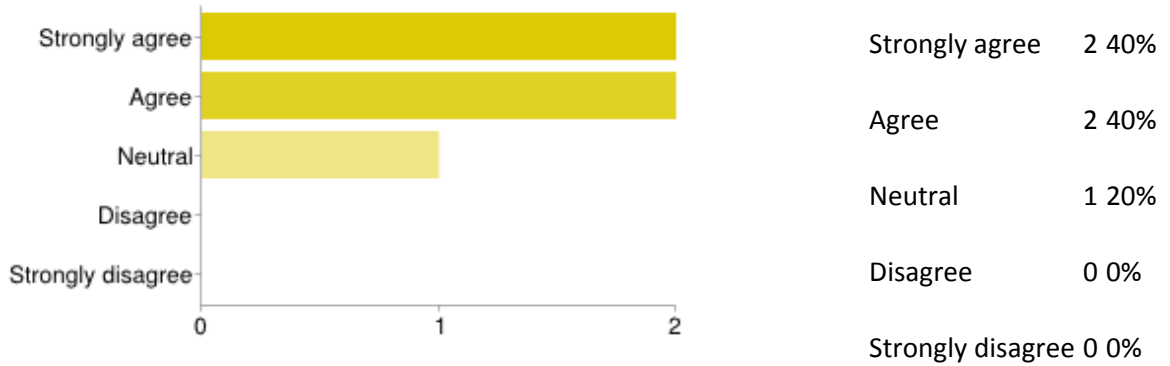
Very comfortable	4	80%
Comfortable	1	20%
Neutral	0	0%
Uncomfortable	0	0%
Very uncomfortable	0	0%
No experience	0	0%

9. My customer service skills have continued to improve during my employment with the MSM Box Office. [Please rate the following statements]

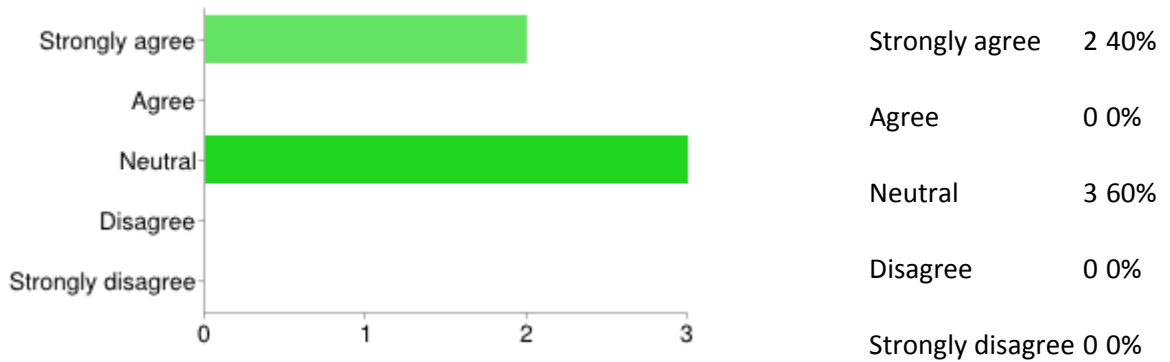


Strongly agree	2	40%
Agree	1	20%
Neutral	2	40%
Disagree	0	0%
Strongly disagree	0	0%

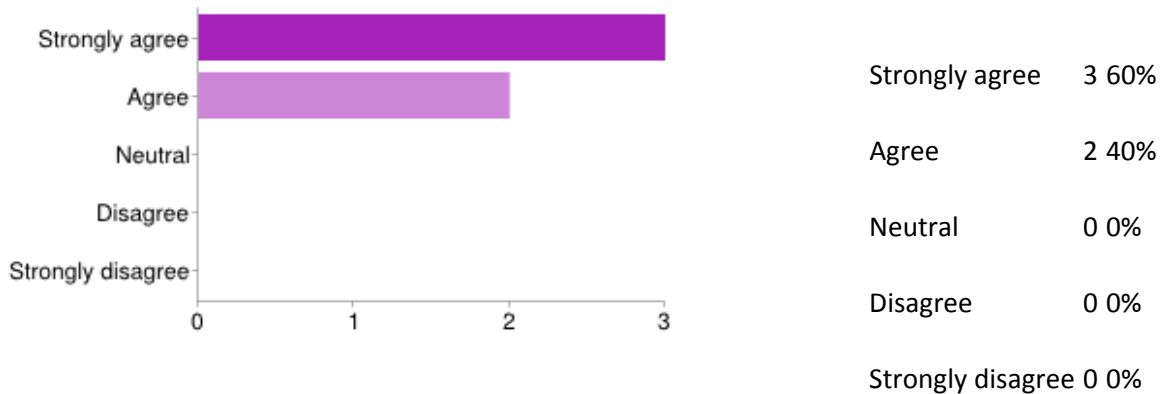
10. The customer service skills I have acquired at the MSM Box Office will help me in my future jobs. [Please rate the following statements]



11. Working at the MSM Box Office has taught me a great deal about customer service. [Please rate the following statements]



12. The training I received prepared me for my work in the Box Office. [Please rate the following statements]



FORM A

**MANHATTAN SCHOOL OF MUSIC
ASSESSMENT RECORD FOR
ADMINISTRATIVE OR EDUCATIONAL
SUPPORT DEPARTMENT OF**

The Peter Jay Sharp Library

(Name of Administrative or Educational Support Department)

September 2009-August 2011

(Assessment Period Covered)

17 May 2013

(Date Submitted)

Submitted By: Peter Caleb, Director of Library Services

(Department Assessment Representative)

FORM B

MANHATTAN SCHOOL OF MUSIC ASSESSMENT REPORT FOR

The Peter Jay Sharp Library

(Administrative or Educational Support Department)

July 2009-June 2012

(Assessment Period Covered)

17 May 2013

(Date Submitted)

Expanded Statement of Institutional Purpose Linkage:

Institutional Mission/Goals(s) Reference:

An internationally recognized conservatory, Manhattan School of Music prepares musicians to be stewards of the great music tradition and catalytic thinkers who will re-imagine the profession. It is a multicultural institution that values all musical idioms and exploits the possibilities of live performances and technology to expand the reach of the musical arts.

Administrative or Educational Support Department Statement of Purpose (Mission Statement):

The Peter Jay Sharp Library supports the goals of MSM's mission statement, providing resources for intellectual and artistic development, critical inquiry, multiculturalism, and technically innovative research. Collectively, the library's resources give students the tools they need to learn about the music traditions of which they will be stewards and to foster their growth as artists and as individuals. These resources and services include broad-ranging collections of scores, books, and audio- and videorecordings, as well as online databases and encyclopedias, bibliographic instruction, and reference and research assistance.

Administrative Objectives/Intended Outcomes:

1. To maximize convenience to students, the Library will transition from CDs to MP3s for recordings of MSM concerts.

2. The Library will, where possible, replace physical course reserves with digital ones.

FORM C

MANHATTAN SCHOOL OF MUSIC

ASSESSMENT REPORT FOR

The Peter Jay Sharp Library

(Administrative or Educational Support Department)

July 2009-June 2012

17 May 2013

(Assessment Period Covered)

(Date Submitted)

Administrative or Educational Support Objective/Intended Outcome:

NOTE: There should be one form C for each intended objective listed on form B. The intended unit objective should be restated in the box immediately below and the intended objective number entered in the blank spaces.

2. The Library will, where possible, replace physical course reserves with digital ones.

First Means of Assessment for Objective Identified Above:

1a. Means of Department Assessment & Criteria for Success:

Assessment:

Required listening being the course reserve materials for which there is the highest demand, the Library will rip MP3s from CDs and place the files on a streaming server, create web page for each course, and embed in the each page JavaScript to produce usage analytics.

Criteria for success:

Usage statistics must be high relative to the number of students at the School.

1b. Summary of Assessment Data Collected:

For the period studied, the page listing all courses with online listening assignments received a total of 33,478 views. The average time on the page is 18 seconds; this is as it should be, as the page is meant to be only a portal to the pages for individual courses and ensembles. Among those courses, the music history surveys unsurprisingly receive the heaviest usage. These statistics are spectacularly high, showing that far more people are listening than was ever possible with our CDs, which in most cases can only be used by one person at a time, and require a personal visit to the Library.

1c. Use of Results to Improve Department Services:

The extremely large number of hits the pages took from the outset indicates that this is a service students want and will use.

Means of improvement:

A decision was easily made to stop putting CDs on course reserve, thereby freeing them up for personal

use; it also alleviates the overwhelming congestion at the CD circulation desk and in the computer lab that always occurs before major exams. The success of this digital method of access suggests we should expand it to include print materials. We have made tentative steps in that direction by scanning short printed items and giving students links to the resulting PDFs. Longer printed items like books, however, require another array of software and hardware, and American copyright problems have not yet been resolved to the point where the School can reasonably expect an investment in them to be worthwhile. (Some of the books and many of the scores that are put on course reserve each semester are in the public domain and available for free on the Internet.)

Second Means of Assessment for Objective Identified Above:

___ 2a. Means of Department Assessment & Criteria for Success:

Assessment:

Feedback from students and faculty will indicate where course reserves work and where there are problems.

Criteria for success:

Negative feedback must be addressed, and any problems fixed. Positive feedback might indicate an opportunity to expand the digitization of course reserve materials.

___ **2b. Summary of Assessment Data Collected:** Feedback was almost universally positive. Students like being able to listen to their assignments anytime and anywhere, on any device. Faculty spoke of better class participation and test scores. Negative feedback included occasional links that did not work, or that connected listeners to the wrong recording; complaints that some listening lists were not complete, or were absent altogether; and a viewpoint expressed by a few faculty members that students should be required to come to the Library to do some of their assignments.

___ **2c. Use of Results to Improve Department Services:** The positive results indicate that it is probably advisable to expand digitization to include other materials, such as books and videos, taking into account the criticisms with a view to refining the process. **Means of improvement:** Copyright restrictions prohibit our extending digitization to the CD anthologies still used by some teachers. This should be an inducement to teachers to compile their own listening syllabus, which can be digitized by Library staff. A better process of testing links should be found, to eliminate broken or incorrect links, but it is a time-consuming task that requires someone with an exhaustive knowledge of musical repertoire. (Faculty are encouraged to check the links themselves but rarely have the time to do so.) Digitizing recordings and creating a page of links for each class takes time, and the library must do a better job reminding faculty to get their lists to us early. Librarians certainly agree with faculty that students should be required to come into the Library regularly. Whether students need to fulfill their course reserve requirements using the same methods their teachers did when they were young is another issue entirely, and the librarians are inclined to think that this is a case where technology and the Internet can make a genuine improvement in students' education. We can probably do a better job communicating to faculty about this.

FORM C

MANHATTAN SCHOOL OF MUSIC ASSESSMENT REPORT FOR

The Peter Jay Sharp Library

(Administrative or Educational Support Department)

July 2009-June 2012

17 May 2013

(Assessment Period Covered)

(Date Submitted)

Administrative or Educational Support Objective/Intended Outcome:

NOTE: There should be one form C for each intended objective listed on form B. The intended unit objective should be restated in the box immediately below and the intended objective number entered in the blank spaces.

1. To maximize convenience to students, the Library will transition from CDs to MP3s for recordings of MSM concerts.

First Means of Assessment for Objective Identified Above:

1a. Means of Department Assessment & Criteria for Success:

Assessment:

The Library will create a web page of MP3 links for each concert, and embed JavaScript to compile data for Google Analytics. The data will show how many times each page has been accessed, and those statistics can be compared to the circulation statistics for the equivalent CD, the previous mode of access.

Criterion for success:

The number of unique page views for each concert must equal or surpass the number of times the CD of the same concert has circulated.

1b. **Summary of Assessment Data Collected:** See attached tally. It shows that recordings of student concerts in the form of MP3s are listened to, on average, 7.78 times more than the equivalent recordings on CD. The total amount of MP3 usage is nearly 100 times that of the CDs.

1c. **Use of Results to Improve Department Services:** The results were so dramatic that a decision was made in Fall 2012 to discontinue the distribution of CDs to the Library when an

MP3 is available.

Means of improvement: The Recording Studio has found it possible to upload MP3s of major orchestral concerts and opera performances within an hour or so after each concert ends, and casual observation of the analytics shows that students generally begin listening to them immediately. The current mode of access, however, is not as helpful or as elegant as it should be for the end user, and moreover it entails a large amount of redundancy, with, in most cases, each concert represented by three different MP3s.

This new mode of access, however, completely changes the work flow for both the Recording Studio and the Library staff, and during this transition period, an extra burden exists because we must work with recordings in two formats, CDs and MP3s. To some extent, the Library staff have been able to carry this burden, but a dedicated staff member for technology and Web development within the Library is necessary to create a more elegant design and to expand this program to cover all MSM recordings.

In future, it is possible that Indiana University's Variations freeware, which we have previously tried to install (it was a complex and labor-intensive setup), or a similar program, would give us a more flexible, efficient, and elegant way to upload digital files and present them to students, faculty, and the public.

Second Means of Assessment for Objective Identified Above:

2a. Means of Department Assessment & Criteria for Success:

Assessment:

Low page view numbers or reported failures of access will indicate instances when there are problems with the technology or the result does not meet students' needs. A Google Form will give users an easy way to report any trouble with access or playback. In addition, the Library Director will check the status of all links as they go live.

Criterion for success:

Effective cooperation between departments--IT, External Affairs (Design Office), the Recording Studio, and the Library--and the proper implementation of technology will be demonstrated by the absence of observed or reported problems.

2b. Summary of Assessment Data Collected: During the period of the study, two problems were reported by Library users, and one additional link problem was observed by the Library Director. All problems were the result of simple human error and quickly corrected.

2c. Use of Results to Improve Department Services: The service has run almost perfectly since its advent, and indeed presents fewer difficulties than CDs, which can be damaged, lost, or misfiled. The most significant improvement that should be addressed is to expand the program to include, eventually, all MSM recordings, future and past.

Find reports & more

Pages

Pages are grouped by Page

Jul 1, 2009 - Jun 30, 2012



pcaleb@msmmyc.edu Settings My Account Sign out

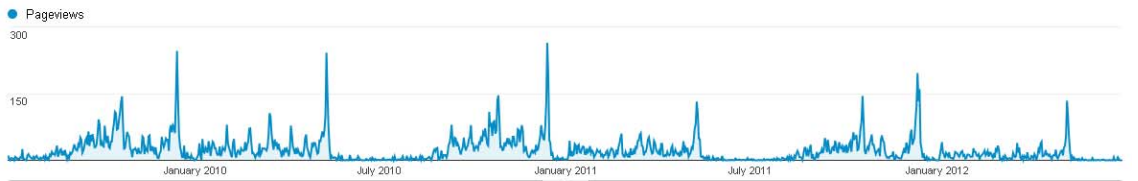
Reporting Customization Admin Help

- Intelligence Events
- STANDARD REPORTS
- Real-Time
- Audience
- Traffic Sources
- Content
 - Overview
 - Site Content
 - All Pages
 - Content Drilldown
 - Landing Pages
 - Exit Pages
 - Site Speed
 - Site Search
 - Events
 - AdSense
 - Experiments
 - In-Page Analytics
- Conversions

Explorer Navigation Summary In-Page

Site Usage

Pageviews vs. Select a metric Day Week Month



Pageviews 25,066 <small>% of Total: 2.20% (1,137,269)</small>	Unique Pageviews 17,837 <small>% of Total: 2.26% (789,454)</small>	Avg. Time on Page 00:00:18 <small>Site Avg: 00:01:56 (-84.16%)</small>	Entrances 1,404 <small>% of Total: 0.44% (317,365)</small>	Bounce Rate 13.25% <small>Site Avg: 47.85% (-72.31%)</small>	% Exit 3.57% <small>Site Avg: 27.91% (-87.19%)</small>	Page Value \$0.00 <small>% of Total: 0.00% (\$0.00)</small>
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Primary Dimension: Page Other

Plot Rows Secondary dimension Sort Type: Default

Page	Pageviews	Unique Pageviews	Avg. Time on Page	Entrances	Bounce Rate	% Exit	Page Value
1. /screens/courseeresenvelisting.html	25,066	17,837	00:00:18	1,404	13.25%	3.57%	\$0.00

Show rows: 10 Go to: 1 1 - 1 of 1

- Shortcuts
- Intelligence Events
- STANDARD REPORTS
- Real-Time
- Audience
- Traffic Sources
- Content
 - Overview
 - Site Content
 - All Pages
 - Content Drilldown
 - Landing Pages
 - Exit Pages
 - Site Speed
 - Site Search
 - Events
 - AdSense
 - Experiments
 - In-Page Analytics
- Conversions

Explorer Navigation Summary In-Page

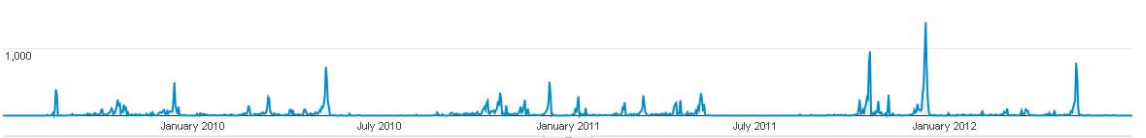
Site Usage

Pageviews vs. Select a metric

Day Week Month

Pageviews

2,000



Primary Dimension: Page Page Title Other

Plot Rows Secondary dimension Sort Type: Default

mh advanced

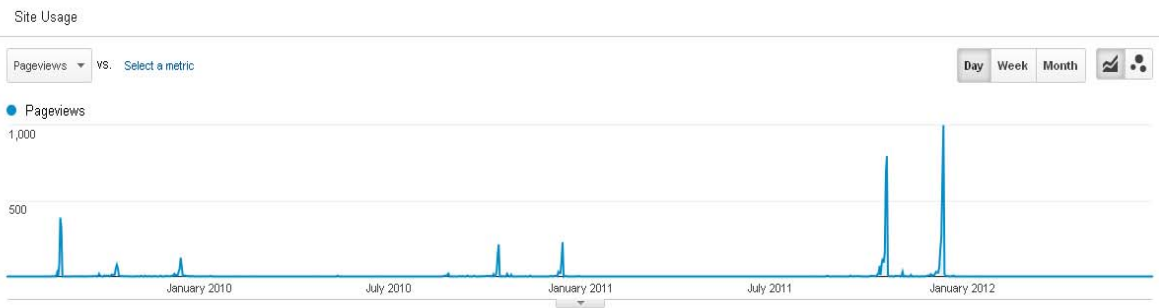
Page	Pageviews	Unique Pageviews	Avg. Time on Page	Entrances	Bounce Rate	% Exit	Page Value
	36,333 <small>% of Total: 3.19% (1,197,269)</small>	14,155 <small>% of Total: 1.79% (789,454)</small>	00:03:24 <small>Site Avg: 00:01:56 (74.88%)</small>	4,138 <small>% of Total: 1.30% (317,865)</small>	56.62% <small>Site Avg: 47.85% (18,34%)</small>	27.20% <small>Site Avg: 27.91% (-2.52%)</small>	\$0.00 <small>% of Total: 0.00% (\$0.00)</small>
1. /screens/MH0003.html	7,174	1,804	00:02:46	630	57.30%	20.85%	\$0.00
2. /screens/MH0004.html	5,742	2,472	00:04:33	930	65.27%	32.86%	\$0.00
3. /screens/MH2610.html	2,481	795	00:03:18	223	48.43%	21.85%	\$0.00
4. /screens/MH1530.html	2,090	705	00:03:54	169	47.34%	22.68%	\$0.00
5. /screens/MH1610.html	1,948	963	00:03:17	124	45.16%	34.55%	\$0.00
6. /screens/MH1820.html	1,864	834	00:03:49	192	50.52%	31.81%	\$0.00
7. /screens/MH2620.html	1,560	894	00:03:48	432	70.37%	43.72%	\$0.00
8. /screens/MH0004a.html	1,521	276	00:02:58	114	35.09%	15.32%	\$0.00
9. /screens/MH1532.html	1,253	290	00:02:24	64	43.75%	15.48%	\$0.00
10. /screens/MH2720.html	1,189	598	00:04:35	198	48.99%	36.59%	\$0.00

Show rows: 10 Go to: 1 1 - 10 of 217

- Shortcuts
- Intelligence Events
- STANDARD REPORTS
- Real-Time
- Audience
- Traffic Sources
- Content
 - Overview
 - Site Content
 - All Pages
 - Content Drilldown
 - Landing Pages
 - Exit Pages
 - Site Speed
 - Site Search
 - Events
 - AdSense
 - Experiments
 - In-Page Analytics
- Conversions

% of pageviews: 0.63%

Explorer Navigation Summary In-Page



Primary Dimension: Page Other

Plot Rows Secondary dimension Sort Type: Default

Page	Pageviews	Unique Pageviews	Avg. Time on Page	Entrances	Bounce Rate	% Exit	Page Value
	7,174 % of Total: 0.63% (1,137,268)	1,804 % of Total: 0.23% (789,454)	00:02:46 Site Avg: 00:01:56 (42.27%)	630 % of Total: 0.20% (317,365)	57.30% Site Avg: 47.85% (19.76%)	20.85% Site Avg: 27.91% (-25.27%)	\$0.00 % of Total: 0.00% (\$0.00)
1. /screens/MH0003.html	7,174	1,804	00:02:46	630	57.30%	20.85%	\$0.00

Show rows: 10 Go to: 1 1 - 1 of 1

A
4.74

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE	
<input type="checkbox"/>	5.0/A - Excellent
<input checked="" type="checkbox"/>	4.9/A
<input type="checkbox"/>	4.8/A
<input type="checkbox"/>	4.7/A
<input type="checkbox"/>	4.6/A
<input type="checkbox"/>	4.5/A- - Advanced
<input type="checkbox"/>	4.4/A-
<input type="checkbox"/>	4.3/A-
<input type="checkbox"/>	4.2/A-
<input type="checkbox"/>	4.1/A-
<input type="checkbox"/>	4.0/B+ - Very Good
<input type="checkbox"/>	3.9/B+
<input type="checkbox"/>	3.8/B+
<input type="checkbox"/>	3.7/B+
<input type="checkbox"/>	3.6/B+
<input type="checkbox"/>	3.5/B - Good
<input type="checkbox"/>	3.4/B
<input type="checkbox"/>	3.3/B
<input type="checkbox"/>	3.2/B
<input type="checkbox"/>	3.1/B
<input type="checkbox"/>	3.0/B- - Acceptable
<input type="checkbox"/>	2.5/C
<input type="checkbox"/>	2.0/D
<input type="checkbox"/>	1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Bach - beautiful!
 Beethoven - Excellent! Finally scaled + proportions - beautiful sound + balance of sound.
 Schumann - also beautiful
 One strong suggestion - in Octave melodies connect the tops - makes a difference

This student is a current or former student of mine at **MSM**

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

Student's Signature: *[Signature]*

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature: *[Signature]*

[Signature]
 Faculty Name (Please Print)

5/1/13
 Date

[Signature]
 Faculty Signature

[Signature] - Super!

Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

Handwritten circled '5's in a vertical oval next to the evaluation table.

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Skillful tonal balance + control - good intensity and projection. Impressive Schumann - imaginative + cohesive. Stunning first Erlkönig!!

This student is a current or former student of mine at **MSM**

DAFEDER

Faculty Name (Please Print)

5/1/13

Date

DAFEDER
 Faculty Signature

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Piano Department
JURY EVALUATION FORM
 5/1/2013 1:45:00 PM Room Miller

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

↑
↓

SCHOLARSHIP RATING & GRADE

5.0/A - Excellent

4.9/A

4.8/A

4.7/A

4.6/A

4.5/A- - Advanced

4.4/A-

4.3/A-

4.2/A-

4.1/A-

4.0/B+ - Very Good

3.9/B+

3.8/B+

3.7/B+

3.6/B+

3.5/B - Good

3.4/B

3.3/B

3.2/B

3.1/B

3.0/B- - Acceptable

2.5/C

2.0/D

1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Bach/Petri - lovely & refined playing

Bethoven I, opening - nicely crafted & paced - mixed Allegro - fine stylized/pacing detail & tonal control - for my taste, rhythmic character could be stronger

Schumann - opening excellent - Allegro - fine compelling phrasing - ~~Some~~ Some textures could have more definition, but shows fine stylistic spirit and tonal range -

Lalkönig - impressive technically & musically

This student is a current or former student of mine at **MSM** - excellent jury - wonderful musical/artistic growth

Jeffrey Cohen
 Faculty Name (Please Print)

Jeffrey Cohen
 Faculty Signature

5-1-13
 Date

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Piano Department
JURY EVALUATION FORM
 5/1/2013 1:45:00 PM Room Miller

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	✓ 5
Technique (command of instrument)	1	2	3	4	✓ 5
Tone (dynamics, color)	1	2	3	4	✓ 5
Sense of Style	1	2	3	4	✓ 5
Personality	1	2	3	4	✓ 5
Security (memory)	1	2	3	4	✓ 5

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Beautiful performances!
wonderful talent, expertly prepared.
Bravo! Bravo!

This student is a current or former student of mine at **MSM**

MARC SUPERMAN
 Faculty Name (Please Print)

5-1-13
 Date

[Signature]
 Faculty Signature

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A *875*
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Beethoven I like your pedaling, in general. But I recommend much shorter pedaling in the development

Schumann Good understanding, expressive playing

Schubert-Liszt Very impressive

This student is a current or former student of mine at **MSM**

ARKADY ARONOV

Faculty Name (Please Print)

Arkady Aronov
 Faculty Signature

05.01.13

Date

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Piano Department
JURY EVALUATION FORM

5/1/2013 1:45:00 PM Room Miller

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Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE

5.0/A - Excellent

4.9/A

4.8/A

4.7/A

4.6/A

4.5/A- - Advanced

4.4/A-

4.3/A-

4.2/A-

4.1/A-

4.0/B+ - Very Good

3.9/B+

3.8/B+

3.7/B+

3.6/B+

3.5/B - Good

3.4/B

3.3/B

3.2/B

3.1/B

3.0/B- - Acceptable

2.5/C

2.0/D

1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

1stly Bach transcription
 Schumann - it's dramatic first
 exciting rhythm
 strong identification!
 marvelous octaves! superb

This student is a current or former student of mine at MSM
 of 26 8/17 Bach/Peter of 11 Ed Konig

2 Fishbein 5-1-13

Faculty Name (Please Print)

Date

Fishbein
 Faculty Signature

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Piano Department
JURY EVALUATION FORM
 5/1/2013 1:45:00 PM Room Miller

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Student X

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Bach-Petri — most beautiful
 Schumann beginning impress me
 very much.
 Remarkable pianist, bravo!

Finally today I hear intelligent pedaling
 (i) it happened was something
 wrong with pedal :) :) :)

Nina SKETLANOVA 5/1
 Faculty Name (Please Print) Date

[Signature]
 Faculty Signature

some great pianists play 2 last cords in Erlkönig
 short and dry. Like two nails for cover of coffin.

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Piano Department
JURY EVALUATION FORM

5/2/2013 10:15:00 AM Room Miller

(3.96)
392

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Depth of finger should start with the left to differentiate the voices visually. This student seems capable to have learned & presented more substantial rep. My grade reflects this. Musical, pleasant performance.

This student is a current or former student of mine at **MSM**

S. MIKOWSKY

9/2/13

Faculty Signature

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature

Wrong notes in the Chopin.

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Bach - good style. Be sure to play out so all your pianissimos speak to the back row of the hall

Beethoven - nice performance. Try to follow all of Beethoven's written articulations. Again, be sure all your notes speak.

Chopin - Some lovely moments. Watch the pedaling so harmonics are not covered. Bravo to you and your teacher.

This student is a current or former student of mine at **MSM**

Pouk

Faculty Name (Please Print)

5/2/13

Date

Faculty Signature

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE	
<input type="checkbox"/>	5.0/A - Excellent
<input type="checkbox"/>	4.9/A
<input type="checkbox"/>	4.8/A
<input type="checkbox"/>	4.7/A
<input type="checkbox"/>	4.6/A
<input type="checkbox"/>	4.5/A- - Advanced
<input type="checkbox"/>	4.4/A-
<input type="checkbox"/>	4.3/A-
<input type="checkbox"/>	4.2/A-
<input type="checkbox"/>	4.1/A-
<input checked="" type="checkbox"/>	4.0/B+ - Very Good
<input type="checkbox"/>	3.9/B+
<input type="checkbox"/>	3.8/B+
<input type="checkbox"/>	3.7/B+
<input type="checkbox"/>	3.6/B+
<input type="checkbox"/>	3.5/B - Good
<input type="checkbox"/>	3.4/B
<input type="checkbox"/>	3.3/B
<input type="checkbox"/>	3.2/B
<input type="checkbox"/>	3.1/B
<input type="checkbox"/>	3.0/B- - Acceptable
<input type="checkbox"/>	2.5/C
<input type="checkbox"/>	2.0/D
<input type="checkbox"/>	1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Bruckner - a bit plodding needs more energy shape articulation, rhythmic profile. Beethoven pay attention to slurs esp. 4th. Pay attention to everything - dynamics accents etc. Mus reading in 3rd mov Chopin - better, has some

This student is a current or former student of mine at **MSM**

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature

Faculty Name (Please Print)

Date

Faculty Signature

energy, form & spirit

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	<input checked="" type="checkbox"/> 4	5
Technique (command of instrument)	1	2	3	<input checked="" type="checkbox"/> 4	5
Tone (dynamics, color)	1	2	3	<input checked="" type="checkbox"/> 4	5
Sense of Style	1	2	3	<input checked="" type="checkbox"/> 4	5
Personality	1	2	3	<input checked="" type="checkbox"/> 4	5
Security (memory)	1	2	3	<input checked="" type="checkbox"/> 4	5

- SCHOLARSHIP RATING & GRADE**
- 5.0/A - Excellent
 - 4.9/A
 - 4.8/A
 - 4.7/A
 - 4.6/A
 - 4.5/A- - Advanced
 - 4.4/A-
 - 4.3/A-
 - 4.2/A-
 - 4.1/A-
 - 4.0/B+ - Very Good
 - 3.9/B+
 - 3.8/B+
 - 3.7/B+
 - 3.6/B+
 - 3.5/B - Good
 - 3.4/B
 - 3.3/B
 - 3.2/B
 - 3.1/B
 - 3.0/B- - Acceptable
 - 2.5/C
 - 2.0/D
 - 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

*Bach - Prelude - solidly formed - needs continuity & more variety
 Figure - secure, needs musical continuity (at shaping) and larger feeling for structure*

*Bethoven - shows control & disciplined stylistic approach -
 - piano is solid - needs to develop stronger sense of rhythmic/musical cohesion*

Figure - mostly secure and solidly presented

*Chopin - needs musical direction but shows some tonal/musical refinement
 in lyrical sections -*

This student is a current or former student of mine at **MSM**

Jeffrey Cohen

Faculty Name (Please Print)

Jeffrey Cohen
 Faculty Signature

5-2-13

Date

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE	
<input type="checkbox"/>	5.0/A - Excellent
<input type="checkbox"/>	4.9/A
<input type="checkbox"/>	4.8/A
<input type="checkbox"/>	4.7/A
<input type="checkbox"/>	4.6/A
<input type="checkbox"/>	4.5/A- - Advanced
<input type="checkbox"/>	4.4/A-
<input type="checkbox"/>	4.3/A-
<input type="checkbox"/>	4.2/A-
<input type="checkbox"/>	4.1/A-
<input type="checkbox"/>	4.0/B+ - Very Good
<input checked="" type="checkbox"/>	3.9/B+
<input type="checkbox"/>	3.8/B+
<input type="checkbox"/>	3.7/B+
<input type="checkbox"/>	3.6/B+
<input type="checkbox"/>	3.5/B - Good
<input type="checkbox"/>	3.4/B
<input type="checkbox"/>	3.3/B
<input type="checkbox"/>	3.2/B
<input type="checkbox"/>	3.1/B
<input type="checkbox"/>	3.0/B- - Acceptable
<input type="checkbox"/>	2.5/C
<input type="checkbox"/>	2.0/D
<input type="checkbox"/>	1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

*Generally secure, well-schooled playing.
 Needs sophistication & range. Small program**

*P & F 2/ii
 op. 10 #2*

** You presented an unusually small, conservative program for an MSM jury. I had hoped to hear a more substantial program next year.*

This student is a current or former student of mine at **MSM**

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

MARC SWEETMAN

Faculty Name (Please Print)

5-2-13

Date

[Signature]
 Faculty Signature

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	③	4	5
Technique (command of instrument)	1	2	✓3	4	5
Tone (dynamics, color)	1	2	③	4	5
Sense of Style	1	2	✓3	4	5
Personality	1	2	✓3	4	5
Security (memory)	1	2	✓3	4	5

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Bach I think the theme needs legato of eighth notes; chromatic move downward.

Beethoven 1st mov Not always correct rhythm 2nd mov. many missed notes.

This student is a current or former student of mine at **MSM**

ARKADY ARONOV

Faculty Name (Please Print)

Arkady Aronov

Faculty/Signature

05.02.13

Date

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

- ### SCHOLARSHIP RATING & GRADE
- 5.0/A - Excellent
 - 4.9/A
 - 4.8/A
 - 4.7/A
 - 4.6/A
 - 4.5/A- - Advanced
 - 4.4/A-
 - 4.3/A-
 - 4.2/A-
 - 4.1/A-
 - 4.0/B+ - Very Good
 - 3.9/B+
 - 3.8/B+
 - 3.7/B+
 - 3.6/B+
 - 3.5/B - Good
 - 3.4/B
 - 3.3/B
 - 3.2/B
 - 3.1/B
 - 3.0/B- - Acceptable
 - 2.5/C
 - 2.0/D
 - 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Quite limited pianistically and conceptually. She shows appreciable awareness in tonal contrast. Chopin, however revealed immaturity in stylistic understanding. Repertoire well chosen for her limitations. (not up to BM-2 level)

This student is a current or former student of mine at MSM

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

DAFEDER
 Faculty Name (Please Print)

DAFEDER
 Faculty Signature

5/2/13
 Date

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Naomi has really tried much more this year and has made good progress. She must develop her pianistic command & build her

This student is a current or former student of mine at MSM

J Kawn
 Faculty Name (Please Print)

J Kawn
 Faculty Signature

5/2/13
 Date

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

She is more confident and on a better track now

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student Y

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Talent (musicality, sensitivity)	1	2	3	4	5
Technique (command of instrument)	1	2	3	4	5
Tone (dynamics, color)	1	2	3	4	5
Sense of Style	1	2	3	4	5
Personality	1	2	3	4	5
Security (memory)	1	2	3	4	5

- SCHOLARSHIP RATING & GRADE**
- 5.0/A - Excellent
 - 4.9/A
 - 4.8/A
 - 4.7/A
 - 4.6/A
 - 4.5/A- - Advanced
 - 4.4/A-
 - 4.3/A-
 - 4.2/A-
 - 4.1/A-
 - 4.0/B+ - Very Good
 - 3.9/B+
 - 3.8/B+
 - 3.7/B+
 - 3.6/B+
 - 3.5/B - Good
 - 3.4/B
 - 3.3/B
 - 3.2/B
 - 3.1/B
 - 3.0/B- - Acceptable
 - 2.5/C
 - 2.0/D
 - 1.0/F - Unacceptable

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

1/2 Polonaise middle section is like (Shostakovich) cello solo. L. hand could be reaching

This student is a current or former student of mine at **MSM**

NINA SVETLANOVA 5/2

Faculty Name (Please Print)

Date

Nina Svetlanova

Faculty Signature

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]
 Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]
 Student's Signature

Strings Department
JURY EVALUATION FORM

5/1/2013 1:45:00 PM Room 606

C
2-75

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student Z

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Technical Facility*	1	2	3	4	5
Sound Production	1	2	3	4	5
Intonation	1	2	3	4	5
Rhythm	1	2	3	4	5
Musicianship	1	2	3	4	5

***Jury assessment for Technical Facility**

- 5 Complete mastery of the instrument including shifting, vibrato, left hand articulation, coordination of both hands and bow control
- 4 Excellent command of all areas but not complete consistency
- 3 Fundamental control of the instrument but some areas needing work for better agility and consistency
 Problems in controlling basic skills
- 1 Unacceptable level in most or all areas

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Haydn - Work hard on intonation

Brahms F - More dynamic range - intonation

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

[Signature]

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

[Signature]

Student's Signature

This student is a current or former student of mine at **MSM**

Stepanski

 Faculty Name (Please Print)

[Signature]

 Faculty Signature

5/1/13

 Date

Strings Department

JURY EVALUATION FORM

7/1/2013 1:45:00 PM Room 606

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student Z

Unacceptable = 1 → Excellent = 5
(Circle One for Each Category)

Technical Facility*	1	2	3	4	5
Sound Production	1	2	3	4	5
Intonation	1	2	3	4	5
Rhythm	1	2	3	4	5
Musicianship	1	2	3	4	5

*Jury assessment for Technical Facility

- 5 Complete mastery of the instrument including shifting, vibrato, left hand articulation, coordination of both hands and bow control
- 4 Excellent command of all areas but not complete consistency
- 3 Fundamental control of the instrument but some areas needing work for better agility and consistency
Problems in controlling basic skills
- 1 Unacceptable level in most or all areas

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Haydn D, Brahms F

Technical facility has improved but is not up to the demands of this piece. Intonation needs to be much more exact and much better centered. Sound production lacks elegance and is ~~rather~~ forced. Problems with coordination between the hands. Cadenza is not well-prepared. Lacks sense of classical style.

Brahms - shows the same issues. Better prepared but still not on top of the technical issues.

This student is a current or former student of mine at MSM

Lichten

Faculty Name (Please Print)

Julia Lichten
Faculty Signature

5/1/13

Date

Seriously Flawed intonation.

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature

Strings Department
JURY EVALUATION FORM

5/1/2013 1:45:00 PM Room 606



These forms are part of a student's educational record & subject to FERPA and related institutional policies.

Student Z

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Technical Facility*	1	2	3	4	5
Sound Production	1	2	3	4	5
Intonation	1	2	3	4	5
Rhythm	1	2	3	4	5
Musicianship	1	2	3	4	5

***Jury assessment for Technical Facility**

- 5 Complete mastery of the instrument including shifting, vibrato, left hand articulation, coordination of both hands and bow control
- 4 Excellent command of all areas but not complete consistency
- 3 Fundamental control of the instrument but some areas needing work for better agility and consistency
- 2 Problems in controlling basic skills
- 1 Unacceptable level in most or all areas

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Haydn - serious intonation problems, other technical matters are okay, very little sense of the music. Cadenza poorly prepared. III - weak + a lot of intonation problems.
Brahms - Better than Haydn but still with similar problems. Sound not well supported. Ensemble playing weak.

SCHOLARSHIP RATING & GRADE	
<input type="checkbox"/>	5.0/A - Excellent
<input type="checkbox"/>	4.9/A
<input type="checkbox"/>	4.8/A
<input type="checkbox"/>	4.7/A
<input type="checkbox"/>	4.6/A
<input type="checkbox"/>	4.5/A- - Advanced
<input type="checkbox"/>	4.4/A-
<input type="checkbox"/>	4.3/A-
<input type="checkbox"/>	4.2/A-
<input type="checkbox"/>	4.1/A-
<input type="checkbox"/>	4.0/B+ - Very Good
<input type="checkbox"/>	3.9/B+
<input type="checkbox"/>	3.8/B+
<input type="checkbox"/>	3.7/B+
<input type="checkbox"/>	3.6/B+
<input type="checkbox"/>	3.5/B - Good
<input type="checkbox"/>	3.4/B
<input type="checkbox"/>	3.3/B
<input type="checkbox"/>	3.2/B
<input type="checkbox"/>	3.1/B
<input checked="" type="checkbox"/>	3.0/B- - Acceptable
<input type="checkbox"/>	2.5/C
<input type="checkbox"/>	2.0/D
<input type="checkbox"/>	1.0/F - Unacceptable

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature

This student is a current or former student of mine at **MSM**

GERBER

Faculty Name (Please Print)

5/1/13

Date

[Signature]

Faculty Signature

Strings Department
JURY EVALUATION FORM

These forms are part of a student's educational record & subject to FERPA and related institutional policies.

5/1/2013 1:45:00 PM Room 606

Student Z

Unacceptable = 1 → Excellent = 5
 (Circle One for Each Category)

Technical Facility*	1	2	3	4	5
Sound Production	1	2	3	4	5
Intonation	1	2	3	4	5
Rhythm	1	2	3	4	5
Musicianship	1	2	3	4	5

***Jury assessment for Technical Facility**

- 5 Complete mastery of the instrument including shifting, vibrato, left hand articulation, coordination of both hands and bow control
- 4 Excellent command of all areas but not complete consistency
- 3 Fundamental control of the instrument but some areas needing work for better agility and consistency
- 2 Problems in controlling basic skills
- 1 Unacceptable level in most or all areas

Comments:

(Please use the space below for comments, continue on the back of this sheet if more space is needed)

Concerto I good tone changes -

Adura - Not as well prepared

WV 100 good passage work

I good music making

He Needs more confidence to play music across.

This student is a current or former student of mine at **MSM**

SCHOLARSHIP RATING & GRADE

- 5.0/A - Excellent
- 4.9/A
- 4.8/A
- 4.7/A
- 4.6/A
- 4.5/A- - Advanced
- 4.4/A-
- 4.3/A-
- 4.2/A-
- 4.1/A-
- 4.0/B+ - Very Good
- 3.9/B+
- 3.8/B+
- 3.7/B+
- 3.6/B+
- 3.5/B - Good
- 3.4/B
- 3.3/B
- 3.2/B
- 3.1/B
- 3.0/B- - Acceptable
- 2.5/C
- 2.0/D
- 1.0/F - Unacceptable

I, THE ABOVE MENTIONED STUDENT, HAVE READ THESE COMMENTS.

Student's Signature

I GIVE CONSENT FOR MY MAJOR TEACHER TO READ THESE COMMENTS.

Student's Signature

Marion Feldman 5/1/13
 Faculty Name (Please Print) Date

Marion
 Faculty Signature

Manhattan School of Music

Graduate Program in Orchestral Performance (updated 5-15-13)

2012/2013 Orchestral Appointments

ELISE SHOPE - *Second Flute, Los Angeles Philharmonic*
BILLY HESTAND - *Second Bassoon, Cleveland Orchestra*
ISAAC MELAMED- *Cello, New Century Chamber Orchestra (San Francisco)*
ANGELA EUN KO LEE - *Assistant Principal Second, Baltimore Symphony Orchestra*
YOOBIN SON - *Second Flute, New York Philharmonic*
KEVIN PAUL - *Principal Trumpet, China National Symphony (1 year position)*
KEVIN PAUL - *Trumpet, Premiere U.S. Army Concert Band and Brass Quintet (Washington, DC)*
EVA RYAN - *Co-Principal Flute, Sinfonia Lahti (Finland)*
DANIEL TOSKY- *Bass, New World Symphony*
ERIC HOPKINS - *Section Percussion and Assistant Principal Timpani, Utah Symphony & Utah Opera*
GRACE (JOHNSON) SHRYOK - *Assistant Principal Oboe and English Horn, Richmond Symphony (one year position)*
EVELYN JIWON KWARK - *Associate Concertmaster, Berkeley Symphony*
NATE HEPLER - *Second Trumpet, Baltimore Symphony Orchestra*

2011/2012 Orchestral Appointments

KATHRYN BROOKS - *Bassoon, New World Symphony*
SHAUN TRUBIANO - *Percussion, New World Symphony*
SHAUN TRUBIANO - *Principal Percussion, Australian Opera & Ballet Orchestra (Sydney, Australia)*
GRACE AN - *Cello, New World Symphony*
ALEXANDER BENDER - *Trumpet, South Pacific Broadway Tour*
ANDREW GARCIA - *Trumpet, West Point Band*
ISAAC MELAMED - *Cello, Berkeley Symphony & Marin Symphony*
SARA URENA-CABRERA - *Flute, Orchestra of Castilla-La Mancha (Spain)*
SHERYL HWANGBO - *Violin, Detroit Symphony Orchestra*
SANDY HUGHES - *Second Flute, Los Angeles Chamber Orchestra*
JERRY CHIU - *Violin, West Virginia Symphony*
SONORA SLOCUM - *Principal Flute, Milwaukee Symphony Orchestra*

YOOSHIN SONG - *Concertmaster, Detroit Symphony Orchestra*

JOSEPH LEE - *Cello, New York City Ballet*

EVA RYAN - *Principal Flute, Des Moines Symphony*

JERRY CHIU - *Violin, Colorado Symphony Orchestra*

2010/2011 Orchestral Appointments

KATHRYN BROOKS – *Principal Bassoon, Youngstown Symphony*

JOSEPH LEE – *Cello, New World Symphony*

JOO YOUNG OH – *Violin, New York Philharmonic*

KYLE ZERNA – *Assistant Principal Timpani, Section Percussion,
New York Philharmonic*

CLARA FREDDIE BLOOD - *Third Oboe, Symphony in C*

ANNA BURDEN – *Cello, St. Louis Symphony (1 year position)*

ANNA BURDEN – *Associate Principal Cello, Montreal Symphony*

AMANDA SPARFELD – *Principal flute, Michigan Opera Theater Orchestra*

ALEX LOVE – *Second Horn, Princeton Symphony Orchestra*

GEORGIY BORISOV – *Principal Clarinet, Kalamazoo Symphony*

2009/2010 Orchestral Appointments

LIN ZHU – *Associate Principal Cello, Shanghai Symphony Orchestra*

YUNCONG ZHANG – *Violin, Boston Symphony Orchestra*

NATHAN ZGONC – *Principal Trombone, Vancouver Symphony Orchestra*

MATTHEW WRIGHT - *Trombone, Syracuse Symphony*

MATTHEW WRIGHT - *Trombone, Vermont Symphony*

RUTH BENNETT – *Harp, Orquesta Sinfonica de Yucatan (Mexico)*

MATTHEW MILEWSKI – *Violin, Fort Worth Symphony Orchestra*

YOOBIN SON – *Principal Flute, Mostly Mozart Festival Orchestra*

2008/2009 Orchestral Appointments

DAVID SULLIVAN – *Associate Principal Horn, Kansas City Symphony*

BILLY HESTAND – *Principal Bassoon, Brooklyn Philharmonic*

PATRICK HERB – *Bass Trombone, Hartford Symphony*

PATRICK HERB - *Bass Trombone, Albany Symphony*

KEVIN SIMPSON – *Clarinet, U.S. Army “Pershing’s Own” Band*



FORM B

MANHATTAN SCHOOL OF MUSIC ASSESSMENT REPORT FOR

Community Partnerships

(Administrative or Educational Support Department)

September 2011-May 2013

(Assessment Period Covered)

June 10, 2013

(Date Submitted)

Expanded Statement of Institutional Purpose Linkage:

Institutional Mission/Goals(s) Reference

At Manhattan School of Music, students are encouraged to become citizen musicians, artists of the highest caliber who also deeply value and contribute to their communities. Our commitment to arts education in New York City remains central to the mission of the School.

Administrative or Educational Support Department Statement of Purpose (Mission Statement):

The Community Partnerships program provides students with important experience teaching in neighborhood partner schools and performing for underserved audiences throughout the city. The program includes semester-long residency programs in orchestral music, opera, musical theater, and jazz, as well as instrumental and choral instruction programs.

Administrative Objectives/Intended Outcomes:

1. MSM students in the Community Partnerships program will learn to create well-prepared and age-appropriate lesson plans.

2. MSM students in the Community Partnerships program will learn effective classroom management skills.

FORM C

MANHATTAN SCHOOL OF MUSIC ASSESSMENT REPORT FOR



Community Partnerships

(Administrative or Educational Support Department)

Administrative or Educational Support Objective/Intended Outcome:

NOTE: There should be one form C for each intended objective listed on form B. The intended unit objective should be restated in the box immediately below and the intended objective number entered in the blank spaces.

MSM students in the Community Partnerships program will learn to create well-prepared and age-appropriate lesson plans that address the National Learning Standards for the Arts (grade 5-8).

First Means of Assessment for Objective Identified Above:

1a. Means of Department Assessment & Criteria for Success:

MSM student instructors assess their schoolchildren at the beginning and end of each instructional year using our skills rubric based on the National Learning Standards for the Arts (Grades 5-8). (*see attached chart)

Criteria for success: Schoolchildren will increase their score by one point in each standard at the end of the instructional year.

1b. Summary of Assessment Data Collected:

In most partner schools, all participating schoolchildren increased their score by one point in each standard at the end of the instructional year. In two partner schools, some participating schoolchildren did not increase their score by one point in each standard by the end of the year.

1c. Use of Results to Improve Department Services:

The department investigated reasons why two schools did not meet the intended goal. We identified that classes were not consistent at those schools due to last-minute cancellations (field trips, etc.), as well as insufficient and distracting teaching spaces. The department will require that all partner schools adhere to the teaching schedule set forth at the beginning of the year and set aside adequate, quiet spaces for teaching.

Second Means of Assessment for Objective Identified Above:

2a. Means of Department Assessment & Criteria for Success:

Music faculty at each partner school evaluate each participating child using the National Learning Standards of the Arts (grades 5-8), in order to gauge overall effectiveness of the program and whether to request the program again the following year.

Criteria for success: All partner schools will deem the program to be overall effective and will request the program again the following year.

2b. Summary of Assessment Data Collected:

Music faculty at each partner school determined that overall their students were positively impacted by the program. All partner schools have requested that we provide the program again next year.

2c. Use of Results to Improve Department Services:

We applied for and were awarded a larger vendor contract with the NYC Department of Education that allows us to increase the number of public schools we work with as well as expand the breadth and scope of programs at our existing partner schools.



FORM C

MANHATTAN SCHOOL OF MUSIC ASSESSMENT REPORT FOR

Community Partnerships

(Administrative or Educational Support Department)

Administrative or Educational Support Objective/Intended Outcome:

NOTE: There should be one form C for each intended objective listed on form B. The intended unit objective should be restated in the box immediately below and the intended objective number entered in the blank spaces.

MSM student instructors in the Community Partnerships program will learn effective classroom management skills.

First Means of Assessment for Objective Identified Above:

1a. Means of Department Assessment & Criteria for Success:

Partner public school teachers will evaluate and complete forms for each MSM student instructor.

Criteria for success: All MSM students will be rated *very good* or *excellent* by the public school teachers in demonstrating effective classroom management skills

1b. Summary of Assessment Data Collected:

75 percent of student teachers were rated *very good* or *excellent* by the public school teachers. The criteria for success was not met.

1c. Use of Results to Improve Department Services:

MSM departmental staff will meet with the student teachers who scored lower than *very good* on an individual basis. The staff will assist the student teachers in considering various classroom management techniques for implementation. The departmental staff will visit their classes for subsequent weeks in order to model effective classroom management skills for the student teacher. Those student teachers will be re-evaluated by the partner school teachers at the end of the instructional year.

Second Means of Assessment for Objective Identified Above:

2a. Means of Department Assessment & Criteria for Success:

Using MSM student self-evaluation forms, departmental staff will analyze results and students will have an accurate/realistic assessment of their classroom management skills as related to the partner teacher evaluation.

Criteria for success: All student instructors have an accurate assessment of their classroom management skills in relation to the partner teacher evaluation.

2b. Summary of Assessment Data Collected:

60 percent of student teachers had an accurate/realistic assessment of their classroom management skills as related to the partner teacher evaluation.

30 percent of student teachers rated their classroom management skills higher than related to the partner teacher evaluation.

10 percent of student teachers rated their classroom management skills lower than related to the partner teacher evaluation.

The criterion for success was not met.

2c. Use of Results to Improve Department Services:

Student teachers who rated their classroom management skills higher will meet with departmental staff. Departmental staff will address the discrepancy and the need for improvement of classroom management skills, as well as self-assessment skills. Those student teachers will be encouraged to visit the classes of their more experienced peer student teachers in order to observe effective classroom management skills. The departmental staff will visit the class for subsequent weeks in order to model effective classroom management skills for the student teacher. Those student teachers will be re-evaluated by the partner school teachers in April.

Student teachers who rated their classroom management skills lower will be encouraged by departmental staff that they are indeed meeting departmental expectations. Those student teachers will be encouraged to visit the classes of their peer student teachers in order to gain a realistic expectation of classroom behavior.

Skills Rubric for the Manhattan School of Music instructional program

National Learning Standards in Music (5-8) will be used as criteria for the skills rubric. Each child will be rated by his or her music instructor at the beginning and end of the instructional year.

Standard	4	3	2	1
1a: <i>Singing, alone and with others, a varied repertoire of music:</i> Students sing accurately and with good breath control throughout their singing ranges, alone and in small and large ensembles.	Students sing accurately and with excellent breath control throughout their singing ranges, alone and in small and large ensembles	Students sing accurately and with satisfactory breath control in limited singing ranges, alone and/or in small and large ensembles	Students sing with some errors and with mixed breath control, alone and/or in small and large ensembles	Students sing inaccurately and without proper breath control
1b: <i>Singing, alone and with others, a varied repertoire of music:</i> Students sing with expression and technical accuracy a repertoire of vocal literature with a level of difficulty of 2, on a scale of 1 to 6, including some songs performed from memory.	Students sing with excellent expression and technical accuracy a repertoire of vocal literature with a level of difficulty of 2 or higher, on a scale of 1 to 6, including some songs performed from memory	Students sing with good expression and technical accuracy a repertoire of vocal literature with a level of difficulty of 2, on a scale of 1 to 6; few songs performed from memory	Students sing with some expression and technical accuracy a repertoire of vocal literature with a level of difficulty of 1, on a scale of 1 to 6; few songs performed from memory	Students sing with limited expression and technical accuracy; repertoire includes vocal literature with a level of difficulty of 1, on a scale of 1 to 6; few or no songs performed from memory
2a: <i>Performing on instruments, alone and with others, a varied repertoire of music:</i> Students perform on at least one instrument accurately and independently, alone and in small and large ensembles, with good posture, good playing position, and good breath, bow, or stick control	Students perform on at least one instrument accurately and independently, alone and in small and large ensembles, with excellent posture, excellent playing position, and excellent breath, bow, or stick control	Students perform on one instrument independently with few errors, alone and/or in small and large ensembles, with satisfactory posture, playing position, and breath, bow, or stick control	Students perform on one instrument independently with some errors, alone and/or in small and large ensembles, with need for some improvements in posture, playing position, and breath, bow, or stick control	Students perform inaccurately on one instrument, with difficulty in posture, playing position, and breath, bow, or stick control.

Standard	4	3	2	1
<p><i>2b: Performing on instruments, alone and with others, a varied repertoire of music:</i> Student perform with expression and technical accuracy on at least one string, wind, percussion, or classroom instrument a repertoire of instrumental literature with a level of difficulty of 2, on a scale of 1 to 6.</p>	<p>Students perform with excellent expression and technical accuracy on at least one string, wind, percussion, or classroom instrument a repertoire of instrumental literature with a level of difficulty of 2 or higher, on a scale of 1 to 6</p>	<p>Students perform with some expression and technical accuracy on one string, wind, percussion, or classroom instrument a repertoire of instrumental literature with a level of difficulty of 2, on a scale of 1 to 6</p>	<p>Students perform with expression and technical accuracy on one string, wind, percussion, or classroom instrument a repertoire of instrumental literature with a level of difficulty of 1, on a scale of 1 to 6</p>	<p>Students perform with limited expression and technical accuracy on one string, wind, percussion, or classroom instrument; repertoire includes instrumental literature with a level of difficulty of 1, on a scale of 1 to 6</p>
<p><i>5a: Reading and notating music:</i> Students read whole, half, quarter, eighth, sixteenth, and dotted notes and rests in 2/4, 3/4, 4/4, 6/8, 3/8 and alla breve meter signatures.</p>	<p>Students read whole, half, quarter, eighth, sixteenth, and dotted notes and rests in 2/4, 3/4, 4/4, 6/8, 3/8 and alla breve meter signatures with 100% accuracy.</p>	<p>Students read whole, half, quarter, eighth, sixteenth, and dotted notes and rests in 2/4, 3/4, 4/4, 6/8, 3/8 and alla breve meter signatures with three or fewer errors.</p>	<p>Students read whole, half, quarter, eighth, sixteenth, and dotted notes and rests in 2/4, 3/4, 4/4, 6/8, 3/8 and alla breve meter signatures with four or more errors</p>	<p>Students cannot accurately read whole, half, quarter, eighth, sixteenth, and dotted notes and rests in 2/4, 3/4, 4/4, 6/8, 3/8 and alla breve meter signatures</p>
<p><i>5c: Reading and notating music:</i> Students identify and define standard notation symbols for pitch, rhythm, dynamics, tempo, articulation and expression.</p>	<p>Students identify and define standard notation symbols for pitch, rhythm, dynamics, tempo, articulation, and expression with 100% accuracy.</p>	<p>Students identify and define standard notation symbols for pitch, rhythm, dynamics, tempo, articulation, and expression with three or fewer errors.</p>	<p>Students identify and define standard notation symbols for pitch, rhythm, dynamics, tempo, articulation, and expression with four or more errors.</p>	<p>Students cannot correctly identify and define standard notation symbols for pitch, rhythm, dynamics, tempo, articulation, and expression.</p>

Manhattan School of Music
Look Forward

Balance Sheet

	June 30, 2011	June 30, 2012	Forecast	Proforma		
			June 30, 2013	30-Jun-14	30-Jun-15	30-Jun-16
ASSETS:						
Cash and cash equivalents	\$ 4,771,416	7,862,134	9,204,249	10,313,059	12,600,886	15,216,413
Investments - market value	\$ 19,666,623	18,340,106	20,249,000	20,857,000	21,483,000	22,127,000
Funds held by trustee	\$ -	-	-	-	-	-
Pledges receivable	\$ 4,749,940	5,278,909	5,775,000	5,511,000	5,723,000	5,894,000
Tuition receivable	\$ 126,790	-	-	-	-	-
Loans receivable	\$ 944,421	961,596	950,000	925,000	953,000	982,000
Prepaid expenses & Other Assets	\$ 5,755	493,917	475,000	565,000	515,000	465,000
Other includes campus store inv.)	\$ 137,360	-	-	-	-	-
Deferred bond issuance costs, net	\$ 183,744	173,798	163,900	154,000	144,000	134,000
Andersen Hall	\$ 48,028,618	55,669,948	53,965,000	52,151,000	50,471,000	48,839,000
Property, plant and equipment	\$ 9,020,073	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total assets	\$ 87,634,740	88,780,408	90,782,149	90,476,059	91,889,886	93,657,413
LIABILITIES AND NET ASSETS:						
Accounts payable & accrued expenses	\$ 1,888,208	1,978,666	1,950,000	1,900,000	1,957,000	2,016,000
Instrument Financing	\$ 676,769	529,596	382,423	235,250	88,077	-
Line of Credit	-	-	-	-	-	-
Unearned tuition & fees	-	-	-	-	-	-
Deferred Revenue	\$ 1,251,159	1,685,529	1,468,344	1,450,000	1,494,000	1,539,000
Due to U.S. Dept.of Education	\$ 542,587	542,433	542,279	542,000	542,000	542,000
Interest rate swap liability	-	-	-	-	-	-
Bonds payable	\$ 41,215,000	40,055,000	38,820,000	37,285,000	35,670,000	33,955,000
Asset Retirement Obligation	\$ 731,013	712,294	712,294	712,000	712,000	712,000
Total liabilities	\$ 46,304,736	45,503,518	43,875,340	42,124,250	40,463,077	38,764,000
Endowment fund	\$ 20,226,769	21,274,521	21,274,521	21,274,521	21,274,521	21,274,521
Temporarily restricted	\$ 745,000	1,337,260	1,337,260	1,337,260	1,337,260	1,337,260
General fund balance	\$ 20,358,235	20,665,109	20,665,109	24,295,028	25,740,028	28,815,028
			3,629,919	1,445,000	3,075,000	3,466,605
Total net assets	\$ 41,330,004	43,276,890	46,906,809	48,351,809	51,426,809	54,893,413
Total liabilities and net assets	\$ 87,634,740	88,780,408	90,782,149	90,476,059	91,889,886	93,657,413

Profit and Loss

Pure Average Enrollment College -EXCLUDING PART TIME
- Precollege

	836	870	840	823	850	850
	440	450	455	475	475	475
	Actual	Actual	Forecast	Proforma		
REVENUE	2011	2012	2013	30-Jun-14	30-Jun-15	30-Jun-16
Tuition and fees	\$ 33,470,455	36,012,213	36,408,000	36,756,000	38,860,000	40,219,985
Less: Scholarships	\$ (8,052,460)	(8,891,611)	(9,038,000)	(9,449,000)	(9,921,000)	(10,516,000)
Andersen Hall Income	\$ 5,953,588	6,588,657	6,835,000	7,006,000	7,164,000	7,325,000
Other revenue	\$ 626,425	635,201	627,000	627,000	627,000	627,000
Total Revenue	\$ 31,998,008	34,344,460	34,832,000	34,940,000	36,730,000	37,655,985
Percent Change	3%	7%	1%	0%	5%	3%
EXPENSES (Excluding Depreciation)						
Instruction	\$ (13,464,777)	(14,232,481)	(14,975,000)	(15,197,000)	(15,648,000)	(16,117,000)
Instruction support	\$ (2,893,048)	(3,043,030)	(3,236,000)	(3,316,000)	(3,399,000)	(3,501,000)
Student services	\$ (3,173,525)	(3,627,572)	(3,660,000)	(3,747,000)	(3,841,000)	(3,956,000)
G & A	\$ (4,075,630)	(4,458,102)	(4,295,000)	(4,483,000)	(4,595,000)	(4,733,000)
Plant	\$ (2,943,028)	(2,947,051)	(3,376,633)	(3,118,000)	(3,196,000)	(3,292,000)
Andersen Hall Expenses	\$ (2,609,971)	(2,481,264)	(2,295,779)	(2,333,000)	(2,391,000)	(2,462,730)
Fundraising	\$ (1,034,883)	(1,045,306)	(850,000)	(985,000)	(1,055,000)	(1,086,651)
Total Expense	\$ (30,194,862)	(31,834,806)	(32,688,412)	(33,179,000)	(34,125,000)	(35,148,380)
Percent Change	4.7%	5.4%	3%	1.5%	2.9%	3.0%
Operating Surplus/(Shortfall)	\$ 1,803,146	2,509,654	2,143,588	1,761,000	2,605,000	2,507,605
	6%	7%	6%	5%	7%	7%
Gifts & grants	\$ 1,631,622	2,803,738	1,400,000	1,400,000	2,167,000	2,600,000
Investment income/Realized Gains/(Losses)	\$ 786,642	447,173	100,000	400,000	400,000	400,000
	\$ 2,418,264	3,250,911	1,500,000	1,800,000	2,567,000	3,000,000
Earning Before Bond Costs	\$ 4,221,410	5,760,565	3,643,588	3,561,000	5,172,000	5,507,605
Extraordinary Items						
Bond legal costs	\$ (1,074)	-				
Arbitrage return and correction of error						
Change in accounting policy						
Unrealized Gain/Loss in Securities	\$ 1,106,703	(874,789)	2,000,331	608,000	608,000	608,000
Bond Interest Expense	\$ (1,168,055)	(1,251,769)	(1,207,000)	(1,150,000)	(1,101,000)	(1,050,000)
Interest Expense Swap Agreement				-	-	
Change in Value Swap Agreement				-	-	
Liquidity Facility/Line of Credit	\$ (21,169)	(28,539)	(28,000)	(28,000)	(28,000)	(28,000)
Interest Income on DRSF				-	-	
Capital Lease Interest Expense	\$ (27,617)	(29,031)	(23,000)	(23,000)	(23,000)	(16,000)
Property Taxes			(121,000)	(123,000)	(123,000)	(123,000)
Endowment Income	\$ 4,186,483	774,287	1,750,000	1,000,000	1,000,000	1,000,000
Income/(Loss) Excluding Depreciation	8,296,681	4,350,724	6,014,919	3,845,000	5,505,000	5,898,605
Depreciation, Amortization & W/O	\$ (3,470,645)	(2,403,838)	(2,385,000)	(2,400,000)	(2,430,000)	(2,432,000)
Net Income/(Loss)	\$ 4,826,036	1,946,886	3,629,919	1,445,000	3,075,000	3,466,605
Per Audited Financials	\$ 4,826,036	1,946,886				
Variance (check)	\$ -	-				

Cashflows	Actual	Actual	Forecast	Proforma		
	2011	2012	2013	30-Jun-14	30-Jun-15	30-Jun-16
Net Income/(Loss)	\$ 4,826,036	1,946,886	3,629,919	1,445,000	3,075,000	3,466,605
Non Cash Items						
Depreciation	\$ 2,468,530	2,393,892	2,375,054	2,400,000	2,430,000	2,432,000
Write off and Amortization of Debt Issuance Costs	\$ 839,581	9,946	9,898	9,900	10,000	10,000
Change in marketable securities	\$ (3,562,491)	1,326,517	(1,908,894)	(608,000)	(626,000)	(644,000)
Funds held in trustee	\$ 3,980	-				
Capital Expenditures	\$ (2,010,171)	(1,015,149)	(670,106)	(586,000)	(750,000)	(800,000)
Construction in Progress	\$ 686,556	-				
Bond Principal Redemption	\$ (1,085,000)	(1,160,000)	(1,235,000)	(1,535,000)	(1,615,000)	(1,715,000)
Bond Cost Amortization	\$ 2,884	-				
Cash transfers to Investments		-				
Changes in Working Capital						
<i>Assets</i>						
Pledges Receivable	\$ (3,246,449)	(528,969)	(496,091)	264,000	(212,000)	(171,000)
Tuition Receivable	\$ (55,820)	126,790				
Loans Receivable	\$ (107,158)	(17,175)	11,596	25,000	(28,000)	(29,000)
Prepaid Expenses	\$ (5,754)	(488,162)	18,917	(90,000)	50,000	50,000
Other	\$ (79,725)	137,360				
Change in Working Capital Assets	\$ (3,494,906)	(770,156)	(465,578)	199,000	(190,000)	(150,000)
<i>Liabilities</i>						
A/P & Accrued	\$ 25,375	90,458	(28,666)	(50,000)	57,000	59,000
Instrument Financing	\$ 676,769	(147,173)	(147,173)	(147,173)	(147,173)	(88,077)
Unearned Tuition			-	-	-	-
Deferred Revenue	\$ 169,025	434,370	(217,185)	(18,344)	44,000	45,000
Due to US Dept of Ed	\$ (266)	(154)	(154)	(279)	-	-
Asset Retirement Obligation	\$ -	(18,719)	-	(294)	-	-
Change in Working Capital Liabilities	\$ 870,903	358,782	(393,178)	(216,090)	(46,173)	15,923
Net Change in Working Capital	\$ (2,624,003)	(411,374)	(858,756)	(17,090)	(236,173)	(134,077)
Movement in Cash	\$ (454,098)	3,090,718	1,342,115	1,108,810	2,287,827	2,615,528
Cash, Beginning	\$ 5,225,514	4,771,416	7,862,134	9,204,249	10,313,059	12,600,886
Movement	\$ (454,098)	3,090,718	1,342,115	1,108,810	2,287,827	2,615,528
Cash at June 30	\$ 4,771,416	7,862,134	9,204,249	10,313,059	12,600,886	15,216,413
Per Balance Sheet	\$ 4,771,416	7,862,134	9,204,249	10,313,059	12,600,886	15,216,413



MANHATTAN SCHOOL OF MUSIC

Financial Statements

June 30, 2012

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Manhattan School of Music:

We have audited the accompanying statement of financial position of Manhattan School of Music (the School) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the School's 2011 financial statements, and in our report dated October 21, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan School of Music as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

October 15, 2012

MANHATTAN SCHOOL OF MUSIC

Statement of Financial Position

June 30, 2012

(with comparative financial information
as of June 30, 2011)

Assets	2012	2011
Cash and cash equivalents	\$ 7,862,134	4,771,416
Contributions receivable, net (note 3)	5,278,909	4,749,940
Prepaid expenses and other assets	493,917	269,905
Student loans receivable (note 4)	961,596	944,421
Investments (note 2)	18,340,106	19,666,623
Deferred bond issue costs, net (note 7)	173,798	183,744
Property, plant, and equipment, net (note 5)	55,669,948	57,048,691
Total assets	\$ 88,780,408	87,634,740
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,978,666	1,888,208
Unearned tuition and fees	1,685,529	1,251,159
Equipment financing obligation (note 11)	529,596	676,769
U.S. government grants refundable	542,433	542,587
Bonds payable (note 7)	40,055,000	41,215,000
Asset retirement obligation (note 10)	712,294	731,013
Total liabilities	45,503,518	46,304,736
Net assets (notes 8 and 9):		
Unrestricted	21,274,521	20,226,769
Temporarily restricted	1,337,260	745,000
Permanently restricted	20,665,109	20,358,235
Total net assets	43,276,890	41,330,004
Total liabilities and net assets	\$ 88,780,408	87,634,740

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Statement of Activities

Year ended June 30, 2012

(with summarized financial information
for the year ended June 30, 2011)

	2012			2011	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating activities:					
Revenues:					
Student tuition and fees, net of scholarship allowance of \$8,891,611 and \$8,052,460 in 2012 and 2011, respectively	\$ 26,903,493	—	—	26,903,493	25,174,245
Auxiliary services	7,140,614	—	—	7,140,614	6,484,084
Other revenue	9,365	—	—	9,365	8,518
Net assets released from restrictions related to operating activities	250,000	(250,000)	—	—	—
Total operating revenues	34,303,472	(250,000)	—	34,053,472	31,666,847
Expenses:					
Program services:					
Instruction	15,595,710	—	—	15,595,710	15,157,404
Academic support	3,926,727	—	—	3,926,727	3,990,642
Student services	3,417,574	—	—	3,417,574	2,992,594
Auxiliary services	4,273,664	—	—	4,273,664	3,639,067
Total program services	27,213,675	—	—	27,213,675	25,779,707
Supporting services:					
General and administrative	4,837,010	—	—	4,837,010	4,546,251
Fund-raising	1,064,886	—	—	1,064,886	954,956
Total supporting services	5,901,896	—	—	5,901,896	5,501,207
Total expenses	33,115,571	—	—	33,115,571	31,280,914
Excess (deficiency) of operating revenues over expenses	1,187,901	(250,000)	—	937,901	385,933
Nonoperating activities:					
Contributions and private grants	2,329,349	942,260	306,874	3,578,483	5,713,859
Government grants	290,988	—	—	290,988	331,161
Investment return, net (note 2)	(427,617)	—	—	(427,617)	1,893,345
Write-off of bond issuance costs (note 7)	—	—	—	—	(999,231)
Depreciation and amortization expense (note 1)	(2,403,838)	—	—	(2,403,838)	(2,471,414)
Other	(29,031)	—	—	(29,031)	(27,617)
Net assets released from restrictions for capital expenditures	100,000	(100,000)	—	—	—
Change in net assets	1,047,752	592,260	306,874	1,946,886	4,826,036
Net assets, beginning of year	20,226,769	745,000	20,358,235	41,330,004	36,503,968
Net assets, end of year	\$ 21,274,521	1,337,260	20,665,109	43,276,890	41,330,004

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Statement of Cash Flows

Year ended June 30, 2012
(with comparative financial information
for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,946,886	4,826,036
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for endowment and capital	(806,554)	(4,186,483)
Contributions of investments	(10,379)	(56,139)
Depreciation and amortization expense	2,393,892	2,442,610
Amortization of deferred bond issuance costs	9,946	28,804
Net depreciation (appreciation) in fair value of investments	838,995	(1,285,718)
Write-off of bond issuance costs	—	999,231
Changes in assets and liabilities:		
Contributions receivable, net	(495,830)	699,285
Prepaid expenses and other assets	(224,012)	(137,320)
Accounts payable and accrued expenses	90,458	524,600
Unearned tuition and fees	434,370	(330,199)
Asset retirement obligation	(18,719)	—
Net cash provided by operating activities	<u>4,159,053</u>	<u>3,524,707</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(1,015,149)	(1,294,811)
Student loans issued	(108,750)	(163,000)
Student loans repaid	91,575	55,842
Purchases of investments	(5,059,255)	(10,886,833)
Proceeds from sales of investments	5,557,156	8,666,199
Net cash used in investing activities	<u>(534,423)</u>	<u>(3,622,603)</u>
Cash flows from financing activities:		
Contributions restricted for endowment and capital	806,554	4,186,483
Increase in contributions receivable related to endowment and capital	(33,139)	(3,945,734)
Decrease in U.S. government grants refundable	(154)	(265)
Repayment of bonds payable	—	(42,300,000)
Proceeds from bond issuance	—	41,215,000
Payment of bonds payable	(1,160,000)	—
Proceeds from equipment financing	—	782,650
Payment of bond issuance costs	—	(188,455)
Payment of equipment financing obligation	(147,173)	(105,881)
Net cash used in financing activities	<u>(533,912)</u>	<u>(356,202)</u>
Net increase (decrease) in cash and cash equivalents	3,090,718	(454,098)
Cash and cash equivalents, beginning of year	<u>4,771,416</u>	<u>5,225,514</u>
Cash and cash equivalents, end of year	<u>\$ 7,862,134</u>	<u>4,771,416</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,230,523	413,865

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Manhattan School of Music (the School) is a preeminent international conservatory of music granting Bachelor of Music, Master of Music, Doctor of Musical Arts degrees, and postgraduate degree programs. The School, which was founded in 1918, serves more than 900 college students from more than 40 countries, and more than 450 students in the age group of 5 – 18 in the precollege division, as well as provides a summer music camp by audition to approximately 80 students who have completed grades 6 – 11. The School employs an artist-teacher faculty of approximately 275 professional musicians.

(b) Financial Statement Presentation

The School prepares its financial statements on the accrual basis of accounting. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met by either actions of the School and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the School. Generally, the donors of these assets permit the School to use all or a part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) except for those restrictions met in the same year as received, which are reported as revenues of the unrestricted net assets category, are reported as net assets released from restrictions.

The statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities include investment return, contributions and grants, depreciation expense, amounts released from restrictions for capital, and nonrecurring items.

(c) Tax Status

The School is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The School recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the School's exempt purpose is

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

subject to tax under Internal Revenue Code Section 511. The School did not recognize any unrelated business income tax liability for the years ended June 30, 2012 and 2011.

(d) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include the fair value of alternative investments, net realizable value of contributions receivable, the useful lives of fixed assets, the functional allocation of expenses, and the estimate of the asset retirement obligation. Actual results could differ from those estimates.

(e) Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year's summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting policies. Accordingly, such information should be read in conjunction with the School's audited financial statements for the year ended June 30, 2011, from which the summarized information was derived.

(f) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 820, *Fair Value Measurement*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments classified as Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the School's interest therein, its classification in Levels 2 or 3 is based on the School's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not

MANHATTAN SCHOOL OF MUSIC
Notes to Financial Statements
June 30, 2012
(with comparative financial information as of
and for the year ended June 30, 2011)

necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and temporary investments purchased with original maturities of three months or less.

(h) Contributions

Contributions, which include unconditional promises to give, are recognized as revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates (ranging from 0.21% to 2.00%) applicable to the years in which the promises are received.

(i) Investments

The School's investments in fixed income funds, equity funds, and equity securities are carried at fair value based on quoted market prices. The School's investments in alternative investments, primarily in funds of funds and hedge funds, are stated at estimated fair value, which, as a practical expedient, is the net asset value as provided by the investment managers and evaluated for reasonableness by the School's management.

The School invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and could affect the amounts reported in the statement of financial position.

(j) Deferred Bond Issue Costs

Costs incurred for issuance of bonds are capitalized and amortized over the term of the related bonds.

(k) Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, if donated, at fair value on the date of contribution. Depreciation of assets is computed on the straight-line method over the estimated useful lives of 5 to 40 years. The statement of activities does not present depreciation and amortization expense by function. Depreciation and amortization expense is incurred primarily as auxiliary.

MANHATTAN SCHOOL OF MUSIC
Notes to Financial Statements
June 30, 2012
(with comparative financial information as of
and for the year ended June 30, 2011)

(l) Unearned Tuition and Fees

The School records unearned tuition and fees related to prepayments of future tuition as liabilities.

(m) U.S. Government Grants Refundable

The School participates in the Perkins Loan Program (the Program) sponsored by the U.S. Department of Education. Funds provided by the U.S. government under the Program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government and are presented in the accompanying statement of financial position as U.S. government grants refundable.

(n) Reclassifications

Certain reclassifications of 2011 amounts have been made to conform to the 2012 presentation.

(2) Investments

The following table presents the School's fair value hierarchy for investments, which are the only financial instruments measured at fair value as of June 30, 2012:

	<u>Total fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income funds:				
U.S. government	\$ 5,212,804	5,212,804	—	—
Commodity real return strategy fund	19,399	19,399	—	—
Equity funds:				
Domestic	1,988,431	1,988,431	—	—
International	3,112,127	3,112,127	—	—
Equity securities:				
Domestic	239,652	239,652	—	—
International	11,098	11,098	—	—
Alternative investments:				
Multi-strategy fund of funds	2,463,680	—	1,963,316	500,364
Hedge funds	5,292,915	—	2,893,011	2,399,904
Total	<u>\$ 18,340,106</u>	<u>10,583,511</u>	<u>4,856,327</u>	<u>2,900,268</u>

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

The following table presents the School's fair value hierarchy for investments, the only financial instruments measured at fair value as of June 30, 2011:

	<u>Total fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income funds:				
U.S. government	\$ 6,139,766	6,139,766	—	—
Commodity real return strategy fund	1,022,845	1,022,845	—	—
Equity funds:				
Domestic	996,811	996,811	—	—
International	4,783,423	4,783,423	—	—
Equity securities:				
Domestic	232,467	232,467	—	—
International	13,088	13,088	—	—
Alternative investments:				
Multi-strategy fund of funds	1,395,266	—	—	1,395,266
Hedge funds	5,082,957	—	2,585,767	2,497,190
Total	<u>\$ 19,666,623</u>	<u>13,188,400</u>	<u>2,585,767</u>	<u>3,892,456</u>

The following table presents the reconciliation for all Level 3 assets measured at fair value for the years ended June 30, 2012 and 2011:

	<u>2012</u>		<u>2011</u>	
	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>
Financial assets:				
Beginning balance, July 1	\$ 1,395,266	2,497,190	4,409,638	—
Reclassification out of Level 3	(1,011,379)	—	—	—
Total net realized and unrealized gain (loss)	(52,968)	(97,286)	398,023	(2,810)
Redemptions	(188,660)	—	(4,412,395)	—
Purchases	358,105	—	1,000,000	2,500,000
Ending balance, June 30	<u>\$ 500,364</u>	<u>2,399,904</u>	<u>1,395,266</u>	<u>2,497,190</u>

The transfer out of Level 3 comprises an investment in a multi-strategy fund of funds with a fair value of \$1,011,379 that was transferred due to the expiration of the lock-up period.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

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(with comparative financial information as of
and for the year ended June 30, 2011)

Information with respect to the strategies and redemption provisions of those investment funds that are reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows (amounts included are as of June 30, 2012):

Multi-strategy fund of funds (\$2,463,680) – focuses on relative value and other nondirectional investment strategies and seeks capital preservation and low-volatility returns, which are uncorrelated to the broader markets.

Hedge funds (\$5,292,915) – objective is to achieve maximum capital appreciation, independent of the returns of the overall equity and debt markets, by the use of a variety of securities trading strategies. Fundamental analysis is utilized to capitalize on specific situations such as distressed investing, credit opportunities, special situations, merger arbitrage, reorganizations, bankruptcies, distressed debt, post bankruptcy equities, and balance sheet arbitrage.

<u>Redemption period</u>	<u>Notice period</u>	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>
Quarterly	30 – 70 days	\$ 1,963,316	2,893,011
Annual	45 – 60 days	—	1,520,830
In liquidation		164,856	—
Subject to lock-up		335,508 (a)	879,074 (b)
Total		<u>\$ 2,463,680</u>	<u>5,292,915</u>

(a) Anticipated to be released from lock-up in May 2016

(b) Anticipated to be released from lock-up in April 2013

The School had unfunded commitments of \$1 million with respect to its alternative investments as of June 30, 2012.

Investment return, net for the years ended June 30, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 509,411	746,297
Net (depreciation) appreciation in fair value of investments	(838,995)	1,285,718
Investment advisory fees	(98,033)	(138,670)
Investment return, net	<u>\$ (427,617)</u>	<u>1,893,345</u>

MANHATTAN SCHOOL OF MUSIC
Notes to Financial Statements
June 30, 2012
(with comparative financial information as of
and for the year ended June 30, 2011)

(3) Contributions Receivable

Contributions receivable are scheduled to be collected as follows at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Within one year	\$ 559,338	317,270
One to five years	<u>5,327,566</u>	<u>4,533,220</u>
	5,886,904	4,850,490
Discount to present value	<u>(607,995)</u>	<u>(100,550)</u>
Contributions receivable, net	<u>\$ 5,278,909</u>	<u>4,749,940</u>

Approximately 78% and 82% of the contributions receivable at June 30, 2012 and 2011, respectively, are from an individual donor.

(4) Student Loans Receivable

Student loans receivable primarily consist of amounts due from students under the School's federally sponsored student loan programs. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes cannot be sold and can only be assigned to the U.S. government or its designees. The fair value of notes receivable from students under the School's other student loan programs approximates carrying value. Student loans receivable consist of the following:

	<u>2012</u>	<u>2011</u>
Federal Perkins student loans	\$ 951,908	928,196
Other student loans	<u>9,688</u>	<u>16,225</u>
	<u>\$ 961,596</u>	<u>944,421</u>

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

(5) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,240,000	1,240,000
Buildings	72,893,759	72,719,010
Furniture and equipment	2,740,114	2,666,909
Musical instruments and audio equipment	4,035,087	3,960,087
Library books, music, and art work (including rare collection items)	1,080,491	1,080,491
Construction in progress	692,195	—
	<u>82,681,646</u>	<u>81,666,497</u>
Accumulated depreciation	<u>(27,011,698)</u>	<u>(24,617,806)</u>
	<u>\$ 55,669,948</u>	<u>57,048,691</u>

(6) Benefit Plans

The School sponsors a defined contribution plan established under the provisions of Section 403(b) of the Internal Revenue Code, which includes a qualified cash or deferred arrangement, for the benefit of eligible employees of the School. The School's policy is to fund, on a current basis, pension costs accrued under this plan. Total annual costs under this plan for the years ended June 30, 2012 and 2011 amounted to approximately \$903,000 and \$862,000, respectively. In addition, the School provides an elective tax-deferred plan established under the provisions of Section 403(b) of the Internal Revenue Code, which includes a qualified cash or deferred arrangement, for the benefit of eligible employees who may make tax-deferred elective contributions. The School does not contribute to this plan. Effective December 31, 2011, the two plans were merged.

The School participates in a multiemployer union pension plan, Building Service 32BJ Pension Fund. The Employer Identification Number is 13-1879376 and the three-digit Pension Plan number is 001. The most recent Pension Protection Act (PPA) zone status is red at July 1, 2011 and 2010, which is for the plan years ended June 30, 2011 and 2010. The zone status is based on information that the School received from the plan sponsor and, as required by the PPA, is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The plan's sponsor has indicated that a rehabilitation plan has been implemented, as required by the PPA. The expiration date of the collective bargaining agreement requiring contributions to the plan is December 31, 2015. The contributions by the School to the union pension fund were approximately \$33,000 and \$29,000 for the years ended June 30, 2012 and 2011, respectively. At the date the financial statements were issued, Form 5500 was not available for the plan year ended June 30, 2012.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

The School also participates in a multiemployer union health fund, Building Service 32BJ Health Fund. The Employer Identification Number is 13-2928869 and the three-digit Pension Plan number is 501. The contributions by the School to the union health fund were approximately \$89,000 and \$86,000 for the years ended June 30, 2012 and 2011, respectively. At the date the financial statements were issued, Form 5500 was not available for the plan year ended June 30, 2012.

The School further participates in three other multiemployer plans, the amounts of which are insignificant to the financial statements.

(7) Indebtedness

The School has financed the construction of a mixed use building primarily for a dormitory for the School's students through long term debt. In May 2009, the Trust for Cultural Resources of the City of New York (the Trust) issued Revenue Bonds, Series 2009A Bonds (Series 2009A Bonds) in the amount of \$42,300,000 on behalf of the School. The Series 2009A Bonds were secured by a letter of credit issued by Wells Fargo Bank, National Association (Wells Fargo), which was terminated in 2010.

In December 2010, the School converted the bonds to a long term interest rate period and entered into a Continuing Covenant Agreement with Wells Fargo whereby Wells Fargo purchased all of the bonds. The initial credit facility was terminated, and all obligations of the Reimbursement Agreement, with the exception of Surviving Obligations as described in the Reimbursement Agreement, were terminated. The bonds are subject to sinking fund redemption on the schedule outlined in the Reimbursement Agreement. The interest rate determination method was adjusted from the weekly interest rate to the long-term interest rate, set at 3.05% for four years from the conversion date, ending December 14, 2014. The Continuing Covenant agreement contains certain covenants, including certain financial ratios, as well as other financial and operational requirements. The School is in compliance with these covenants as of June 30, 2012 and 2011.

The School has a revolving line of credit of \$2,900,000, which was reduced by \$50,000 due to the bond mode change in December 2010. The unused balance of the line of credit is currently \$2,850,000, and the line of credit agreement expires on December 31, 2012. The applicable rate on any amount drawn upon would be based on the prevailing rates, in addition to 1% on the outstanding balance.

In connection with the December 2010 mode change, issuance costs of \$188,455 were capitalized and are being amortized over the life of the bond. Refunding of the debt was considered a substantial modification of terms and was accounted for as an extinguishment of debt and issuance of new debt. As such, the unamortized balance of bond issuance costs of \$999,231 from the redeemed bonds was written off. Interest expense on bonds outstanding during 2012 and 2011 was \$1,230,522 and \$740,894, respectively.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

The maturities of the bonds payable are as follows:

Year ending June 30:	
2013	\$ 1,235,000
2014	1,535,000
2015	1,615,000
2016	1,715,000
2017	1,600,000
Thereafter	<u>32,355,000</u>
	<u>\$ 40,055,000</u>

(8) Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Scholarships	\$ 57,500	65,000
Capital purchases	333,174	100,000
Programs	<u>946,586</u>	<u>580,000</u>
	<u>\$ 1,337,260</u>	<u>745,000</u>

Such amounts restricted for capital are released from restriction when the asset is placed into service.

The income from permanently restricted net assets balances, as detailed below, is expendable to support the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Educational programs	\$ 1,447,441	1,155,642
Scholarships	16,786,380	16,771,305
General operations of the School	<u>2,431,288</u>	<u>2,431,288</u>
	<u>\$ 20,665,109</u>	<u>20,358,235</u>

(9) Endowment

The School follows the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) in managing its donor-restricted endowment. The School has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary. The School has no board-designated endowment funds.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

Accounting guidance requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. However, because the fair value of assets associated with individual donor-restricted endowment funds have fallen below the fund's historic dollar value, deficiencies of this nature are reported in unrestricted net assets.

The following table presents the changes in donor-restricted endowments by net asset class (excluding permanently restricted contributions receivable of \$3,784,082 and \$3,969,140 at June 30, 2012 and 2011, respectively) for the years ended June 30, 2012 and 2011:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	\$ (3,852,840)	—	16,171,752	12,318,912
Investment income	1,420,015	—	—	1,420,015
Contributions	—	—	217,343	217,343
Endowment net assets, June 30, 2011	(2,432,825)	—	16,389,095	13,956,270
Investment loss	(291,000)	—	—	(291,000)
Contributions	—	—	491,932	491,932
Appropriation per spending policy	(436,108)	—	—	(436,108)
Endowment net assets, June 30, 2012	<u>\$ (3,159,933)</u>	<u>—</u>	<u>16,881,027</u>	<u>13,721,094</u>

The School's investment objective is to provide that future growth of the portfolio is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment fund. The objective of the investment program is to enhance the portfolio's long-term viability by maximizing the value of the portfolio with prudent level of risk. The School has a spending policy of appropriating for distribution each year 2.5% to 4.0% of the endowment fund, depending on performance of the investment portfolio as well as considering the factors included in NYPMIFA.

(10) Asset Retirement Obligation

Management has identified asbestos abatement as a conditional asset retirement obligation and has recorded a liability in the accompanying statement of financial position for such obligation. No amounts were remediated in 2011. The School incurred remediation costs of \$18,719 in 2012.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2012

(with comparative financial information as of
and for the year ended June 30, 2011)

(11) Equipment Financing Obligation

The School entered into an equipment financing obligation arrangement with Wells Fargo Equipment Finance, Inc. on September 10, 2010, for the sole purpose of purchasing 17 Steinway & Sons grand pianos and benches. The principal disbursed was \$782,650. Installments of \$14,684 are due monthly, and the payment schedule of principal and interest are calculated at an annual interest rate of 4.76%. Future payments as of June 30, 2012 are as follows:

Year ending June 30:		
2013	\$	176,205
2014		176,204
2015		176,203
2016		<u>44,052</u>
Total payments		572,664
Less amount representing interest		<u>(43,068)</u>
Equipment financing obligation	\$	<u><u>529,596</u></u>

(12) Subsequent Events

The School evaluated events subsequent to June 30, 2012 through October 15, 2012, the date on which the financial statements were issued, and concluded that no additional disclosures are required.



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

October 15, 2012

The Board of Trustees
Manhattan School of Music
New York, NY

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Manhattan School of Music (the School), as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized in Exhibit I.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the School's organization gained during our work to make comments and suggestions that we hope will be useful to you.



The Board of Trustees
Manhattan School of Music
October 15, 2012
Page 2 of 2

We would be pleased to discuss these comments and recommendations with you at any time.

The School's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Audit Committee, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Current Year Comments and Recommendations

Formal Approval of Final Scholarships

Observation and Recommendation

Scholarships are approved and awarded to students by the Scholarship Committee. The amounts awarded to each student are documented and tracked in a spreadsheet by the financial aid department. Adjustments to the original scholarship award amount may occur for various reasons. The Schools procedures require that the adjustments be reviewed by the Scholarship Committee. However documentation of these subsequent decisions is not in all cases formalized. We suggest that the Scholarship Committee keep appropriate documentation to support their approval of these adjustments going forward.

Management's Response

Management concurs with this recommendation and will set up procedures to document the actions of the Scholarship Committee.

Expense Allocations

Observation and Recommendation

The School has been reviewing its operations and programs to determine their effects on the financials operations of the School, including cash flows and profitability. As the School is undertaking such analysis, we recommend that the School review its allocation process for depreciation and other non cash items to better understand how the programs and segments are functioning.

Management's Response

We agree and we will determine the best means to allocate depreciation and non-cash items as well as review any other allocations.

Accounting for Contributions

Observation and Recommendation

As the School continues to grow and receive additional donor support, we recommend management enhance policies and practices in place over contribution accounting to ensure contributions continue to be properly recorded and reconciled. Suggested areas for review include:

- Procedures for recording the present value discount in the appropriate net asset class;
- Procedures for the allocation of income and authorized spending to each individual donor restricted endowment fund; and
- Procedures for recording restricted gifts whose restrictions are met in the same reporting period.

Management's Response

We agree and will consider the above suggestions and make adjustments to our policies and procedures.



MANHATTAN SCHOOL OF MUSIC

Financial Statements

June 30, 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Manhattan School of Music:

We have audited the accompanying statement of financial position of Manhattan School of Music (the School) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the School's 2010 financial statements, and in our report dated October 13, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan School of Music as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

October 21, 2011

MANHATTAN SCHOOL OF MUSIC

Statement of Financial Position

June 30, 2011

(with comparative financial information
as of June 30, 2010)

Assets	2011	2010
Cash and cash equivalents	\$ 4,771,416	5,225,514
Contributions receivable, net (note 3)	4,749,940	1,503,491
Prepaid expenses and other assets	269,905	132,585
Student loans receivable (note 4)	944,421	837,263
Investments (note 2)	19,666,623	16,104,132
Deferred bond issue costs, net (note 7)	183,744	1,023,324
Property, plant, and equipment, net (note 5)	57,048,691	58,196,490
Total assets	<u>\$ 87,634,740</u>	<u>83,022,799</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,888,208	1,363,608
Unearned tuition and fees	1,251,159	1,581,358
Equipment financing obligation (note 12)	676,769	—
U.S. government grants refundable	542,587	542,852
Bonds payable (note 7)	41,215,000	42,300,000
Asset retirement obligation (note 11)	731,013	731,013
Total liabilities	<u>46,304,736</u>	<u>46,518,831</u>
Net assets (notes 9 and 10):		
Unrestricted	20,226,769	19,101,216
Temporarily restricted	745,000	1,231,000
Permanently restricted	20,358,235	16,171,752
Total net assets	<u>41,330,004</u>	<u>36,503,968</u>
Total liabilities and net assets	<u>\$ 87,634,740</u>	<u>83,022,799</u>

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Statement of Activities

Year ended June 30, 2011

(with summarized financial information
for the year ended June 30, 2010)

	2011			2010	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating activities:					
Revenues:					
Student tuition and fees, net of scholarship allowance of \$8,052,460 and \$7,608,299 in 2011 and 2010, respectively	\$ 25,174,245	—	—	25,174,245	24,184,365
Auxiliary services	6,484,084	—	—	6,484,084	6,259,850
Other revenue	8,518	—	—	8,518	620
Net assets released from restrictions related to operating activities	860,005	(860,005)	—	—	—
Total operating revenues	32,526,852	(860,005)	—	31,666,847	30,444,835
Expenses:					
Program services:					
Instruction	15,157,404	—	—	15,157,404	14,112,451
Academic support	3,990,642	—	—	3,990,642	3,911,324
Student services	2,992,594	—	—	2,992,594	3,246,250
Auxiliary services	6,110,481	—	—	6,110,481	5,132,691
Total program services	28,251,121	—	—	28,251,121	26,402,716
Supporting services:					
General and administrative	4,546,251	—	—	4,546,251	4,673,579
Fund raising	954,956	—	—	954,956	938,342
Total supporting services	5,501,207	—	—	5,501,207	5,611,921
Total expenses	33,752,328	—	—	33,752,328	32,014,637
Excess of operating expenses over revenues	(1,225,476)	(860,005)	—	(2,085,481)	(1,569,802)
Nonoperating activities:					
Contributions and grants	502,721	1,024,655	4,186,483	5,713,859	3,019,278
Investment return, net (note 2)	1,893,345	—	—	1,893,345	1,292,968
Government grants	331,161	—	—	331,161	482,338
Write-off of bond issuance costs (note 7)	(999,231)	—	—	(999,231)	—
Other	(27,617)	—	—	(27,617)	(128,130)
Net assets released from restrictions for capital expenditures	650,650	(650,650)	—	—	—
Change in net assets	1,125,553	(486,000)	4,186,483	4,826,036	3,096,652
Net assets, beginning of year	19,101,216	1,231,000	16,171,752	36,503,968	33,407,316
Net assets, end of year	\$ 20,226,769	745,000	20,358,235	41,330,004	36,503,968

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Statement of Cash Flows

Year ended June 30, 2011

(with comparative financial information
for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,826,036	3,096,652
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for endowment and capital	(4,186,483)	(1,235,219)
Contributions of investments	(56,139)	(11,292)
Depreciation and amortization	2,442,610	2,392,961
Amortization of deferred bond issuance costs	28,804	32,243
Net appreciation in fair value of investments	(1,285,718)	(1,024,328)
Write-off bond issuance costs	999,231	—
Amounts expended for asset retirement obligation	—	(46,884)
Changes in assets and liabilities:		
Contributions receivable, net	699,285	(696,345)
Prepaid expenses and other assets	(137,320)	703,449
Accounts payable and accrued expenses	524,600	(62,028)
Unearned tuition and fees	(330,199)	447,982
Net cash provided by operating activities	<u>3,524,707</u>	<u>3,597,191</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(1,294,811)	(871,344)
Student loans issued	(163,000)	(144,749)
Student loans repaid	55,842	79,446
Purchases of investments	(10,886,833)	(15,108,315)
Proceeds from sales of investments	8,666,199	10,139,157
Net cash used in investing activities	<u>(3,622,603)</u>	<u>(5,905,805)</u>
Cash flows from financing activities:		
Contributions restricted for endowment and capital	4,186,483	1,235,219
(Increase) decrease in contributions receivable related to endowment and capital	(3,945,734)	393,831
(Decrease) increase in U.S. government grants refundable	(265)	2,851
Repayment of bonds payable	(42,300,000)	—
Proceeds from bond issuance	41,215,000	—
Proceeds from equipment financing	782,650	—
Payment of bond issuance costs	(188,455)	—
Repayment of equipment financing	(105,881)	—
Repayment of line of credit	—	(1,000,000)
Net cash (used in) provided by financing activities	<u>(356,202)</u>	<u>631,901</u>
Net decrease in cash and cash equivalents	(454,098)	(1,676,713)
Cash and cash equivalents, beginning of year	<u>5,225,514</u>	<u>6,902,227</u>
Cash and cash equivalents, end of year	<u>\$ 4,771,416</u>	<u>5,225,514</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 413,865	81,355

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2011

(with comparative financial information as of
and for the year ended June 30, 2010)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Manhattan School of Music (the School) is a preeminent international conservatory of music granting Bachelor of Music, Master of Music, Doctor of Musical Arts degrees, and postgraduate degree programs. The School, which was founded in 1918, serves more than 900 college students from more than 40 countries, and more than 450 students in the age group of 5 – 18 in the precollege division, as well as provides a summer music camp by audition to approximately 80 students who have completed grades 6 – 11. The School employs an artist-teacher faculty of approximately 275 professional musicians.

(b) Tax Status

The School is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The School recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the School's exempt purpose is subject to tax under Internal Revenue Code Section 511. The School did not recognize any unrelated business income tax liability for the years ended June 30, 2011 and 2010.

(c) Financial Statement Presentation

The School prepares its financial statements on the accrual basis of accounting. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met by either actions of the School and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the School, but permit the School to expend all or part of the income derived therefrom.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) except for those restrictions met in the same year as received, which are reported as revenues of the unrestricted net assets, are reported as net assets released from restrictions.

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The statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities include investment return, contributions and grants, amounts released for capital, and nonrecurring items.

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include the fair value of alternative investments, net realizable value of contributions receivable, the useful lives of fixed assets, the functional allocation of expenses, and the estimate of the asset retirement obligation. Actual results could differ from those estimates.

(e) Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year's summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting policies. Accordingly, such information should be read in conjunction with the School's audited financial statements for the year ended June 30, 2010, from which the summarized information was derived.

(f) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments classified as Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the School's

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

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interest therein, its classification in Levels 2 or 3 is based on the School's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

In 2011, the School adopted Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures about Fair Value Measurements*. The ASU amends FASB ASC No. 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and temporary investments purchased with original maturities of three months or less.

(h) Contributions

Contributions, which include unconditional promises to give, are recognized as revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates (ranging from 2.20% to 2.54%) applicable to the years in which the promises are received.

(i) Investments

The School's investments in fixed income funds, equity funds, and equity securities are carried at fair value based on quoted market prices. The School's investments in alternative investments, primarily in funds of funds and hedge funds, are stated at estimated fair value which, as a practical expedient, is the net asset value as provided by the investment managers and evaluated for reasonableness by the School's management.

The School invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and could affect the amounts reported in the statement of financial position.

(j) Deferred Bond Issue Costs

Costs incurred for issuance of bonds are capitalized and amortized over the term of the related bonds.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2011

(with comparative financial information as of
and for the year ended June 30, 2010)

(k) Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, if donated, at fair value on the date of contribution. Depreciation of assets is computed on the straight-line method over the estimated useful lives of 5 to 40 years.

(l) Unearned Tuition and Fees

The School records unearned tuition and fees related to prepayments of future tuition as liabilities.

(m) U.S. Government Grants Refundable

The School participates in the Perkins Loan Program (the Program) sponsored by the U.S. Department of Education. Funds provided by the U.S. government under the Program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government and are presented in the accompanying statement of financial position as U.S. government grants refundable.

(2) Investments

The fair value of investments at June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Fixed income funds:		
U.S. Government	\$ 6,139,766	4,874,137
Corporate	—	3,739,049
Commodity real return strategy fund	1,022,845	15,210
Equity funds:		
Domestic	996,811	—
International	4,783,423	1,944,228
Equity securities:		
Domestic	232,467	134,550
International	13,088	6,140
Alternative investments:		
Multi-strategy fund of funds	1,395,266	4,409,638
Hedge funds	5,082,957	981,180
	<u>\$ 19,666,623</u>	<u>16,104,132</u>

Information with respect to the strategies and redemption provisions of those investment funds that are reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows (amounts included are as of June 30, 2011):

Multi-strategy fund of funds (\$1,395,266) – focuses on relative value and other nondirectional investment strategies and seeks capital preservation and low-volatility returns, which are uncorrelated to the broader markets.

MANHATTAN SCHOOL OF MUSIC

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June 30, 2011

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Hedge funds (\$5,082,957) – objective is to achieve maximum capital appreciation, independent of the returns of the overall equity and debt markets, by the use of a variety of securities trading strategies. Fundamental analysis is utilized to capitalize on specific situations such as distressed investing, credit opportunities, special situations, merger arbitrage, reorganizations, bankruptcies, distressed debt, postbankruptcy equities, and balance sheet arbitrage.

<u>Redemption period</u>	<u>Notice period</u>	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>
Quarterly	30 – 60 days	—	2,585,767
Semi-annual	95 days	183,381	—
Annual	65 days	200,506	1,535,597
Subject to lock-up		<u>1,011,379</u>	<u>961,593</u>
Total		<u>\$ 1,395,266</u>	<u>5,082,957</u>

(a) Anticipated to be released from lock-up in March 2012

(b) Anticipated to be released from lock-up in April 2013

There were no unfunded commitments as of June 30, 2011.

The following table presents the School's fair value hierarchy for investments, the only financial instruments measured at fair value as of June 30, 2011:

	<u>Total fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income funds:				
U.S. Government	\$ 6,139,766	6,139,766	—	—
Commodity real return strategy fund	1,022,845	1,022,845	—	—
Equity funds				
Domestic	996,811	996,811	—	—
International	4,783,423	4,783,423	—	—
Equity securities:				
Domestic	232,467	232,467	—	—
International	13,088	13,088	—	—
Alternative investments:				
Multi-strategy fund of funds	1,395,266	—	—	1,395,266
Hedge funds	<u>5,082,957</u>	<u>—</u>	<u>2,585,767</u>	<u>2,497,190</u>
Total	<u>\$ 19,666,623</u>	<u>13,188,400</u>	<u>2,585,767</u>	<u>3,892,456</u>

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2011

(with comparative financial information as of
and for the year ended June 30, 2010)

The following table presents the School's fair value hierarchy for investments, the only financial instruments measured at fair value as of June 30, 2010:

	<u>Total fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income funds:				
U.S. Government	\$ 4,874,137	4,874,137	—	—
Corporate	3,739,049	3,739,049	—	—
Commodity real return strategy fund	15,210	15,210	—	—
Equity funds:				
International	1,944,228	1,944,228	—	—
Equity securities:				
Domestic	134,550	134,550	—	—
International	6,140	6,140	—	—
Alternative investments:				
Multi-strategy funds of funds	4,409,638	—	—	4,409,638
Hedge funds	981,180	—	981,180	—
Total	<u>\$ 16,104,132</u>	<u>10,713,314</u>	<u>981,180</u>	<u>4,409,638</u>

The following table presents the reconciliation for all Level 3 assets measured at fair value for the years ended June 30, 2011 and 2010:

	<u>2011</u>		<u>2010</u>	
	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>
Financial assets:				
Beginning balance, July 1	\$ 4,409,638	—	4,830,336	—
Total net realized and unrealized gains/ (loss)	398,023	(2,810)	560,482	—
Redemptions	(4,412,395)	—	—	—
Purchases	1,000,000	2,500,000	—	—
Reclassification to level 2	—	—	(981,180)	—
Ending balance, June 30	<u>\$ 1,395,266</u>	<u>2,497,190</u>	<u>4,409,638</u>	<u>—</u>

MANHATTAN SCHOOL OF MUSIC
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Investment return, net for the years ended June 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 746,297	365,766
Net appreciation in fair value of investments	1,285,718	1,024,328
Investment advisory fees	(138,670)	(97,126)
Investment return, net	<u>\$ 1,893,345</u>	<u>1,292,968</u>

(3) Contributions Receivable

Contributions receivable are scheduled to be collected as follows at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Within one year	\$ 317,270	815,515
One to five years	4,533,220	694,090
	4,850,490	1,509,605
Discount to present value	(100,550)	(6,114)
Contributions receivable, net	<u>\$ 4,749,940</u>	<u>1,503,491</u>

Approximately 82% and 27% of the contributions receivable at June 30, 2011 and 2010, respectively, are from an individual donor.

(4) Student Loans Receivable

Student loans receivable primarily consist of amounts due from students under the School's federally sponsored student loan programs. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes cannot be sold and can only be assigned to the U.S. government or its designees. The fair value of notes receivable from students under the School's other student loan programs approximates carrying value. Student loans receivable consist of the following:

	<u>2011</u>	<u>2010</u>
Federal Perkins student loans	\$ 928,196	822,010
Other student loans	16,225	15,253
	<u>\$ 944,421</u>	<u>837,263</u>

MANHATTAN SCHOOL OF MUSIC
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(5) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,240,000	1,240,000
Buildings	72,719,010	71,744,482
Furniture and equipment	2,666,909	2,500,724
Musical instruments and audio equipment	3,960,087	3,123,404
Library books, music, and art work (including rare collection items)	1,080,491	1,076,521
Construction in progress	—	686,555
	<u>81,666,497</u>	<u>80,371,686</u>
Accumulated depreciation	<u>(24,617,806)</u>	<u>(22,175,196)</u>
	<u>\$ 57,048,691</u>	<u>58,196,490</u>

(6) Pension Plans

The School sponsors a defined contribution plan (the Plan) established under the provisions of Section 403(b) of the Internal Revenue Code, which includes a qualified cash or deferred arrangement, for the benefit of eligible employees of the School. The School's policy is to fund, on a current basis, pension costs accrued under the Plan. Total annual costs under the Plan for the years ended June 30, 2011 and 2010 amounted to approximately \$862,000 and \$807,000, respectively.

In addition, the School provides an elective tax deferred plan established under the provisions of Section 403(b) of the Internal Revenue Code, which includes a qualified cash or deferred arrangement, for the benefit of eligible employees who may make tax deferred elective contributions. The School does not contribute to this plan.

(7) Indebtedness

In May 2009, the Trust for Cultural Resources of the City of New York (the Trust) issued Revenue Bonds, Series 2009A Bonds (Series 2009A Bonds) in the amount of \$42,300,000 on behalf of the School. The School used the proceeds from the issuance of the Series 2009A Bonds to refund the outstanding variable rate revenue bonds of \$42,675,000 which financed the balance of the construction of a mixed use building primarily for use as a dormitory for the School's students. The Series 2009A Bonds bear variable interest rates set on a weekly basis in 2010, maturing through 2029.

The Series 2009A Bonds were secured by a letter of credit of \$42,995,343 issued by Wells Fargo Bank, National Association (Wells Fargo) on May 19, 2009, expiring in 2011 (initial credit facility) under the 2009 Reimbursement Agreement. The letter of credit represented coverage for the \$42,300,000 balance of the bonds in addition to \$695,343 representing 50 days of interest of 12% per annum. The terms of the

MANHATTAN SCHOOL OF MUSIC

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letter of credit allowed it to be drawn upon. As of June 30, 2010, there were no amounts outstanding under the letter of credit agreement. The letter of credit was terminated in December 2010.

In December 2010, the School converted the bonds to a long term interest rate period and entered into a Continuing Covenant Agreement dated December 1, 2010 with Wells Fargo whereby Wells Fargo purchased all of the bonds. The initial credit facility was terminated and all obligations of the Reimbursement Agreement, with the exception of Surviving Obligations as described in the Reimbursement Agreement, were terminated. The bonds are subject to sinking fund redemption on the schedule outlined in the Reimbursement Agreement. The interest rate determination method was adjusted from the weekly interest rate to the long-term interest rate, set at 3.05% for four years from the conversion date, ending December 14, 2014. The Continuing Covenant agreement contains certain covenants, including certain financial ratios, as well as other financial and operational requirements. The School is in compliance with these covenants as of June 30, 2011 and 2010.

In May 2010, the School obtained a new revolving line of credit of \$2,900,000, which was reduced by \$1,102,741, the amount of the irrevocable letter of credit (note 8) on September 30, 2010. An additional \$50,000 from the same line of credit was subsequently applied toward the bond mode change in December 2010. The September 30, 2010 irrevocable letter of credit was terminated early on March 9, 2011 and the amount refunded to the line of credit. At June 30, 2011, the only draw against the line of credit remaining is the \$50,000 toward the December 2010 bond mode change. The unused balance of the line of credit is currently \$2,850,000 and the line of credit agreement expires on December 31, 2011. The applicable rate on any amount drawn upon would be based on the prevailing rates, in addition to 2% on the outstanding balance.

In connection with the December 2010 mode change, issuance costs of \$188,455 were capitalized and are being amortized over the life of the bond. Refunding of the debt was considered a substantial modification of terms and was accounted for as an extinguishment of debt and issuance of new debt. As such, the unamortized balance of bond issuance costs of \$999,231 from the redeemed bonds was written off and included as a loss from write-off of bond issuance costs on the statement of activities in 2011. Interest expense on bonds outstanding during 2011 and 2010 was \$740,894 and \$81,355, respectively. The effective average interest rate on the outstanding bonds during 2011 and 2010 approximated 3.05% and 0.19%, respectively.

The maturities of the bonds payable are as follows:

Year ending June 30:	
2012	\$ 1,160,000
2013	1,235,000
2014	1,535,000
2015	1,615,000
2016	1,715,000
Thereafter	33,955,000
	\$ 41,215,000

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2011

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(8) Commitments and Contingencies

The School is required to satisfy certain financial responsibility ratios on an annual basis, in connection with its participation in the federal student financial aid program. For 2009, the School did not meet the minimum requirements and was required to establish an irrevocable letter of credit of \$1,102,741 by the United States Department of Education (the Department), as well as comply with certain other requirements. The letter of credit was established on April 30, 2010 and was effective through September 30, 2011. On March 9, 2011, prior to the termination of the letter of credit's effective date, the Department notified the School it had reviewed its June 30, 2010 financial statements. Based on the strength of the financial statements and meeting the Department's indicator requirements, the School was no longer required to comply with the irrevocable letter of credit and the letter of credit was terminated.

(9) Net Assets

Temporarily restricted net assets are available for the following purposes or time restrictions at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 65,000	—
Capital purchases	100,000	561,000
Time restrictions	<u>580,000</u>	<u>670,000</u>
	<u>\$ 745,000</u>	<u>1,231,000</u>

Such amounts restricted for capital are released from restriction when the asset is placed into service.

The income from permanently restricted funds is expendable to support the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Educational programs	\$ 1,155,642	1,148,213
Scholarships	16,771,305	12,592,251
General operations of the School	<u>2,431,288</u>	<u>2,431,288</u>
	<u>\$ 20,358,235</u>	<u>16,171,752</u>

(10) Endowment

In 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). The School has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary. As a result of this interpretation, the

MANHATTAN SCHOOL OF MUSIC

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School has not changed the way permanently restricted net assets are classified. Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC No. 958-205, *Not-for-Profit Entities*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The School's endowment consists of approximately 135 individual funds established for a variety of purposes. The School has no board-designated endowment funds. The following table represents the net asset classes of the School's endowment funds as of June 30, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
June 30, 2011:				
Donor-restricted endowment funds	\$ (2,432,825)	—	16,389,095	13,956,270
June 30, 2010:				
Donor-restricted endowment funds	\$ (3,852,840)	—	16,171,752	12,318,912

The following table presents changes in endowments (excluding permanently restricted contributions receivable of \$3,969,140 at June 30, 2011) for the years ended June 30, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	\$ (5,145,808)	—	15,497,534	10,351,726
Investment income, net	268,640	—	—	268,640
Net appreciation in fair value of investments	1,024,328	—	—	1,024,328
Contributions	—	—	674,218	674,218
Endowment net assets, June 30, 2010	(3,852,840)	—	16,171,752	12,318,912
Investment income, net	455,726	—	—	455,726
Net appreciation in fair value of investments	964,289	—	—	964,289
Contributions	—	—	217,343	217,343
Endowment net assets, June 30, 2011	<u>\$ (2,432,825)</u>	<u>—</u>	<u>16,389,095</u>	<u>13,956,270</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the fund's historic dollar value. Deficiencies of this nature are reported in unrestricted net assets.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

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The School's investment objective is to provide that future growth of the portfolio is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment fund. The objective of the investment program is to enhance the portfolio's long-term viability by maximizing the value of the portfolio with prudent level of risk. The School has a spending policy of appropriating for distribution each year 2.5%-4% of the endowment fund, depending on performance of the investment portfolio as well as considering the factors included in NYPMIFA.

(11) Asset Retirement Obligation

Management has identified asbestos abatement as a conditional asset retirement obligation and has recorded a liability in the accompanying statement of financial position for such obligation. There was a settlement of the asset retirement obligation of \$46,884 at June 30, 2010. No amounts were remediated in 2011.

(12) Equipment Financing Obligation

The School entered into an equipment financing obligation arrangement with Wells Fargo Equipment Finance, Inc. on September 10, 2010, for the sole purpose of purchasing 17 Steinway & Sons grand pianos and benches. The principal disbursed was \$782,650. Installments of \$14,684 are due monthly and the payment schedule of principal and interest are calculated at an annual interest rate of 4.76%. Future payments as of June 30, 2011 are as follows:

Year ending Jun 30:		
2012	\$	176,204
2013		176,205
2014		176,204
2015		176,203
2016		44,052
		<hr/>
Total payments		748,868
		<hr/>
Less amount representing interest		(72,099)
		<hr/>
Equipment financing obligation		<u>676,769</u>

(13) Subsequent Events

The School evaluated events subsequent to June 30, 2011 through October 21, 2011, the date on which the financial statements were issued, and concluded that no additional disclosures are required.



KPMG LLP
345 Park Avenue
New York, NY 10154

October 21, 2011

The Board of Trustees
Manhattan School of Music

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Manhattan School of Music (the School) as of and for the year ended June 30, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Although not considered to be a significant deficiency or material weakness, during our audit we noted an issue involving internal control that is presented for your consideration as shown in Exhibit I. This comment and recommendation have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the School's organization gained during our work to make comments and suggestions that we hope will be useful to you.



We would be pleased to discuss this comment and recommendation with you at any time.

The School's written response to the recommendation has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Audit Committee, others within the School, and federal awarding agencies upon request, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Management of Endowment Funds

In 2010, State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA) which governs the management of endowment funds in New York State. NYPMIFA requires that for each determination to appropriate or accumulate funds for expenditures, the institution must keep a contemporaneous record describing the consideration that the institution's governing body gave to each of the factors set forth below:

- The duration and preservation of the endowment fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the institution;
- Where appropriate and if circumstances would otherwise warrant, alternatives to the expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution; and
- The investment policy of the institution.

We recommend that management review and update, where appropriate, the School's investment and spending policies and practices in light of the new statutory requirements. Since the law requires that such decision be made prudently and in good faith, the relevant minutes or other contemporaneous record should carefully detail the Board's considerations so as to demonstrate that these standards were observed. In addition, we recommend that management fully analyze the donor-restricted endowment funds in order to ensure compliance with NYPMIFA, including the donor notification requirement.

Management Response

Management agrees with this comment and in fact we had sent our Controller to two seminars on NYPMIFA in the spring and we have initiated discussions with the board with respect to adjusting our investment spending policies and practices.



MANHATTAN SCHOOL OF MUSIC

Financial Statements

June 30, 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Manhattan School of Music:

We have audited the accompanying statement of financial position of Manhattan School of Music (the School) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the School's 2009 financial statements, and in our report dated September 28, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan School of Music as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

October 13, 2010

MANHATTAN SCHOOL OF MUSIC

Statement of Financial Position

June 30, 2010

(With comparative financial information
as of June 30, 2009)

Assets	2010	2009
Cash and cash equivalents	\$ 5,225,514	6,902,227
Contributions receivable, net (note 3)	1,503,491	1,200,977
Prepaid expenses and other assets	132,585	836,034
Student loans receivable (note 4)	837,263	771,960
Investments (note 2)	16,104,132	10,099,354
Deferred bond issue costs, net (note 7)	1,023,324	1,055,567
Property, plant, and equipment, net (note 5)	58,196,490	59,718,107
Total assets	\$ 83,022,799	80,584,226
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,363,608	1,425,636
Line of credit (note 7)	—	1,000,000
Unearned tuition and fees	1,581,358	1,133,376
U.S. government grants refundable	542,852	540,001
Bonds payable (note 7)	42,300,000	42,300,000
Asset retirement obligation (note 12)	731,013	777,897
Total liabilities	46,518,831	47,176,910
Net assets:		
Unrestricted	19,101,216	16,638,451
Temporarily restricted (note 10)	1,231,000	1,271,331
Permanently restricted (notes 10 and 11)	16,171,752	15,497,534
Total net assets	36,503,968	33,407,316
Total liabilities and net assets	\$ 83,022,799	80,584,226

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Statement of Activities

Year ended June 30, 2010

(With summarized financial information
for the year ended June 30, 2009)

	2010			2009	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating activities:					
Revenues:					
Student tuition and fees, net of scholarship allowance of \$7,608,299 and \$7,508,616 in 2010 and 2009, respectively	\$ 24,184,365	—	—	24,184,365	24,369,443
Auxiliary services, net of scholarship allowance of \$200,030 and \$145,750 in 2010 and 2009, respectively	6,259,850	—	—	6,259,850	6,649,760
Other revenue	620	—	—	620	20,870
Net assets released from restrictions	1,161,331	(1,161,331)	—	—	—
Total operating revenues	31,606,166	(1,161,331)	—	30,444,835	31,040,073
Expenses:					
Program services:					
Instruction	14,112,451	—	—	14,112,451	13,687,107
Academic support	3,911,324	—	—	3,911,324	4,621,925
Student services	3,246,250	—	—	3,246,250	3,316,250
Auxiliary services	5,132,691	—	—	5,132,691	8,027,221
Total program services	26,402,716	—	—	26,402,716	29,652,503
Supporting services:					
General and administrative	4,673,579	—	—	4,673,579	4,731,196
Fund-raising	938,342	—	—	938,342	1,026,510
Total supporting services	5,611,921	—	—	5,611,921	5,757,706
Total expenses	32,014,637	—	—	32,014,637	35,410,209
Excess of operating expenses over revenues	(408,471)	(1,161,331)	—	(1,569,802)	(4,370,136)
Nonoperating activities:					
Contributions and grants	1,224,060	1,121,000	674,218	3,019,278	3,122,798
Investment return (note 2)	1,292,968	—	—	1,292,968	(3,599,861)
Government grants	482,338	—	—	482,338	350,917
Write-off of bond issuance costs (note 7)	—	—	—	—	(1,539,113)
Loss on interest rate swap (note 9)	—	—	—	—	(221,532)
Other fees	(128,130)	—	—	(128,130)	(137,301)
Investment income on deposit with trustee (note 7)	—	—	—	—	161,873
Change in net assets	2,462,765	(40,331)	674,218	3,096,652	(6,232,355)
Net assets, beginning of year	16,638,451	1,271,331	15,497,534	33,407,316	39,639,671
Net assets, end of year	\$ 19,101,216	1,231,000	16,171,752	36,503,968	33,407,316

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Statement of Cash Flows

Year ended June 30, 2010
(with comparative financial information
for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,096,652	(6,232,355)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for endowment and capital	(1,235,219)	(1,271,064)
Contributions of investments	(11,292)	(26,143)
Depreciation and amortization	2,392,961	2,361,723
Amortization of deferred bond issuance costs	32,243	48,240
Net (appreciation) depreciation in fair value of investments	(1,024,328)	3,808,808
Loss on interest rate swap	—	221,532
Write-off of bond issuance costs	—	1,539,113
Amounts expended for asset retirement obligation	(46,884)	(129,603)
Payment of interest rate swap	—	(2,384,000)
Changes in assets and liabilities:		
Contributions receivable, net	(696,345)	169,044
Prepaid expenses and other assets	703,449	(647,850)
Accounts payable and accrued expenses	(62,028)	30,075
Unearned tuition and fees	447,982	(200,471)
Net cash provided by (used in) operating activities	<u>3,597,191</u>	<u>(2,712,951)</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(871,344)	(660,931)
Student loans granted	(144,749)	(113,500)
Student loans repaid	79,446	86,988
Purchases of investments	(15,108,315)	(5,294,640)
Proceeds from sales of investments	10,139,157	5,891,013
Net cash used in investing activities	<u>(5,905,805)</u>	<u>(91,070)</u>
Cash flows from financing activities:		
Contributions restricted for endowment and capital	1,235,219	1,271,064
Decrease in contributions receivable related to endowment and capital	393,831	455,020
Increase in U.S. government grants refundable	2,851	485
Decrease in funds held by bond trustee	—	3,996,480
Repayment of bonds payable	—	(43,745,000)
Proceeds from bond issuance	—	42,300,000
Payment of bond issuance costs	—	(1,062,206)
(Repayment) proceeds under line of credit	(1,000,000)	1,000,000
Net cash provided by financing activities	<u>631,901</u>	<u>4,215,843</u>
Net (decrease) increase in cash and cash equivalents	(1,676,713)	1,411,822
Cash and cash equivalents, beginning of year	6,902,227	5,490,405
Cash and cash equivalents, end of year	<u>\$ 5,225,514</u>	<u>6,902,227</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ 81,355	3,518,521

See accompanying notes to financial statements.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Manhattan School of Music (the School) is a preeminent international conservatory of music granting Bachelor of Music, Master of Music, Doctor of Musical Arts degrees, and postgraduate degree programs. The School, which was founded in 1918, serves more than 800 college students from more than 40 countries, and more than 450 students in the age group of 5 – 18 in the precollege division, as well as provides a summer music camp to approximately 125 New York City school children in fifth through eighth grades each summer. The School employs an artist-teacher faculty of approximately 275 professional musicians.

(b) Tax Status

The School is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

(c) Summary of Significant Accounting Policies

The significant accounting policies followed by the School are described below.

(d) Financial Statement Presentation

The School prepares its financial statements on the accrual basis of accounting. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met by either actions of the School and/or the passage of time

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the School, but permit the School to expend all or part of the income derived therefrom

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) except for those restrictions met in the same year as received, which are reported as revenues of the unrestricted net assets, are reported as net assets released from restrictions.

The statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities include investment return, contributions and grants, the change in value of interest rate swap, and nonrecurring items.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)**(e) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include fair value of alternative investments, net realizable value of contributions receivable, the useful lives of fixed assets, and asset retirement obligation. Actual results could differ from those estimates.

(f) Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year's summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting policies. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and temporary investments purchased with original maturities of three months or less.

(h) Contributions

Contributions, which include unconditional promises to give, are recognized as revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates (ranging from 0.32% to 5.11%) applicable to the years in which the promises are received.

(i) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

(j) Investments

The School's investments in fixed income funds and equity securities are carried at fair value based on quoted market prices. The School's investments in alternative investments, primarily in funds of funds and hedge funds, are stated at estimated fair value which, as a practical expedient, is the net asset value as provided by the investment managers, and evaluated for reasonableness by the School's management.

The School invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and could affect the amounts reported in the statement of financial position.

(k) Deferred Bond Issue Costs

Costs incurred for issuance of bonds are capitalized and amortized over the term of the related bonds.

(l) Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, if donated, at fair value on the date of contribution. Depreciation of assets is computed on the straight-line method over the estimated useful lives of 5 to 40 years.

(m) Unearned Tuition and Fees

The School records unearned tuition and fees related to prepayments of spring and fall session college tuition as liabilities.

(n) U.S. Government Grants Refundable

The School participates in the Perkins Loan Program (the Program) sponsored by the U.S. Department of Education. Funds provided by the U.S. government under the Program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government and are presented in the accompanying statement of financial position as U.S. government grants refundable.

(o) New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued ASC No. 105-10 (formerly referred to as SFAS No. 168), *The FASB Accounting Standards Codification and the Hierarchy of*

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

Generally Accepted Accounting Principles (ASC 105-10). The codification brings together and organizes all Generally Accepted Accounting Principles (GAAP) previously in Levels A through D of the GAAP hierarchy and designates GAAP into two levels, authoritative and nonauthoritative. As of June 30, 2010, the School adopted ASC 105-10.

In 2010, the School adopted FASB Accounting Standards Update (ASU) No. 2009-12, *Fair Value Measurements and Disclosures – Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, with respect to investments within its scope (principally, hedge funds and fund of funds – collectively, alternative investments). This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. In addition, classification of these investments within the fair value hierarchy is based on the School's ability to redeem its interest at or near balance sheet date rather than on valuation inputs.

In 2010, the School adopted ASU 2009-06, *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*, in conjunction with its adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (now included in ASC Subtopic 740-10, *Income Taxes – Overall*). FASB Interpretation No. 48 addresses the accounting for uncertainties in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There was no significant impact to the School's financial statements as a result of the adoption of this guidance.

(2) Investments

The fair value of investments at June 30, 2010 and 2009 is as follows:

	2010	2009
Fixed income funds:	\$	
Government	4,874,137	—
Corporate	3,739,049	5,229,978
Other	15,210	—
Equity securities:		
Domestic	134,549	17,636
International	1,950,369	21,404
Alternative investments:		
Multi-strategy fund of funds	4,409,638	4,830,336
Hedge funds	981,180	—
	\$ 16,104,132	10,099,354

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

Information with respect to the strategies and redemption provisions of those investment funds which are reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows (amounts included are as of June 30, 2010):

Multi-strategy fund of funds (\$4,409,638) – focuses on relative value and other nondirectional investment strategies and seeks capital preservation and low-volatility returns, which are uncorrelated to the broader markets.

Hedge funds (\$981,180) – objective is to achieve maximum capital appreciation, independent of the returns of the overall equity and debt markets, by the use of a variety of securities trading strategies.

<u>Redemption period</u>	<u>Notice period</u>	<u>Multi-strategy fund of funds</u>	<u>Hedge funds</u>
Monthly	45 days	\$ —	981,180
Semi-annual	95 days	2,533,504	—
Annual	65 days	1,876,134	—
Total		<u>\$ 4,409,638</u>	<u>981,180</u>

There were no unfunded commitments as of June 30, 2010.

The following table presents the School's fair value hierarchy for investments, the only financial instruments measured at fair value as of June 30, 2010:

	<u>Total fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income funds:				
Government	\$ 4,874,137	4,874,137	—	—
Corporate	3,739,049	3,739,049	—	—
Other	15,210	15,210	—	—
Equity securities:				
Domestic	134,549	134,549	—	—
International	1,950,369	1,950,369	—	—
Alternative investments:				
Multi-strategy funds of funds	4,409,638	—	—	4,409,638
Hedge funds	981,180	—	981,180	—
Total	<u>\$ 16,104,132</u>	<u>10,713,314</u>	<u>981,180</u>	<u>4,409,638</u>

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

The following table presents the School's fair value hierarchy for investments, the only financial instruments measured at fair value as of June 30, 2009:

	<u>Total fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:	\$			
Fixed income funds:				
Government	—	—	—	—
Corporate	5,229,978	5,229,978	—	—
Other	—	—	—	—
Equity securities:				
Domestic	17,636	17,636	—	—
International	21,404	21,404	—	—
Alternative investments:				
Multi-strategy fund of funds	4,830,336	—	—	4,830,336
Hedge funds	—	—	—	—
Total	<u>\$ 10,099,354</u>	<u>5,269,018</u>	<u>—</u>	<u>4,830,336</u>

Investments classified as Level 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the School's interest therein, its classification in Levels 2 or 3 is based on the School's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following table presents the reconciliation for all Level 3 assets measured at fair value for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Financial assets:		
Beginning balance, July 1	\$ 4,830,336	5,981,308
Reclassification to Level 2	(981,180)	—
Net unrealized gains (losses)	560,482	(1,150,972)
Ending balance, June 30	<u>\$ 4,409,638</u>	<u>4,830,336</u>

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

Investment return for the years ended June 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 365,766	301,887
Net appreciation (depreciation) in fair value of investments	1,024,328	(3,808,808)
Less investment advisory fees	(97,126)	(92,940)
Investment return	<u>\$ 1,292,968</u>	<u>(3,599,861)</u>

(3) Contributions Receivable

Contributions receivable are scheduled to be collected as follows at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Within one year	\$ 815,515	609,022
One to five years	694,090	629,110
	1,509,605	1,238,132
Discount to present value	(6,114)	(37,155)
Contributions receivable, net	<u>\$ 1,503,491</u>	<u>1,200,977</u>

Approximately 27% and 65% of the contributions receivable at June 30, 2010 and 2009, respectively, are from an individual donor.

(4) Student Loans Receivable

Student loans receivable primarily consist of amounts due from students under the School's federally sponsored student loan programs. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes cannot be sold and can only be assigned to the U.S. government or its designees. The fair value of notes receivable from students under the School's other student loan programs approximates carrying value. Student loans receivable consist of the following:

	<u>2010</u>	<u>2009</u>
Federal Perkins student loans	\$ 822,010	769,085
Other student loans	15,253	2,875
	<u>\$ 837,263</u>	<u>771,960</u>

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

(5) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,240,000	1,240,000
Buildings	71,744,482	71,741,959
Furniture and equipment	2,500,724	2,223,095
Musical instruments and audio equipment	3,123,404	3,051,368
Library books, music, and art work (including rare collection items)	1,076,521	1,070,489
Construction in progress	<u>686,555</u>	<u>173,431</u>
	80,371,686	79,500,342
Accumulated depreciation	<u>(22,175,196)</u>	<u>(19,782,235)</u>
	<u>\$ 58,196,490</u>	<u>59,718,107</u>

(6) Pension Plan

The School participates in an immediate vesting, defined contribution pension plan, which covers all full-time employees through the Principal Financial Group. The School's policy is to fund, on a current basis, pension costs accrued under the plan. Total annual costs under the plan for the years ended June 30, 2010 and 2009 amounted to approximately \$807,000 and \$832,000, respectively.

(7) Indebtedness

In July 2000, the School entered into a financial arrangement for \$49,000,000 of variable rate revenue bonds, which were due serially through 2029 and issued by the Trust for Cultural Resources of the City of New York (the Trust). The arrangement was entered into to partially fund construction of a mixed-use building primarily for use as a dormitory for the School's students. The School had financed the balance of the construction with available funds of the School. As part of the arrangement, the School was granted a mortgage on the land, building, and certain fixtures and equipment, which was financed by the revenue bonds. In connection with the debt agreements, the School was required to maintain a bond principal fund through 2029. The bond principal fund had a balance of \$3,996,480 at June 30, 2008 and was fully liquidated in May 2009. Earnings on this fund, which totaled \$161,873 in 2009, were used to make principal payments. The variable rate revenue bonds were fully redeemed in 2009 through refinancing activities described below.

In May 2009, the Trust issued Revenue Bonds, Series 2009A Bonds (Series 2009A Bonds) in the amount of \$42,300,000 on behalf of the School. The School used the proceeds from the issuance of the Series 2009A Bonds to refund the outstanding variable rate revenue bonds of \$42,675,000. The Series 2009A Bonds bear variable interest rates set on a weekly basis, maturing through 2029. There is no requirement to maintain a bond principal fund.

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

The Series 2009A Bonds are secured by a letter of credit of \$42,995,343 issued by Wells Fargo Bank on May 19, 2009. The letter of credit represents coverage for the \$42,300,000 balance of the bonds in addition to \$695,343 representing 50 days of interest of 12% per annum. The agreement expires on May 13, 2011. Extension is permissible at the approval of Wells Fargo Bank. The terms of the letter of credit allow it to be drawn upon. Each drawing made under the letter of credit shall constitute an advance (Liquidity Advance) to the School. The applicable rate of any amount drawn upon would be based on the higher of (i) Wells Fargo Bank's prime rate, or (ii) the Federal Funds Rate plus 1.5%, or (iii) LIBOR plus 1.5% (of which LIBOR shall not be less than 2%), in addition to 2% to 4% based on the length of time the letter of credit contained an outstanding balance. As of June 30, 2010 and 2009, there were no amounts outstanding under the letter-of-credit agreement. The letter-of-credit agreement contains certain covenants, including certain financial ratios, as well as other financial and operational requirements. The School is in compliance with these covenants as of June 30, 2010 and 2009.

The School obtained a revolving line-of-credit of \$2,999,900 from Wells Fargo Bank on May 19, 2009 for working capital purposes. The revolving line-of-credit facility was automatically and permanently reduced to \$2,000,000 on January 1, 2010 and expired on May 18, 2010. In May 2010, the School obtained a new revolving line of credit of \$2,900,000, which was reduced by \$1,102,741, the amount of the irrevocable letter of credit (note 8) on April 30, 2010. The unused balance is currently \$1,797,259. The agreement expires on December 31, 2011. The applicable rate of any amount drawn upon would be based on the higher of (i) Wells Fargo Bank's prime rate, or (ii) the Federal Funds Rate plus 1.5%, or (iii) LIBOR plus 1.5% (of which LIBOR shall not be less than 2%), in addition to 2% on the outstanding balance. There was no outstanding balance at June 30, 2010. At June 30, 2009, \$1,000,000 was outstanding under this line of credit.

In connection with the refunding, issuance costs of \$1,062,206 were capitalized and are being amortized over the life of the bond. Refunding of the debt was considered a substantial modification of terms and was accounted for as an extinguishment of the debt and issuance of new debt. As such, the unamortized balance of bond issuance costs of \$1,539,113 from the redeemed bonds was written off and included as a loss from write-off of bond issuance costs on the statement of activities in 2009. Interest expense on bonds outstanding during 2010 and 2009 was \$81,355 and \$2,131,312, respectively. The effective average interest rate on the outstanding bonds during 2010 and 2009 approximated 0.19% and 4.31%, respectively.

The maturities of the bonds payable are as follows:

Year ending June 30:	
2011	\$ 1,095,000
2012	1,160,000
2013	1,235,000
2014	1,535,000
2015	1,615,000
Thereafter	35,660,000
	\$ 42,300,000

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

(8) Commitments and Contingencies

The School is required to satisfy certain financial responsibility ratios on an annual basis, in connection with its participation in the federal student financial aid program. For 2009, the School did not meet the minimum requirements and was required to establish an irrevocable letter of credit of \$1,102,741 by the United States Department of Education, as well as comply with certain other requirements. The letter of credit was established on April 30, 2010 and is effective through September 30, 2011. Management believes that it will satisfy these financial responsibility ratios for the year ended June 30, 2010.

(9) Interest Rate Swap

The School previously entered into an interest rate swap contract to pay fixed rate interest (4.85%) and receive variable rates of interest on the contractually established notional amount. The interest rate swap agreement was terminated in May 2009, resulting in repayment of \$2,384,000 of which \$221,532 is included in the statement of activities as loss on interest rate swap in 2009.

(10) Net Assets

Temporarily restricted net assets are available for the following purposes or time restrictions at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Scholarships	\$ 670,000	821,331
Capital purchases	561,000	400,000
Time restrictions	—	50,000
	<u>\$ 1,231,000</u>	<u>1,271,331</u>

Such amounts restricted for construction are released from restriction when the asset is placed into service.

The income from permanently restricted funds is expendable to support the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Educational programs	\$ 1,148,213	788,139
Scholarships	12,592,251	12,278,107
General operations of the School	2,431,288	2,431,288
	<u>\$ 16,171,752</u>	<u>15,497,534</u>

(11) Endowment

The Board of Trustees of the School have interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

interpretation, the School classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable.

In September 2010, the state of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA) legislation, effective immediately, the effect of which will be reflected in the School's 2011 financial statements. In this context, the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated for expenditure. Management does not believe that any resulting net asset reclassification will be operationally significant to the School.

The School's endowment consists of approximately 135 individual funds established for a variety of purposes. The School has no board-designated endowment funds. The following represents the net asset classes of the School's endowment funds as of June 30, 2010 and 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
June 30, 2010:				
Donor-restricted endowment funds	\$ (3,852,840)	—	16,171,752	12,318,912
June 30, 2009:				
Donor-restricted endowment funds	\$ (5,145,808)	—	15,497,534	10,351,726

The following table presents changes in endowments for the years ended June 30, 2010 and 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2008	\$ (1,545,940)	—	14,226,470	12,680,530
Investment income, net	208,940	—	—	208,940
Net depreciation in fair value of investments	(3,808,808)	—	—	(3,808,808)
Contributions	—	—	1,271,064	1,271,064
Endowment net assets, June 30, 2009	(5,145,808)	—	15,497,534	10,351,726
Investment income, net	268,640	—	—	268,640
Net appreciation in fair value of investments	1,024,328	—	—	1,024,328
Contributions	—	—	674,218	674,218
Endowment net assets, June 30, 2010	\$ (3,852,840)	—	16,171,752	12,318,912

MANHATTAN SCHOOL OF MUSIC

Notes to Financial Statements

June 30, 2010

(with comparative financial information as of
and for the year ended June 30, 2009)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the fund's historic dollar value. Deficiencies of this nature are reported in unrestricted net assets.

The School's investment objective is the highest total return consistent with prudent investment management and the preservation of capital. The School has a policy of appropriating investment return on the endowment funds for spending unless otherwise explicitly stipulated by the donor.

(12) Asset Retirement Obligation

Management has identified asbestos abatement as a conditional asset retirement obligation and has recorded a liability in the accompanying statement of financial position for such obligation. There was a settlement of asset retirement obligation of \$46,884 and \$129,603 at June 30, 2010 and 2009, respectively.

(13) Subsequent Events

The School evaluated events subsequent to June 30, 2010 through October 13, 2010, the date on which the financial statements were available to be issued, and concluded that no additional disclosures are required.



cutting through complexity

HIGHER EDUCATION AND OTHER NOT-FOR-PROFITS

Manhattan School of Music

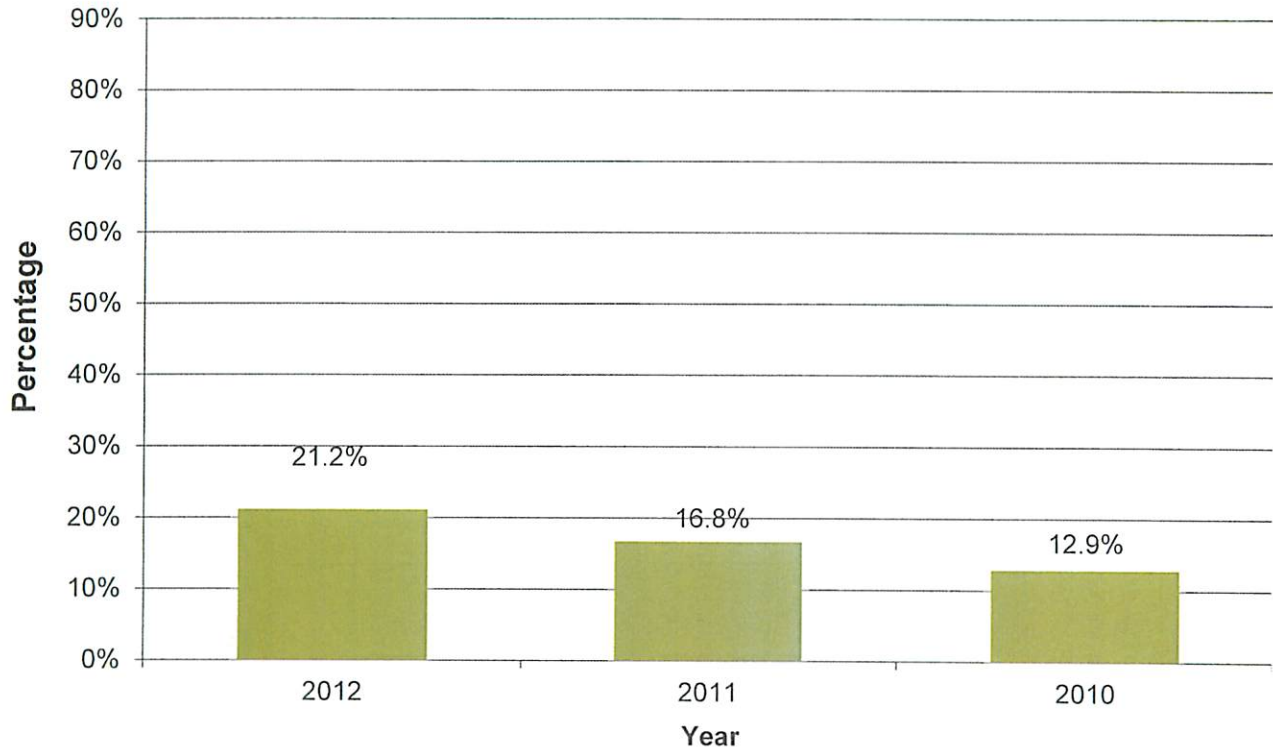
2012 Ratio Analysis

AUDIT

Ratio Definitions

Ratio	Definitions
Primary Reserve Ratio	This ratio measures the financial strength of the institution by comparing expendable net assets to total expenses. Expendable net assets represent those assets that the institution can access quickly and spend to satisfy its debt obligations. The ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations.
Secondary Reserve Ratio	This ratio provides an assessment of the significance of permanently restricted net assets in relation to operating size. These reserves are nonexpendable, meaning the principal cannot be spent.
Viability Ratio	This ratio measures the basic determinants of clear financial health: the availability of expendable net assets to cover debt should the institution need to settle its obligations as of the balance sheet date.
Debt Burden Ratio	This ratio examines the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.
Net Income Ratio	This ratio indicates whether total unrestricted activities resulted in a surplus or a deficit to determine if the institution is living within available resources.
Return on Net Assets Ratio	This ratio determines whether the institution is financially better off than in previous years by measuring total economic return.
Operating Income Ratio	This ratio focuses on inflows from fees for services provided by the institution. It demonstrates the extent to which current year internally generated resources have contributed to the overall financing of the institution's operations. Operating income for this purpose is calculated as follows: tuition and fees, net of scholarships, plus net revenue from auxiliary services and other unrestricted revenue.
Educational Core Service Ratio	This ratio analyzes whether core services are using a growing or dwindling share of the institution's operating income. Core services are defined as the functional categories of expense directly linked to the core mission of the institution.
Program/ Supporting Services Ratio	This ratio measures the relationship between what an institution spends on the direct provision of services through its programs, and what it spends overall.

Primary Reserve Ratio



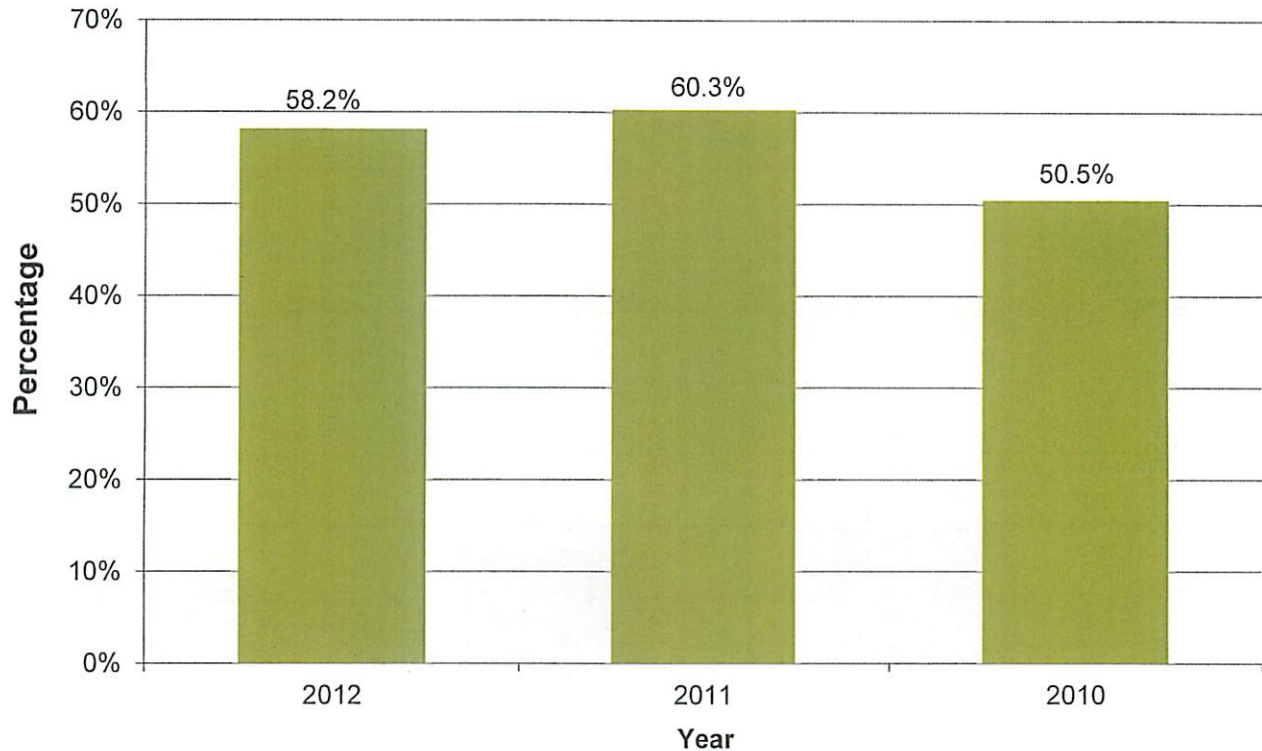
- Measures financial strength by comparing expendable net assets to total expenses
- Indicates ability of the School to support its current level of operations from expendable resources, without considering future generation of revenues. An analysis of financial statements suggest that a ratio of 40% or better is advisable to give institutions the flexibility to transform the enterprise

2012:
 $\$7,535,329 / 35,519,409 = 21.2\%$

2011:
 $\$5,685,347 / 33,752,328 = 16.8\%$

2010:
 $\$4,143,415 / 32,014,637 = 12.9\%$

Secondary Reserve Ratio



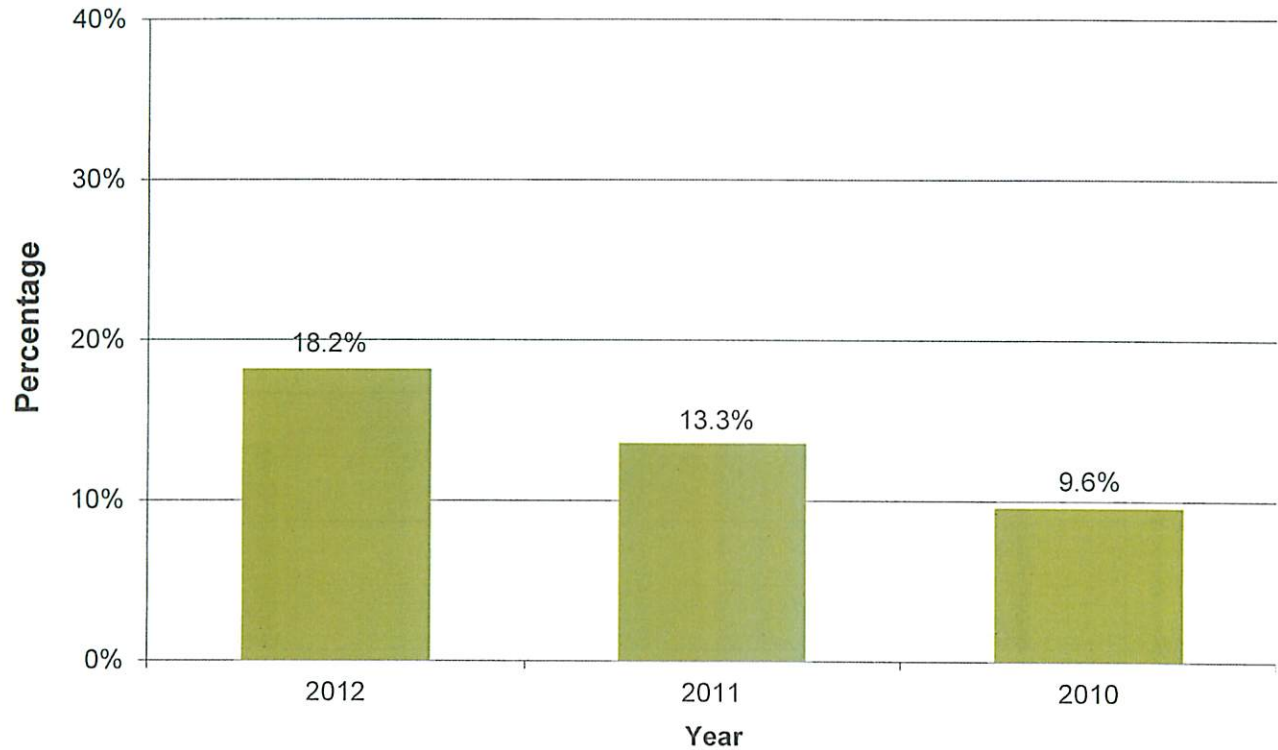
- Permanently restricted net assets divided by total expenses
- There is presently no threshold to indicate how large the secondary reserve ratio should be; however, it is clear that the higher the value of this ratio, the more favorable the institution's financial condition
- The School should strive to increase permanently restricted net assets faster than operating size

2012:
 $\$20,665,109 / 35,519,409 = 58.2\%$

2011:
 $\$20,358,235 / 33,752,328 = 60.3\%$

2010:
 $\$16,171,752 / 32,014,637 = 50.5\%$

Viability Ratio



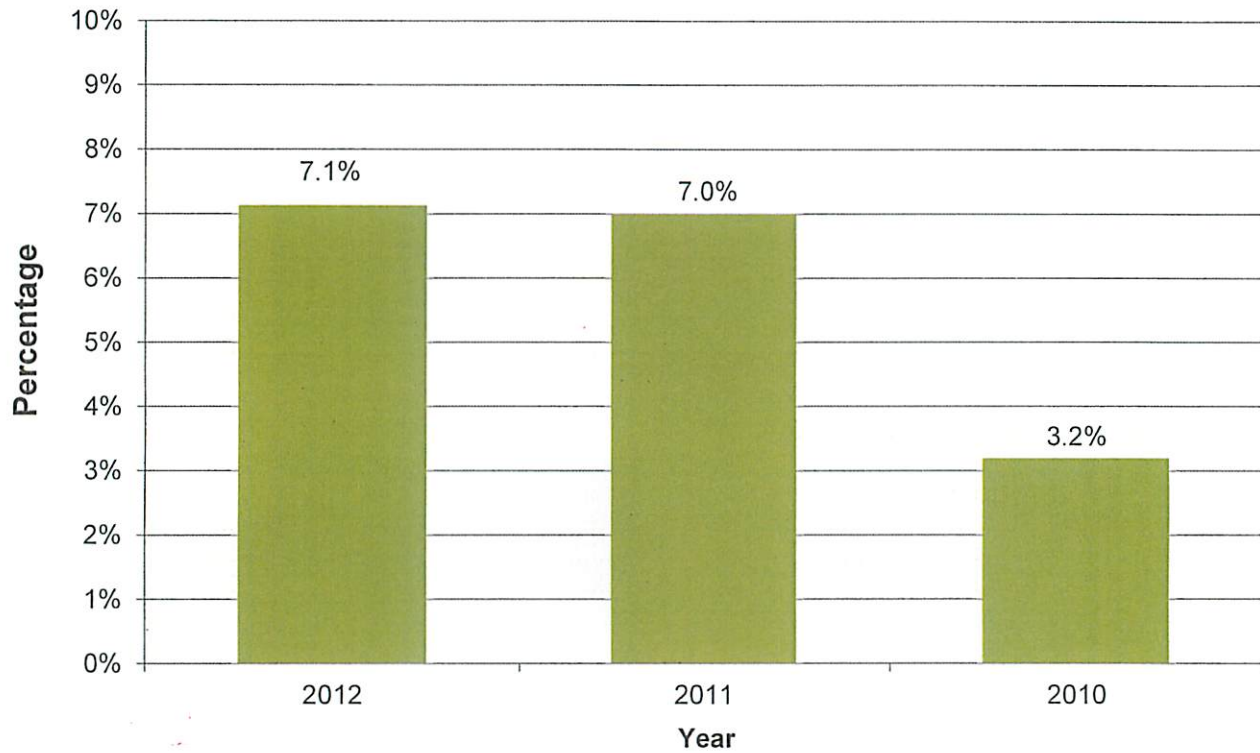
- Expendable net assets divided by long-term debt
- A ratio of 1:1 or greater indicates that, as of the balance sheet date, the School has sufficient expendable net asset to satisfy its debt obligations

2012:
 $\$7,535,329 / 41,296,890 = 18.2\%$

2011:
 $\$5,685,347 / 42,622,782 = 13.3\%$

2010:
 $\$4,143,415 / 43,031,013 = 9.6\%$

Debt Burden Ratio



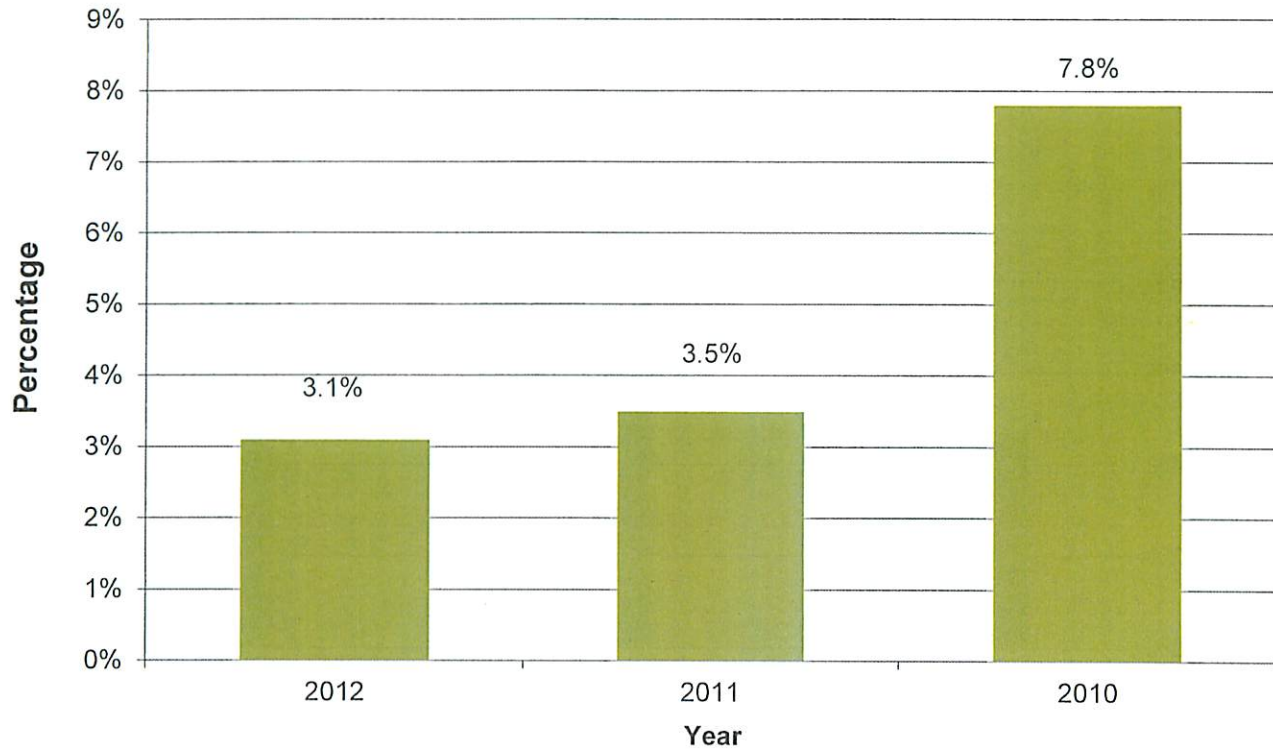
- Debt Service divided by total expenditures
- This ratio indicates the relative cost of borrowings to overall expenditures. Investment bankers have identified a recommended upper threshold of 7%

2012:
 $\$2,449,299 / 34,285,517 = 7.1\%$

2011:
 $\$2,260,731 / 32,394,718 = 7.0\%$

2010:
 $\$938,830 / 29,621,676 = 3.2\%$

Net Income Ratio



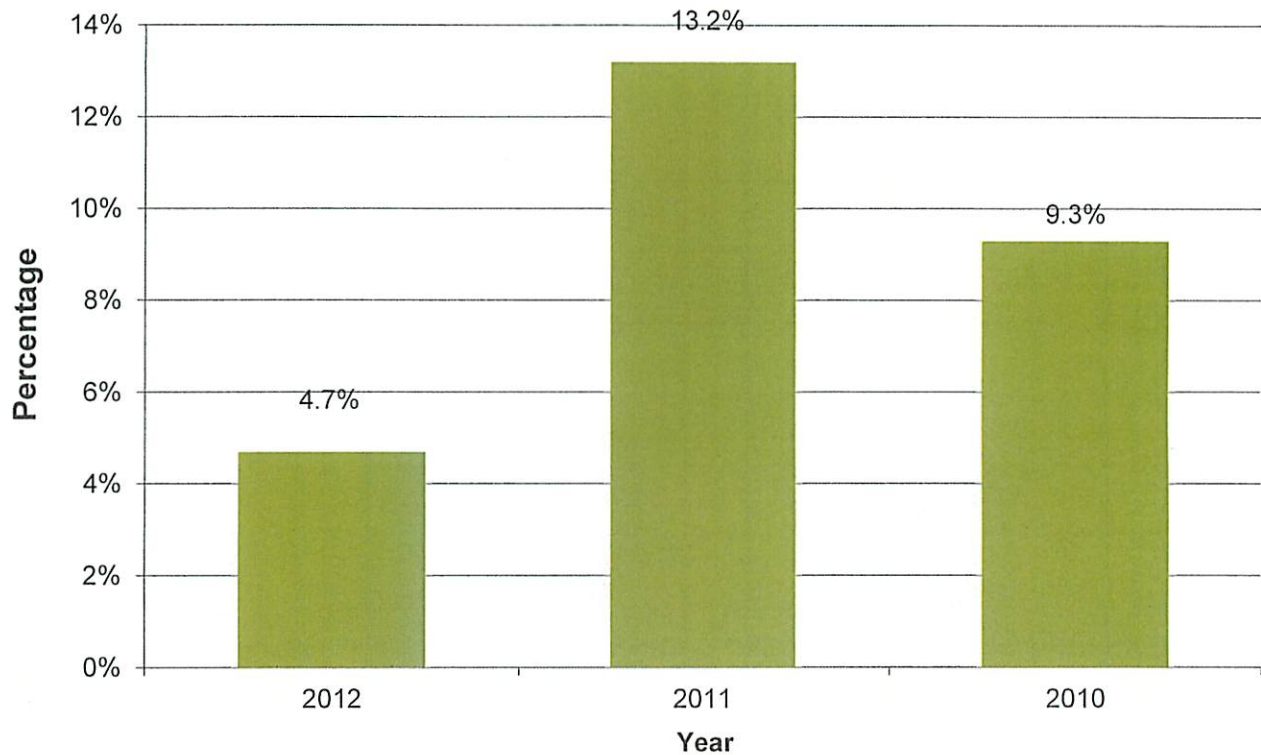
- Change in unrestricted net assets divided by total unrestricted income
- A negative ratio indicates that the School did not live within its means during the year

2012:
 $\$1,047,752 / 34,303,472 = 3.1\%$

2011:
 $\$1,125,553 / 32,526,852 = 3.5\%$

2010:
 $\$2,462,765 / 31,606,166 = 7.8\%$

Return on Net Assets Ratio



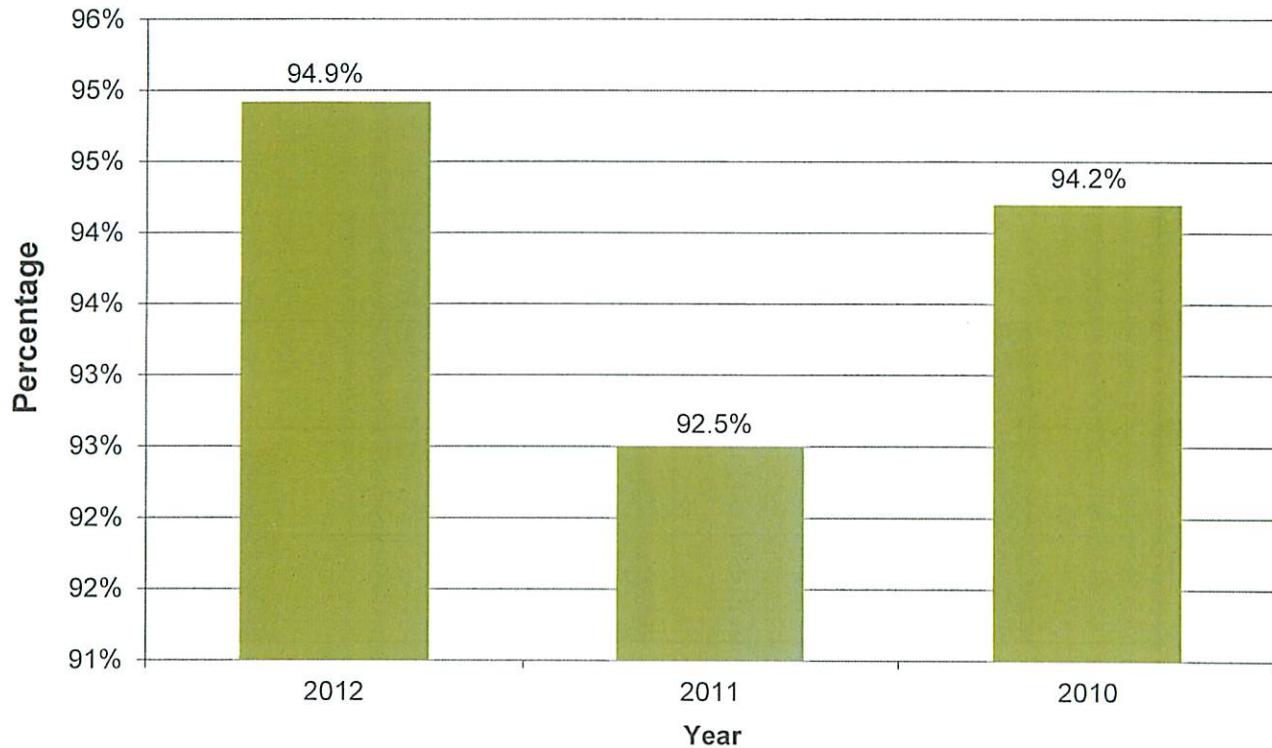
- Change in net assets divided by total net assets at beginning of year
- This ratio measures whether the School is financially better off than in previous years by measuring total economic return

2012:
 $\$1,946,886 / 41,330,004 = 4.7\%$

2011:
 $\$4,826,036 / 36,503,968 = 13.2\%$

2010:
 $\$3,096,652 / 33,407,316 = 9.3\%$

Operating Income Ratio



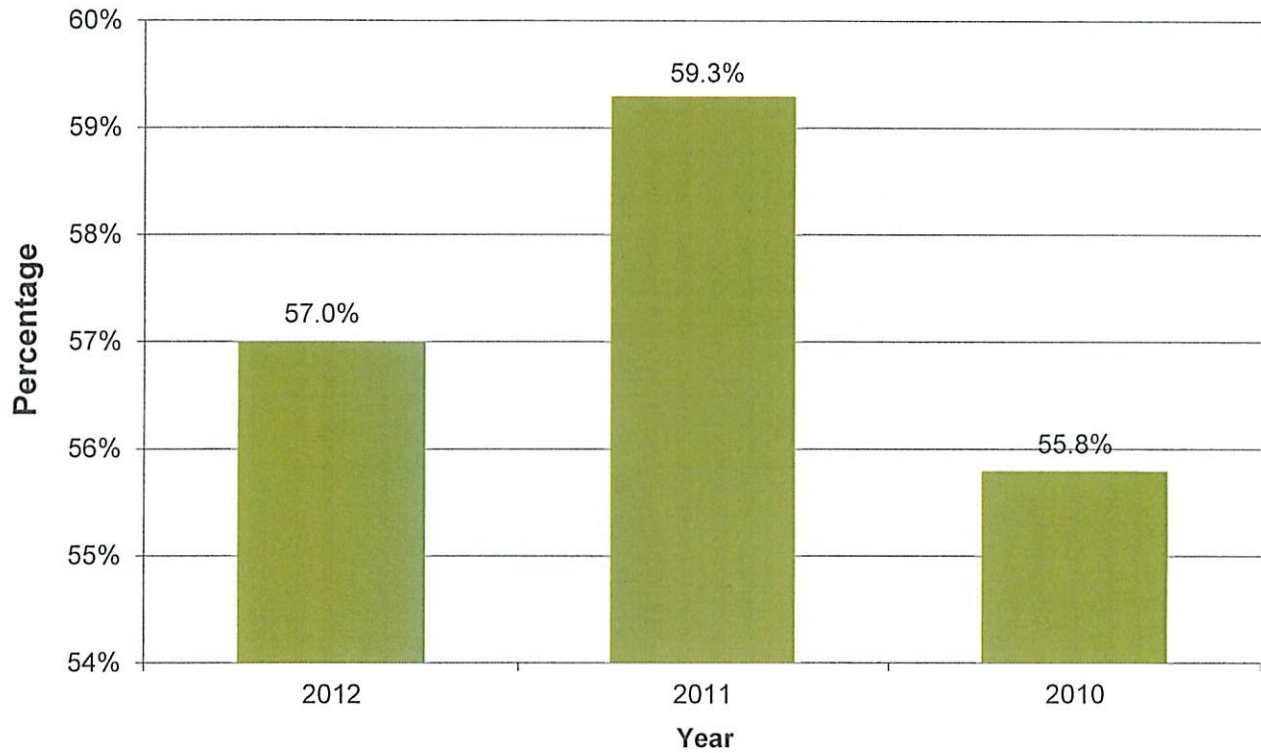
- Self-generated income divided by educational and general expenses
- This ratio demonstrates the extent to which current-year internally generated resources have contributed to the overall financing of the School's operations

2012:
 $\$27,375,970 / 28,841,907 = 94.9\%$

2011:
 $\$25,556,366 / 27,641,847 = 92.5\%$

2010:
 $\$25,312,144 / 26,881,946 = 94.2\%$

Educational Core Service Ratio



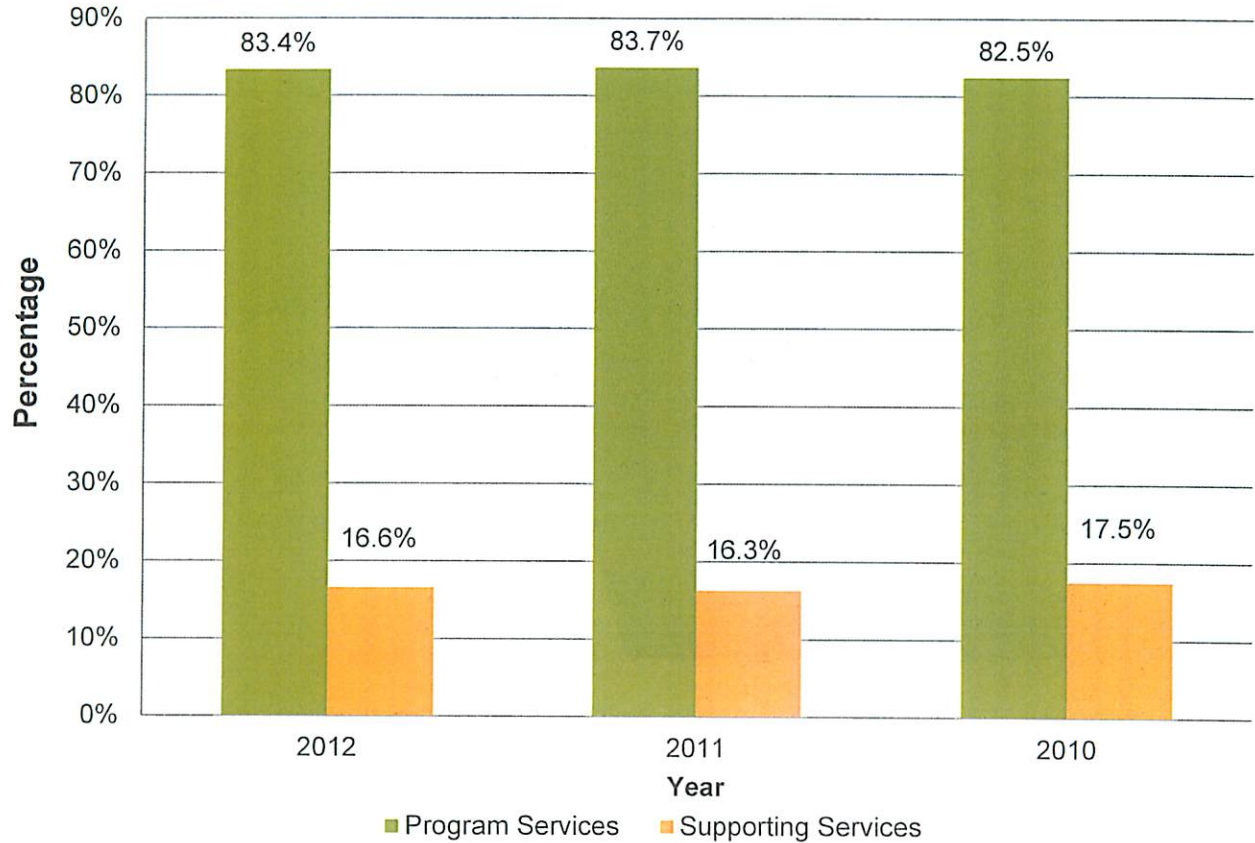
- Educational expenses divided by operating income
- This ratio demonstrates the extent to which operating income is used for core educational purposes

2012:
 $\$15,595,710 / 27,375,970 = 57.0\%$

2011:
 $\$15,157,404 / 25,556,366 = 59.3\%$

2010:
 $\$14,112,451 / 25,312,144 = 55.8\%$

Program / Supporting Services Ratio



- The ratio demonstrates the proportion of the School's total expenses that are spent on program services as compared to supporting services
- The preferred level for program services ratio is at least 65%

2012:

Program: $\$29,617,513 / 35,519,409 = 83.4\%$
 Supporting: $\$5,901,896 / 35,519,409 = 16.6\%$

2011:

Program: $\$28,251,121 / 33,752,328 = 83.7\%$
 Supporting: $\$5,501,207 / 33,752,328 = 16.3\%$

2010:

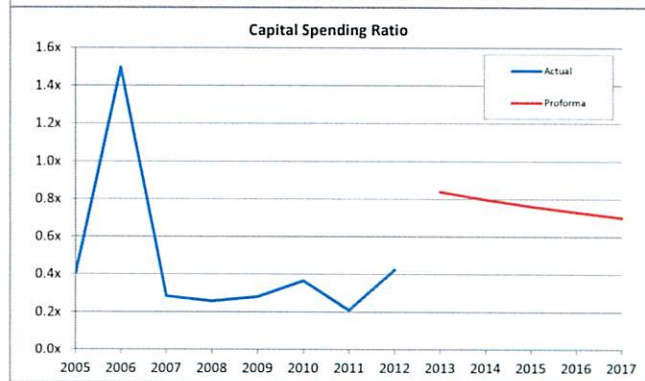
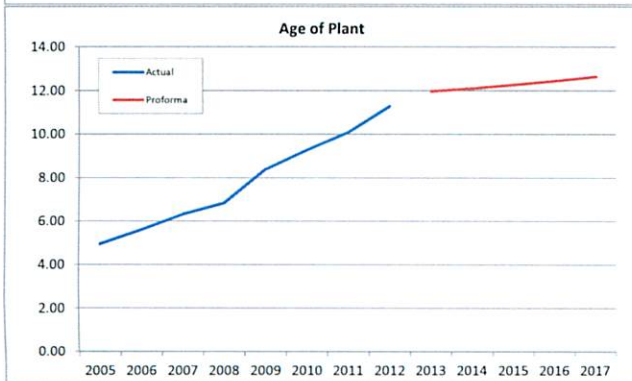
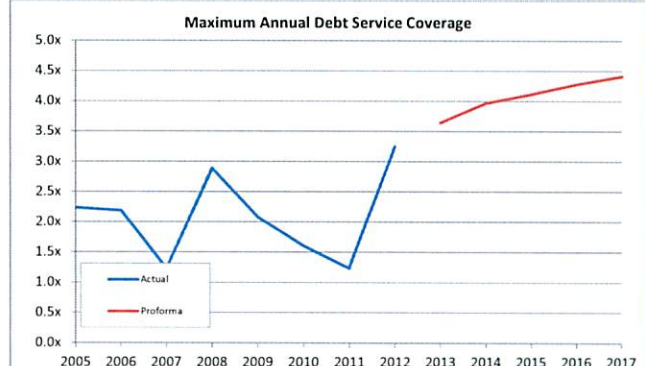
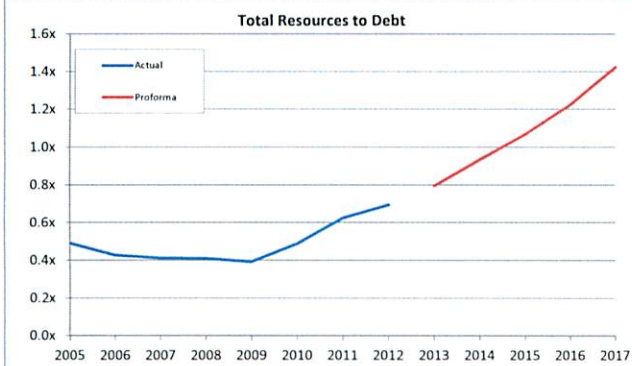
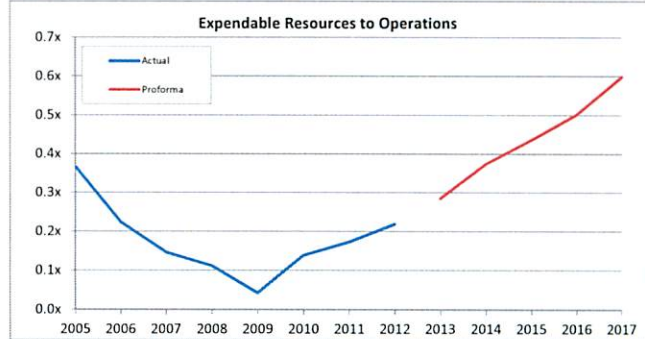
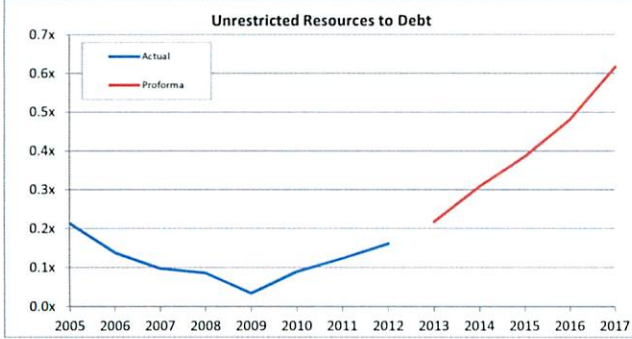
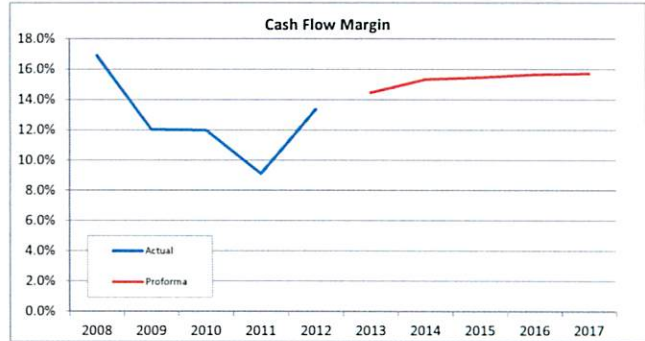
Program: $\$26,402,716 / 32,014,637 = 82.5\%$
 Supporting: $\$5,611,921 / 32,014,637 = 17.5\%$



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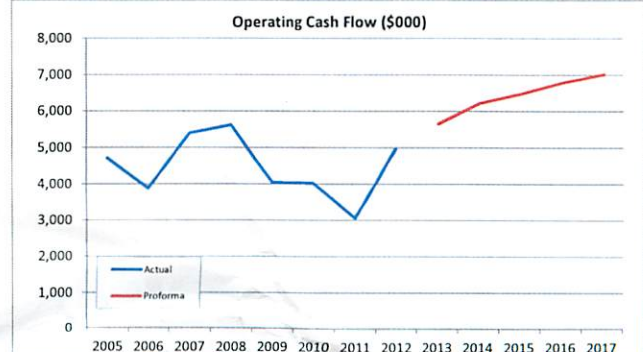
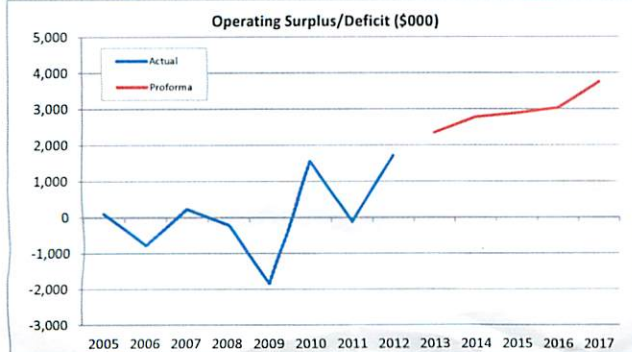
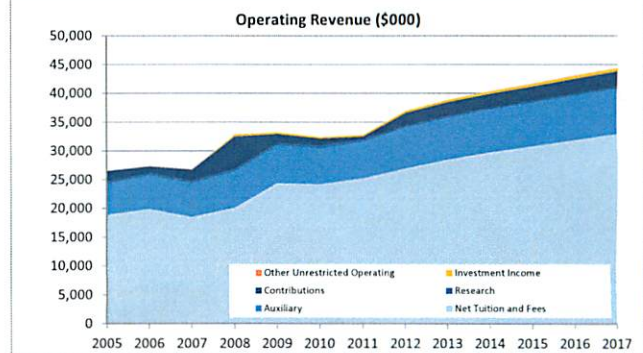
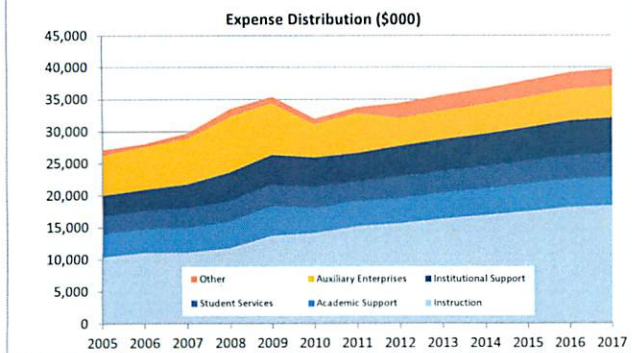
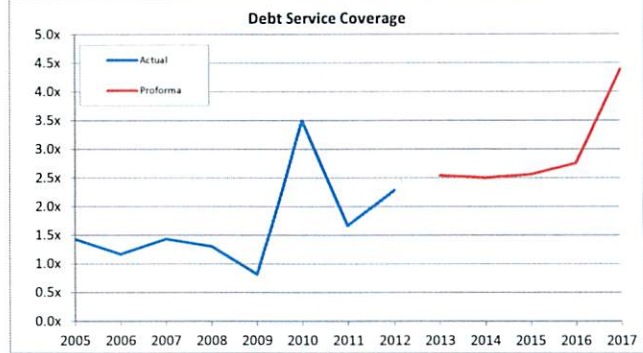
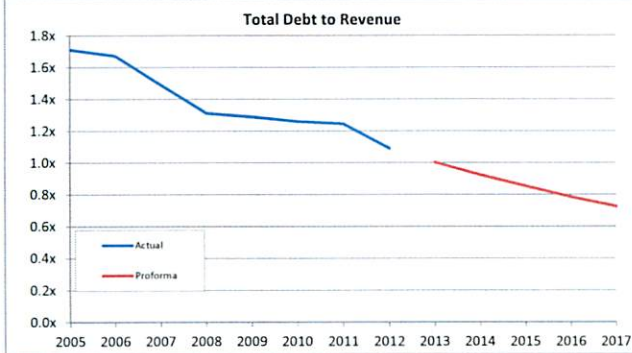
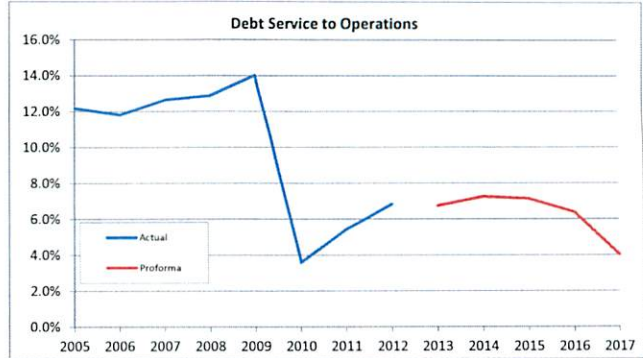
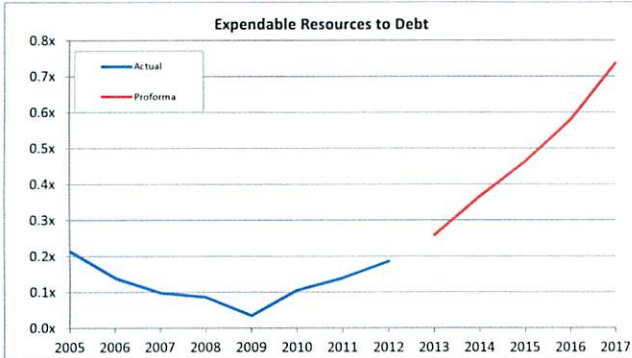
PRAGER & Co., LLC

INVESTMENT BANKERS



PRAGER & CO., LLC

INVESTMENT BANKERS



Institution: Manhattan School of Music (192712)

User ID: P1927121

Overview

Finance Overview

Purpose

The purpose of the IPEDS Finance component is to collect basic financial information from items associated with the institution's General Purpose Financial Statements.

Resources:

To download the survey materials for this component: [Survey Materials](#)

To access your prior year data submission for this component: [Reported Data](#)

If you have questions about completing this survey, please contact the **IPEDS Help Desk at 1-877-225-2568**.

Finance - Private not-for-profit institutions and Public institutions using FASB standards**FASB-Reporting Institutions
General Information - Fiscal Year and Audit**

To the extent possible, the finance data requested in this report should be provided from your institution's audited General Purpose Financial Statements (GPFS). Please refer to the instructions specific to each screen of the survey for details and references.

1. Fiscal Year Calendar

This report covers financial activities for the 12-month fiscal year: (The fiscal year reported should be the most recent fiscal year ending before October 1, 2010.)

Beginning: month/year (MMYYYY) Month: Year:

And ending: month/year (MMYYYY) Month: Year:

2. Audit Opinion

Did your institution receive an unqualified opinion on its General Purpose Financial Statements from your auditor for the fiscal year noted above? (If your institution is audited only in combination with another entity, answer this question based on the audit of that entity.)

Unqualified Qualified (Explain in box below) Don't know (Explain in box below)

3. Does this institution or any of its foundations or other affiliated organizations own endowment assets ?

Yes (report endowment assets)

No

4. Intercollegiate Athletics

If your institution participates in intercollegiate athletics, are the expenses accounted for as auxiliary enterprises or treated as student services?

Auxiliary enterprises

Student services

Does not participate in intercollegiate athletics

Other (specify in box below)

5. Does your institution account for Pell grants as pass through transactions (a simple payment on the student's account) or as federal grant revenues to the institution?

Pass through (agency) Federal grants Does not award Pell grants

You may use the space below to provide context for the data you've reported above.

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Part A - Statement of Financial Position, Page 1

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Assets, Liabilities, and Net Assets	Current year amont	Prior year amont
Assets			
01	<u>Long-term investments</u>	16,104,132	10,099,354
19	Property, plant, and equipment, net of accumulated depreciation	58,196,490	
20	Intangible assets, net of accumulated amortization	0	
02	Total assets	83,022,799	80,584,226
Liabilities			
03	Total liabilities	46,518,831	47,176,910
	03a Debt related to Property, Plant, and Equipment	0	
Net assets			
04	<u>Unrestricted net assets</u>	19,101,216	16,638,451
05	Total <u>restricted net assets</u>	17,402,752	16,768,865
	05a <u>Permanently restricted net assets</u>	16,171,752	15,497,534
	05b <u>Temporarily restricted net assets</u>	1,231,000	
06	Total net assets	36,503,968	33,407,316

You may use the space below to provide context for the data you've reported above.

--

Part A - Statement of Financial Position, Page 2

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Plant, Property and Equipment	Ending balance	Prior year Ending balance
11	<u>Land and land improvements</u>	1,240,000	1,240,000
12	<u>Buildings</u>	71,744,482	71,915,390
13	Equipment, including art and <u>library</u> collections	6,700,649	6,344,953
15	<u>Construction in Progress</u>	686,555	
16	Other	0	
17	Total Plant, Property, and Equipment CV=[(A11+...A16)]	80,371,686	
18	<u>Accumulated depreciation</u>	22,175,196	
19	Property, Plant, and Equipment, net of accumulated depreciation (from A19)	58,196,490	

You may use the space below to provide context for the data you've reported above.

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Part B - Summary of Changes in Net Assets

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Revenues, Expenses, Gains and Losses	Current year amount	Prior year amount
01	Total <u>revenues</u> and <u>investment return</u>	35,154,950	29,177,854
02	Total <u>expenses</u>	32,014,637	35,410,209
03	Other specific changes in net assets CV=[B04-(B01-B02)]	-43,661	0
04	Change in <u>net assets</u>	3,096,652	-6,232,355
05	Net assets, beginning of year	33,407,316	39,639,671
06	Adjustments to beginning of year net assets CV=[B07-(B04+B05)]	0	0
07	Net assets, end of year (from A06)	36,503,968	33,407,316

You may use the space below to provide context for the data you've reported above.

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Part C - Scholarships and Fellowships

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Scholarships and Fellowships	Current year amount	Prior year amount
01	<u>Pell grants (federal)</u>	298,466	190,657
02	<u>Other federal grants</u>	305,615	379,447
03	<u>State grants</u>	91,753	84,970
04	<u>Local grants (government)</u>	0	0
05	<u>Institutional grants (funded)</u>	8,052,509	7,431,168
06	<u>Institutional grants (unfunded)</u>	0	0
07	Total scholarships and fellowships CV=[C01+...+C06]	8,748,343	8,086,242
08	<u>Allowances (scholarships) applied to tuition and fees</u>	7,608,299	190,657
09	<u>Allowances (scholarships) applied to auxiliary enterprise revenues</u>	200,030	0

You may use the space below to provide context for the data you've reported above.

Confirmed

Part D - Revenues and Investment Return

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Source of Funds	Total Amount	Unrestricted	Temporarily restricted	Permanently restricted	Prior Year Total Amount
01	Tuition and fees (net of allowance reported in Part C, line 08)	24,184,365	24,184,365			24,369,443
Government Appropriations						
02	Federal appropriations	0	0			0
03	State appropriations	84,970	84,970			84,970
04	Local appropriations	0				0
Government Grants and Contracts						
05	Federal grants and contracts	305,615	305,615			265,947
06	State grants and contracts	91,753	91,753			0
07	Local government grants and contracts	0				0
Private Gifts, Grants and Contracts						
08	Private gifts, grants and contracts	3,019,278	1,224,060	1,121,000	674,218	1,851,467
	08a Private gifts	3,019,278	1,224,060	1,121,000	674,218	
	08b Private grants and contracts	0	0	0	0	
09	Contributions from affiliated entities	0				1,271,331
Other Revenue						
10	Investment return	1,164,838	1,164,838			-5,497,807
11	Sales and services of educational activities	0	0			0
12	Sales and services of auxiliary enterprises (net of allowance reported in Part C, line 09)	6,259,850	6,259,850			6,649,760
13	Hospital revenue	0				0
	If this institution is primarily a hospital, please click here					
14	Independent operations revenue	0	0			0
15	Other revenue CV=[D16-(D01+...+D14)]	44,281	1,205,612	-1,161,331	0	182,743

16	Total revenues and investment return (from B01)	35,154,950	34,521,063	-40,331	674,218	29,177,854
17	Net assets released from restriction	0	1,161,311	-1,161,311		
18	Net total revenues, after assets released from restriction	35,154,950	35,682,374	-1,201,642	674,218	29,177,854
19	12-month Student FTE from E12 CV=[D19a+D19b]	922				
	19a Undergraduates	390				
	19b Graduates	532				
20	Total revenues and investment return per student FTE CV=[D16/D19]	38,129				

You may use the space below to provide context for the data you've reported above.

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Part E - Expenses by Functional and Natural Classification

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Expenses by Functional Classification	(1) Total amount	(2) Salaries and wages	(3) Benefits	(4) Operation and maintenance of plant	(5) Depreciation	(6) Interest	(7) All other	(8) PY Total Amount
01	Instruction	14,112,451	9,992,196	1,539,993	1,333,132	286,667		960,463	13,687,107
02	Research	0						0	0
03	Public service	0						0	0
04	Academic support	3,911,324	2,082,144	390,922	864,477	185,891		387,890	4,621,925
05	Student services	3,246,250	1,803,652	410,854	143,495	30,856		857,393	3,316,250
06	Institutional support	5,611,921	2,641,410	863,309	389,820	83,825		1,633,557	5,757,706
07	Auxiliary enterprises	5,132,691	655,897	42,375	105,454	1,805,722		2,523,243	8,027,221
08	Net grant aid to students (net of tuition and fee allowances)	0						0	0
09	Hospital services If this institution is primarily a hospital, please click here	0						0	0
10	Independent operations	0						0	0
11	Operation and maintenance of plant (see instructions)	0			-2,836,378			2,836,378	
12	Other expenses CV=[E13-(E01+...+E11)]	0	0	0	0	0	0	0	0
13	Total expenses (from B02)	32,014,637	17,175,299	3,247,453	0	2,392,961	0	9,198,924	35,410,209
	Prior year total expenses	35,410,209	18,022,048	3,263,455		2,409,964		0 11,714,742	
14	12-month Student FTE from E12 CV=[E14a+E14b]	922							
	14a Undergraduates	390							
	14b Graduates	532							
15	Total expenses per student FTE CV=[E13/E14]	34,723							

You may use the space below to provide context for the data you've reported above.

Part H - Value of Endowment Assets

Fiscal Year: July 1, 2009 - June 30, 2010

Line No.	Value of <u>Endowment Assets</u>	<u>Market Value</u>	Prior Year Amounts
	Include not only endowment assets held by the institution, but any assets held by private foundations affiliated with the institution.		
01	Value of <u>endowment assets</u> at the beginning of the fiscal year	15,497,534	14,226,470
02	Value of <u>endowment assets</u> at the end of the fiscal year	16,171,752	15,497,534

You may use the space below to provide context for the data you've reported above.

Summary

Finance Survey Summary

IPEDS collects important information regarding your institution. All data reported in IPEDS survey components become available in the IPEDS Data Center and appear as aggregated data in various Department of Education reports. Additionally, some of the reported data appears specifically for your institution through the College Navigator website and is included in your institution's Data Feedback Report (DFR). The purpose of this summary is to provide you an opportunity to view some of the data that, when accepted through the IPEDS quality control process, will appear on the College Navigator website and/or your DFR. College Navigator is updated approximately three months after the data collection period closes and Data Feedback Reports will be available through the ExPT and sent to your institution's CEO in November 2011.

Please review your data for accuracy. If you have questions about the data displayed below after reviewing the data reported on the survey screens, please contact the IPEDS Help Desk at: 1-877-225-2568 or ipedshelp@rti.org.

Core Revenues

Revenue Source	Reported values	Percent of total core revenues	Core revenues per FTE enrollment
Tuition and fees	\$24,184,365	84%	\$26,230
Government appropriations	\$84,970	0%	\$92
Government grants and contracts	\$397,368	1%	\$431
Private gifts, grants, and contracts	\$3,019,278	10%	\$3,275
Investment return	\$1,164,838	4%	\$1,263
Other core revenues	\$44,281	0%	\$48
Total core revenues	\$28,895,100	100%	\$31,340
Total revenues	\$35,154,950		\$38,129

Core revenues include tuition and fees; government appropriations (federal, state, and local); government grants and contracts; private gifts, grants, and contracts; investment return; sales and services of educational activities; and other sources. Core revenues exclude revenues from auxiliary enterprises (e.g., bookstores, dormitories), hospitals, and independent operations.

Core Expenses

Expense function	Reported values	Percent of total core expenses	Core expenses per FTE enrollment
Instruction	\$14,112,451	52%	\$15,306
Research	\$0	0%	\$0
Public service	\$0	0%	\$0
Academic support	\$3,911,324	15%	\$4,242
Institutional support	\$5,611,921	21%	\$6,087

Core Expenses

Student services	\$3,246,250	12%	\$3,521
Other core expenses	\$0	0%	\$0
Total core expenses	\$26,881,946	100%	\$29,156
Total expenses	\$32,014,637		\$34,723

Core expenses include expenses for instruction, research, public service, academic support, student services, institutional support, net grant aid to students, and other expenses. Core expenses exclude expenses for auxiliary enterprises (e.g., bookstores, dormitories), hospitals, and independent operations.

	Calculated value
FTE enrollment	922

The full-time equivalent (FTE) enrollment used in this report is the sum of the institution's FTE undergraduate enrollment and FTE graduate enrollment (as calculated from or reported on the 12-month Enrollment component). FTE is estimated using 12-month instructional activity (credit and/or contact hours). All doctor's degree students are reported as graduate students.

Explanation Report

There are no explanations for selected survey and institution

Institution: Manhattan School of Music (192712)

User ID: P1927121

Overview

Finance Overview

Purpose

The purpose of the IPEDS Finance component is to collect basic financial information from items associated with the institution's General Purpose Financial Statements.

Resources:

To download the survey materials for this component: [Survey Materials](#)

To access your prior year data submission for this component: [Reported Data](#)

If you have questions about completing this survey, please contact the **IPEDS Help Desk at 1-877-225-2568**.

Finance - Private not-for-profit institutions and Public institutions using FASB standards**FASB-Reporting Institutions
General Information - Fiscal Year and Audit**

To the extent possible, the finance data requested in this report should be provided from your institution's audited General Purpose Financial Statements (GPFS). Please refer to the instructions specific to each screen of the survey for details and references.

1. Fiscal Year Calendar

This report covers financial activities for the 12-month fiscal year: (The fiscal year reported should be the most recent fiscal year ending before October 1, 2011.)

Beginning: month/year (MMYYYY) Month: Year:

And ending: month/year (MMYYYY) Month: Year:

2. Audit Opinion

Did your institution receive an unqualified opinion on its General Purpose Financial Statements from your auditor for the fiscal year noted above? (If your institution is audited only in combination with another entity, answer this question based on the audit of that entity.)

Unqualified Qualified (Explain in box below) Don't know (Explain in box below)

3. Does this institution or any of its foundations or other affiliated organizations own endowment assets ?

Yes (report endowment assets)

No

4. Intercollegiate Athletics

If your institution participates in intercollegiate athletics, are the expenses accounted for as auxiliary enterprises or treated as student services?

Auxiliary enterprises

Student services

Does not participate in intercollegiate athletics

Other (specify in box below)

5. Does your institution account for Pell grants as pass through transactions (a simple payment on the student's account) or as federal grant revenues to the institution?

Pass through (agency) Federal grants Does not award Pell grants

You may use the space below to provide context for the data you've reported above.

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Part A - Statement of Financial Position, Page 1

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Assets, Liabilities, and Net Assets	Current year amont	Prior year amont
Assets			
01	Long-term investments	19,666,623	16,104,132
19	Property, plant, and equipment, net of accumulated depreciation	57,048,694	58,196,490
20	Intangible assets, net of accumulated amortization	0	0
02	Total assets	87,634,740	83,022,799
Liabilities			
03	Total liabilities	46,304,736	46,518,831
	03a Debt related to Property, Plant, and Equipment	676,769	0
Net assets			
04	Unrestricted net assets	20,226,769	19,101,216
05	Total restricted net assets	21,103,235	17,402,752
	05a Permanently restricted net assets	20,358,235	16,171,752
	05b Temporarily restricted net assets	745,000	1,231,000
06	Total net assets	41,330,004	36,503,968

You may use the space below to provide context for the data you've reported above.

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Part A - Statement of Financial Position, Page 2

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Plant, Property and Equipment	Ending balance	Prior year Ending balance
11	<u>Land and land improvements</u>	1,240,000	1,240,000
12	<u>Buildings</u>	72,719,040	71,744,482
13	Equipment, including art and <u>library</u> collections	7,707,457	6,700,649
15	<u>Construction in Progress</u>	0	686,555
16	Other	0	0
17	Total Plant, Property, and Equipment CV=[(A11+...A16)]	81,666,497	80,371,686
18	<u>Accumulated depreciation</u>	24,617,803	22,175,196
19	Property, Plant, and Equipment, net of accumulated depreciation (from A19)	57,048,694	58,196,490

You may use the space below to provide context for the data you've reported above.

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Part B - Summary of Changes in Net Assets

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Revenues, Expenses, Gains and Losses	Current year amount	Prior year amount
01	Total <u>revenues</u> and <u>investment return</u>	39,577,595	35,154,950
02	Total <u>expenses</u>	33,752,328	32,014,637
03	Other specific changes in net assets CV=[B04-(B01-B02)]	-999,231	-43,661
04	Change in <u>net assets</u>	4,826,036	3,096,652
05	Net assets, beginning of year	36,503,968	33,407,316
06	Adjustments to beginning of year net assets CV=[B07-(B04+B05)]	0	0
07	Net assets, end of year (from A06)	41,330,004	36,503,968

You may use the space below to provide context for the data you've reported above.

Part C - Scholarships and Fellowships

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Scholarships and Fellowships	Current year amount	Prior year amount
01	<u>Pell grants (federal)</u>	307,374	298,466
02	<u>Other federal grants</u>	243,750	305,615
03	<u>State grants</u>	50,270	91,753
04	<u>Local grants (government)</u>	0	0
05	<u>Institutional grants (funded)</u>	8,231,079	8,052,509
06	<u>Institutional grants (unfunded)</u>	0	0
07	Total scholarships and fellowships CV=[C01+...+C06]	8,832,473	8,748,343
08	<u>Allowances (scholarships) applied to tuition and fees</u>	8,052,640	7,608,299
09	<u>Allowances (scholarships) applied to auxiliary enterprise revenues</u>	200,193	200,030

You may use the space below to provide context for the data you've reported above.

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Part D - Revenues and Investment Return

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Source of Funds	Total Amount	Unrestricted	Temporarily restricted	Permanently restricted	Prior Year Total Amount
01	Tuition and fees (net of allowance reported in Part C, line 08)	25,174,245	25,174,245	0	0	24,184,365
Government Appropriations						
02	Federal appropriations	0	0	0	0	0
03	State appropriations	87,411	87,411	0	0	84,970
04	Local appropriations	0	0	0	0	0
Government Grants and Contracts						
05	Federal grants and contracts	243,750	243,750	0	0	305,615
06	State grants and contracts	0	0	0	0	91,753
07	Local government grants and contracts	0	0	0	0	0
Private Gifts, Grants and Contracts						
08	Private gifts, grants and contracts	5,713,859	502,721	1,024,655	4,186,483	3,019,278
	08a Private gifts	5,713,859	502,721	1,024,655	4,186,483	3,019,278
	08b Private grants and contracts	0	0	0	0	0
09	Contributions from affiliated entities	0	0	0	0	0
Other Revenue						
10	Investment return	1,865,728	1,865,728	0	0	1,164,838
11	Sales and services of educational activities	0	0			0
12	Sales and services of auxiliary enterprises (net of allowance reported in Part C, line 09)	6,484,084	6,484,084			6,259,850
13	Hospital revenue	0	0			0
	If this institution is primarily a hospital, please click here					
14	Independent operations revenue	0	0	0	0	0
15	Other revenue CV=[D16-(D01+...+D14)]	8,518	1,519,173	-1,510,655	0	44,281

16	Total revenues and investment return (from B01)	39,577,595	35,877,112	-486,000	4,186,483	35,154,950
17	Net assets released from restriction	0	0	0	0	
18	Net total revenues, after assets released from restriction	39,577,595	35,877,112	-486,000	4,186,483	35,154,950
19	12-month Student FTE from E12 CV=[D19a+D19b]	920				
	19a Undergraduates	400				
	19b Graduates	520				
20	Total revenues and investment return per student FTE CV=[D16/D19]	43,019				

You may use the space below to provide context for the data you've reported above.

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Part E - Expenses by Functional and Natural Classification

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Expenses by Functional Classification	(1) Total amount	(2) Salaries and wages	(3) Benefits	(4) Operation and maintenance of plant	(5) Depreciation	(6) Interest	(7) All other	(8) PY Total Amount
01	Instruction	15,157,404	10,537,163	1,769,976	1,383,258	309,368	0	1,157,639	14,112,451
02	Research	0	0	0	0	0	0	0	0
03	Public service	0	0	0	0	0	0	0	0
04	Academic support	3,990,642	1,983,826	419,122	896,982	200,612	0	490,100	3,911,324
05	Student services	2,992,594	1,730,173	466,311	148,891	33,300	0	613,919	3,246,250
06	Institutional support	5,501,207	2,415,972	872,609	404,478	90,462	0	1,717,686	5,611,921
07	Auxiliary enterprises	6,110,481	710,289	37,943	109,419	1,837,672	0	3,415,158	5,132,691
08	Net grant aid to students (net of tuition and fee allowances)	0						0	0
09	Hospital services If this institution is primarily a hospital, please click here	0	0	0	0	0	0	0	0
10	Independent operations	0	0	0	0	0	0	0	0
11	Operation and maintenance of plant (see instructions)	0	0	0	-2,943,028	0	0	2,943,028	0
12	Other expenses CV=[E13-(E01+...+E11)]	0	0	0	0	0	0	0	0
13	Total expenses (from B02)	33,752,328	17,377,423	3,565,961	0	2,471,414	0	10,337,530	32,014,637
	Prior year total expenses	32,014,637	17,175,299	3,247,453		2,392,961	0	9,198,924	
14	12-month Student FTE from E12 CV=[E14a+E14b]	920							
	14a Undergraduates	400							
	14b Graduates	520							
15	Total expenses per student FTE CV=[E13/E14]	36,687							

You may use the space below to provide context for the data you've reported above.

Part H - Value of Endowment Assets

Fiscal Year: July 1, 2010 - June 30, 2011

Line No.	Value of <u>Endowment Assets</u>	<u>Market Value</u>	Prior Year Amounts
	Include not only endowment assets held by the institution, but any assets held by private foundations affiliated with the institution.		
01	Value of <u>endowment assets</u> at the beginning of the fiscal year	16,171,752	15,497,534
02	Value of <u>endowment assets</u> at the end of the fiscal year	20,358,235	16,171,752

You may use the space below to provide context for the data you've reported above.

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Summary

Finance Survey Summary

IPEDS collects important information regarding your institution. All data reported in IPEDS survey components become available in the IPEDS Data Center and appear as aggregated data in various Department of Education reports. Additionally, some of the reported data appears specifically for your institution through the College Navigator website and is included in your institution's Data Feedback Report (DFR). The purpose of this summary is to provide you an opportunity to view some of the data that, when accepted through the IPEDS quality control process, will appear on the College Navigator website and/or your DFR. College Navigator is updated approximately three months after the data collection period closes and Data Feedback Reports will be available through the ExPT and sent to your institution's CEO in November 2012.

Please review your data for accuracy. If you have questions about the data displayed below after reviewing the data reported on the survey screens, please contact the IPEDS Help Desk at: 1-877-225-2568 or ipedshelp@rti.org.

Core Revenues

Revenue Source	Reported values	Percent of total core revenues	Core revenues per FTE enrollment
Tuition and fees	\$25,174,245	76%	\$27,363
Government appropriations	\$87,411	0%	\$95
Government grants and contracts	\$243,750	1%	\$265
Private gifts, grants, and contracts	\$5,713,859	17%	\$6,211
Investment return	\$1,865,728	6%	\$2,028
Other core revenues	\$8,518	0%	\$9
Total core revenues	\$33,093,511	100%	\$35,971
Total revenues	\$39,577,595		\$43,019

Core revenues include tuition and fees; government appropriations (federal, state, and local); government grants and contracts; private gifts, grants, and contracts; investment return; sales and services of educational activities; and other sources. Core revenues exclude revenues from auxiliary enterprises (e.g., bookstores, dormitories), hospitals, and independent operations.

Core Expenses

Expense function	Reported values	Percent of total core expenses	Core expenses per FTE enrollment
Instruction	\$15,157,404	55%	\$16,475
Research	\$0	0%	\$0
Public service	\$0	0%	\$0
Academic support	\$3,990,642	14%	\$4,338
Institutional support	\$5,501,207	20%	\$5,980

Core Expenses

Student services	\$2,992,594	11%	\$3,253
Other core expenses	\$0	0%	\$0
Total core expenses	\$27,641,847	100%	\$30,045
Total expenses	\$33,752,328		\$36,687

Core expenses include expenses for instruction, research, public service, academic support, student services, institutional support, net grant aid to students, and other expenses. Core expenses exclude expenses for auxiliary enterprises (e.g., bookstores, dormitories), hospitals, and independent operations.

	Calculated value
FTE enrollment	920

The full-time equivalent (FTE) enrollment used in this report is the sum of the institution's FTE undergraduate enrollment and FTE graduate enrollment (as calculated from or reported on the 12-month Enrollment component). FTE is estimated using 12-month instructional activity (credit and/or contact hours). All doctor's degree students are reported as graduate students.

Edit Report

Finance

Institution: Manhattan School of Music (192712)

There are no errors for the selected survey and institution.

Institution: Manhattan School of Music (192712)

User ID: P1927121

Overview

Finance Overview

Purpose

The purpose of the IPEDS Finance component is to collect basic financial information from items associated with the institution's General Purpose Financial Statements.

Resources:

To download the survey materials for this component: [Survey Materials](#)

To access your prior year data submission for this component: [Reported Data](#)

If you have questions about completing this survey, please contact the **IPEDS Help Desk at 1-877-225-2568**.

Finance - Private not-for-profit institutions and Public institutions using FASB standards

**FASB-Reporting Institutions
General Information - Fiscal Year and Audit**

To the extent possible, the finance data requested in this report should be provided from your institution's audited General Purpose Financial Statements (GPFS). Please refer to the instructions specific to each screen of the survey for details and references.

1. Fiscal Year Calendar

This report covers financial activities for the 12-month fiscal year: (The fiscal year reported should be the most recent fiscal year ending before October 1, 2012.)

Beginning: month/year (MMYYYY)	Month: <input type="text" value="7"/>	Year: <input type="text" value="2011"/>
And ending: month/year (MMYYYY)	Month: <input type="text" value="6"/>	Year: <input type="text" value="2012"/>

2. Audit Opinion

Did your institution receive an unqualified opinion on its General Purpose Financial Statements from your auditor for the fiscal year noted above? (If your institution is audited only in combination with another entity, answer this question based on the audit of that entity.)

Unqualified
 Qualified (Explain in box below)
 Don't know (Explain in box below)

3. Does this institution or any of its foundations or other affiliated organizations own endowment assets ?

Yes (report endowment assets)

 No

4. Intercollegiate Athletics

If your institution participates in intercollegiate athletics, are the expenses accounted for as auxiliary enterprises or treated as student services?

Auxiliary enterprises

 Student services

 Does not participate in intercollegiate athletics

 Other (specify in box below)

5. Does your institution account for Pell grants as pass through transactions (a simple payment on the student's account) or as federal grant revenues to the institution?

Pass through (agency)
 Federal grant revenue
 Does not award Pell grants

You may use the space below to provide context for the data you've reported above.

Part A - Statement of Financial Position, Page 1

Fiscal Year: July 1, 2011 - June 30, 2012

If your institution is a parent institution then the amounts reported in Parts A and B should include ALL of your child institutions

Line No.	Assets, Liabilities, and Net Assets	Current year amount	Prior year amount
Assets			
01	Long-term investments	18,340,106	19,666,623
19	Property, plant, and equipment, net of accumulated depreciation	55,669,948	57,048,694
20	Intangible assets, net of accumulated amortization	0	0
02	Total assets	88,780,408	87,634,740
Liabilities			
03	Total liabilities	45,503,518	46,304,736
	03a Debt related to Property, Plant, and Equipment	529,596	676,769
Net assets			
04	Unrestricted net assets	21,274,521	20,226,769
05	Total restricted net assets	22,002,369	21,103,235
	05a Permanently restricted net assets	20,665,109	20,358,235
	05b Temporarily restricted net assets	1,337,260	745,000
06	Total net assets (CV=A04+A05)	43,276,890	41,330,004

You may use the space below to provide context for the data you've reported above.

Part A - Statement of Financial Position, Page 2

Fiscal Year: July 1, 2011 - June 30, 2012

Line No.	Plant, Property and Equipment	Ending balance	Prior year Ending balance
11	<u>Land and land improvements</u>	1,240,000	1,240,000
12	<u>Buildings</u>	72,893,759	72,719,040
13	Equipment, including art and <u>library</u> collections	7,855,692	7,707,457
15	<u>Construction in Progress</u>	692,195	0
16	Other	0	0
17	Total Plant, Property, and Equipment CV=[(A11+...A16)]	82,681,646	81,666,497
18	<u>Accumulated depreciation</u>	27,011,698	24,617,803
19	Property, Plant, and Equipment, net of accumulated depreciation (from A19)	55,669,948	57,048,694

You may use the space below to provide context for the data you've reported above.

Part B - Summary of Changes in Net Assets

Fiscal Year: July 1, 2011 - June 30, 2012

Line No.	Revenues, Expenses, Gains and Losses	Current year amount	Prior year amount
01	Total <u>revenues</u> and <u>investment return</u>	37,495,326	39,577,595
02	Total <u>expenses</u>	35,548,440	33,752,328
03	Other specific changes in net assets CV=[B04-(B01-B02)]	0	-999,231
04	Change in <u>net assets</u>	1,946,886	4,826,036
05	Net assets, beginning of year	41,330,004	36,503,968
06	Adjustments to beginning of year net assets CV=[B07-(B04+B05)]	0	0
07	Net assets, end of year (from A06)	43,276,890	41,330,004

You may use the space below to provide context for the data you've reported above.

Part C - Scholarships and Fellowships

Fiscal Year: July 1, 2011 - June 30, 2012

DO NOT REPORT FEDERAL DIRECT STUDENT LOANS (FDSL) ANYWHERE IN THIS SECTION

Line No.	Scholarships and Fellowships	Current year amount	Prior year amount
01	Pell grants (federal)	330,445	307,374
02	Other federal grants Do NOT include FDSL amounts	103,793	243,750
03	State grants	49,257	50,270
04	Local grants (government)		0
05	Institutional grants (funded)	9,578,905	8,231,079
06	Institutional grants (unfunded)	0	0
07	Total scholarships and fellowships CV=[C01+...+C06]	10,062,400	8,832,473
08	Allowances (scholarships) applied to <u>tuition and fees</u>	8,891,611	8,052,640
09	Allowances (scholarships) applied to <u>auxiliary enterprise revenues</u>	181,500	200,193

You may use the space below to provide context for the data you've reported above.

Part D - Revenues and Investment Return

Fiscal Year: July 1, 2011 - June 30, 2012

Line No.	Source of Funds	Total Amount	Unrestricted	Temporarily restricted	Permanently restricted	Prior Year Total Amount
01	Tuition and fees (net of allowance reported in Part C, line 08)	26,903,493	26,903,493			25,174,245
Government Appropriations						
02	Federal appropriations	0				0
03	State appropriations	73,879	73,879			87,411
04	Local appropriations	0				0
Government Grants and Contracts						
05	Federal grants and contracts (Do not include FDSL)	217,109	217,109	0	0	243,750
06	State grants and contracts	49,257	49,257			0
07	Local government grants and contracts	0				0
Private Gifts, Grants and Contracts						
08	Private gifts, grants and contracts	3,578,483	2,329,349	942,260	306,874	5,713,859
	08a Private gifts	3,578,483	2,329,349	942,260	306,874	5,713,859
	08b Private grants and contracts	0	0	0	0	0
09	Contributions from affiliated entities	0				0
Other Revenue						
10	Investment return	-467,509	-467,509			1,865,728
11	Sales and services of educational activities	0				0
12	Sales and services of auxiliary enterprises (net of allowance reported in Part C, line 09)	7,140,614	7,140,614			6,484,084
13	Hospital revenue	0				0
14	Independent operations revenue	0				0
15	Other revenue CV=[D16-(D01+...+D14)]	0	0	0	0	8,518
16		37,495,326	36,246,192	942,260	306,874	39,577,595

	Total revenues and investment return (from B01)					
17	Net assets released from restriction	0	0	0	0	
18	Net total revenues, after assets released from restriction	37,495,326	36,246,192	942,260	306,874	39,577,595
19	12-month Student FTE from E12	945				920
20	Total revenues and investment return per student FTE CV=[D16/D19]	39,678				43,019

You may use the space below to provide context for the data you've reported above.

Part E - Expenses by Functional and Natural Classification

Fiscal Year: July 1, 2011 - June 30, 2012

Report Total Operating AND Non-Operating Expenses in this section

Line No.	Expenses by Functional Classification	(1) Total amount	(2) Salaries and wages	(3) Benefits	(4) Operation and maintenance of plant	(5) Depreciation	(6) Interest	(7) All other	(8) PY Total Amount
01	Instruction	15,595,710	10,978,838	1,933,102	1,362,771	289,314	29,031	1,002,654	15,157,404
02	Research							0	0
03	Public service							0	0
04	Academic support	3,955,758	2,021,960	449,470	883,697	187,607		413,024	3,990,642
05	Student services	3,417,574	1,812,865	490,399	146,686	31,141		936,483	2,992,594
06	Institutional support	5,901,896	2,631,497	913,845	398,488	84,598		1,873,468	5,501,207
07	Auxiliary enterprises	4,273,664	728,367	40,276	107,798	1,811,538		1,585,685	6,110,481
08	Net grant aid to students (net of allowances for tuition & fee and auxiliary enterprises)								0
09	Hospital services							0	0
10	Independent operations							0	0
11	Operation and maintenance of plant (see instructions)	0			-2,899,440			2,899,440	0
12	Other expenses CV=[E13-(E01+...+E11)]	2,403,838	0	0	0	0	0	2,403,838	0
13	Total expenses (from B02)	35,548,440	18,173,527	3,827,092	0	2,404,198	29,031	11,114,592	33,752,328
	Prior year total expenses	33,752,328	17,377,423	3,565,961		2,471,414	0	10,337,530	
14	12-month Student FTE from E12	945							920
15	Total expenses per student FTE CV=[E13/E14]	37,617							36,687

You may use the space below to provide context for the data you've reported above.

Part H - Value of Endowment Assets

Fiscal Year: July 1, 2011 - June 30, 2012

Line No.	Value of <u>Endowment Assets</u>	<u>Market Value</u>	Prior Year Amounts
	Include not only endowment assets held by the institution, but any assets held by private foundations affiliated with the institution.		
01	Value of <u>endowment assets</u> at the beginning of the fiscal year	20,358,235	16,171,752
02	Value of <u>endowment assets</u> at the end of the fiscal year	20,665,109	20,358,235

You may use the space below to provide context for the data you've reported above.

Prepared by

This survey component was prepared by:

<input checked="" type="radio"/> Keyholder	<input type="radio"/> SFA Contact	<input type="radio"/> HR Contact	<input type="radio"/> Finance Contact	<input type="radio"/> Other
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Name:

Email:

How long did it take to prepare this survey component? hours minutes

The name of the preparer is being collected so that we can follow up with the appropriate person in the event that there are questions concerning the data. The Keyholder will be copied on all email correspondence to other preparers.

The time it took to prepare this component is being collected so that we can continue to improve our estimate of the reporting burden associated with IPEDS. Please include in your estimate the time it took for you to review instructions, query and search data sources, complete and review the component, and submit the data through the Data Collection System.

Thank you for your assistance.

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Summary

Finance Survey Summary

IPEDS collects important information regarding your institution. All data reported in IPEDS survey components become available in the IPEDS Data Center and appear as aggregated data in various Department of Education reports. Additionally, some of the reported data appears specifically for your institution through the College Navigator website and is included in your institution's Data Feedback Report (DFR). The purpose of this summary is to provide you an opportunity to view some of the data that, when accepted through the IPEDS quality control process, will appear on the College Navigator website and/or your DFR. College Navigator is updated approximately three months after the data collection period closes and Data Feedback Reports will be available through the ExPT and sent to your institution's CEO in November 2013.

Please review your data for accuracy. If you have questions about the data displayed below after reviewing the data reported on the survey screens, please contact the IPEDS Help Desk at: 1-877-225-2568 or ipedshelp@rti.org.

Core Revenues

Revenue Source	Reported values	Percent of total core revenues	Core revenues per FTE enrollment
Tuition and fees	\$26,903,493	89%	\$28,469
Government appropriations	\$73,879	0%	\$78
Government grants and contracts	\$266,366	1%	\$282
Private gifts, grants, and contracts	\$3,578,483	12%	\$3,787
Investment return	-\$467,509	-2%	-\$495
Other core revenues	\$0	0%	\$0
Total core revenues	\$30,354,712	100%	\$32,121
Total revenues	\$37,495,326		\$39,678

Core revenues include tuition and fees; government appropriations (federal, state, and local); government grants and contracts; private gifts, grants, and contracts; investment return; sales and services of educational activities; and other sources. Core revenues exclude revenues from auxiliary enterprises (e.g., bookstores, dormitories), hospitals, and independent operations.

Core Expenses

Expense function	Reported values	Percent of total core expenses	Core expenses per FTE enrollment
Instruction	\$15,595,710	50%	\$16,503
Research	N/A	0%	\$0
Public service	N/A	0%	\$0
Academic support	\$3,955,758	13%	\$4,186
Institutional support	\$5,901,896	19%	\$6,245

Core Expenses

Student services	\$3,417,574	11%	\$3,616
Other core expenses	\$2,403,838	8%	\$2,544
Total core expenses	\$31,274,776	100%	\$33,095
Total expenses	\$35,548,440		\$37,617

Core expenses include expenses for instruction, research, public service, academic support, student services, institutional support, net grant aid to students, and other expenses. Core expenses exclude expenses for auxiliary enterprises (e.g., bookstores, dormitories), hospitals, and independent operations.

	Calculated value
FTE enrollment	945

The full-time equivalent (FTE) enrollment used in this report is the sum of the institution's FTE undergraduate enrollment and FTE graduate enrollment (as calculated from or reported on the 12-month Enrollment component). FTE is estimated using 12-month instructional activity (credit and/or contact hours). All doctor's degree students are reported as graduate students.

Finance

Manhattan School of Music (192712)

Source	Description	Severity	Resolved	Options
Screen: Revenues and investment return				
Screen Entry	Investment return is expected to be a positive amount. If your institution experienced a loss on investments, please confirm below. (Error #5136)	Confirmation	Yes	