

THE CLEVELAND INSTITUTE OF MUSIC
STATEMENT OF ANNUAL INFORMATION
For fiscal year ended June 30, 2024
Dated March 21, 2025

INTRODUCTORY STATEMENT

The Cleveland Institute of Music (CIM), in connection with the issuance of certain of its bonds (the Bonds) and pursuant to SEC Rule 15c2-12 (the Rule), agreed to provide or cause to be provided financial information and operating data (the Annual Information), audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the Continuing Disclosure Agreement). The CIM has prepared and is providing this Statement of Annual Information in accordance with its Continuing Disclosure Agreement of the type included of the type included in APPENDIX A of the Offering Circular related to the Bonds under the caption: "The Cleveland Institute of Music" under the captions "Faculty and Employees," "Recruitment and Enrollment," "Tuition, Fees, Room and Board," "Financial Aid," "Gifts, Grants and Bequests," "Endowment " and "Outstanding Indebtedness" (included in CIM's audited financial statements).

Information included in the Statement of Annual Information has been provided by CIM from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of CIM. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue to be repeated in the future.

Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law or of the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Statement of Annual Information, "debt service" means principal of and interest on the obligations referred to, "State" or "Ohio" means the State of Ohio, "Fiscal Year" means the 12-month period ending June 30, and references to a particular Fiscal Year means the Fiscal Year ending on June 30 in that year.

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The Cleveland Institute of Music

Faculty and Employees

CIM has assembled a dedicated faculty of international acclaim committed to leading students to the highest professional standards. These practicing artists/teachers pass on a wealth of experience to their students. As of January 2025, CIM had approximately 37 full time and 96 part time faculty, of which 27 are members of the Cleveland Orchestra. CIM does not have a tenure system. CIM has a total of 52 full time and 18 part time non-union employees. Given the large number of hourly faculty, CIM continues to have the flexibility to align the number of employees and teaching costs with the strategic direction of the Tabula Rasa initiative of right-sizing enrollment over the past five years. In the context of CIM's student population, the student to faculty ratio is 8 students to 1 faculty and 14% of all faculty members hold terminal degrees. CIM believes that it provides a competitive compensation program for faculty based on salary survey data from the collective private independent colleges of music in the United States. CIM is able to attract and retain persons with outstanding qualifications. Over the past three years, annual wage increases have averaged 1%.

Each year faculty turnover averages between 2-14 faculty members; this also includes those faculty members leaving CIM due to retirement. The average age of full-time faculty members is 53 years of age.

Recruitment and Enrollment

CIM operates in a highly competitive environment where faculty, scholarships and the learning and living environment are key differentiators in the recruitment process. To understand the recruitment process, it is important to understand how CIM answers the question of "Why CIM?", the question on the mind of prospective students and families.

- Learn from world-class faculty - celebrated musicians and performers, which include internationally acclaimed artists, dedicated coaches and educators, and the principals of the Cleveland Orchestra. Faculty has cultivated their own successful careers as musicians and are committed to passing on that experience by teaching students to the highest professional standards.
- Live in a Vibrant Community – commitment to a diverse and inclusive community. CIM has over the past five years established a comprehensive, long-term approach to addressing Black and Latino/Latina representation in classical music with a 300% increase in BIPOC enrollment and a similar scholarship increase of 26%.
- Prepare for A Career in Music - from the Cleveland Orchestra or from opera houses around the world, to the stage of Carnegie Hall, CIM alumni win auditions and jobs in some of the most prestigious orchestras, opera companies, ensembles, and academic institutions. CIM faculty provide superior technical training balanced with guidance for students to develop their musical voice and build their career in music.

- Experience a Team Atmosphere - CIM students constantly challenge and inspire one another. CIM's educational process is collaborative and supportive. Students learn through ensembles and small-group instruction as well as one-on-one coaching. Students study with teams of faculty, individual instructors, internationally recognized visiting artists, and peers, as well as having unprecedented access to the Cleveland Orchestra.
- Add a Major or Minor – CIM students can experience the focused study of a small independent music conservatory with the option to double major or minor at a top- tier university with 11,000 students. CIM's unique partnership with CWRU means students can complement their musical studies with classes in broad fields of study with options for 95 undergraduate or 135 graduate programs.
- Perform Early and Often – CIM students get experience performing in front of audiences from a student's very first semester to help students develop confidence on stage. CIM performance spaces provide opportunities for intimate concerts, fully staged operas, and full orchestras. All students have many opportunities to perform in the more than 300 concerts and events put on by CIM each year.

The year-round recruitment process for prospective applicants typically starts years before students apply to CIM. CIM develops applicant pipelines using a multi-faceted approach, by engaging with important local, regional, national and international secondary arts schools, youth orchestras, conservatories and music schools. CIM's alumni teaching and performing network and CIM's faculty participation in teaching external master classes and at music camps and festivals throughout the year allows more community outreach and engagement. CIM also has an internal pipeline of applicants through its Preparatory and Public Programs Division and with the student recruitment-visiting program which brings prospective students to CIM, typically starting in their sophomore year in high school. These various recruitment avenues result in CIM attracting extremely talented applicants who understand and seek the incredibly high artistic standard offered by CIM. Of this elite group of applicants, around 1,000 per year, 2/3 are invited to audition for the faculty, with around 1/2 of those auditioning earning an acceptance to CIM. This group of accepted students then enter the final phase of the recruitment process. This phase involves offering financial aid packages, continued contact with CIM faculty and staff, including visits to CIM "Accepted Student Days" and finally, enrollment within the new class.

The following table shows the number of completed applications received, the number accepted for admission, the size of the entering freshman and graduate class, and the enrollment yield percentage of the accepted applicants.

Academic Year	Applications Received	Applications Accepts	Acceptance Rate	Students Enrolled	Percent of Accepted Enrolled
2018-2019	1,195	412	34%	176	43%
2019-2020	1,040	352	34%	116	33%
2020-2021	1,162	368	32%	129	35%
2021-2022	958	325	34%	112	34%
2022-2023	1,008	348	35%	122	35%
2023-2024	1,122	396	35%	144	36%
2024-2025	1073	475	43%	101	21%

CIM's recruitment period for the 2025 – 2026 academic year has begun and will conclude on May 1, 2025. For the entering 2024-25 class, CIM received nearly 1,300 inquiries, with just over 850 applying. 600 applicants were invited to audition after pre- screening, with a plan to admit 396 towards a goal of 140 acceptances.

CIM's Conservatory (college) Division serves a student body of approximately 300 students, of whom approximately 7% are from the State of Ohio; 54% other United States; 39% international. The top five international student populations include China, Korea, Canada, Taiwan, and Hong Kong. In addition, 8% come from the traditionally underrepresented groups of Black and Latinx backgrounds.

The Preparatory and Continuing Education (Preparatory) division currently serves around 120 students and adults in the Northeast Ohio area.

The following table shows total Conservatory undergraduate enrollment, both full time equivalent (FTE) enrollment and part time, as well as full time graduate enrollment, for the past five academic years, including the current year.

Academic Year	Undergraduate FT	Undergraduate PT	Graduate FT	Total
2017-2018	221	1	167	388
2018-2019	234	2	157	391
2019-2020	228	0	130	358
2020-2021	221	0	108	329
2021-2022	216	0	126	342
2022-2023	187	0	150	337
2023-2024	194	0	156	350
2024-2025	163	0	137	300

CIM competes for students with various private independent colleges and state universities with strong music programs. The main competitor schools in each category are:

Public Institutions

Indiana University (Bloomington)

Private Institutions

Oberlin College

Peabody Institute (Johns Hopkins)

New England Conservatory of Music

Eastman School of Music (U. of Rochester)

San Francisco Conservatory of Music

Manhattan School of Music

The Juilliard School

Shepherd School of Music (Rice)

Colburn School

Curtis Institute of Music

Tuition, Fees Room and Board

CIM meets the costs of its operations primarily through tuition, fees (including student housing), gifts and grants, and endowment support. The goal of BluePrint:100 was to decrease the reliance of net tuition and fees on operations, replacing it with increased short- and long-term philanthropy. In FY 18, approximately 68% of CIM's annual operating costs were met through tuition and fees, and student housing fees, after considering financial grant aid awarded to students. In FY21, FY 22, FY23 and FY24 this percentage successfully moved to 59%, 55%, 59%, 55% respectively, of CIM's annual operating costs.

The following table sets forth the tuition and room and board charges for entering students by CIM for the most recent five Fiscal Years.

Fiscal Year	Tuition	Fees	Room & Board	Total Tuition, Fees, Room & Board
2017-2018	\$47,200	\$4,406	\$14,870	\$66,476
2018-2019	\$40,000	\$4,896	\$15,048	\$59,944
2019-2020	\$40,000	\$4,987	\$15,576	\$60,563
2020-2021	\$40,000	\$5,006	\$12,500	\$57,506
2021-2022	\$40,000	\$5,106	\$12,750	\$57,856
2022-2023	\$40,000	\$5,573	\$13,300	\$58,873
2023-2024	\$40,000	\$6,662	\$14,550	\$61,212
2024-2025	\$50,000	\$6,718	\$16,600	\$73,318

Total tuition, fees, room, and board represents the costs before any financial aid for students living on campus. CIM's tuition, fees, room and board charges are comparable to other similar conservatories and schools of music.

As part of its strategic plan, BluePrint:100, an endowment campaign was initiated to begin to raise funds to support additional scholarship resources to assisting in lowering the cost of education as well as replace reduced net tuition income. (See **Endowment.**)

Institution	Gross Tuition	Room & Board	Total Tuition, Fees, Room & Board*
Peabody Institute (Johns Hopkins)	\$64,730	\$19,471	\$89,438
Oberlin College	\$66,410	\$18,390	\$86,876
Eastman School of Music (U. of Rochester)	\$69,030	\$20,466	\$91,592
The Juilliard School	\$55,500	\$23,530	\$88,772
San Francisco Conservatory of Music	\$54,400	\$22,930	\$85,465
New England Conservatory of Music	\$61,561	\$21,000	\$87,082
Shepherd School of Music (Rice)	\$63,799	\$18,100	\$86,279
Manhattan School of Music	\$55,750	\$18,050	\$78,800
<i>The Cleveland Institute of Music</i>	<i>\$50,000</i>	<i>\$16,600</i>	<i>\$73,318</i>
Indiana University (Bloomington)	\$40,369	\$13,984	\$62,857
Curtis Institute of Music (tuition free, fees only)	\$0	\$27,786	\$31,286
Colburn School (tuition/room/board free)	\$11,200	\$0	\$11,200

Student Housing

CIM provides housing for its students in 1609 Hazel. Currently, all undergraduate students are required to live in the residence hall for their first two years of collegiate study at CIM. In the event CIM requires its students to live in CIM's student housing after their first two years, 1609 Hazel has the capacity to meet such requirement.

In February 2020 CIM entered into a 30-year lease agreement with a developer for a five-story residence hall (1609 Hazel) which included first option to purchase by CIM. The building was constructed on land owned by CIM and ground leased to the developer. The building is named 1609 Hazel and has 240 beds. The first floor contains 22 individual and chamber music-sized Wenger practice rooms for CIM students, offices, a CIM classroom and a residence lounge. Two levels of residence (126 beds) are currently leased to CIM and the other two levels are leased to CWRU (114 beds). CIM has exercised its purchase option and will fund the acquisition through the issuance of the Bonds which will result in the termination of the CIM's long-term lease agreement with the developer. In addition, CWRU has entered into a new 5-year lease for its current space (the "CWRU Lease"). That CWRU Lease was assigned to CIM upon CIM's acquisition of 1609 Hazel. The CWRU Lease provides for the rental of those 114 beds to CWRU students for a term of five years at an annual rental rate of \$1,250,000 and CIM is responsible for the maintenance of the facility.

The following table indicates average housing occupancy rates for the past four and current academic years.

Fiscal Year	Beds Available	Beds Occupied	Occupancy
2017-2018	102	96	94%
2018-2019	102	98	96%
2019-2020	102	95	94%
2020-2021	126	99	79%
2021-2022	126	117	93%
2022-2023	126	118	94%
2023-2024	126	112	89%
2024-2025	126	101	80%

In Fiscal Year 2024-2025 gross student housing revenue represented 15% of combined gross revenues. “Beds Occupied” is based on student housing revenue, including occupancy for less than a full semester due to transfers and withdrawals. In addition, the impact of the pandemic can be seen in the 79% occupancy, with students, largely international, not being able to attend in person at CIM due to pandemic travel restrictions. These students ultimately elected to participate in online instruction for that academic year. The occupancy rate of 80% for FY 2024-2025 reflected the need to restrict 4 beds to address any residential life/roommate/quarantine issues. The lower occupancy in 2024-2025 is reflective of lower enrollment shown in the recruitment and enrollment section.

To prospectively increase student housing occupancy, CIM is instituting a new requirement for fall 2025 incoming undergraduate students to participate in a third year housing lottery. Students picked in the lottery will be required to stay in the student housing facility to increase occupancy after considering fourth year undergraduates and graduate students voluntarily electing to stay in the student housing facility.

Financial Aid

Many socioeconomic groups are represented in the student population of CIM. CIM’s financial aid policy seeks to address the financial need of all students, utilizing the Free Application for Federal Student Aid. Financial aid at the Cleveland Institute of Music is merit-based, need informed. Regardless of a family’s financial status, CIM makes certain grants based on merit.

Aid packages may include scholarships and grants, work-based awards, and loans available through federal and state governments as well as private sources. While CIM may not be able to meet the needs of all students, nearly all receive some level of scholarship support and CIM works hard to allow attending CIM a possibility for every admitted student who wishes to enroll. Awards consider musical capability and potential, financial need, and CIM’s musical requirements. Entrance auditions, evaluation of academic credentials, as well as financial need serve as the basis for determining the aid eligibility of new students.

Financial aid for full-time undergraduate students is given in the forms of scholarships, grants, loans, gifts, and on-campus employment. Approximately 99% of students received aid in some form during the 2023-24 academic year. The total amount of aid received by undergraduate students in 2023-24 was \$5,863,643. The following table lists the sources for this aid for 2023-24.

(The Perkins Loan Program no longer exists.)

Source of Aid	Amount of Undergraduate Aid	Percentage of Total Undergraduate Aid
Institute Scholarships and Grants	4,893,790.67	85.40%
Federal Direct Loan Program (excluding Parent PLUS Loans)	365,702.00	6.38%
Outside Private Grants and Loans	213,672.00	3.73%
Federal and State Grants	159,889.50	2.79%
Student Employment	97,482.95	1.70%

Undergraduate students demonstrating financial need for the academic year 2024-2025 numbered 67 (of 168), or 39.9% of the full-time undergraduates. The average financial aid including employment provided for these students was \$44,610.

CIM is committed to reducing the net cost of education for its students. Since FY17 CIM has increased its average tuition discount for new students from 54% to 67% in FY 25

Gifts, Grants and Bequests

For generations, the philanthropic community in Northeast Ohio has helped sustain the Cleveland Institute of Music, and CIM is grateful for the dedicated support CIM receives from the CIM community. Every year, CIM solicits gifts, grants, and bequests for both current operating purposes and other needs such as capital projects and CIM's endowment. Major sources of support include individual, foundation, and corporate contributions; government grants from Cuyahoga County and federal government agencies; and support from CIM's annual gala and special fundraising events.

The following table shows the amounts of gifts, grants and realized bequests received by CIM for the last five Fiscal Years as stated in the audited financial statements.

Fiscal Year	Without Donor Restrictions	With Donor Restrictions	Total
2016-2017	\$1,718,970	\$1,278,868	\$2,997,838
2017-2018	\$1,881,828	\$528,838	\$2,410,666
2018-2019	\$2,671,083	\$1,482,685	\$4,153,768
2019-2020	\$4,306,306	\$2,878,168	\$7,184,474
2020-2021	\$2,198,168	\$1,548,355	\$3,746,523
2021-2022	\$13,602,253	\$1,214,338	\$14,816,591
2022-2023	\$1,355,551	\$6,300,470	\$7,656,021
2023-2024	\$7,158,222	\$3,993,855	\$11,152,077

The annual fund has grown from \$1.8 million in FY16 to \$2.75M in FY 24.

CIM has been the beneficiary of substantial gifts and grants from private foundations and corporations. These institutional funders have provided significant recent contributions:

Art Song Festival	New Opera Cleveland Endowment Fund for Artistic Excellence
Benesch, Friedlander, Coplan & Aronoff	Pledgeling Foundation
Britton Gallagher	PwC
Clearstead Advisors, LLC	RSC Fundraising
D'Addario Foundation	Synthomer Foundation
David and Inez Myers Foundation	The Cleveland Foundation
Deloitte & Touche USA LLP	The Dorothea Wright Hamilton Fund
Eaton Corporation	The Foundation for Jewish Philanthropies
Enbridge Gas Ohio	The George Garretson Wade Charitable Trust #2
Ernst & Young	The Giant Eagle Foundation
Fenn Educational Fund	The Hankins Foundation
FirstEnergy Foundation	The Harry K. and Emma R. Fox Charitable Foundation
Fortnightly Musical Club	The Hershey Foundation
Gulick Family Charitable Remainder Unitrust	The Higley Fund
Herbert F. Leisy Family Designated Fund	The Laub Foundation
Hyster-Yale Materials Handling, Inc.	The McCarthy, Lebit, Crystal & Liffman Foundation
Jack, Joseph and Morton Mandel Foundation	The Murch Foundation
John P. Murphy Foundation	The Park Foundation
Judson Retirement Community	The Payne Fund
KeyBank	The S. K. Wellman Foundation
KeyBank Foundation	The Sanson Company
Kulas Foundation	The Walter and Jean Kalberer Foundation
M.E. & F.J. Callahan Foundation	Turner Construction Co.
Martha Holden Jennings Foundation	William F. Gerhauser Memorial Fund
Mattlin Foundation	William O. & Gertrude Lewis Frohring Foundation
Milton and Tamar Maltz Family Foundation	

The following table gives a five-year review of total cash received in gifts and grants from these sources for annual operating and capital needs (i.e., excludes capital campaign).

Fiscal Year	Total Gifts and Grants from Foundations and Corporations
2016-2017	\$541,388
2017-2018	\$681,588
2018-2019	\$685,449
2019-2020	\$675,910
2020-2021	\$703,791
2021-2022	\$1,102,831
2022-2023	\$2,337,073
2023-2024	\$792,181

Endowment

Investments and endowment balances have grown based on strong performance, lowering of the spending policy from 6% to 5.2% and the addition of contributions. Investments are managed by Clearstead, an independent investment consultant acting as an outsourced chief investment officer for CIM and overseen by the Investment Committee of the Board. CIM started its \$40 million Centennial Campaign in 2018 and has reached commitments of \$36 million as of June 30, 2024. The primary fundraising goal by the Centennial Campaign centers around raising a permanent scholarship endowment. The goal is to fund 50 full tuition scholarships. CIM is successfully attracting donors to endow Presidential Scholarships, at \$1.5 million and Dean's Scholarships at \$1 million which fund full tuition, room and board and full tuition respectively. Once students are assigned to these scholarships, they are introduced to the donor(s) who participate in the music life of the student recipient, attending concerts, recitals, and other activities to connect donors and scholarship students. In addition to the chart of received endowment gifts below, CIM has commitments of \$8.9 million in future bequests designated to scholarship endowment.

<u>Fiscal Year</u>	<u>Endowment Gifts</u>
2016-2017	\$910,000
2017-2018	\$547,000
2018-2019	\$1,083,442
2019-2020	\$2,306,170
2020-2021	\$1,025,301
2021-2022	\$561,206
2022-2023	\$2,599,020
2023-2024	\$2,895,745

CIM's Endowment Funds include:

- (1) Endowment Funds which are restricted by the donor as to the use of principal and income.
- (2) Endowment Funds which are designated by the Board to the use of income, with no restriction on the use of principal.
- (3) Endowment funds held in trust by others, for which CIM is a designated beneficiary by the donors, with various donor restrictions.

CIM has received the following distributions to contribute to operations from its managed endowment and funds held in trust.

Fiscal Year	CIM-Managed Endowment Distributions	Funds Held in Trust Distributions	Total Distributions
2016-2017	\$1,942,000	\$271,764	\$2,213,764
2017-2018	\$1,962,000	\$282,790	\$2,244,790
2018-2019	\$2,007,000	\$281,310	\$2,288,310
2019-2020	\$2,005,000	\$277,091	\$2,282,091
2020-2021	\$2,134,000	\$304,806	\$2,438,806
2021-2022	\$2,485,598	\$272,406	\$2,758,004
2022-2023	\$2,479,484	\$308,303	\$2,787,787
2023-2024	\$2,350,512	\$319,946	\$2,670,458

As of June 30, 2024, the net assets of the Endowment Funds/Charitable Perpetual Trusts totaled \$64,758,507, comprised of \$58,275,694 in the CIM managed portfolio and \$6,482,813 of funds held in trust. The net assets of all CIM's endowment funds combined as of the close of each of the last five Fiscal Years is set forth in the table below:

Fiscal Year	Market Value
2016-2017	\$42,237,339
2017-2018	\$45,128,768
2018-2019	\$46,243,060
2019-2020	\$47,081,358
2020-2021	\$58,692,602
2021-2022	\$50,029,171
2022-2023	\$56,012,425
2023-2024	\$64,758,507

Outstanding Indebtedness

See Audited Financial Statements, including Note 8 therein.

CONCLUDING STATEMENT

To the extent that any statement made in this Statement of Annual Information involves matters of opinion or estimates, whether or not expressly stated as such, they are made as such and not as representation of fact or certainty, and no representation is made that any of those statements have been or will be realized. Information in this Statement of Annual Information with respect to CIM has been derived by CIM from official and other sources and is believed by CIM to be accurate and reliable. Information other than that obtained from official records of CIM has not been independently confirmed or verified by CIM and its accuracy is not guaranteed.

THE CLEVELAND INSTITUTE OF MUSIC