

A young man and woman are captured in mid-air, jumping joyfully in front of a historic building. The man, on the left, is wearing a dark jacket and light-colored sweatpants, with one leg extended forward. The woman, on the right, is wearing a black leather jacket and black pants, holding a black electric guitar. The building behind them has several blue banners that read "THE BOSTON CONSERVATORY MUSIC DANCE THEATER". A vertical banner on the right side of the building features the Berklee logo and the word "Berklee".

SPRING 2016

SUBSTANTIVE CHANGE REQUEST

Merger of Berklee College of Music and The Boston Conservatory



Berklee




**NEW ENGLAND ASSOCIATION OF SCHOOLS AND COLLEGES
COMMISSION ON INSTITUTIONS OF HIGHER EDUCATION**

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COVER PAGE FOR SUBSTANTIVE CHANGE REQUESTS

Name of Institution	Berklee College of Music
Type of proposed change (See http://cihe.neasc.org/downloads/POLICIES/Pp72_Substantive_Change.pdf)	The merger of Berklee College of Music and The Boston Conservatory
Effective date of implementation	June 1, 2016
Date of institutional governing board approval	December 1, 2015 Berklee Board of Trustees December 17, 2015 The Boston Conservatory Board of Trustees
Is state approval required?	<p><input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, approved (date) 4/26/2016 (expected)</p> <p>Please note that the Commonwealth of Massachusetts's Department of Higher Education has reviewed the articles of amendment and of merger. The Department of Higher Education has scheduled a hearing on this matter for March 30, 2016. A full DHE board meeting is scheduled for April 26, 2016. However, the DHE staff has indicated that approval of the merger of the programs may occur prior to this meeting, in advance of the NEASC meeting. The approved resolution will be sent to the New England Association of Schools and Colleges (NEASC) as soon as Berklee receives it.</p>
Contact Person:	<p>Name: Camille Colatosti, PhD Title: Dean, Institutional Assessment and Graduate Studies Phone: 617.747.2421 Fax: 617.747.6082 E-mail: ccolatosti@berklee.edu</p>
Please summarize the proposed change	Berklee College of Music (Berklee) and The Boston Conservatory (the Conservatory) propose a merger to be effective June 1, 2016.

	<p>As a result of the merger, legally Berklee will be the surviving organization; the Conservatory's net assets, debts, and operations will transfer to Berklee. The new institution will be known as Berklee College of Music, and the Conservatory will be known as The Boston Conservatory at Berklee (TBCB).</p> <p>Through the merger, Berklee and the Conservatory seek to create a combined organization with increased global leadership in the performing arts and with enhanced opportunities for students. This combined institution will continue to offer all academic programs currently available separately at both institutions. This report describes the merger, its purposes, plans, and commitments.</p>
Signature of CEOs:	
Date:	March 18, 2016

March 18, 2016

Spring 2016 Substantive Change Request

for

The Merger of Berklee College of Music
and
The Boston Conservatory

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Proposal Summary

Berklee College of Music (Berklee) and The Boston Conservatory (the Conservatory) propose a substantive change to be effective June 1, 2016: a merger of the two institutions.

As a result of the merger, legally Berklee will be the surviving organization; the Conservatory's net assets, debts, and operations will transfer to Berklee. The new institution will be known as Berklee College of Music, and the Conservatory will be known as The Boston Conservatory at Berklee (TBCB).

Through the merger, Berklee and the Conservatory seek to create a combined organization with increased global leadership in the performing arts and with enhanced opportunities for students. This combined institution will continue to offer all academic programs currently available separately at both institutions. This report describes the merger, its purposes, plans, and commitments.

Spring 2016
Substantive Change Request
The Merger of Berklee College of Music and The Boston Conservatory

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Introduction to the New Berklee College of Music and The Boston Conservatory at Berklee

Berklee College of Music and The Boston Conservatory, next-door neighbors for many years in Boston's Back Bay and Fenway areas, are excited to share the news of their intention to merge. In December 2015, the Boards of Trustees of both institutions voted unanimously in favor of joining the two institutions. This is a momentous achievement that sets the stage for what we believe will be the creation of one of the world's most comprehensive and dynamic educational institutions for music, dance, musical theater, and related professions.

We expect to complete the merger legally on June 1, 2016. This merger enables the two institutions to work together to leverage individual strengths, preserving the education and training that has been the hallmark of each while also exploring synergies and new opportunities to enhance the learning experience of all students.

The new merged institution will continue to offer students all the degrees that have been approved and accredited separately at the two institutions: Bachelor of Music; Bachelor of Professional Studies; Bachelor of Fine Arts in Theater and/or Dance; Master of Arts; Master of Music; Master of Fine Arts in Musical Theater and/or Dance; Honorary Doctor of Music; and Doctor of Arts, Honoris Causa. Additionally, the following diplomas and certificates will continue to be offered: the professional diploma, the performance diploma, the professional studies certificate, and the artist diploma.

As the merger evolves, we are anticipating ways to create synergies and new opportunities that enhance the education students receive at the separate institutions. Each college's strengths are complementary to one another. Together, the two institutions offer in-depth study across the entire spectrum of the performing arts, ranging from traditional classical works to entirely new creations that combine music, dance, theater, and technology.

As background, the decision to merge was a culmination of months of exploration into finances, academics, administration, operations, and facilities to examine the feasibility of a combined institution. Committees formed as part of this exploration were composed of members of the administrations and boards of both institutions. A Memorandum of Understanding was signed by both institutions on June 25, 2015, creating a formal, nonbinding agreement that outlined the intention to explore a merger. This initiated an exploratory phase during which a steering committee, consisting of members from both institutions, was tasked with conducting studies and facilitating deep discussions intended to determine the feasibility and possible success of a merger. The steering committee explored academics, administration, operations, facilities, and more, identifying strengths, weaknesses, and opportunities in every area. In December 2015, both Boards of Trustees approved a definitive merger agreement with a target closing date of June 1, 2016, confirming that the merger would proceed and would be best for both institutions.

It should also be noted that the primary motivations for the merger are educational and strategic, rather than financial, as both institutions have been operating on a financially sustainable basis. The merger agreement does anticipate some level of synergies that will support investment in the new combined entity.

As a combined institution, students from both the Conservatory and Berklee will benefit from new opportunities to collaborate, create, and learn from one another. Both schools separately are committed to producing leaders in the performing arts. This merger allows students from each institution more opportunities and provides more resources to develop.

The strategic vision of the merger will take time and patience to realize. Current students and those applying for admission in fall 2016 will see no substantial changes in admission procedures or academic programs.

However, we are presently engaging in regular and numerous conversations with students, faculty, and staff, and we expect many synergies to emerge as our communities unite. This is the power of joining two institutions with such an abundance of creative and passionate students, faculty, and staff. We are already exploring ways to provide the Conservatory students access to Berklee's leading studies in music business, music technology, music therapy, sound design, film scoring, and contemporary world music while also providing Berklee students access to the Conservatory's expertise in classical music, opera, dance, movement, acting, and musical theater. As a first step, by fall 2016, we are planning to offer electives for Berklee students in hip hop, jazz, and African dance; we are offering Berklee composition and music technology courses to students at the Conservatory, and we are making liberal arts courses from both institutions available to all undergraduate students.

Berklee College of Music and The Boston Conservatory believe that there is a unique opportunity to create a truly distinctive educational institution that enables the next generation of performing artists and arts professionals not only to thrive but to lead. We are fully energized to make this a reality for current and future students.

Standard 1: Mission and Purposes

Berklee College of Music and The Boston Conservatory together will create a unique 21st century educational experience, one that provides students a complete array of opportunities upon which to build the foundation of their life's work and discover their authentic artistic voices. Together, the two institutions will provide the creative opportunities that characterize the 21st century's new artists and hybrid art forms. By creating the world's most comprehensive and forward-leaning institution of its kind, two historically powerful brands secure an important new position in the field.

Both institutions are committed to fostering contemporary work. By joining forces, the combined institution provides all students access to both the Conservatory's rich tradition in musical theater, dance, and concert music, and to Berklee's leading-edge studies in contemporary popular music, technology, and entrepreneurship. Graduates will be prepared to succeed in careers ranging from performance to production, from composition for contemporary media to music education, music therapy, music technology, and the business of music. The goal is simple: to attract the most talented, creative, and motivated students in the world; to offer them a challenging, leading-edge experience while they are students; and to give them the best possible platform for success as the next generation of leaders in every aspect of performing arts endeavor.

Current Mission Statements

Berklee College of Music

Berklee's mission is to educate, train, and develop students to excel in music as a career.

Developing the musicianship of all our students is the foundation of our curriculum. We believe that the lessons and qualities derived from that work—the self-discipline needed for excellence, the empathy required of music making, and the openness and curiosity essential to creativity—are critical to achievement in any pursuit, musical or otherwise. We also believe that music is a powerful catalyst for the kind of personal growth central to any collegiate experience.

Founded on jazz and popular music rooted in the African cultural diaspora, our comprehensive curriculum is distinctly contemporary in its content and approach, and it embraces the principal musical movements of our time. Through a course of scholarly and practical learning experiences integrating performance and writing, our curriculum covers the variety of influential styles, relevant technologies, and career opportunities open to today's music professional.

The Boston Conservatory

We prepare and inspire our students to perform at the highest level in their art and in their lives. We foster their creativity and give them courage. We teach them the skills that will lead to professional and personal fulfillment.

Both Berklee and The Boston Conservatory are mission driven, with their mission statements defining the unique nature of their purposes. Both institutions display their missions prominently on their respective websites and engage their communities in active planning designed to meet their stated missions. The individual mission statements of the two institutions complement each other, although Berklee's is not currently inclusive of the dance and musical theater communities represented at The Boston Conservatory, and The Boston Conservatory mission is not fully inclusive of Berklee's history and focus.

A challenge of the new merged institution—the new Berklee—involves crafting a new mission statement that embodies the qualities and character of each institution as we build our new institutional culture for the future. We will base this work on the vision statement set forth for the newly combined institution, which is contained in the Merger Strategy and Direction document included in **Appendix 1.1** and reprinted below. This vision statement, like the plans and ideas in the Merger Strategy and Direction document, represents the

best thinking to date regarding the vision and plans for the merger. Over the next months, this vision will be refined, and the plans that grow from it will evolve as well.

A Vision for Berklee in 2025

Berklee will transform arts education and enhance the power of the arts to better our world. Building an inclusive culture that promotes diversity in all its forms, we will nurture the growth of the world's most inspired musicians, actors, and dancers so they may fully realize their artistic, creative, and career potential. Together, Berklee and The Boston Conservatory will forge new connections among art forms, musical cultures, technologies, and institutions, creating a dynamic global network that fosters innovation, collaboration, and community.

Vision for the Merger

Berklee and The Boston Conservatory will create a unique, 21st century educational experience, one that provides students a complete array of skills upon which to build the foundation of their life's work and discover their authentic artistic voices. Together, the two institutions provide the creative opportunities that characterize 21st century artists, music technology, entrepreneurship, and hybrid art forms. By creating the world's most comprehensive and forward-leaning arts institution of its kind, two historically powerful brands secure an important new position in the field.

Both institutions are committed to fostering contemporary work. By joining forces, the combined institution provides all students access to both the Conservatory's rich tradition in musical theater, dance, and concert music; and Berklee's leading-edge studies in contemporary popular music, technology, and entrepreneurship. Graduates will be prepared to succeed in careers ranging from performance to production, from composition for contemporary media to music education, music therapy, music technology, and the business of music.

The goal is simple: to attract the most talented, creative, and motivated students in the world; to offer them a challenging, leading-edge experience while they are students; and to give them the best possible platform for success as the next generation of leaders in every aspect of performing arts endeavor.

This spring, we will work together to develop an inclusive process that we will use to create a new post-merger mission. Throughout summer and fall 2016 and spring 2017, we expect to engage the community fully in a robust mission review with the goal of the adoption of the new mission statement by the Berklee Board of Trustees in May 2017.

As it has in past planning processes at both institutions, the Board of Trustees will play a leadership role with the mission review, and, as he has before at Berklee, the senior vice president for innovation, strategy, and technology will coordinate a process involving faculty, staff, students, alumni, and our extended community of supporters. Through a series of surveys, open town hall-style meetings, and discussions at department, division, and area meetings, we will engage our community. This process will not only yield the next iteration of our institutional mission statement but will help our community members better understand their roles in helping us achieve that mission.

Institutional Effectiveness

Through the past decade, both Berklee and The Boston Conservatory have demonstrated their commitment to their mission and purpose. They have regularly reviewed their missions through community engagement, and they have committed to a new mission review process as a result of this merger. Unlike many mergers in the corporate world, this process is not based on reduced cost leading to enhanced revenues but rather on the potential to deliver even greater educational, artistic, and career opportunities to our combined student body. We expect to be successful in this effort, to exceed the goals of our prior individual missions, and to achieve greater outcomes for 21st century music, musical theater, and dance students.

Standard 1 Appendix

- 1.1 Merger Strategy and Direction, with Pro Forma
- 1.2 Existing Berklee and Conservatory Mission and Vision Statements

Standard 2: Planning and Evaluation

Planning

Just prior to beginning the merger discussions, both Berklee College of Music and The Boston Conservatory completed long-range planning cycles. Berklee uses a 10-year vision-planning horizon supported by multiyear strategic plans, all focused on achieving the institutional mission. The Conservatory had developed a strategic agenda with a specific time focus on 2017, when the institution would reach its 150th anniversary. That agenda called for the development of several strategic plans that would help guide the Conservatory's work leading up to that momentous celebration.

Berklee's vision planning process was board driven but engaged the entire extended community in asking the question, "What should Berklee be like in 2025?" This also took the form of "What kinds of students will be graduating from Berklee in 2025?" This discussion took place in large and small meetings, where Berklee's senior vice president for innovation, strategy, and technology gathered suggestions from every faculty department and every staff department as well as multiple division and area meetings, student government association meetings, and alumni group forums. Ideas were all posted on Berklee's internal website, as were anonymous suggestion boxes; additionally, an email address for suggestions was created at vision2025@berklee.edu.

The result was the new vision statement, mentioned in Standard 1 and repeated below for convenience:

A Vision for Berklee in 2025

As the preeminent institute of contemporary music, Berklee will transform music education and enhance the power of music to better our world. Building an inclusive culture that promotes diversity in all its forms, we will nurture the growth of the world's most inspired musicians so they may fully realize their artistic, creative, and career potential. Berklee will forge new connections among art forms, musical cultures, technologies, and institutions, creating a dynamic global network that fosters innovation, collaboration, and community.

As discussions of the merger between Berklee and The Boston Conservatory began during the final phase of the vision planning process, the last drafts of the vision were revised jointly with the leadership of both institutions. After the merger was announced, a process began to update the wording of the vision to be inclusive of the Conservatory's students in dance and musical theater. The vision continues to be reviewed and discussed. A new draft was presented to the Berklee Board of Trustees in March 2016. The most recent iteration, also presented in Standard 1, is as follows:

A Vision for Berklee in 2025 (Revised Version)

Berklee will transform arts education and enhance the power of music, theater, and dance to better our world. Building an inclusive culture that promotes diversity in all its forms, we will nurture the growth of the world's most inspired musicians, actors, and dancers so they may fully realize their artistic and career potential. Berklee will forge new connections among art forms, musical cultures, technologies, and institutions, creating a dynamic global network that fosters innovation, collaboration, and community.

In June 2015, as merger discussions were developing, the boards of Berklee and the Conservatory charged the executive leadership of both institutions to pause their separate strategic planning processes and instead to craft a five-year strategic plan for The Boston Conservatory at Berklee (TBCB). From June 2015 through October 2015, the two institutions developed this plan by creating a series of committees to look at administrative and academic integration issues, to dream about new opportunities for students, and to look at the financial implications of the merger. An executive-level steering committee, led by Berklee's senior vice president for innovation, strategy, and technology, reviewed all this input and drafted the Merger Strategy and

Direction document, which was approved by each board independently in November 2015. This document is included in **Appendix 1.1**.

With the Merger Strategy and Direction document approved, the new institution is returning to strategic planning. Three main pillars have been identified as the foundation of our new strategy: integration, innovation, and infrastructure. A continuing challenge for both institutions will be not letting existing mindsets limit openness, creativity, flexibility, or adaptability.

Merger Integration Planning

To facilitate this work, we created an executive integration steering committee and four working committees cochaired by leaders from both institutions:

Executive Integration Steering Committee

David Mash, Cochair, Senior Vice President for Innovation, Strategy, and Technology, Berklee College of Music
Richard Ortner, Cochair, President, The Boston Conservatory

Academic Integration Committee

Lawrence Simpson, Cochair, Senior Vice President for Academic Affairs/Provost, Berklee College of Music
Joe Bennett, Cochair, Vice President for Academic Affairs/Dean of the Conservatory, The Boston Conservatory

Administration/Operations Integration Committee

Richard Hisey, Cochair, Senior Vice President for Administration/Chief Financial Officer, Berklee College of Music
Eric Norman, Cochair, Vice President for Finance and Planning, The Boston Conservatory

Cultural Integration Committee

Chris Connors, Cochair, Vice President for Human Resources, Diversity, and Inclusion, Berklee College of Music
Eric Norman, Cochair, Vice President for Finance and Planning, The Boston Conservatory

Volunteer Leadership Committee

Cindy Albert Link, Cochair, Senior Vice President for Institutional Advancement, Berklee College of Music
Leslie Jacobson Kay, Cochair, Vice President of Institutional Advancement, The Boston Conservatory

Full membership lists for these committees are included in **Appendix 2.3**.

In addition, Deloitte Consulting has been engaged to help with the integration project planning.

The executive integration steering committee is meeting weekly to oversee the integration plan. This includes planning for every requirement necessary to finalize the merger by June 1, 2016. This committee also leads the overall planning for the operational integration of the two institutions as well as the work involved in drafting a five-year, post-merger strategic plan.

We expect the new strategic plan to be developed and finalized over the next few months. The president's cabinet, with membership augmented to include leadership from The Boston Conservatory, has scheduled a strategic planning retreat for March 11, 2016. This retreat will focus on our priorities for the next five-year period and direct Berklee's senior vice president for innovation, strategy, and technology to complete a draft strategic plan for community review and input by the end of April 2016. The goal is to present the final plan to the board at its May 2016 meeting and to adopt the plan officially on June 1, 2016, when the new combined institution begins operation as a single entity. Special attention will be placed on communications to our community to ensure that, as we begin operating as a single institution, we all have the new vision and strategy as guiding principles to focus our work.

Evaluation

Over the past few years, Berklee has placed increasing focus on how we collect, process, and analyze data to assist with ongoing evaluation and strategic planning. A position at the dean level for institutional assessment as well as several new data analyst positions have allowed us to strengthen processes for data-driven decision making. An institutional process for academic program review and student evaluation of courses has been in place since 2010, and this process will be expanded to include the programs at The Boston Conservatory.

Following the model currently used at Berklee, all academic programs of the merged institution will undertake a complete review every three years. Additionally, new programs will undergo a fast-track review after one year to determine if revisions need to be made. The focus of the review is to improve student learning with a goal of identifying gaps and making revisions to address them. The effort is on ensuring that assessment is connected to improvement. The program review assesses the effectiveness of student learning and graduation and retention rates as well as student support, financial aspects, facilities, and other areas. It also includes a focus on student satisfaction and student assessment of the courses and faculty. (See **Appendix 2.1**, Program Review Process Information and Forms.)

Additionally, using the course evaluation process currently in place at Berklee, students at the merged institution will be asked to evaluate each course they take. (In fact, we are expanding the course evaluation process used at Berklee to the Conservatory this spring 2016, even before the merger becomes official.) These course evaluations monitor the student's perception of the course content, the technology used to deploy the course content, faculty participation and effectiveness, student interaction, and how the course contributes to the student's overall education. (See **Appendix 2.2**, Berklee Student Course Evaluation Infographic and Summary, Fall 2015.)

In fall 2015, Berklee recruited a new vice president for technology resources to help us prepare for improving our technology infrastructure in support of this focus on data and assessment. Our strategic plan will include an entire section on infrastructure to improve business processes for the new combined institution that will support evaluation and planning based on improved data management and assessment.

We are very aware that going forward our evaluation processes must be ever more data driven. The merger has elevated this matter even further in our planning and evaluation thinking. As we worked toward building the five-year strategic plan for The Boston Conservatory at Berklee, we looked at external trends in our industry, in demographics, and in world economies, and internally at both the Conservatory and Berklee data sets on enrollment, retention, and graduation rates in order to build models for predicting the next few years' finances as a result of this merger.

As we move towards integrating our two institutions into a new Berklee, we have the opportunity not only to continue to build on the success of our individual programs but to capitalize on the unique synergies of our individual strengths to enhance opportunities for our students. While we have some idea of what these

opportunities might be, as noted in the Merger Strategy and Direction strategic plan, we are aware that there will be discoveries that surface only once we are merged and begin to operate as one. Evaluation, particularly curricular review, will play an increased role in our successful planning and operation as a merged institution. As noted, data analysis as an integral part of our formative and summative evaluation processes will be key to elevating our effectiveness in both planning and evaluation.

Institutional Effectiveness

Both institutions are effective in their planning and evaluation efforts. Recent successes in enrollment at both Berklee and The Boston Conservatory, including increased selectivity, improved retention and graduation rates, and student satisfaction levels, point to our institutional effectiveness. While the merger offers great opportunities for our students, it poses new challenges for our planning and evaluation processes, which must become even more data driven to ensure our ability not only to continue our effective operations but to drive our new institution forward in response to world change. We see planning and evaluation as key processes to our success and will need to ensure that, as we integrate these two institutions into a new Berklee, we continue to strengthen our programs and offerings to serve our students and to reach our vision for Berklee in 2025.

Standard 2 Appendix

- 2.1 Program Review Process Information and Forms
- 2.2 Berklee Student Course Evaluation Infographic and Summary, Fall 2015
- 2.3 Merger Integration Committees

Standard 3: Organization and Governance

The systems of organization and governance at both Berklee College of Music and The Boston Conservatory facilitate the accomplishment of the missions and purposes of each institution. Through each college's organizational design and governance structure, the institutions separately create and sustain environments that encourage teaching, learning, service, scholarship, research, and creativity. Determining the best way to reorganize as the institutions merge will be a process. Important interim steps have been implemented to facilitate the birth and development of the new Berklee. Below, we discuss the organization and governance of each institution as well as the merger integration planning that has begun and integration decisions that have been made. Additionally, we discuss leadership integration at the vice presidential level.

Board of Trustees

Berklee

Berklee College of Music is a private, nonprofit, independent institution governed by a Board of Trustees (37 members, including the president of the college). Every trustee serves a three-year term, and two trustee seats are reserved for alumni representation. The board members serve as Berklee's primary fiduciaries and are familiar with Berklee's mission, objectives, policies, and programs. They possess a strong interest in the future of the college and serve as its ambassadors. One of the functions of the board is to establish relationships with individuals who can advance Berklee's mission and support the ongoing programs. Board members are also asked to participate in philanthropy annually and support Berklee's capital campaigns. They are encouraged to attend events for the college, such as commencement and the City Music Encore Gala. The entire board meets four times annually.

The authority and responsibilities of the Board of Trustees and its relationship with administration, faculty, and staff are clearly described in the Berklee College of Music trustee bylaws. The primary functions of the board are the establishment of policy as well as the sound management of the college's resources. Additionally, the board elects and evaluates Berklee's president. The board's strong conflict of interest policy ensures that all members are free of personal or immediate familial or financial interest in the institution; understand, accept, and fulfill their responsibilities as fiduciaries of the college; and act in good faith and in the college's best interest.

The trustee executive committee, comprising 14 members and including the president of the college, meets between board meetings. Among other leadership tasks, the executive committee evaluates and sets compensation for the president on an annual basis. In addition to the executive committee, the board maintains ten trustee committees:

- Academic Affairs Committee
- Student Affairs Committee
- Audit and Risk Committee
- Campus Planning Committee
- Online Education Committee
- Finance and Budget Committee
- Institutional Advancement Committee
- Investment Committee
- Trustee Committee on Membership
- Berklee City Music® Advisory Board

The Boston Conservatory

The Boston Conservatory is also a private, nonprofit, independent institution governed by a Board of Trustees (26 members, including the president of the college). A new leader assumed the role of chair of the

Board of Trustees in May 2014. While board development has been a priority for some years, the vice chair since 2014 has been working with the president and vice president for institutional advancement to refresh and strengthen the Board of Trustees, ensuring a governing body that is (1) deeply committed to The Boston Conservatory's role, vision, and strategic agenda; (2) strongly tied to the evolving modalities and careers of the performing arts; (3) capable of generating substantially greater philanthropic resources; and (4) leading with conviction, courage, creativity, and expertise.

Board members are asked to serve on one or more trustee committees and/or special projects, as needed. These seven trustee committees currently include the following:

- Academic Affairs Committee
- Audit Committee
- Budget and Finance Committee
- Advancement Committee
- Trusteeship Committee
- Alumni Affairs Committee
- Student Affairs Committee

Individually, The Boston Conservatory and Berklee Boards of Trustees are effective governing bodies. Both institutions have gone through considerable change over the last 10 years and even since their last accreditation reviews. As mentioned above, the Berklee board recently completed its engaging process to set a new 10-year vision for Berklee and adopted "A Vision for Berklee in 2025" at the May 2015 annual board retreat. The Berklee board has also been supportive of Berklee's new, five-year, \$100-million capital campaign, which is now in its third year with over 75 percent of the goal (\$77 million to date) either received or pledged.

The Boston Conservatory board has likewise led the Conservatory through its own strategic planning process and is engaged in an active, \$21-million capital campaign to celebrate the institution's 150th year anniversary in 2017.

In light of the merger, these two effective governing boards are coming together as one. Berklee has amended its bylaws regarding the number of trustees to "not less than 12 nor more than 40 persons, one of whom shall be the president, then serving." (See **Appendix 3.1** New Board Bylaws.) This change was made to accommodate eight new trustees chosen from among the 26 current members of The Boston Conservatory board and elected by Berklee's committee on membership. These members have been identified and are expected to be confirmed by vote of the Berklee board by May 2016.

As mentioned, The Boston Conservatory will become a distinct and connected unit of Berklee, identified as The Boston Conservatory at Berklee (TBCB). In the discussion of college leadership below, we explain that the position of president at The Boston Conservatory, currently held by Richard Ortner, will transition into the position of executive director of the TBCB, a position that will report directly to the Berklee president.

Specific board assignments will ensure representation of The Boston Conservatory at Berklee in the leadership of the merged institution. The merger negotiations specify that one or two trustees of The Boston Conservatory serve as members on each of the following standing committees of the board: executive, finance and budget; academic; institutional advancement; and campus planning, as well as "others as may be appropriate in the discretion of the president and executive director of TBCB and as approved by the chair of Berklee's board."

A new Berklee board committee will be established, known as The Boston Conservatory at Berklee Committee. This will comprise a mix of TBCB and non-TBCB trustees. Its role is to advise on the development of TBCB programs. A trustee of TBCB will chair the TBCB committee and serve as a member of the Berklee executive committee. The TBCB committee membership will initially be current Conservatory President Richard Ortner; Berklee President Roger H. Brown; three TBCB trustees; and three other Berklee trustees. Assignments to this new committee will be made upon the closing of the merger.

These assignments will lead to a strong renewed board that will oversee the development of the newly combined institution.

College Leadership and Internal Organization

Berklee

The President

As specified in Berklee's bylaws, the president is the chief executive officer of the college and oversees its day-to-day business. It is his or her responsibility to manage the institution through appropriate administrative structures that facilitate the institution's ability to fulfill its purposes and objectives.

Roger H. Brown, Berklee's president since 2004, has recently reorganized his leadership team. There are a total of six senior vice president positions, an increase of two since 2012. President Brown has also consolidated the reporting of some vice presidents to the senior vice presidents. Six senior vice presidents and three vice presidents report to the president:

- Senior vice president of academic affairs/provost
- Senior vice president for administration and finance/chief financial officer
- Senior vice president for institutional advancement
- Senior vice president for innovation, strategy, and technology
- Senior vice president for student enrollment and engagement
- Senior vice president of online learning and continuing education
- Vice president for technology resources
- Vice president for education outreach and social entrepreneurship
- Vice president for external affairs

The president also leads a support team comprising the chief of staff, assistant vice president for artist and music industry relations, and two administrative support personnel. All other vice presidents (including assistant and associate vice presidents) and the academic division deans report to the appropriate area senior vice president.

President's Council, President's Cabinet, and Senior Vice President Group

Led by the president, the leading advisory group of Berklee College of Music is the president's council, which includes all vice presidents—assistant, associate, full, and senior—as well as deans and the chief of staff. The president's council has met monthly but will be shifting to one meeting a semester, as explained below. Agendas are set by the council agenda planning committee, which is currently chaired by a division dean and includes representation from the broader council. Each area has the opportunity to present information, reports, needs, and challenges, and to lead discussion. The responsibilities of the president's council are to:

- Share and promote the college vision throughout the organization
- Lead the strategic plan and contribute to the formation of the college vision
- Allocate college resources wisely
- Identify obstacles to achievement and strategize on how best to overcome them

The president's cabinet constitutes an executive committee of the president's council and is also led by the president. The cabinet meets biweekly but, as explained below, is shifting to a monthly meeting schedule; members include the president, the senior and full vice presidents, assistant vice president of artist and music industry relations, and the chief of staff. The responsibilities of the president's cabinet are to:

- Lead the operational areas of the college
- Ensure that leadership information, reports, needs, challenges, and obstacles are brought to the attention of the president, the council, and the trustees, as appropriate
- Lead the college's strategic plan committees
- Serve as college liaison and support to board committees

The Boston Conservatory

Over the past five years, Richard Ortner, president of The Boston Conservatory, has identified and elevated four leadership positions to the vice presidential level. These changes were made to strengthen the Conservatory's ability to prepare for, implement, and expand beyond the 150th anniversary in 2017:

- The vice president for academic affairs has full responsibility and oversight for academics, curriculum development, and all registration functions. The division directors report to the vice president and meet regularly with the academic affairs staff to coordinate activities and work together on special programs.
- The vice president for finance and planning leads all business, human resources, facilities, and information technology functions. This unification allows for greater cohesion and operational efficiency. The Business and Human Resources offices have been reorganized and strengthened. Previously outsourced facilities maintenance operations were moved in house.
- The vice president for enrollment management and student affairs provides leadership of student life and related activities. Admissions, financial aid, enrollment, and student affairs operate as an effective, unified, and all-inclusive unit.
- The vice president for institutional advancement facilitates a transition of institutional culture from fundraising to institutional advancement by bringing together marketing and development functions.

The four vice presidents, described above, report to and work directly with the president. Additionally, a 19-member administrative team, including the four vice presidents and the heads of operational and academic areas who report to them, meets with the president at least twice a semester to discuss big-picture, Conservatory-wide projects.

The effectiveness of both institutions' internal leadership and organizational structures are evidenced by the many accomplishments of both colleges. The newly combined institution will benefit from these strong leadership and organizational structures. Creating a new leadership organization that combines the strengths of the two institutions into a single, cohesive team will be a major first step post merger.

To this end, the president has crafted a new organizational chart for the senior leadership team (see **Appendix 3.2**) and revamped all leadership teams to include membership from both organizations. Specifically, the following teams will lead the organization:

The Senior Vice Presidents

This group will comprise the president, Berklee's six senior vice presidents, and the chief of staff, augmented by the executive director of The Boston Conservatory at Berklee. This group will meet biweekly and will focus on long-range strategy and execution of plans.

The President's Cabinet

The cabinet members include the president, Berklee's six senior vice presidents, nine full vice presidents, assistant vice president of artist and music industry relations, and the chief of staff, augmented by the executive director and the four vice presidents of The Boston Conservatory at Berklee. This group will focus on policy and management, ensuring excellent implementation planning, and will meet monthly.

The President's Council

Berklee's existing council will be augmented by the administrative team of The Boston Conservatory at Berklee and will focus on collaboration. Due to the size of this group, it will meet once per semester.

As the organizational chart makes clear, key leadership positions at TBCB will be integrated into the Berklee leadership and reporting structure. The executive director of TBCB will report to the president. The vice president for academic affairs/dean of TBCB will report jointly to the senior vice president for academic affairs/provost as well as the executive director of TBCB. The vice president for institutional advancement will also report jointly to the executive director of TBCB and the senior vice president for institutional advancement. The vice president for finance of TBCB will report to the senior vice president for finance and administration/chief financial officer. The vice president for enrollment of TBCB will report to the senior vice president for student enrollment and engagement.

Academic Affairs, Student Affairs, and Other Operational Areas of the College

The chief academic officer, Lawrence J. Simpson, who is senior vice president for academic affairs/provost, leads academic affairs at Berklee. This will continue after the merger. As provost, Simpson reports to the president and is responsible for all academic affairs of the college. He currently leads three vice presidents (vice president for academic affairs/vice provost, vice president for curriculum and program innovation, and vice president for special programs); the deans of Berklee's three academic divisions (Professional Education, Professional Performance, and Professional Writing and Music Technology); the academic dean of Berklee's campus in Valencia, Spain; and the director of academic budgeting and administration. After the merger, as mentioned, he will also lead the vice president for academic affairs/dean of The Boston Conservatory at Berklee. (The latter will continue to report jointly to the executive director of TBCB.) Additionally, the dean of institutional assessment and graduate studies, the dean for faculty development, the dean of learning resources, and the assistant vice president for digital learning all report up to the provost, as do all academic associate deans, program directors, and chairs. All faculty on Berklee's Boston and Valencia campuses report up to Simpson, and this will continue to be the case with all academic leaders and faculty from TBCB after the merger.

The number of academic affairs standing committees that exist at both institutions are described in some detail in Standard 4. Key to Berklee are the college curriculum committee, led by the vice president for curriculum and program innovation and overseeing the undergraduate curriculum, and the graduate studies committee, led by the dean of institutional assessment and graduate studies and overseeing the graduate curriculum. Representatives from TBCB will be added to these two central committees after the merger.

Organization and governance of student affairs, as well as operational areas of the merged institution, will evolve as the merger of the institution develops. Initially, it is likely that members of TBCB will be added to various Berklee committees such as the data governance committee, the assessment committee, the retention committee, the diversity and inclusion committee, the academic policies committee, and the committee for business processes and systems. Eventually, it is expected that committees that now exist separately at the two institutions but that have similar functions will merge. Likewise, eventually it is expected that some staff and

academic operations will join together to promote efficiencies. This process of integration is expected to take some time to evolve, and will be led by the merger integration bodies described in Standard 2.

Institutional Effectiveness

Berklee and The Boston Conservatory have effective systems of board and internal governance. The new Berklee will continue in this tradition, with effective leadership for the complete institution and representation for The Boston Conservatory at Berklee throughout the Berklee College of Music structure. The board will continue to be composed of engaged members working in alignment with the college mission. The internal leadership as well as faculty, staff, and students will also continue to be deeply engaged in and committed to the institution. Berklee and the Conservatory have always been places of passion and creativity for music, musical theater, and dance. The success of Berklee and the Conservatory in their many initiatives has resulted in a strong period of growth and change, all in service to the institutions' missions. The commitments to academic excellence, student quality, and student experience have always been demonstrated in coherent, intentional, and participatory structures, and this will continue in the new merged institution.

Standard 3 Appendix

- 3.1 New Board Bylaws
- 3.2 Updated Organizational Chart for the Senior Leadership

Standard 4: The Academic Programs

As mentioned, we are excited about the merger of Berklee College of Music and The Boston Conservatory, and we believe we will create a unique, 21st century educational experience, one that provides students a more comprehensive array of skills upon which to build the foundation of their life's work and discover their authentic artistic voices.

We also understand that, even though the missions of the two colleges are closely aligned, the process of integrating the two institutions requires careful, intentional planning, and thoughtful work. And we recognize that this process cannot be rushed.

As the merger is finalized, both institutions will continue to offer the undergraduate and graduate programs that they currently offer and in which they have tremendous expertise—Bachelor of Music degrees at the Conservatory and Berklee; Bachelor of Professional Studies degrees at Berklee Online; Bachelor of Fine Arts in Theater and/or Dance at the Conservatory; Master of Arts at Berklee; Master of Music at Berklee and at the Conservatory; and Master of Fine Arts in musical theater at the Conservatory. Additionally, the Conservatory offers a graduate performance diploma and a professional studies certificate, and has an artist diploma program. Berklee also has a professional diploma and an artist diploma program.

See **Appendix 4.1** for details of each institution's academic programs.

The existing academic structures of each institution will also continue as well, with an important change. As mentioned in Standard 3, the chief academic officer at The Boston Conservatory, Joseph Bennett, the vice president for academic affairs/dean of the Conservatory, will report to the chief academic officer at Berklee, Lawrence J. Simpson, the senior vice president for academic affairs/provost. (The dean of the Conservatory will also report to the executive director of TBCB.) This means that all the academics of the new merged institution will be unified under one provost. As provost, Simpson reports to the president of Berklee and is responsible for all academic affairs of the college. All academic leaders and all faculty on Berklee's campuses in Boston and Valencia report up to Simpson, and this will continue to be the case with academic leaders and faculty from TBCB after the merger.

While the academic offerings will remain the same at the merged institution, work has already begun on planning for and creating synergies. As mentioned in Standard 2, an academic integration committee has been formed. This committee, cochaired by Berklee's senior vice president for academic affairs, Lawrence Simpson, and The Boston Conservatory's vice president for academic affairs/dean of the Conservatory, Joseph Bennett, is charged with:

- Identifying all elements required of a successful academic integration program
- Identifying the appropriate people to operationalize the integration
- Determining the timeline for each integration task, including what can and should be achieved in the current academic year and the next academic year
- Identifying the necessary financial, technical, and human resources
- Providing regular updates to the integration master steering committee, the leadership group charged with guiding the integration

Membership on the academic integration committee includes leadership from the key academic divisions of each institution. For Berklee, the academic structure includes three divisions—Professional Education, Professional Performance, and Professional Writing and Music Technology—as well as Graduate Studies. There are 23 academic departments on the Boston campus, each of which is led by a department chair and, in the case of larger departments, an assistant chair. Under the direction of the dean of institutional assessment

and graduate studies and in collaboration with the respective division dean and the dean of academic affairs on Berklee's campus in Valencia, Spain, each graduate program is led by a program director who is an expert in the designated discipline. The dean of institutional assessment and graduate studies serves as academic affairs liaison to the Valencia, Spain, campus, and works closely with that campus's dean of academic affairs, who reports to the Berklee provost, to ensure appropriate academic oversight of the courses and programs offered there.

At The Boston Conservatory, there are four divisions: Liberal Arts/General Studies, Music, Dance, and Theater. Each division is led by a director, whose position will be elevated to that of a dean, after the merger. As well, the Division of Liberal Arts/General Studies will be merged into the Liberal Arts Department at Berklee, to create one unified program. At the Conservatory, there are also two associate deans, one for academic operations and one for academic planning; 16 instrumental chairs, program directors, or coordinators within the Music Division; an associate director in both the Dance and Theater Divisions; and four additional chairs or program directors within the Theater Division.

To ensure representation of the academic structures at both institutions on the academic integration committee, members from The Boston Conservatory (in addition to Joseph Bennett, vice president for academic affairs/dean of the Conservatory) include the directors of each of the four divisions as well as the two associate deans of academic affairs. From Berklee, in addition to the provost, members include the three vice presidents for academic affairs: the vice provost, the vice president of curriculum and program innovation, and the vice president for special programs. The deans of each of the three divisions and the dean of institutional assessment and graduate studies also serve on the committee.

It is expected that academic integration will be complex and will take several years. It is also expected that the academic programs currently offered at the two separate institutions will continue at the new merged institution. At the same time, it is predicted that new academic programs and interesting synergies among existing programs will emerge within the first few years, creating new enrichment opportunities for students at the new Berklee.

Some of these early new developments may be easy to implement, such as the following:

- Allowing TBCB students to spend a semester studying abroad at Berklee's campus in Valencia, Spain
- Inviting TBCB students to Berklee spring break trips to Nashville, Tennessee, and Atlanta, Georgia
- Offering Berklee students the opportunity to play with the pit orchestras for TBCB musical theater performances
- Opening membership of the existing Berklee Scoring Sessions Orchestra to eligible TBCB music students, as well as opening additional performing and recording ensembles
- Creating elective courses in introductory and intermediate dance, taught by faculty from TBCB, for Berklee students; creating composition and music technology elective courses, taught by Berklee faculty, for TCBC students; and making liberal arts courses from both institutions available to all undergraduate students (this initiative is already being planned for a fall 2016 launch)

Other developments may be more complicated but are still doable within the first year:

- Creating one to two new courses that would highlight the best of Berklee and the Conservatory, such as courses in the following:
 - Songwriting for the Conservatory's musical theater students
 - Musical theater for Berklee students
 - Recording and/or music business for the Conservatory's students
- Engaging in collaborative experiences for students that bring together the two institutions, such as the following:

- Recording works composed and performed by the Conservatory's students in Berklee's state-of-the-art studios
- Incorporating more dance into Berklee musical performances
- Providing opportunities for Berklee and The Boston Conservatory musicians to perform together

Still other developments may take several years, but work on them could begin within the first year. Examples include:

- Evaluating and beginning development of new undergraduate majors or graduate programs that bring together the expertise of the two institutions, such as the following:
 - An undergraduate and/or graduate program in classical guitar that connects Berklee's stellar Guitar Department to the Conservatory's classical tradition
 - A graduate program in jazz dance that connects The Boston Conservatory's dancers with musicians in the Berklee Global Jazz Institute
 - An undergraduate program in technical theater that joins the Conservatory's expertise in theater with Berklee's expertise in music technology and production

Throughout the merger process, we expect to learn, grow, and revise our plans as we develop a strategic direction. We understand that some pieces of integration may happen more quickly and easily than expected, and some may be far more complicated.

Below is a summary of what exists programmatically and structurally, and the best thinking at this time regarding integration of the two institutions, always with the understanding that this thinking will continue to evolve as the integration matures and develops, and as we create and recreate the new Berklee.

Curriculum and Policy Committees

Berklee and the Conservatory each have standing committees that provide guidance for the curriculum and policies. As the new institution that develops from the merger evolves, we expect to integrate these committees.

Berklee's college curriculum committee (CCC), chaired by the vice president for curriculum and program innovation, comprises academic deans, chairs, faculty, and representatives from student affairs, including enrollment and admissions. It has broad oversight over the undergraduate curriculum. The committee reviews revisions to the curriculum, including course and program proposals and changes as well as deletions and additions. The committee makes recommendations to the provost for consideration and approval. The committee also receives findings from the undergraduate academic program review process, a comprehensive review system that assesses all courses and programs on a three-year cycle.

Berklee's graduate studies committee, chaired by the dean of institutional assessment and graduate studies, focuses on curriculum and policy issues germane to graduate studies. All new graduate programs and courses are reviewed, discussed, and approved (or rejected) for recommendation to the provost. Membership for the committee is drawn from all levels of academic affairs—faculty, chairs, deans, and vice presidents—and includes representatives from the online extension school, the Boston and Valencia campuses, students affairs, and enrollment areas. Program review findings for graduate studies programs are brought before the graduate studies committee.

Berklee's committee for academic policies (CAP) considers the relevance and effectiveness of academic policies and processes, with the objective being to support the experience of Berklee students. Led by Berklee's vice president for academic affairs/vice provost, the committee includes academic senior leadership,

chair representatives, representatives from the student affairs and enrollment areas, and students. The committee makes recommendations to the senior vice president for academic affairs/provost and, where appropriate, to the senior vice president for student affairs.

At The Boston Conservatory, the dean's council is the representative body of the faculty, involved directly in matters of planning and governance. The council is an advisory and consultative body to the Conservatory's vice president for academic affairs/dean of the Conservatory on all matters that may affect the attainment of the Conservatory's educational objectives. It makes recommendations concerning the faculty's welfare and participates in a meaningful way in the development of academic policies and procedures. The council includes two elected faculty from each division. Council members have three-year appointments, which are staggered to provide continuity from year to year. The council oversees the allocation of faculty development funds, maintains and updates The Boston Conservatory Faculty Handbook (see **Appendix 5.2**), and communicates with other faculty through one-on-one meetings, town hall sessions, and occasional newsletters. Beginning in fall 2015, the dean's council organized and hosted a series of faculty forums to provide faculty from all divisions an opportunity to discuss matters of interest or concern. Administration does not participate in the forums, and the dean's council presents the items of the faculty forums at the regularly scheduled dean's council meetings that include the dean and associate deans of the Conservatory.

Additionally, at The Boston Conservatory, the curriculum steering committee oversees curricular changes, additions, and deletions; and the academic operations committee oversees policies. These committees comprise faculty and academic administrators, and each is chaired by an associate dean from the Conservatory. These committees make recommendations to the Conservatory's dean.

Following the merger, it is expected that representatives from the Conservatory will be integrated into the three Berklee committees mentioned above, which have responsibility for undergraduate and graduate curriculum development as well as academic policies. The Boston Conservatory committees will continue in their current form for the immediate future.

Curriculum Design

Both Berklee and the Conservatory offer a curriculum that is outcomes based. Each academic program demonstrates coherence through its learning outcomes, goals and objectives, structure, content, policies and procedures, admissions criteria, retention practices, assessments of student learning, instructional methodology, and more. The expectations for student achievement, independent learning, and skills in inquiry and critical judgment are graduated by degree. The bachelor's degree program—designed to give students a substantial and coherent introduction to the broad areas of human knowledge with a special focus on music, dance, or theater—provides education at a very high level. The master's degree program elevates education beyond the baccalaureate level, providing true mastery of a specialized and complex field.

Both Berklee and the Conservatory also foster the idea that college has at least two purposes: preparing students directly for careers and readying students for a life that is about more than work. The undergraduate and graduate programs at Berklee and the Conservatory provide space for students to reflect on their own goals, development, growth, and creativity. Berklee also provides options for minors to its undergraduate students, and consideration will be given to opening these options to all students in the merged institution. At the undergraduate level, the liberal arts programs at both institutions provide students the opportunity to explore a wide range of disciplines and areas of study. Already, the leaders and faculty of the Liberal Arts Departments have been meeting to identify ways to leverage each other's strengths and provide increased options for students. It is expected that these two departments may be ready to operate as one soon after the merger of Berklee and the Conservatory becomes official.

At the graduate level, at both institutions, the programs are very much individualized, providing students the opportunity to master a specific field while also developing and completing a culminating experience or thesis project that is uniquely theirs and that offers them the opportunity to make an original contribution to their chosen area of study. Discussions are beginning about ways to unify the two institution's master's offerings under one graduate studies umbrella by creating a joint graduate bulletin, developing some joint programming for orientation, exploring joint performance opportunities, expanding Berklee's graduate career development seminar, opening Berklee's graduate internship program to students at TBCB, and more. Additionally, new integrated program offerings may develop in the future.

Undergraduate Programs

The Bachelor of Music degree at Berklee College of Music encompasses 120 credits in 10 of the 12 majors. The major concentrates contain 30 credits of instruction with the exceptions of the music therapy major, which is 46 credits, and the music education major, which is 52 credits. The additional course work in those two programs is necessary to meet external accreditation and state requirements. The Bachelor of Professional Studies degree offered through Berklee Online also requires 120 credits with major concentrates of 30 credits.

At The Boston Conservatory, the music division offers the Bachelor of Music degree through seven instrumental departments—Brass, Harp and Guitar, Percussion, Piano, Strings, Voice, and Woodwinds—and music composition. The Bachelor of Music degree ranges from 125.5 to 138 credits. The Bachelor of Fine Arts in Dance requires a total of 141 to 145 credits, centered on four interconnected curriculum components: the movement component, the academic component, the creative component, and the body-knowing component. Students select one of five areas of study: modern dance, ballet, jazz dance, dance pedagogy, or creative performance. The theater division offers a Bachelor of Fine Arts requiring 134 credits. The emphasis is on educating the “triple threat” performers, who are accomplished in acting, singing, and dance, while also offering opportunities for specialized study.

The undergraduate programs at both institutions consist of three integrated sections:

- The core, foundational music, theater, or dance curriculum
- The liberal arts program
- The major or concentrate area of study

While the core music theory and history curricula differ at the Conservatory and Berklee, the educational philosophy is the same: a solid foundation in fundamental principles, theory, and practice is necessary for creative and successful art. The same is true for the dance and theater programs at the Conservatory. Likewise, both institutions recognize the importance of a well-rounded education and support a coherent and substantive liberal arts curriculum.

All undergraduate programs at Berklee and The Boston Conservatory are outcomes based. All learning outcomes align at the institutional, program, and course level. All programs provide students the opportunity to study at very high levels. In their final semesters, students are mastering advanced levels of knowledge in their fields. The programs foster hands-on learning and encourage students to complete practical and professional projects such as performances, productions, and senior portfolios of professional work as well as internships or practica.

Graduate Programs

Both institutions also offer graduate programs. Berklee offers Master of Music and Master of Arts degrees. The Boston Conservatory offers Master of Music degrees and a Master of Fine Arts in Musical Theater. Berklee's Master of Music degrees are in contemporary performance; scoring for film, television, and video

games; and music innovation, technology, and production. Berklee also offers Master of Arts degrees in music therapy and in global entertainment and music business. The Boston Conservatory's Master of Music degrees are in composition, brass, harp and guitar, percussion, piano, strings, voice, woodwinds, opera, marimba, collaborative piano, orchestral conducting, choral conducting, and music education. The Master of Arts and Master of Music programs at both schools range from 30 to 39 credits and are designed to be completed in one to two years of study. The Conservatory's Master of Fine Arts in Musical Theater is 64 credits and is designed to be completed in two years, or five semesters, of intensive study, including one summer.

The graduate programs at both institutions are designed to provide students a mastery of a profound area or complex field of study. The graduate curriculum, like the undergraduate program, is outcomes based and designed to align with the institutional mission. Additionally, graduate study takes students to a higher level of excellence musically, artistically, and professionally. Through focused and rigorous study, enhanced by close mentoring relationships with exceptional faculty, students reach their professional and artistic goals while gaining the knowledge and skills needed to prepare for careers and to serve as leaders in today's creative industries and beyond. Regardless of the program of study, the master's degree education at Berklee and The Boston Conservatory works to create the leaders of today and the innovators of tomorrow. Through study, students research, anticipate, and prepare to lead industry trends and developments.

Precollege Education

Through its special and summer programs, Berklee provides music education to young people, especially high school students in its Five-Week Summer Performance Program and middle school students in Day Sessions, a day program in the summer.

Through its City Music programs, Berklee also provides precollege programs to fourth through 12th graders in underserved communities. Berklee established the City Music Network to replicate the successes of the Boston after-school and summer programs. The 47 network locations across the United States and Canada offer many of the same experiences as the original City Music program in Boston. Professional musicians direct student ensembles and teach theory, ear training, and performance using popular R&B, rock, hip hop, and jazz songs at each site.

The Conservatory offers arts education to young people through its extension programs. Summer programs include offerings in musical theater, dance, and music. Additionally, there are high school and collegiate intensive programs in brass, horns, composition, musical theater, dance, and voice. There are special music and performance programs for children on the autism spectrum. There are also continuing education programs for adult learners in Alexander technique, vocal pedagogy, and in teaching music to students on the autism spectrum.

The merger affords the combined institution an opportunity to expand upon existing summer and out-of-school-time programs in music, dance, and theater, especially those offered to children in underserved communities.

Berklee Online: Berklee's Continuing Education Division

Berklee's continuing education division, Berklee Online, supports the institutional mission and expands the college's reach to more than 90 countries worldwide through its online courses and certificate programs. As well, Berklee offers an online Bachelor of Professional Studies degree, with majors in interdisciplinary music; music production; music business; music composition for film, television, and games; and electronic music production and sound design. Berklee Online also offers massive open online courses (MOOCs) through EdX and Coursera on such topics as songwriting, music production, music business, music foundations, and

more. The merger of Berklee and The Boston Conservatory provides opportunities to consider the development of online courses in classical music. Additionally, the Conservatory provides an opportunity to consider publications in classical music through Berklee Press, a division also managed through Berklee Online.

Evaluation

As mentioned above, looking for areas for integration and synergy among the academic programs is a primary focus of the academic integration committee and is part of the work ahead for the merged institution.

To facilitate this work, the process that Berklee uses to review programs and assess student learning will be applied to all of the programs at the new institution, including those that presently are offered through the Conservatory. Berklee has a comprehensive process of academic program review. All academic programs are reviewed on a three-year cycle. New programs complete a fast-track review after the first year of implementation.

The program review process asks faculty and academic leaders to assess and improve student learning by developing and/or reviewing clear expectations of what students learn at the program and course level. Academic leaders and faculty are also asked to align these outcomes with the college mission and diversity statement. The process asks, too, for academic leaders and faculty to verify the outcomes at the program and course level with professional standards and external experts.

Students at Berklee also evaluate their courses each semester using a SmartEvals tool. This evaluation process is helpful in understanding students' perceptions of their learning and their assessment of their faculty and coursework. While student evaluations can never be the sole tool to assess student learning, such evaluations provide information that is useful to the college in determining if a course is or is not resulting in the intended learning. This evaluation process will be expanded to include all Boston Conservatory courses as well, beginning before the merger is official, in spring 2016.

See **Appendices 2.1 and 2.2** for program review process information and for a course evaluation report.

The merger will allow both institutions to take a fresh perspective on providing appropriate and sufficient resources to sustain and improve the overall academic programs, particularly in the areas of course scheduling and adequate classroom space to support courses. Each institution utilizes a different approach and system in course scheduling, and those are being evaluated for viability to consolidate them or move them to a new system. Both institutions are also challenged by continual enrollment growth.

Berklee's and the Conservatory's teaching spaces are heavily scheduled during the day to the extent that course scheduling has been increasingly extended into most evenings. To understand better the possible academic scheduling options and opportunities and to help inform future planning for appropriate and sufficient resources for supporting faculty and course scheduling, Berklee commissioned an external study of classroom utilization. The analysis confirmed that Berklee does fully utilize its facilities during the normal teaching week. It also recommended that several additional classrooms and technology labs be added to reach best practice zones in scheduling. The study likewise identified opportunities to enhance utilization by better aligning room and class sizes, and by considering scheduling at less popular times. The Conservatory is expecting to undertake a similar third-party study, using the same consultant, following the merger. The results of both studies will be used to consider how best to approach academic space planning and scheduling in the context of enrollment growth and increased demand for new Berklee and Conservatory courses that support the new opportunities and experiences surfacing for The Boston Conservatory and Berklee students, respectively.

Integrating the academic offerings and structures at the two institutions is the next phase of work for the merged institution's academic programs. This will involve developing short- and long-term goals regarding the academic program.

Some projects include:

- Expanding offerings for students at The Boston Conservatory and Berklee by creating flexibility and additional educational opportunities within existing programs
- Evaluating and aligning the undergraduate programs at TBCB to 120 credits, where possible and advisable
- Creating new offerings that integrate the strengths of the Conservatory and Berklee
- Investing in new online offerings, both MOOCs and paid online courses, built around the strengths of the Conservatory
- Developing new programs that make the best use of Berklee's campus in Valencia, Spain
- Expanding existing and creating new summer programs that utilize facilities and leverage the institution's reputation while cultivating future enrollment

Institutional Effectiveness

Both The Boston Conservatory and Berklee have undergone a great deal of growth and change in the past decade. This growth has led to the integration of these two institutions, an integration that will create one college that is stronger and provides students a richer educational experience than either institution could have achieved on its own. The two institutions are aligned in their quest to be transformative in arts education as well as in the evolution of music and the performing arts. Berklee's expertise in contemporary music education and the Conservatory's best practice grounding in studio teaching confirm the effectiveness of the new Berklee to develop and implement the academic programs needed to enable the college to realize its vision for 2025: to "transform arts education and enhance the power of the arts to better our world."

Standard 4 Appendix

- 4.1 List of Links for Online Academic Resources

Standard 5: Faculty

Both Berklee College of Music and The Boston Conservatory have a distinguished faculty, dedicated to the education of students at the undergraduate and graduate level and committed to meeting the mission of each institution. For Berklee, this means that faculty are focused on helping “to educate, train, and develop students to excel in music as a career.” For The Boston Conservatory, faculty “prepare and inspire our students to perform at the highest level in their art in their lives.”

Faculty at both institutions are more than teachers. They serve as students’ mentors and collaborators. They focus on helping students learn and on facilitating students’ growth as they work to realize their potential. Faculty across both institutions not only excel as educators and leaders in their disciplines, but they are also highly connected to areas in and outside of the music industry as performers, composers, sound designers, music engineers and producers, choreographers, music therapists, musical theater directors and technical consultants, authors, business leaders, and more.

All faculty are experienced and talented professionals in their fields and bring this expertise to the classroom. They inspire students to push their talents and thinking beyond what they thought their limits were. Faculty qualifications, numbers, and performance are sufficient to accomplish the mission and purposes of both institutions separately. Together, they will be even more powerful.

The student-to-faculty ratio at Berklee is 11 to one. The Conservatory has a student-to-faculty ratio of 6.25 to one. These ratios ensure that students at Berklee and the Conservatory receive a great deal of individual attention.

Berklee’s faculty comprises 692 members, 266 (or 38 percent) of whom are full time and 426 of whom are part time. The Boston Conservatory faculty comprises 204 members, 93 (or 46 percent) of whom are full time and 111 of whom are part time.

Berklee’s Boston-based on-campus faculty in the graduate and undergraduate programs are members of the American Federation of Teachers, Local 4412, AFT-MA, AFL-CIO. The contract agreement specifies faculty compensation, working conditions, and teaching load. Additionally, the contract specifies requirements for rank (instructor to full professor), promotion, sabbatical and other benefits. The next collective bargaining process is scheduled to occur in summer 2016.

Full-time faculty at The Boston Conservatory have a guarantee of at least 16 load hours per semester. Part-time faculty are defined as those who teach fewer than 16 load hours per semester. All faculty at the Conservatory are compensated based on an hourly rate. The Conservatory does not presently offer multiyear contracts, nor are faculty distinguished by rank.

It is expected that the Conservatory faculty members will be integrated into the Berklee faculty by September 1, 2017. It is also expected that, beginning in the 2016–2017 academic year, a process will be implemented to determine rank and compensation for the Conservatory faculty members in light of the merger.

Faculty Development and Support

Both Berklee and The Boston Conservatory support the continuing development of faculty. Determining the best ways to incorporate faculty from both institutions into the various development programs will be one initiative of the merger. It is expected that all opportunities currently available to Berklee faculty will be available to all faculty of TBCB as well, after the merger.

At Berklee, an extraordinary 93 percent of faculty members participate in at least one professional development program a year, and 53 percent participate in two or more. These numbers demonstrate the institutional and faculty commitment to lifelong learning and development.

Berklee's Office of Faculty Development offers a rich array of programming to help faculty improve as educators, artists, performers, and scholars. Almost \$200,000 in support is offered annually.

Existing faculty development programs that enhance pedagogy and instruction include:

- New faculty orientation
- Faculty education on new curriculum, technology, and classroom developments through general workshops on specific topics as well as ongoing programs such as the following:
 - The Faculty-Led Innovations in Education Grant, which provides space and support for faculty members to engage in creative and academic work that advances the college's strategic plan, improves the student experience in innovative ways, and enriches the development of themselves and their peers. The recipient receives \$10,000 in support of their proposed project, administrative support through the Office of Faculty Development, and a stipend of \$6,000 for their time on the project.
 - Faculty Learning Communities (FLC), which provide teachers from all disciplines and departments an ongoing opportunity to reflect on their practice. Each FLC is organized around a specific topic, meets biweekly through the semester, and is facilitated by one or a pair of faculty members.
 - Reboot, a series of intensive summer workshops on teaching with technology, organized and facilitated in collaboration with the college's Center for Technology in Music Instruction.
 - Berklee Teachers on Teaching (BTOT), an annual two-day conference each January, at which faculty share best practices. Faculty from the Conservatory were invited to participate in the January 2016 conference; 42 did, including four who presented in sessions.

The Office of Faculty Development also offers a variety of competitive grant opportunities to support faculty's creative and scholarly work. Programs include:

- Guilford Sound, Hearstudios, and Chalk Hill residencies, each of which support a week's worth of focused, dedicated time for faculty to be immersed in their craft in an inspiring environment (Guilford, Vermont; Camden, Maine; and Sonoma, California, respectively). The residencies support composition, creative writing, research, rehearsal, recording, and mixing. Faculty recipients of the residencies receive room, travel, per diem, and, in the case of Guilford Sound and Hearstudios, the exclusive use of a recording studio for one week. The residencies are made possible through the vision and generosity of Dave Snyder and Sara Coffey of Guilford Sound; Berklee alumnus Jason Hearst '13 of Hearstudios; and the Warnecke family of Chalk Hill.
- Newbury Comics Faculty Fellowship, a fellowship in support of Berklee's vision created by Mike and Laura Dreese. Open to all disciplines of study and genres of music, this fellowship focuses on the creative and innovative approaches of faculty to engage students and teach courses that prepare students for careers in music. Projects that seek to transcend traditional boundaries, take risks, and/or explore ideas in new ways are encouraged.
- The Berklee Faculty Development Grant, which provides funding of up to \$2,000 to Berklee faculty members engaged in projects of professional development including but not limited to scholarly research, private instrumental lessons, performances, and collaborations among faculty members.
- The Berklee Faculty Fellowship, which provides awards of up to \$7,500 to Berklee faculty members to engage in specific creative endeavors that develop the academic and artistic career of the involved faculty member and that enhance Berklee's participation in the world of education and/or the music industry. Projects may include but are not limited to research, performance, study, or composition.

- The Berklee Faculty Recording Grant, which provides studio access, college-designated engineers, and assistant engineers to support faculty recording initiatives.
- The Faculty Development Travel Grant, which offers up to \$500 to support professional travel, administered through a monthly application cycle.
- The Faculty/Chair Private Lessons Program, which provides up to 10 hours of private instrumental or voice instruction from faculty and chairs to their faculty and chair colleagues.

Berklee's Office of Institutional Assessment and Graduate Studies and the Office of Faculty Development have worked together to create new programming for faculty involved in graduate teaching. Programming includes an orientation for all faculty teaching in the graduate program and special sessions for faculty teaching in the low-residency program.

Development for graduate faculty also includes a faculty exchange between Berklee's campuses in Boston and Valencia. Faculty, as appropriate, have the opportunity to work with students on both campuses, share best practices, and learn from each other.

At The Boston Conservatory, total faculty development funding is now approximately \$60,000 annually. There are annual faculty development funds overseen by the dean's council. As described in Standard 4, the dean's council is the representative body of the faculty, involved directly in matters of planning and governance.

Additionally, the Conservatory received a three-year (FY 2014 to FY 2016), \$156,915 grant from the Davis Educational Foundation to fund Supporting New Academic Programs (Project SNAP). The funding of Project SNAP is not only an external recognition of the Conservatory's commitment to its academic programs but also a significant investment in professional development opportunities that provide direct feedback into the curriculum design process. Project SNAP is a driver of curricular and pedagogical innovation at the Conservatory by collecting, supporting, and disseminating best practices in teaching, assessment, and program development through three mechanisms:

1. Faculty learning communities
2. Skills-based workshops
3. Course development

Instructional Technology

Instructional technology and delivery systems serve to further the mission and vision of both Berklee and The Boston Conservatory as well as the new merged institution.

At Berklee, all full-time faculty and most part-time faculty are assigned a MacBook Pro for their instructional use. Students are equipped with a similar computer. A goal of the merger will involve exploring the extension of this program to the Conservatory faculty and students.

Berklee provides continued professional training for faculty in the area of technology. The Center for Technology in Music Instruction (CTMI) is a faculty resource center dedicated to helping faculty integrate technology into their teaching and classroom curriculum. This training will be extended to include The Boston Conservatory faculty.

Faculty Evaluation

Berklee has broad-based procedures in place to evaluate both full- and part-time faculty for retention and promotion. Historically, The Boston Conservatory has lacked a data-driven metric for faculty evaluation and for student evaluation of courses. As mentioned above, it is expected that all faculty will be integrated by fall

2017 into the merged institution. At that point, it is expected that all faculty at the merged institution will participate in the same evaluation process.

In accordance with the Berklee faculty contract agreement, the criteria for promotion and reappointment include evaluation of faculty's professional education, teaching and advising, other required duties (such as holding office hours), service to the college (if appropriate), service to the profession (if appropriate), and professional development.

At Berklee, there are three methods of evaluation for faculty: self-evaluation, the faculty performance review, and student evaluations. Through self-evaluation, faculty examine their work as teachers, scholars, and creative artists as well as examine how they meet the responsibilities delineated in the faculty contract agreement. When applicable, they also examine their service to the college and to the profession. The faculty performance review, conducted by the faculty member's immediate supervisor—a department chair or program director—evaluates faculty according to these same criteria. And, as mentioned, the merged institution is seeking to expand course evaluations to all courses as soon as possible. Faculty at the Conservatory are eager to receive feedback, and the Conservatory's dean's council has established the implementation of course evaluations as a priority.

As the merger develops, the new institution is committed to the integration of faculty from both institutions. Some of these developments may include:

- Increased opportunity for faculty input on existing and yet-to-be-developed committees regarding curriculum and student learning
- Alignment of faculty development opportunities
- Expansion of faculty development, especially in regards to incorporating technology in the classroom
- Alignment of faculty rank and compensation

It is also expected that, over time, there will be more fluidity among faculty to teach the programs, courses, and students that they are most appropriate for, regardless of whether those programs originated at Berklee or The Boston Conservatory. This will result in more sharing of faculty among departments and divisions, and will provide benefit to the students, the institution, and to the faculty themselves.

Institutional Effectiveness

Both Berklee and The Boston Conservatory feature an excellent faculty, committed to the respective institutional missions and to student learning. Essential to reaching the potential of the merged institution is continuing the recognition of the faculty as one of our true strengths. The integration of the faculty into one unit is a key goal of the merger and it is expected to be complete by fall 2017.

Standard 5 Appendix

- 5.1 Berklee Faculty Contract Agreement Link
- 5.2 The Boston Conservatory All-Employee Handbook and Faculty Addendum Link

Standard 6: Student Services

Both The Boston Conservatory and Berklee College of Music ensure that all interactions with students and prospective students are characterized by integrity, and with a focus on student learning and the student experience.

Berklee serves approximately 4,500 undergraduate students and 35 graduate students on its Boston campus, and approximately 150 graduate students and 100 undergraduate study abroad students on its campus in Valencia, Spain. The Boston Conservatory serves approximately 550 undergraduate and 250 graduate students on its Boston campus. (See **Appendices 6.2** and **6.3** for Berklee and The Boston Conservatory factbooks.)

For both institutions, a strategic approach to enrollment management, overseeing all aspects of the admissions cycle, has been essential to growth. Enhancements in student services have paralleled enrollment trends, to increase support for student learning, opportunities for student leadership, and options for student programming. Recognizing the need to bring together the work of enrollment and student affairs, in fall 2015, the Conservatory created and filled a newly elevated position: vice president for enrollment management and student affairs. This position provides leadership to the areas of recruitment, admissions, admissions marketing, financial aid, and all areas falling under the student life division. At Berklee, in spring 2016, the two separate divisions of enrollment and student affairs are also coming together under one newly elevated position: senior vice president for student enrollment and engagement. This position oversees admissions, recruitment, admissions marketing, financial aid, and student affairs. The enrollment and student affairs teams at Berklee and the Conservatory have been working together closely as the colleges prepare for the merger and are exploring possible ways to leverage strengths and develop synergies. After the merger, the enrollment and student affairs teams of both institutions will be unified; and the vice president for enrollment management and student affairs at TBCB will report directly to the senior vice president for student enrollment and engagement.

This new leadership structure provides support for strategic integration. An organizational integration plan will align and advance services, programs, and supports in enrollment, student affairs, student advising and success, and careers. The opportunity to build a highly capable leadership and management team in each of these core areas will also enable the strategic and collaborative work with academic affairs that is necessary to form our new institutional identity, organizational culture, and ways of delivering an excellent, student-centered educational experience.

The cocurricular experience as it relates to student programs, services, and the advancement of student clubs and organizations will be carefully evaluated in order to bring parity to all students, whether they originate with Berklee or the Conservatory. The student cocurricular and campus experience will be a focus through the initial stages of the merger. The campus life experience, including the residential offerings, will be well supported with resources and staff.

Already, we have seen Berklee and The Boston Conservatory students join together to form initiatives on their own, such as a club called Bridge the Gap where students from both institutions are creating joint performances that blend music and dance. It will be up to the staff to catch up to the students.

Admissions

Admission to Berklee and the Conservatory is highly selective. Both institutions place a particular emphasis on maintaining selectivity while also emphasizing diversity and admitting the students necessary to support the academic and associated performance activities.

Work is beginning on developing a revised comprehensive enrollment strategy for the new merged institution. This strategy will build on work each institution has engaged in separately. Both institutions recognize the importance of sound recruiting practices to retention and graduation, and seek to identify students who will be academically successful. Key components of the plan will focus on:

- Refining the interviewing and audition process
- Developing recruiting strategies for academically gifted students
- Expanding efforts to recruit, enroll, and graduate students with disabilities
- Increasing dormitory facilities so that all undergraduate incoming students are guaranteed on-campus housing in their first year
- Developing a more comprehensive approach to awarding need-based scholarships
- Expanding efforts to increase the population of African, Latino, Asian, and Native American (ALANA) students relative to the U.S. domestic population
- Increasing female enrollment
- Improving the overall instrumental balance

At both institutions, the student body is already extremely diverse. Among the undergraduate student body at Berklee, 33 percent are international, representing 102 different countries. The largest international populations come from South Korea, China, Canada, Japan, and Mexico. Of the domestic students, the demographic composition is 54 percent Caucasian, 13 percent Hispanic, 8 percent African American, 6 percent Asian American, 8 percent mixed race, less than 1 percent Native American, and 11 percent unknown. Females make up 33 percent of the student body; 67 percent are male. The graduate population is also extremely diverse: 47 percent of the students are from the United States, and 25 countries outside the U.S. are represented, including India, China, Jordan, Mexico, Ecuador, South Africa, and South Korea. Sixty-five percent are male, and 35 percent are female.

The Boston Conservatory is likewise committed to diversity. Twelve percent of undergraduate students are international. Of the remaining undergraduate students, 57 percent are Caucasian, 8 percent are Hispanic, 5 percent are African American, 7 percent are Asian American, 2 percent are mixed race, and 11 percent are of unknown race or ethnicity.

The merger provides an opportunity for the Conservatory to leverage some of Berklee's strength in recruiting international students and to expand its reach for recruitment of domestic students. The new merged institution will capitalize on the admissions outreach in which Berklee engages. Berklee conducts annually more than 50 audition and interview sessions throughout the United States as well as around the world, including in Asia, Latin America, Europe, Africa, and the Middle East. In 2012, Berklee introduced online auditions and interviews, further increasing access to students from all over the world.

Financial Aid

The Office of Student Financial Services at Berklee and the Office of Financial Aid at the Conservatory oversee the administration of financial aid, scholarships, and student employment at each institution. These offices are responsible for processing all federal and state funds available to students who complete the Free Application for Federal Student Aid (FAFSA), as well as all private student loans. Additionally, the offices administer all institutional scholarships and grants for Boston-based undergraduate and graduate students at both institutions.

Leadership from the Conservatory and Berklee are working closely together to evaluate opportunities to integrate the awarding processes in the future. The short term goals are to streamline processes and leverage strengths from both organizations while making sure that high-quality student service is maintained. The long term goals are to consolidate the two offices, ensuring compliance with all federal requirements.

Student Services

Both Berklee and the Conservatory use a multilayered, comprehensive student services and academic advising system to help students achieve their educational and professional goals. Student services at both institutions are guided by the commitment to student success. Information regarding student support services and advising opportunities is widely dispersed to all students via both print and electronic media, including the student handbook, the college websites, and course syllabi.

As the merger evolves, the two institutions will work together to determine the best way to create synergies, leverage strengths, reduce duplication, and maximize services, all to meet students' needs.

Academic Advising

Both Berklee and the Conservatory rely on a combination of professional staff advisors and faculty advisors to guide students.

At the graduate level, all students at Berklee and the Conservatory are assigned a faculty advisor who guides them through the program and who serves as the primary advisor for their culminating experience or thesis project.

All students at Berklee also have access to the college's Counseling and Advising Center. This is a multipurpose area that offers a variety of support services including academic advising, international student advising, personal counseling, and services for students with disabilities.

At Berklee, these services are further enriched by a variety of advising initiatives including a faculty advising system for undergraduate students that is directly linked to the first-semester curriculum and a faculty advising system within each major department. Faculty advising is also strong at the Conservatory, where chairs of majors, program directors, and other faculty provide guidance to students.

Berklee's student support program is enhanced by the Office of Student Success, which monitors and assists students in need of additional curricular support. We are exploring ways to extend the work of this office to students at TBCB as well. At Berklee, the Learning Center, the Writing and Tutoring Center, and the Career Development Center all organize workshops and offer a variety of tutoring programs, including English as a second language and core music tutoring, to support students. At the Conservatory, the director of international student services administers English as a second language and music and English intensive programs to support students for whom English is a second language. Both institutions also offer professional personal counseling services. Integrating these services in the best way possible to enhance the student experience is work that will be undertaken after the merger.

International Student Services

Both the Conservatory and Berklee provide support for international students. This support includes immigration advising for graduate and undergraduate international students and alumnae in F1 nonimmigrant student status; verification of internship and on-campus employment eligibility; guidance regarding optional practical training, federal and state tax filing information and access to Foreign National Tax Resource (FNTR) for completion of nonresident alien tax (federal) and Massachusetts state tax forms; and more. This work will continue after the merger and the two institutions are exploring ways to strengthen the support offered to students by integrating and leveraging strengths.

Health, Housing, and Other Student Services

Health

Both Berklee and the Conservatory offer health and wellness services for students. Both also contract with Harvard Vanguard for student health insurance. Following the merger, Berklee will embark on negotiations for one contract that supports all students, focusing especially on parity of services.

Berklee's LiveWell initiative is a program designed to improve students' physical, social, spiritual, intellectual, and emotional wellbeing through workshops and classes. LiveWell is dedicated to enhancing health programming for students. Each year, LiveWell offers workshops on nutrition, injury prevention, meditation, movement (including yoga and dance), and body awareness (e.g., Feldenkrais, Alexander technique), and it has partnered with other area colleges to provide sports and recreational opportunities for students. Additionally, the LiveWell program assists students in accessing health resources and using the student health insurance plan.

The Conservatory's director of wellness services is responsible for planning, implementing, and evaluating health promotion strategies, policies, programs, and services that address the needs of the Conservatory's student population. The Conservatory offers a comprehensive portfolio of wellness service contracts that include physical therapy, nutrition counseling, massage therapy, Alexander technique, yoga, and more.

The merger provides opportunities to leverage and expand these wellness initiatives.

Housing

Residential life at The Boston Conservatory and Berklee is dedicated to fostering a community that promotes artistic and academic success as well as respect for oneself and others. Both institutions strive to create a supportive environment inspired by the principles of respect, safety, and fun, encouraging residents to seek out what they have in common and celebrate what makes them different, as well as providing opportunities for each person to become responsibly independent and effectively interdependent to achieve personal and community goals.

The Conservatory owns five historic brownstones on the immediate campus (24, 26, 32, 40, and 54 the Fenway) and leases 32 beds in a sixth building at 84 the Fenway. Berklee maintains four residential facilities in Boston's Back Bay and Fenway neighborhoods to provide housing to 1,277 students.

The dining hall at Berklee—a sweeping two-story, multipurpose facility that includes a stage for after-hours, student-run “café” shows—is located in the newest residence hall that opened in 2014. Students from both Berklee and the Conservatory already enjoy their meal plans here, through a partnership that was established several years ago.

At Berklee and the Conservatory, there are adult resident directors for each hall, each with or near completion of an advanced degree in higher education or a related field, or who are current graduate students at The Boston Conservatory. There are also several student resident assistants, all of whom are determined through a competitive selection process and then comprehensively and rigorously trained.

Programming in the residence halls at both institutions is designed to engage residents in activities and experiences that pique their interests, stimulate their creativity, expose them to new ideas, and support their development as artists and global citizens. The merger provides opportunities to enhance the already strong services and support offered through housing.

Career Services

Both Berklee and the Conservatory recognize the importance of offering career education services for students.

Using feedback from recent alumni, current students, and faculty, both institutions have made improvements to career education in recent years. The Conservatory has a Career Services Office. Berklee has, in Boston, the Office of Experiential Learning and the Career Development Center, and, in Valencia, the International Career Center. The Boston Conservatory created a student entrepreneurial grant program, an alumni entrepreneurial grant program, and an alumni mentoring pilot program. There has also been special focus on increasing one-on-one career consultation sessions. Again, the merger provides opportunities to enhance and connect these services.

Orientation and Communication with Students

At both institutions, all students, at the undergraduate and graduate levels, participate in a required on-campus orientation where they receive a week-long comprehensive introduction to the institution that includes an overview of a variety of academic and support services. Students learn about the college's structure and departments as well as opportunities for advising and other support services. In addition to placement exams and auditions, the week is filled with opportunities to interact with faculty, learn about programs and services, and connect with fellow entering students.

These orientation programs for both communities will provide an important opportunity for collaboration. While the fall 2016 orientations will be guided by some joint programming, it is expected that orientations will be mostly separate during the merger's first year. However, we will be closely assessing methods to integrate new student orientation and family programs in fall 2017.

Student Leadership and Campus Life

Both the Conservatory and Berklee offer many opportunities for students to take on leadership roles. Both institutions have a strong student government association.

At the Conservatory, the student government association is composed of representatives from each of the music, dance, and theater divisions, who sponsor annual forums. At Berklee, the student government association sponsors activities and provides feedback on a variety of policy and curricular committees that are led by faculty and administrators at the college.

One of the most visible student leadership opportunities at Berklee is the peer advising program in which upper-semester students play a key role in mentoring new students as they acclimate to the Berklee campus. Peer advisors meet one-on-one with advisees, plan outings to foster a sense of community, assist students with navigating academic course registration resources, and field questions from new students about life at Berklee. Peer advisors are selected through a rigorous application and interview process. Once chosen, peer advisors undergo an intensive, four-day training session as well as supplemental training sessions on diversity issues and inclusive practices, behavioral management, and the evolving Berklee resources of academic and social support. We will explore ways to expand this program to serve the students at TBCB as well.

Student Grievances and Title IX Compliance

Both Berklee and the Conservatory endeavor to provide a living and learning environment in which students can meet their creative, artistic, and personal goals. By enrolling in either institution, students accept the responsibilities to become fully acquainted with the college's regulations, comply with the college's policies and authority, respect the rights and property of others, and recognize that individual actions also reflect upon

the entire college community. It is expected that students will read and follow the policies in the student handbook.

Both institutions have clear procedures for students who have a grievance in which they believe they have been dealt with unfairly, should be given special consideration in regards to a policy, or have a complaint about the behavior of an individual.

There are also detailed policies and procedures for students who believe they have experienced harassment. Both institutions are committed to maintaining a working and learning environment that is safe, respectful, productive, and free from sexual harassment and any other unlawful discrimination. Any form of unlawful discrimination or harassment based on race, color, religion, gender, gender identity, national origin, age, disability, military or veteran status, sexual orientation, genetic information, marital status, pregnancy, or any other characteristic protected by applicable law, is strictly prohibited. Both institutions, as well as state and federal laws, prohibit retaliation against any person who, in good faith, reports, assists in reporting, or participates in an investigation of possible discrimination or harassment. Any person who retaliates against such an individual will be subject to the disciplinary procedures up to and including expulsion or termination of employment.

As the merger evolves, the duties of Berklee's chief equity (and Title IX) officer will expand to provide support for equity issues throughout the new merged institution. To remain compliant with federal mandates, consistent in student community standards expectations, and coordinated in a unified emergency response for the campus community, it will be necessary to eliminate dual processes in regards to the equity policy and system, student community standards, and student emergency response. As the merger progresses, a unified equity policy and system will be developed for all community members. In addition, a single code of community standards will be developed and implemented.

Recreational and Athletic Programs

Berklee has been steadily increasing the organized activities and clubs supported administratively and financially by the college. There are currently more than 80 student clubs that nurture students' specific interest areas, such as hobbies, community service, performance, academic affiliation, and affinity groups, among others. A few clubs are sports focused including the Berklee Football League, Berklee Tennis Club, Berklee Ultimate Frisbee, Pinnacle Martial Arts at Berklee, and Snow Sports Club.

Berklee has formed a partnership with Emerson College to allow qualified students to compete in NCAA Division III Athletics. Berklee also sponsors a variety of intramural and club sports, and sponsors Sunday Sports at Simmons College, an informal set of basketball and volleyball games that promote responsibility, good sportsmanship, and community building. Many Berklee students also participate in the marching band at Boston College.

It is expected that the merger will provide opportunities for students at The Boston Conservatory to participate in these programs as well.

Institutional Effectiveness

At both institutions, all students are provided comprehensive services that include advising, counseling, disability services, health and wellness options, student clubs, activities, and recreational offerings. Student academic support services are available through a variety of options. Admissions processes and financial aid opportunities are led with integrity and clearly explained to current and potential students.

The merged institution is committed to recruiting, enrolling, and supporting all of its students and to creating synergies, collaboration, and parity, always with a goal of enhancing the student experience and improving student learning.

Standard 6 Appendix

- 6.1 List of Links for Student Conduct Policies
- 6.2 Factbook for Berklee
- 6.3 Factbook for The Boston Conservatory

Standard 7: Library and Other Information Resources

Both Berklee College of Music and The Boston Conservatory provide high-level library and information resources to support instruction. Berklee's Stan Getz Library is located on the Boston campus at 150 Massachusetts Avenue and the library on Berklee's campus in Valencia, Spain, is located in the Palau de les Arts at the heart of that campus. Resources are also accessible through the library website: library.berklee.edu.

The Albert Alphin Library of The Boston Conservatory, located at 8 the Fenway in Boston, houses a specialized collection of books, scores, journals, sound recordings, databases, and other resources supportive of the curricula. Resources are available through the library website: bco.kohalibrary.com.

The mission of the Berklee library expresses the college's commitment "to collecting and providing guaranteed access to electronic, print, audio, and video resources, and providing bibliographic, reference, and instructional support to the Berklee community of students, faculty, staff, and alumni for their research and scholarly and creative pursuits."

The mission of the Conservatory library is likewise to support and enhance the instruction, research, and informational needs of The Boston Conservatory community by acquiring, maintaining, and preserving access to materials and information in a variety of formats in the areas of dance, music, drama, and the liberal arts.

The collections of both the Berklee and Conservatory libraries have been, and continue to be, developed with a focus on supporting undergraduate, graduate, and special academic programs as well as supporting the personal and professional development of students, faculty, staff, and alumni.

The library's collection at Berklee is stored in more than 3,250 linear feet of shelf space in Boston and 60 linear meters of shelf space in Valencia. At The Boston Conservatory, the collection is stored in more than 1,914 linear feet of shelving for print resources and 476 linear feet of media storage.

Berklee uses the Evergreen Integrated Library System to catalog and maintain circulation records for all Stan Getz, satellite, and Valencia library holdings, including MARC records for scores and recordings available via online subscription services, which is searchable through the library's website at library.berklee.edu. Also available at this site are more than 40 electronic databases that include encyclopedias, such as Britannica and Grove's Dictionary of Music; an index of more than 70 music fake books; magazine indexes, two of which are exclusive to music; a collection of printable classical music; and a shared collection of electronic books. The Conservatory library uses the open source software KOHA for its online library catalog. The library maintains a contract with the WALDO consortium, which works with Biblioline for hosting and tech support. KOHA uses an Amazon-based cloud server. The catalog is fully searchable online at bco.kohalibrary.com/cgi-bin/koha/opac-main.pl.

It is a goal that the resulting combined institution will have a unified library. Library staff from both Berklee and the Conservatory are already exploring how to best achieve this goal and how to leverage each other's strengths. Some of the efforts already underway include:

- Launching a project with respected library vendor OCLC to utilize their GreenGlass product to determine the level of overlap between the holdings at the two libraries. Initial results from this analysis are expected later in spring 2016.
- Collaboratively exploring each library's respective integrated library system (ILS). The goal is to determine which of the two systems (or another altogether) might best serve as the supporting system for the unified library. As mentioned, currently, The Boston Conservatory utilizes KOHA as its ILS. Berklee utilizes Evergreen.

- Comparing online subscriptions with an eye to combining these post merger, resulting in cost savings.
- Creating a repository of the Conservatory's recordings of events and clinics, similar to the repository that exists at Berklee.
- Investigating the respective physical spaces with an eye to identifying overlaps and opportunities to repurpose.
- Leveraging the archival infrastructure and staffing support at Berklee to incorporate The Boston Conservatory's archive into Berklee's.
- Enhancing interlibrary loan lending and circulation policies between the two schools in order to provide full access to the collections.

The staff at both the Berklee and Conservatory libraries works directly with faculty to develop resources (scores, text, and streamed audio and video) that support and enrich classroom material. A goal is to make these materials accessible throughout the college network when feasible.

Library Services

Both the Conservatory and Berklee provide a variety of library services to their respective communities, including students, faculty, administrators, staff, alumni, and guests, whether online or in person. These include the following:

- Circulation of materials, including borrowing, renewing, and placing holds; in-house use for research and reference collections; and maintenance of confidentiality of library records
- Interlibrary loan and document delivery, including requesting and borrowing from other institutions and borrowing reciprocity through the institutions of the Pro Arts Consortium, of which Berklee and The Boston Conservatory are members, as are Emerson College, Massachusetts College of Art and Design, and the Boston Architectural College
- Ask-a-Librarian reference interviews via email, chat, phone, and in person

Through the library websites, both colleges provide access to all holdings, in hard or electronic copies; subscription databases; college archives; research guides in a variety of areas including instruments, undergraduate majors, master's degree programs, and courses. Both libraries also supply extensive course reserve materials and work with faculty to create for each course, as requested, hard copy and electronic reserves that include streamed audio and video.

Library Instruction

At Berklee and the Conservatory, library and information literacy instruction is integrated into the curriculum at the undergraduate and graduate levels. This instruction ensures that students use information resources and technology as an integral part of their education and that they attain levels of proficiency appropriate to their degree and field of study. It also ensures that students acquire increasingly sophisticated skills in evaluating the quality of information sources appropriate to their field of study and degree program.

Staffing

Both Berklee and the Conservatory provide professionally qualified and adequate staff to administer each institution's library, information resources and services, and instructional and information technology support functions.

Berklee's Stan Getz Library is under the leadership of the dean of the library and learning resources, who reports to the vice president for academic affairs/vice provost. Reporting to the dean are the director of library services, director of learning support services, assistant director for assessment programs and planning, manager of learning resources web development, library systems administrator/developer, and the college

archivist. The director of library services directly oversees the Stan Getz Library as well as functionally oversees the library in Valencia, Spain. The reference librarian in Valencia reports directly to the academic dean of the Valencia campus and functionally to the director of library services in Boston. Coordination between the Boston and Valencia libraries is strong, with Boston providing much support to the new Valencia library to ensure its integration into the Berklee system.

In July 2015, Berklee successfully completed a two-year grant funded by the U.S. National Archive and Records Administration to build an archive at the college. This enabled the hiring of the college's first professional archivist. In early 2016, the archives staff will increase with the addition of a processing archivist position. Integrating the Conservatory archive into Berklee's and leveraging this staff support will enhance resources for all.

At The Boston Conservatory, the library is staffed with three full-time professionals: the director, the public services/archivist librarian, and the cataloging/acquisitions librarian. Three part-time staff members work as circulation supervisors and cover various weekend and night hours. A full-time performance librarian, along with a part-time assistant, are assigned to the performance library.

The dean of the library and learning resources at Berklee and the director of the library at The Boston Conservatory have been working together closely, with their respective teams, and will continue to do so to determine the best ways to integrate staff.

Institutional Planning and Resource Allocation

At both The Boston Conservatory and Berklee, the college's resource planning and allocation support the development of the library and information resources.

Berklee: Number of Titles/Items Purchased and Amount Spent, 2014–2015

Category	Total Spent, FY 2014–2015
Books (includes e-books)	\$125,000
Scores	\$71,000
Journals	\$61,000
Journals (electronic)	\$116,457
CDs	\$60,000
Videos/DVDs	\$13,000
Online Databases	\$144,00

The Boston Conservatory: Number of Titles/Items Purchased and Amount Spent, 2014–2015

Category	Total Spent, FY 2014–2015
Books	\$4,002
Scores	\$38,634
Journals	\$3,050
Journals (electronic)	\$1,700
CDs	\$255
Videos/DVDs	\$7,363
Online Databases	\$29,970

Together, Berklee’s and the Conservatory’s library and information services offer a number of strengths:

- Uniqueness and currency of the collection
- Research guides
- High levels of collection usage
- Extensive online reserves in a variety of formats
- Media center collection and facilities
- Library website, including ILS and locally generated content
- Technical knowledge of the library and learning center staff
- Online resource sharing for students, faculty, and staff, whether in Boston, Valencia, or online
- Rapid growth in and technical support for the digital library collection
- Relationships between library staff and faculty
- Information literacy instruction at both the undergraduate and graduate levels
- A growing archive and institutional repository offering access to many unique multimedia assets
- A recent renovation at the Conservatory, transforming the library into a beautiful, open, and approachable space with increased seating and shelf space
- Collaborative work spaces for group work for students and faculty
- Designated quiet study spaces
- A variety of seating options

For both Berklee and the Conservatory, there are a number of opportunities for library growth. Many of these focus on areas of college growth generally. With the development of new degree and academic programs at Berklee and the Conservatory come new library needs.

As online educational opportunities increase and students gain access to online courses and programs, there is a need to increase web-based library services, and to increase collaboration between online course offerings and the library. To address these opportunities, Berklee has created a new e-learning librarian position to be filled early in 2016. This new member of the library staff, serving the new merged institution, will work closely with the team that supports the course management platform used at Berklee, and to be adopted by TBCB, to ensure that we are utilizing library collections and services in the online environment in accordance with the profession’s best practices.

There will always be restrictions on the number of physical materials the library can accommodate, but there are many opportunities to expand the collection in the electronic realm. The Conservatory has been researching the possibilities of digitizing the sound recording collection. The challenges with media include keeping up with the rapidly changing formats and their relatively short lifespans. The Conservatory, like most music libraries, owns recordings on a variety of formats: LPs, reel-to-reel tapes, DAT tapes, CDs, VHS tapes, and more. Concerns remain over the physical condition of older sound recordings and their deterioration. The merger provides opportunities to support this digitization by leveraging Berklee's strong technology systems.

There is also a growing recognition that the metadata and information management skills possessed by the library staff could be further utilized in managing the extensive range of media assets created at Berklee and at the Conservatory. These assets range from recordings of clinics and events to learning objects and course content created as part of online education initiatives. Librarians are well positioned to take on the challenges entailed in creating and sustaining well-organized repositories of these assets. This is an area that will be actively explored in 2016 and that will benefit all in the merged institution.

Institutional Effectiveness

Both Berklee and The Boston Conservatory separately provide a high level of library and information resources. Together, the merged library will be even stronger. The collections are rich and unique: Berklee has special strength in its digital offerings, contemporary scores, and archival resources; and The Boston Conservatory has special strength in its classical scores. The collections together will support all of the academic offerings at the merged institution. Library and information resources are evaluated regularly, with a comprehensive assessment being undertaken now to help inform future direction. A commitment to continuous improvement and quality service is clear among all of the library's staff.

Standard 8: Physical and Technology Resources

Consistent with their missions, strategic plans, and overall expansion initiatives, both Berklee College of Music and The Boston Conservatory have made significant investments in the development of their physical resources over the past decade. Berklee's physical assets include 1 million square feet located in the Back Bay area of Boston and, more recently, 30,000 square feet in leased premises in Valencia, Spain. The Boston Conservatory, located immediately adjacent to Berklee, owns facilities totaling 155,000 square feet.

Reflecting the priorities of Berklee's master plan, construction and renovations at Berklee over the past 10 years have centered on a number of academic, student, and administrative needs, including classrooms, dining, student life facilities, and residence halls. During that period, Berklee has invested approximately \$234 million in the acquisition, renovation, or construction of new academic, residential, or administrative facilities. According to a recent report from Sightlines, a consultant Berklee hired to analyze facilities, nearly 29 percent of Berklee's square footage is now considered under 25 years old, with more than 28 percent under 10 years old. This reflects the strong investment of the past decade.

Similarly, The Boston Conservatory has invested over \$31 million in the renovation of its primary performance center and, more recently, \$15 million in the construction of a new rehearsal center. With the conclusion of the merger agreement, The Boston Conservatory will undertake a space utilization study using the same team that reviewed Berklee. This study will also review utilization of the combined campus, which may provide opportunities for the merged institution as it undertakes the development of a combined master plan.

The physical adjacency of Berklee and the Conservatory (see the map of owned and leased properties for both institutions in **Appendix 8.3**) enabled the two schools to enter into agreements to share facilities and services that predate the merger discussion. For example, students from both colleges presently purchase meal plans through Berklee's dining program. Berklee and the Conservatory students may be served at any of the three dining facilities, two of which are on the Berklee campus and one of which is on the Conservatory campus. Also, Berklee's public safety control center serves as a central monitoring and dispatch point for both institutions.

The facilities presently owned and operated by both institutions are complementary. With the planned merger, students and faculty from each institution will have access to more and varied facilities.

Integrating technology resources, while not as straightforward as the integration of facilities, will also benefit and strengthen each institution. In fact, this work has already begun. Recent upgrades to the Conservatory's technology infrastructure were made to align with Berklee's technology. Generally, Berklee's technology resources are more robust than those of the Conservatory, though both institutions have invested heavily in improvements. Determining the best way to integrate resources and services to enhance the learning experience will be an ongoing project.

Merger Planning, Facilities, and Technology Resources Investment

Several issues related to physical and technological resources have risen to prominence at both institutions. Foremost are increasing teaching space in response to enrollment growth and increasing the capacity to house more students. Others include staying current with music technology and providing access to all students to state-of-the-art recording studios. Likewise, improving methodologies to access data from enterprise systems to support decision making and delivering stable and effective administrative systems are important priorities. The merger between Berklee and The Boston Conservatory provides an opportunity to extend this work throughout the new institution and to improve services to all. Determinations will be made regarding the best

ways to bring different data systems together, as well as to expand Berklee's Learning Management System, laptop program, and web services to the Conservatory.

It is expected that the planned merger of Berklee and the Conservatory will be fairly straightforward from a facilities perspective. The physical proximity of the two existing collections of buildings is such that students, faculty, and staff of the merged institution will find all of the facilities within convenient walking distance. Likewise, it is expected that a formal utilization assessment of the combined campus will yield benefits to all.

Consolidation of facility planning, operations, and maintenance activities is anticipated to result in improved cost and operating efficiency. The combined entity will be able to spread fixed costs associated with plant maintenance and operations over a larger base, yet it will still be sufficiently nimble to respond to situations as they arise. Purchasing of supplies, utility services, and maintenance contracts (e.g., elevator, HVAC, landscaping) likewise will be consolidated, and the existing work order system at Berklee will be expanded to provide timely responses to requests for repairs and ongoing maintenance to all of the buildings of the merged institution. The Boston Conservatory has retained a consultant to perform a capital needs assessment, similar to the one recently completed at Berklee, that will help inform the development of a comprehensive, multiyear repair and replacement plan for the combined entity. Similarly, a space utilization study is being commissioned by the Conservatory similar to that recently completed for Berklee. Together, the results of these assessments will quantify present facility utilization for the merged campus, will identify opportunities to use select spaces more efficiently, and will highlight the specific need for future facilities.

The complementary nature of the facilities developed at each institution will benefit the merged institution as a whole. For example, Berklee's students have expressed the desire to participate in musical theater productions, and the Conservatory's Hemenway Street, 350-seat theater has recently been upgraded with new seating, new mechanical and lighting systems, new practice and rehearsal facilities, a costume shop, and associated facilities supporting its excellent musical theater program. Both institutions have identified additional student dormitories as a priority, recognizing that housing is a critical part of the residential experience that needs to be offered to students, particularly as both schools are set in an expensive urban area.

Each institution has its own approved institutional master plan (IMP; see **Appendices 8.1** and **8.2**), a prerequisite for any institution in the City of Boston to obtain needed zoning relief to accomplish any new construction or substantial rehabilitation activity. It is anticipated that a new or amended IMP for the merged entity will be required by the Boston Redevelopment Authority. To that end, after the merger, trustees and staff of Berklee and TBCB will engage in a joint campus master planning exercise. This effort will be informed in part by the space utilization studies completed by both Berklee and the Conservatory, and will identify opportunities to utilize facilities effectively and productively at both colleges for the collective benefit of all.

Maintenance and Security

Berklee and the Conservatory maintain facilities with internal physical plant personnel. As well, both institutions utilize contracted services of a professional custodial firm, a small team of contracted maintenance professionals, and a variety of independent contractors. Building and custodial maintenance expenditures are recorded by trade for each building in the accounting system. These two systems will be integrated after the merger to enhance service and efficiency.

Berklee maintains an in-house Office of Public Safety and also contracts with an outside firm for supportive security service, although the college is in the process of migrating to its own staff of sworn officers. The Office of Public Safety also works with other neighborhood groups, as well as with the Boston Police

Department, in training and information sharing. Berklee is equipped with an interconnected alarm system for both fire and access control, which is linked to a control room in the Office of Public Safety. This in-house system, as well as the Office of Public Safety itself, will be expanded following the merger to enhance security at the Conservatory.

Technology Resources and Data

As plans for the merger have evolved, the technology teams of both institutions have been working together to align policies, roles, and responsibilities.

In fall 2015, with the appointment of a new vice president for technology resources, Berklee renewed its focus on data as a strategic concern. The merger, and the integration of data and data systems at Berklee and the Conservatory, increases this need. A new IT staff position has been dedicated to improving and managing data integrity. Leveraging these efforts as Berklee and the Conservatory merge will yield even greater opportunities for strengthening data integrity.

Berklee established, in 2003, a one-to-one Apple laptop requirement for entering students. As of 2015, approximately 60 percent of students in the entering class purchase a laptop through the college while the remaining 40 percent bring a laptop they already own that meets certain technical requirements. All entering students purchase a package of special software designed to support their course work and career preparation. Graduate students, like undergraduate students, are also required to have a laptop and specified software to support their curriculum. The merger provides an opportunity to investigate the best ways to expand this program to students at the Conservatory and to leverage the arrangements that Berklee maintains with Apple and music hardware and software manufacturers. These companies provide students with the items, including software upgrades, that support the curriculum at exclusive discount prices.

Institutional Effectiveness

Both Berklee and The Boston Conservatory have sufficient and appropriate physical and technological resources necessary for the achievement of their purposes, and they manage and maintain those resources in an appropriate manner. However, there are opportunities to improve the support of institutional purposes through the ongoing evaluation of physical and technological resources in light of the merger, and to maximize resources in ways that will benefit all.

Standard 8 Appendix

- 8.1 Link to the Berklee Master Plan
- 8.2 The Boston Conservatory Master Plan
- 8.3 Map of Berklee and Conservatory Buildings

Standard 9: Financial Resources

Berklee College of Music and The Boston Conservatory are both financially stable institutions with adequate financial resources to sustain the quality of their educational programs. Both schools have strong application and enrollment statistics, good fiscal discipline through the annual operating and capital budgeting process, effective fundraising, and clear guidance from a strategic vision and plan. The close proximity of the two schools, along with their stability and complementary missions, position the new merged institution for leadership in global performing arts education. While the merger will involve transition expenses in the near term, the combined institution is positioned for long-term financial stability through an expanded mission and appeal to a broader demographic, a strong application and enrollment dynamic, and continued fiscal discipline.

Governance of Financial Resources

Overall responsibility for the effective administration of the financial resources of Berklee College of Music rests with the Board of Trustees. After the merger, the unified board, with membership supplemented by representatives of The Boston Conservatory (see Standard 3), will continue to exercise its authority through the finance and budget committee, the audit and risk committee, the investment committee, and the campus planning committee as well as through the college's senior vice president for administration and finance/chief financial officer.

As the integration of the finance areas of the two colleges evolves, it is important to note that Berklee's current governance structure will remain in place under the leadership of the abovementioned board committees and the senior vice president for administration and finance/chief financial officer. As mentioned in the introduction and throughout this report, Berklee will be the surviving organization. The Conservatory's assets, debts, and operations will transfer to Berklee upon completion of the merger. The processes described below will continue after the merger.

The board's finance and budget committee will continue to have responsibility for reviewing the operating and capital budgets and recommending their adoption by the board and its executive committee. This committee is also responsible for reviewing longer-term, multiyear financial forecasts and associated upside and downside scenarios. Given the importance of enrollment and tuition assumptions to the overall financial health of the institution, this committee has conducted in the past and will continue to conduct after the merger regular reviews of these areas. The committee is responsible for providing formal tuition recommendations to the full board on an annual basis. This committee is further charged with oversight of the capital structure, including the terms and conditions of any debt issued by the college.

The audit and risk committee oversees the accounting, tax, and risk management practices of the college and has direct responsibility for the engagement of the college's external auditor, KPMG. The audit and risk committee is charged with reviewing and receiving reports on risk, financial and otherwise, and the procedures that appropriately mitigate these risks. KPMG performs an annual audit of Berklee's financial statements and the financial statements of the college's defined benefit pension plan, and it reviews the federally sponsored research and financial aid programs; it will continue to do so after the merger. The committee formally reviews the college's annual audited financial statements and tax returns. Any recommendations made by the college's internal or external auditors are responded to by college administrators. Progress reports with respect to any resulting action plans are reviewed by the committee. Finally, the committee reviews, with management, the categories of risk facing the college, the likelihood of occurrence and the severity of such risks, and the mitigating measures undertaken by the college to address such risks.

The investment committee of the board will continue to develop investment policies, including performance objectives, for the endowments of the college—both the endowment from the Conservatory and Berklee’s endowment, which will eventually be combined—and a defined benefit pension plan for approval by the full board. The committee is responsible for the selection and oversight of the college’s external investment management consultant and investment managers. The committee regularly reviews investment performance against return objectives, with ongoing consideration of performance attribution, asset allocation, and portfolio risk and liquidity. To assist in the fulfillment of its responsibilities, the committee regularly reviews the multiyear financial forecasts for the college and its defined benefit pension plan.

The campus planning committee leads the college’s efforts to provide appropriate facilities for teaching, learning, living, and working. The committee oversees the development of a facility master plan, for approval by the board, that identifies space requirements to support achievement of the college’s mission, and it develops multiyear plans to address those needs within the context of the college’s resources and city planning guidelines. As mentioned in Standard 8, future plans will include all facilities of the merged college.

The office of the senior vice president for administration and finance/chief financial officer provides extensive support to these committees. With responsibility for the college’s business operations (finance and accounting, real estate and facilities, human resources, legal services, and general operations), this office ensures that the committees have the necessary information and other support to fulfill their fiduciary responsibilities with respect to the financial resources of the college. Following the merger, the vice president for finance at TBCB will report directly to the senior vice president for administration and finance/chief financial officer.

Management of Financial Resources

Both Berklee and The Boston Conservatory have established strong reputations for fiscal discipline and prudence, and for financial planning processes that balance current consumption with investment for the future. This will continue after the merger.

The financial model of the merged institution, like the model of Berklee and the Conservatory separately, will continue to rely heavily on tuition revenues and expense controls to achieve its educational mission. Prudent endowment management will continue as a key tenet of maintaining and enhancing financial resources. Capital campaigns are a successful and important component of the model and have played an increasingly important role in the recent past. The overall financial planning process consists of the annual operating and capital budgets supplemented by longer-term financial forecasts.

After the merger, the finance offices of the Conservatory and Berklee will come together to form one unified team, under the leadership of Berklee’s senior vice president for administration and finance/chief financial officer. The institution’s top financial leaders are seasoned professionals with decades of experience that include backgrounds in higher education, public accounting, and other nonprofit and for-profit organizations. Professional designations include certified public accountant and chartered financial analyst. Berklee’s chief financial officer, a chartered financial analyst, has over 30 years of experience in both for-profit and nonprofit organizations spanning finance, accounting, investment management, risk management, and other operational and administrative functions. Berklee’s controller and senior director of finance and accounting is a certified public accountant with over 10 years of public accounting experience, and the director for budget and financial planning has master’s degrees in both business administration and education, with higher education finance and accounting experience of more than 10 years. The general finance staff have many years of experience in accounting and finance in addition to accounting credentials and degrees.

Based on the long-term financial forecast and strategic priorities, the merged institution will continue as Berklee has done in the past to target an operating surplus of 2 to 4 percent of revenues.

Institutional Advancement: Development

As mentioned, the majority of the merged institution's revenue will come from tuition. However, the institution will continue to engage in a consistent development program to encourage philanthropic support to fund strategic programs and initiatives. As explained below, the development offices of the two institutions will be joined, following the merger.

At Berklee, the senior vice president for institutional advancement leads development efforts. She has over 25 years of experience in higher education development at top U.S. universities, including Yale University, Massachusetts Institute of Technology, and Princeton University. Four members of the 30-person staff each have more than 10 years of experience in college development and alumni affairs.

Berklee's endowment of \$327 million comprises approximately 185 individual funds established for a variety of purposes, including both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. The Boston Conservatory's endowment amounted to \$14 million as of June 30, 2015. It is anticipated that this endowment will be combined with Berklee's endowment. While the endowment consists of primarily unrestricted funds, any donor restrictions and obligations will be retained. The Boston Conservatory Gift Acceptance Policy has been approved by its Board of Trustees. A gift policy for the combined institution is under review and will be presented to the board for approval upon completion.

Berklee receives more than 80 percent of its dollar support from individuals (or their associated private foundations), and over 90 percent of its donors are individuals rather than organizations. Like other colleges of performing or visual arts, most of Berklee's individual philanthropic support comes not from alumni or parents but from patrons. To help establish relationships between the college and patrons, who would otherwise have no connection with the college and with parents and alumni, the Office of Institutional Advancement has developed a more structured approach to advancement. It supports outreach from the president and other key members of the administration and faculty, and creates a series of communications and events, including the annual Encore Gala, meant to appeal to varied audiences. Programs include:

- Major Gifts
- Advancement Services
- Global Development
- Annual Fund (including the Parents Fund)
- Corporate and Foundation Relations
- Alumni Affairs

Patrons and selected parents and alumni are candidates to join important leadership groups such as institute and programmatic advisory boards, the President's Advisory Council, or the Board of Trustees. This further deepens patrons' connections to the college, inspiring additional support and the inclination to invite others to become members of the community. Just as important, this systematic outreach builds momentum with alumni and parents, inspiring gifts of time as well as philanthropy.

The Boston Conservatory has a similar approach to institutional advancement, and it includes important strategies that Berklee currently does not have, such as planned giving. Three years ago, the Conservatory created an Office of Institutional Advancement by restructuring multiple departments and adding staff, all with an eye towards successfully launching a capital campaign and improving the overall fundraising results and visibility for the institution. A vice president of institutional advancement was hired who has 20 years of fundraising and campaign experience with leading arts institutions such as the Curtis Institute of Music and

the Philadelphia Orchestra in addition to work as a fundraising campaign consultant. She is also an alumna of the Conservatory.

Changes in The Boston Conservatory development department within the three-year period include the creation of the following new programs and initiatives:

- Planned Giving Program (includes a part-time hire)
- Annual Fund Giving Societies (with a focus on building the \$1,000+ donor pool)
- Prospect Management Program for the major gifts officers
- National programs initiative for purposes of fundraising, alumni and parent engagement, and overall institutional visibility in strategic locations outside of Boston
- Conversion to a new fundraising database system
- Redesign of the annual gala to better focus on the students and the overall mission of the Conservatory

We anticipate that integrating the two offices will enhance outreach and result in increased philanthropic support. Following the merger, the vice president of institutional advancement at TBCB will report to Berklee's senior vice president of institutional advancement as well as the executive director of TBCB. One of the integration committees, cochaired by the heads of advancement at The Boston Conservatory and Berklee, focuses on the integration of volunteer leadership such as advisory and other patron boards. The goal is to leverage strengths and be sure that no supporters are lost as the merger develops.

The Conservatory's current fundraising efforts are part of a larger, \$21-million, comprehensive capital campaign, designed to raise not only the \$7 million for the bridge loan for the building on Ipswich Street but also \$11 million for the endowment and an additional \$4 million for the annual fund. Berklee is also working on a \$100 million capital campaign called Soundbreaking: The Campaign for Berklee. After its three-year quiet phase and in the midst of the second year in its five-year public phase, Soundbreaking has averaged nearly \$14.5 million a year in new gifts and pledges. These campaigns will continue separately. At the same time, opportunities for synergy will be explored.

Financial Health

With an endowment of \$327 million, a strong record of surplus generation, and strong demand for its programs, Berklee College of Music is a stable organization with the financial strength necessary to sustain the high quality of its educational programs now and in the future. Applications for the fall 2015 class at Berklee were at a record high. Likewise, The Boston Conservatory reached a milestone in fall 2015, enrolling its largest class ever—800 students—and having its largest endowment, \$14 million. (See **Appendix 9.1**, Berklee College of Music Audited Financial Statements 2015, and **Appendix 9.2**, The Boston Conservatory Audited Financial Statements 2015.)

While many of Berklee's investments have been financed from tuition increases and other operational cash flows, the college issued \$90 million in new debt in 2011 to support the investment program, which included the construction of a new dormitory and multipurpose building at the center of its campus. Berklee's debt now stands at approximately \$258 million. Debt from the Conservatory is well positioned as the permanent financing consists of a tax-exempt private placement for \$24 million at a 15-year fixed rate of 2.85 percent, and the bridge loan is a taxable issuance that has a low variable rate structure with a current balance of less than \$3 million.

Berklee maintains an A2 rating from Moody's and an A stable rating from Standard and Poor's. (See **Appendices 9.3** and **9.4**.) This reflects Berklee's leadership position with strong applications and yield rates, a strong management team, and a history of operating surpluses. It also reflects the relatively high debt levels

the college currently has compared to its peers in this rating class. The college is focused on improving its overall financial ratios by carefully managing its cash flows and outstanding debt levels, which reinforces the need for careful and responsible financial stewardship. The college has reduced debt steadily over the past few years, paying down almost \$20 million in principal since 2012.

Both Berklee and the Conservatory enjoy strong demand for their programs while being priced competitively. Nevertheless, like many colleges, Berklee is focused on the financial burden assumed by its students and their families in order to attend the college. Accordingly, the college has reduced the level of tuition increases over the past few years while raising the level of scholarship support. This will continue after the merger. As a tuition-dependent institution, this factor further supports the need for careful financial stewardship now and in the future, including a focus on increasing revenue diversity, which has come with a growing endowment, the introduction of highly successful online educational programs and degrees (which appeal to an expanded demographic from young teens to octogenarians), and expanding graduate and summer programs.

At the Conservatory, applications for dance and musical theater programs, already near capacity, have continued to increase while applications for music programs, which have some unmet capacity, have been flat. The merger provides opportunities to leverage strengths in order to expand capacity where feasible, to grow existing programs to fill unmet capacity, and to develop new and innovative programs.

In the course of developing projections for the merger, the college has evaluated the potential for program expansion when the two institutions come together. The power of the combined institution is projected to produce strong, steady, qualitatively improved enrollment through expansion in a few targeted areas of specialty for The Boston Conservatory, as well as through introducing related expansion avenues in online, study abroad, and continuing education segments.

Quality is expected to improve in many areas as the two institutions are integrated. As discussed in Standard 8, the complementary physical resources of the combined entity present an opportunity for joint master campus planning and capacity utilization exercises. Financial projections have included targeted synergies in the revenue and expense categories with opportunities for cost savings. Achieving these targeted synergies will be important to the long-term financial sustainability of the combined entity.

Institutional Effectiveness

Berklee has changed a great deal in the past 10 years, and the merger with The Boston Conservatory presents another important opportunity for growth. Significantly higher scholarship support, greatly improved academic and residential facilities, improved and expanded academic programs, successful capital campaigns, and a strong board and management team have all strengthened the institution and its reputation, leading to a sustained higher level of applications and student interest. Through this investment period, the college has continued to generate operating surpluses. While this investment program will support and enhance the quality of its educational program for many years to come, it has also raised the overall debt level of the institution. Therefore, going forward, the merged institution needs to remain disciplined and focused to ensure the success of its current investments and initiatives, and to maintain the careful financial stewardship of the institution for the benefit of the many generations of students to come.

Standard 9 Appendix

- 9.1 Berklee College of Music Audited Financial Statements 2015
- 9.2 The Boston Conservatory Audited Financial Statements 2015
- 9.3 Moody's Rating Report on Berklee
- 9.4 Standard and Poor's Rating Report on Berklee

Standard 10: Public Disclosure

Both The Boston Conservatory and Berklee College of Music present themselves to current students, prospective students, and other members of the interested public with complete, accurate, timely, accessible, and clear information. They deliver information to specific audiences (prospective students, current students, alumni, parents, donors, faculty, and staff) as well as to the general public in an intentional and deliberate manner. The merged institution will do the same, continuing to rely primarily on the web and social media to communicate information, but also publishing numerous print materials to present broad program information, and to address targeted audiences. The alumni magazine, *Berklee Today*, for instance, is published three times a year and sent to more than 60,000 alumni and others. The Conservatory publishes its biannual newsletter, *Stages*, which reaches a readership of approximately 22,000 alumni, parents, donors, and other institutional partners. The Conservatory's *The Giving Report* is distributed to around 7,000 readers.

Berklee has two on-ground locations as well as an online campus. Locations include the main campus in Boston, which will soon include The Boston Conservatory as well; an international campus in Valencia, Spain; and Berklee Online, the online school. Each of these locations has its own distinct website: Berklee.edu, the main Berklee site; Valencia.berklee.edu for the campus in Valencia; and online.berklee.edu for the online school. Bostonconservatory.berklee.edu will be launched in 2016. While each of the sites has a distinct URL, they are designed for a seamless experience for the user, and all contain detailed degree, program, and course information. Because of careful attention to search engine optimization, Google searches for "Berklee international campus," "berklee online," and "berklee degrees" easily guide visitors to their desired information.

The new Bostonconservatory.berklee.edu site will continue the function of the Conservatory's current webpage at bostonconservatory.edu: it will serve as the primary means of disseminating essential information to prospective students, current students, and alumni.

At Berklee, information for current undergraduate and graduate students is also available via login at Berklee.edu. Here students from Berklee and soon students from TBCB as well may view their course schedule, grades, current bill, and more. Students use this site to register for courses and share information with their instructors and fellow students. Integration of the Conservatory internal portal with the Berklee portal is being studied, and recommendations are forthcoming.

The communications teams at Berklee and The Boston Conservatory will be combined in June 2016. The teams have developed a comprehensive plan to:

- Build a new Conservatory website at Bostonconservatory.berklee.edu that is integrated and aligned with other college websites
- Update Berklee.edu with clear and easy-to-access information about TBCB
- Construct the site to be accessible, responsive, and employ effective search engine optimization
- Audit the site for adherence to NEASC standards
- Rebrand and manage social media channels
- Adopt a shared brand, style, content management system, and editorial guidelines

These communications programs are designed to meet a goal set forth for the integration: conduct a broad publicity and marketing campaign to announce the values of the merger between The Boston Conservatory and Berklee and raise awareness for the combined institution among prospective students and their parents; the education, performing arts, and philanthropic communities; alumni; and the general public.

Social Media

Berklee uses various social media outlets to share and receive information, and as an important source for reaching prospective and enrolled students. This will be expanded with the merger. The college maintains a prominent presence on Facebook, Twitter, YouTube, Instagram, and others. Berklee YouTube videos are among the top performing college videos nationwide. Over the last several years, Berklee has built its YouTube channel into a resource for prospective students to gain an understanding of life at the college. Berklee videos are viewed more than 60,000 times per day. Likewise, Facebook reaches tens of thousands a day, and Instagram is a growing channel. Multiple departments of the college maintain separate accounts for specific communication purposes. All college social media account managers follow procedures and guidelines set forth by the external affairs staff so that the posting timetable and messages are coordinated. The directory of accounts is available at Berklee.edu/social-media/berklee-social-media-network.

The Conservatory has also recently expanded its social media presence. The Conservatory's Marketing Department now has Instagram and Tumblr pages that, in addition to the already developed Twitter presence, distribute regular information about alumni news, student productions, campus life, and academics to a wider audience than ever before.

The merged institution will continue to expand and enhance its social media programs to reach prospective students and their families.

Requests for Audited Financial Statements

Both Berklee and the Conservatory provide access to their most recent audited financial statements. This information is not posted publicly, but it is provided to relevant interested parties upon request.

Bulletins, Registration Manuals, and Viewbooks

The Conservatory publishes a comprehensive catalog. Berklee publishes an annual undergraduate policy handbook and graduate bulletin. Each is consistent with the college's mission statement and sets forth the obligations and responsibilities of both students and the institution. Discussions are underway about potential integration of these documents. The graduate bulletin will likely be integrated for the 2016–2017 academic year. The undergraduate materials may take longer to integrate.

Berklee's viewbook is often the first major Berklee print publication that prospective students see. It is meant to give them an accurate picture of programs and opportunities. It includes information on the Boston and Valencia campuses, online programs, summer programs, student life, academics, alumni, visiting artists, and life after Berklee. The 2016–2017 version of the book will include information on TBCB.

Institutional Effectiveness

After the merger, Berklee will continue the practice of reviewing its print and online publications regularly and applying changes to relevant sites across the spectrum of venues where that information exists. Results of this system of review are consistently used for improvement. These improvements are particularly pronounced as the institution transitions more towards dynamic online content and away from print publications that quickly become dated. Furthermore, Berklee has adopted a content management system that enables departments and offices to update their own pages without having to go through a process of determining how to request changes to existing content. The team from the Office of Communications maintains editorial oversight of changes, but this system fosters a greater sense of ownership among the various stakeholders across the college, soon including The Boston Conservatory, and ensures that changes are made in a timely fashion.

Standard 10 Appendix

- 10.1 Merger Promotional Example: Town Hall Meeting Poster

Standard 11: Integrity

Both Berklee College of Music and The Boston Conservatory subscribe to and advocate high ethical standards in all of their work with students, prospective students, faculty, staff, the Boards of Trustees, other stakeholders, and the general public. This has been the case when they existed as separate institutions and will continue after the merger. It is understood across both institutions that integrity and ethics must permeate everything we do.

U.S. Accreditation

Both Berklee and the Conservatory are accredited separately by the New England Association of Schools and Colleges and authorized under federal law to enroll nonimmigrant students and to train veterans under the G.I. Bill of Rights. (Following the merger, The Boston Conservatory will cease to exist as an independent entity and so will relinquish distinct accreditation but will continue to be accredited through Berklee.)

The bachelor's and master's degree programs at The Boston Conservatory have been accredited by the National Association of Schools of Music (NASM). However, after the merger, the institution will be resigning from the NASM as this accreditation is not appropriate for most of Berklee's educational offerings beyond those that will remain part of The Boston Conservatory at Berklee.

Diversity and Nondiscrimination

The Conservatory's Values Statement contains a sentence that encapsulates a commitment to integrity shared by both institutions: "We are honest and responsible." This reveals that all members of the community hold themselves to the highest possible standards.

Berklee has adopted a Diversity Values Statement that has been incorporated into student leadership trainings, as well as the employee orientation program, and that will continue to characterize the merged institution.

Diversity Values Statement

Cultural diversity is integral to the mission of Berklee simply because cultural diversity is integral to music itself. Innovators from diverse backgrounds and cultures have created the music studied here. An essential part of a Berklee education is gaining an appreciation of the rich variety and interdependence of the cultural traditions from which the music they [students] study originates.

Additionally, all of the college's work, before and following the merger, will continue to be informed by the institution's Ethics Guidelines, defined below.

Ethics Guidelines

The faculty and staff of Berklee College of Music recognize that the privileges accorded members of the college community are accompanied by certain responsibilities.

In accordance with these principles, faculty and staff:

- Encourage, support, and protect the free pursuit of knowledge with intellectual integrity
- Respect the rights and opinions of students and colleagues, and make every effort to provide objective and educational evaluations
- Acknowledge their role as intellectual guides and counselors, and observe policies prohibiting harassment and discrimination; avoid personal gain that is incompatible with benefits to students and colleagues
- Adhere to established policies regarding the use of college services, facilities, and equipment, avoiding

conflicts of interest between external activities and institutional responsibilities

- As members of the community at large, enjoy the rights and obligations of any citizen, measured in light of responsibilities to the students, institution, and profession; when speaking as private citizens, avoid giving the impression of representing the college
- Respect the right to privacy of students and colleagues, and share confidential information only in accordance with institutional policies

Both Berklee and the Conservatory have clearly articulated their values through strong policies, procedures, and practices related to integrity and ethics for all constituents. These policies and practices will be enhanced by review and alignment following the merger. Leveraging the expertise from the two institutions will strengthen the community.

Equity and Title IX

Both Berklee and the Conservatory are committed to the highest standards of equity and Title IX compliance. Both institutions have been working on equity issues, completing a top-to-bottom review of equity processes and creating a much stronger and more comprehensive Equity Policy and Process, which states, in part:

This policy prohibits acts of discrimination, harassment, and sexual misconduct including but not limited to sexual assault or harassment, domestic violence, dating violence, and stalking. Such acts are serious violations of Berklee community values and are strictly prohibited by the college. This policy and the college's commitment to fostering a safe, supportive, and diverse climate is a fundamental part of a Berklee community where all can study, live, and work together in an environment of equal opportunity, inclusiveness, and mutual respect.

Berklee adheres to all federal and state civil rights laws barring discrimination including but not limited to Title IX and Title VI of the Education Amendments of 1972, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Rehabilitation Act, and the Massachusetts Equal Rights Law. Berklee is committed not only to compliance with these mandates but also to promoting a culture that is in line with the values these civil rights laws envision. To that end, the Equity Policy and Process is intended to address and resolve complaints involving any legally protected characteristic with a unified policy and centrally administered processes that are equally applicable to all members of the Berklee community.

*Specifically, this policy and process prohibits and addresses sexual misconduct, sexual assault, dating and domestic violence, stalking, and discrimination or harassment based on race, color, religion, gender, gender identity, transgendered status, national origin, age, disability, military or veteran status, sex, sexual orientation, genetic information, marital status, pregnancy, or any other characteristic protected by law (collectively referred to as "protected characteristics"). (See **Appendix 11.1** for more Title IX/Equity resources.)*

Following the merger, Berklee will be working to strengthen its commitment to fairness by launching a campus climate survey to examine both the amount of Title IX/equity-related incidents occurring and the perceptions of the campus environment. This survey will provide information regarding attitudes among students, faculty, staff, and/or administrators of the new merged institution.

This spring 2016, Berklee is launching a training and dialogue series for Berklee leaders and inviting Conservatory leaders to participate. This series is designed to foster the principles needed to create a safe and inclusive community. (See **Appendix 11.2** for information about the training series.)

Academic Integrity

Both Berklee and the Conservatory are committed to the free pursuit and dissemination of knowledge. This commitment assures faculty and students the freedom to teach and study, to question assumptions, to be guided by evidence, and to be creative and innovative.

To further ethical practices in scholarship and research, Berklee established in 2012 an institutional review board (IRB) whose mission is to ensure that the college enforces federal research standards. In particular, the IRB provides a central body to review and oversee college-affiliated research involving human participants. The board ensures that such research meets appropriate standards of ethical treatment. The board also assists in developing research-based education for the college community. The Conservatory will participate in this review board after the merger.

The IRB undertakes the following responsibilities:

- To define ethical guidelines for subject-focused research
- To set terms and monitor submissions of final papers and theses for graduate programs
- To promote research and scholarship at Berklee College of Music
- To provide workshops and development for students and faculty on research techniques, processes, and more
- To develop, review, and revise IRB practices and processes
- To ensure compliance of research with standards of ethics and standards of excellence
- To make recommendations for improvements in research to the appropriate academic department or division
- To serve as a resource for the presentation of research information in the bulletin and registration manual
- To serve as a resource regarding research for the college
- To serve as a resource for faculty development and other institutional grants
- To develop research policies as needed

Membership includes academic deans, chairs, and faculty, including representative faculty from the sciences and the humanities as well as a librarian representative and an external member. The IRB reports to the provost and ensures that college research with human subjects is aligned with the highest ethical standards.

Institutional Effectiveness

Berklee subscribes to and advocates high ethical standards. There are strong policies regarding integrity as it applies to the practices of students, faculty, staff, and board members. The college is strongly committed to academic integrity and academic freedom. Likewise, student learning and ensuring the value of the student experience is at the forefront of all Berklee does. The merger provides an opportunity to strengthen and support the institution's commitment to these high ethical standards.

Standard 11 Appendix

- 11.1 Links to Title IX/Equity Resources
- 11.2 Training and Dialogue Series Information

Conclusion

As this report makes clear, Berklee and The Boston Conservatory—close neighbors for all of Berklee’s existence, and institutions with similar missions, philosophies, and leanings—are excited to make the partnership official and to merge. Doing so will, we believe, create a unified institution stronger than either college separately.

As stated earlier in the Vision for Berklee in 2025, “Berklee will transform arts education and enhance the power of the arts to better our world.” In its Strategic Agenda, The Boston Conservatory aspires to “be a birthplace of the future of performing arts and performing arts education.”

With aligned goals, we believe that Berklee College of Music and The Boston Conservatory together—as a new Berklee, and with TBCB as a distinct unit of that new institution—will serve as a lever to raise the bar and focus attention on the rich, lasting values of arts education, not as an extra but as a core element in society. Combining the individual strengths in the academic programs, personnel, and operations of Berklee and The Boston Conservatory, we will be able to provide a richer and more distinctive 21st century education in the performing arts.

Through merging the incomparable energy, talent, and diversity of its multicultural students, faculty, and staff and the unparalleled depth and breadth of the curricula and programs of both institutions, we believe the new Berklee and TBCB will be an incubator for creativity and innovation, musical and artistic discovery, and entrepreneurial spirit. The institution will offer students unique opportunities to experience and realize their passion for music, dance, and musical theater and will nurture their abilities to excel in successful careers in the performing arts.

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Standard 1 Appendix

- 1.1 Merger Strategy and Direction, with Pro Forma
- 1.2 Existing Berklee and Conservatory Mission and Vision Statements

Standard 2 Appendix

- 2.1 Program Review Process Information and Forms
- 2.2 Berklee Student Course Evaluation Infographic and Summary, Fall 2015
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- 3.1 New Board Bylaws
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Standard 4 Appendix

- 4.1 List of Links for Online Academic Resources

Standard 5 Appendix

- 5.1 Berklee Faculty Contract Agreement Link
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Standard 6 Appendix

- 6.1 List of Links for Student Conduct Policies
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- 8.1 Link to the Berklee Master Plan
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- 9.1 Berklee College of Music Audited Financial Statements 2015
- 9.2 The Boston Conservatory Audited Financial Statements 2015
- 9.3 Moody's Rating Report on Berklee
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- 10.1 Merger Promotional Example: Town Hall Meeting Poster

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Standard 1 Appendix



Merger Strategy and Direction
Berklee College of Music and The Boston Conservatory
November 17, 2015

The Merger Master Steering Committee

Berklee

Roger Brown, President

Mark Campbell, VP for Enrollment

Mac Hisey, SVP for Finance &
Administration/CFO

Melissa Howe, Chief of Staff

Cindy Link, SVP for Institutional
Advancement

David Mash, SVP for Innovation,
Strategy, and Technology

Betsy Newman, VP for Student
Affairs/Dean of Students

Tom Riley, VP for External
Affairs & Communications

Larry Simpson, SVP for Academic
Affairs/Provost

The Boston Conservatory

Richard Ortner, President

Joe Bennett, VP for Academic
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Leslie Jacobson Kaye, VP for Institutional
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Planning

Terry Whittum, VP for Enrollment
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This document is highly confidential and contains sensitive information. It was produced for review by the Boards of Trustees of the Boston Conservatory and Berklee College of Music in their consideration of a merger decision. Please do not distribute for any other purpose.

Executive Summary

Traditional institutions of higher education, especially those training students for professional careers in the arts face significant challenges in the 21st century. Advances in technology have impacted every sector of society, none more so than the ways in which we create, manage, distribute and consume visual and performing arts content; simply put, careers are made and sustained differently. Consequently, young people now have high expectations that their professional education will incorporate technology and media in ways that better reflect their everyday experiences. We must respond by using contemporary tools and modalities to deliver the most effective education possible.

Another consequence of the global digital revolution may be seen in the proliferation of small, nimble ensemble music-making and the hybridization of artistic content itself: borderless stylistic awareness and practice (such as Yo Yo Ma's Silk Road Project, or Nusrat Fatah Ali Kahn's incorporation of western pop in ecstatic Sufi religious chant, or numerous examples from the 'downtown/Poisson Rouge' musical scene) are increasingly the norm. The accustomed boundaries between 'art' music and popular music are less rigid than at any time in the recent past; students today engage fusion of diverse musical styles and traditions as the future of their practice. Similar transformations are taking place in musical theater and dance.

The proposed merger creates the most fertile ground imaginable for exploration of those multiple currents and influences. It also enables Berklee and The Boston Conservatory to pioneer and pilot changes to the current educational model, discovering and creating together an unequalled constellation of opportunities for tomorrow's students. Berklee's decade of rich experience with online education combined with the Conservatory's best-practice grounding in studio teaching enables the new institution to take the lead in creating the most flexible and rigorous educational programs in the field; and enables our students to elect the programs of study most relevant to their personal career aspirations.

Vigorous exploration of these new possibilities also holds the promise of addressing the key issue of affordability. With the cost of higher education now out of reach for many US families, and with the current student debt bubble reaching crisis proportions, institutions that fail to respond will surely suffer precipitate decreases in enrollment in the coming decade. Rising fixed costs and downward pressure on tuition increases limit the ability of small schools to invest in innovative strategies; the synergies made possible by joining these institutions offer an extraordinary opportunity to create unique brand strength in the international market, and succeeding where others may not.

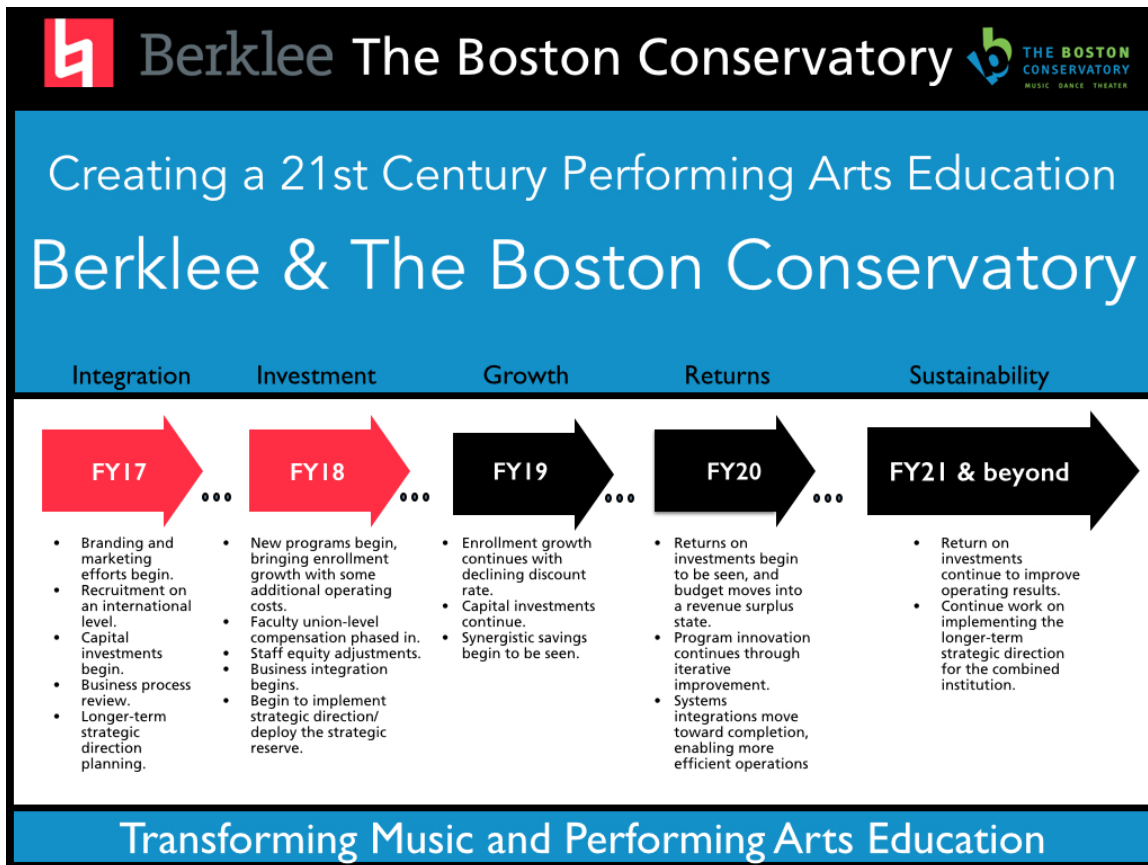
In the *Vision for Berklee in 2025*, we state "Berklee will transform arts education and enhance the power of the arts to better our world." In its *Strategic Agenda*, The Boston Conservatory aspires to "be a birthplace of the future of performing arts and performing arts education." The two institutions are aligned in their quest to be transformative in both arts education and the evolution of music production and the

performing arts. We believe that in alliance, Berklee and The Boston Conservatory will have the combined resources and programs to further drive innovation and change, improve our offerings and ensure student success, compete more effectively for the most talented students in the world, and address the affordability challenge more effectively than either institution can on its own.

Recognizing that exploring larger strategies for adapting the educational and business models of performing arts training in higher education (and other long term strategies) necessarily requires more time than was available in the context of merger discussions, and in order to retain flexibility that allows us to adapt to our rapidly changing landscape, we will craft an iterative review process with institutional leadership and trustees to assess our progress and suggest any necessary course corrections. In addition to the specific initiatives listed, the financial pro forma includes a Strategic Reserve to be invested upon the recommendation of the Presidents of Berklee and The Boston Conservatory at Berklee, hereinafter referred to as TBCB, and with the counsel concurrence, and discretion of the Boston Conservatory Committee. This reserve is intended to fund the results of strategy work engaging senior administration and Committee members beginning as soon as the Committee is named.

Throughout this merger process we expect to learn, grow, and revise our plans and develop a strategic direction. The following plan for merger integration and strategy reflect current thinking on how best to begin the process of innovation and change this merger promises. The chart below shows a summary of activities over the five-year integration period, and notes overall financial operating results for the TBCB unit graphically in the color of the year arrows (red or black).

Overview Timeline Of The Merger Strategy



A short summary list of merger strategies include:

- Recruit on a global scale and build on the reputation of The Boston Conservatory programs and the brand value of the *New Berklee*.
- Expand and enhance marketing and social media activity to support efforts to both build brand and attract students internationally.
- Expand Conservatory enrollment by 20%, largely through three new programs under study that build on shared strengths of the Conservatory (dance, theater, music) and Berklee (jazz, technology, guitar).
- Expand residence hall capacity to reflect an increase in Conservatory enrollment, and as part of an overall new institutional strategy to improve student life on campus.
- Address affordability challenges by temporarily freezing TBCB tuition, and by finding ways to increase operational efficiency.
- Invest in new online offerings, both MOOC's and paid online courses, built around Conservatory strengths.
- Enrich the offerings for both current Conservatory and Berklee students by creating flexibility and additional educational opportunity within existing programs.
- Develop new programs that make best use of the Valencia campus.

- Harness efficiencies of scale from a larger operation and create 21st century technology and business practices to streamline back office operations and support, and provide better customer experiences.
- Increase fundraising capacity; inspire donors with a transformational and comprehensive model of the 21st century conservatory.
- Expand existing and create new revenue-generating summer, international and inter-session programs that utilize the facilities and leverage our reputation while cultivating future enrollment.
- Develop a career development strategy to ensure student success in their chosen fields.

A Vision for Berklee in 2025

As the preeminent institute of contemporary music and the performing arts, *the New Berklee* will transform arts education and enhance the power of the arts to better our world. Building an inclusive culture that promotes diversity in all its forms, we will nurture the growth of the world's most inspired musicians, actors, and dancers so they may fully realize their artistic, creative, and career potential. Together, The Boston Conservatory and Berklee will forge new connections among art forms, musical cultures, technologies, and institutions, creating a dynamic global network that fosters innovation, collaboration, and community.

Vision for the Merger

Berklee and the Boston Conservatory will create a unique 21st century educational experience, one that provides students a complete array of skills upon which to build the foundation of their life's work and discover their authentic artistic voices. Together, the two institutions provide the creative opportunities that characterize the 21st century's new artists and hybrid art forms. By creating the world's most comprehensive and forward-leaning institution of its kind, two historically powerful brands secure an important new position in the field.

Both institutions are committed to fostering contemporary work. By joining forces, the combined institution provides all students access to both the Conservatory's rich tradition in musical theater, dance, and concert music; and Berklee's leading edge studies in contemporary popular music, technology, and entrepreneurship. Graduates will be prepared to succeed in careers ranging from performance to production, from composition for contemporary media to music education, music therapy, music technology, and the business of music.

The goal is simple: to attract the most talented, creative and motivated students in the world; offer them a challenging, leading-edge experience while they are students; and give them the best possible platform for success as the next generation of leaders in every aspect of performing arts endeavor.

Merger and Strategic Direction

In order to achieve the vision for this merger, the *Vision for Berklee in 2025*, and ultimately our institutional mission, we have created a merger integration plan for the first five years of the merger and once agreed, will begin work to craft the strategic direction for the newly combined institution. The following narrative is organized into two parts—a plan for merger integration, which includes the financial pro forma, and the process to develop strategic direction, which will be emergent as the integration begins.

Background; Existing Plans and Goals

The current strategic plan for The Boston Conservatory states:

Over the last decade The Boston Conservatory has made remarkable advances - it is a stronger and increasingly influential presence in the world of performing arts training and on the Boston cultural scene, a place where the future of the performing arts is being created. The Conservatory's mission, educating extraordinary young artists by providing a range of tools and experiences that equip them to create and deliver artistic content, has been enhanced by stronger leadership, a growing contributor base, the implementation of a complete academic program review, productive financial strategies, and targeted investments in key services and facilities.

To thrive in the next decade, the Conservatory must evolve in ways that reflect current and emerging realities; and must increase its capacity to adapt in response to changing careers in the arts, a dynamic higher education marketplace, and new economic realities.

The *Vision for Berklee in 2025* was created over a two-year process led by the Berklee Board of Trustees, and engaged the campus and extended communities in a discussion of the future. This process also yielded material to develop a strategic plan for the institution. That planning yielded twenty initiatives designed to help Berklee reach its newly stated vision.

The proposed merger addresses key elements of both institutions' strategic goals: For the Conservatory, those goals included:

- Changing the business model to deliver high quality performance education in new and more cost effective ways;
- Optimizing revenue generation; and
- Accelerating change in internal and external perception, to be increasingly recognized and supported as a national/international leader in the future of performing arts training.

For Berklee, those goals included:

- Making affordability and access a key focus in all planning and operational decisions;
- Creating a music theater program;
- Incorporating movement and/or dance into the curriculum;
- Creating more flexible programs of study; and

- Strengthening our programs in classical and traditional music.

Merger Integration

The merger integration plan is constructed on several fundamental premises and a few key assumptions:

Fundamental premises include:

- Students in existing programs at both institutions will find interest in rounding their educational experiences through electives in each other's programs, enhancing their professional futures.
- A multidisciplinary education better prepares students for the world and will make them more employable/enhance their careers; and the liberal arts are central to educated artists and of high importance to many parents.
- Creation of new programs and overall enrollment growth is central to both the integration and future strategic direction.
- Enhancing student affordability and access is essential.
- Holding TBC's tuition flat for two years in order to equalize tuition across the institution has considerable strategic importance and tangibly demonstrates our commitment to affordability.

Key assumptions:

- The *New Berklee* will create a stronger market-magnet and brand position than either institution can individually achieve.
- The *New Berklee's* global marketing and recruiting platform will increase the pool of highly qualified applicants for TBCB and improve the mix of those who can pay all or a substantial part of the cost; in order to achieve enrollment and tuition revenue targets, TBCB admissions staff will have the appropriate autonomy and authority to determine admissions standards and financial aid; and key Conservatory enrollment and admissions staff will be retained.
- Integrating administrative functions and some integration of academic functions will create savings to help absorb transition costs.
- Creating pathways for educational alternatives and options for transfer within the new institution will improve overall institutional retention and graduation rates.
- Fundraising will be enhanced by inspiring donors with a transformational and comprehensive model of the 21st century conservatory; in order to achieve current annual and endowment fund goals, including the 150th Anniversary Campaign, key Conservatory fund-raising and stewardship staff will be dedicated to this effort.

Divisional Strategies

The following proposed strategies for each division, as well as the institutional strategies presented herein are in response to both institutions' initial assessment of the strengths and challenges for The Boston Conservatory as well as the opportunities the merger creates for a re-envisioned joined institution, and are based on the key premises and assumptions.

A. Musical Theater

To remain competitive, the Theater Division must ensure that its students have sufficient access to theater stage time, a key element in career preparation. For that reason, we will maintain limitations on theater enrollment. We will also, however, create opportunity for Berklee students who, after their first year decide that Musical Theater is their desired major, to audition into the second (or later) year of studies in the Musical Theater Division at TBCB. The Musical Theater department will also develop Music Theater electives and possibly a minor for Berklee students in other majors.

We will also create new programs that build on the synergies between the Theater Division at TBCB and various majors at Berklee, and which provide the opportunity for growth in enrollment at relatively low tuition discount rates, and without negative impact on access to limited facilities. These include programs such as Technical Theater, Scoring & Musical Director for the Theater, building on core strengths of the newly combined institution. Students in these new majors would provide the technical and other support for the institutions' theater and performance productions, creating both synergy between students learning and operational cost reduction. We will explore the possibility of engaging other ProArts schools in these efforts.

We will also capitalize on the opportunity to create or expand upon summer programs in Musical Theater for high school-age youth, as a recruitment tool and an additional revenue source.

B. Dance

Enrollment in the Dance Division has room to grow, and it is assumed that with an expanded global marketing and audition platform, we can attract an increasingly diverse talent pool. We will support growth in enrollment, focused on new program offerings made possible by the merger, and will commit to creating new dance facilities as needed. These new programs include a Conservatory major in Jazz Dance, general education courses in dance and movement, and exploration of additional programs for students in both institutions.

There are also opportunities for including dance as part of the Berklee City Music Network, to help develop young dancers from under-served communities; and for greatly expanded summer programs in dance for high school-age youth, including City Music-type scholarship programs. As in Theater, such programs would function to enhance recruitment and create new revenue and philanthropic opportunities.

C. Music

Music Division enrollment will benefit from an increase in the number of high quality applications from around the world, enabling better long term control of tuition discounting. Much of the projected enrollment growth would be in new programs designed to take advantage of synergies between the two institutions, such as a Classical Guitar major. The assumption is that with new global marketing investment, coupled with Berklee's strong brand awareness and international audition platform, and along with access to Berklee's programs in entrepreneurship and technology, TBCB may be able to attract students it currently loses to other institutions. Added investment in "name" faculty members may provide additional recruitment support as well as strengthening existing programs. As with theater and dance, there will be opportunity to create summer programs for high school students that can help build reputation, serve as a recruitment tool, and generate revenue surpluses.

In all three divisions, we will work toward creating curricular flexibility such that TBCB students could elect courses from the Berklee catalog to expand their career options and preparedness in areas such as entrepreneurship, music business and music technology and production.

All three divisions will create new programs that leverage the unique opportunity of the Valencia campus, such as study abroad programs, intersessions, and summer programs. These programs will generate new revenues and expanded enrollment capacity without negatively impacting facilities.

Development of online courses in TBCB programs also hold the promise of providing new revenues, potential new online degrees at lower cost to students, and a higher online profile for the Conservatory, generating more interest and awareness of its campus-based offerings. We will explore the potential to create the Boston Conservatory Online, which would be the first highly structured online program in classical music. We will also leverage technology to positively impact campus teaching and learning, using Learning Management Systems, online resources, and hybrid delivery modalities. All of the above initiatives will also be viewed through the lens of enhancing affordability to students on campus, abroad, and online.

D. General Institutional Merger Strategy

In addition to the specific strategies for the three divisions of TBCB, there are more generalized institutional strategies that allow us to gain efficiency and added effectiveness in program support as a result of the merger. These include academic integration outside of the major program divisions, and administrative service integration, resulting in financial savings due to scale, and improved student services.

1. Academic Integration

Music Education and the Liberal Arts area will benefit from full integration as a result of the merger. The Music Education program at TBCB is at the graduate level, while the Berklee program is an undergraduate program. Combining the programs accords with Berklee's stated goal of developing graduate studies in this area and building on the individual strengths each institution brings to the merger.

Liberal Arts courses are core to all students of the *New Berklee*, and central to developing artists for the 21st century. By combining the best of these programs from both institutions we will strengthen these offerings and gain operational efficiencies.

We assume there will be some reductions in costs due to eliminating redundancies, and management efficiencies to be gained from these departmental integrations. We also believe some facility use efficiencies will arise from this integration.

2. Administrative Integration

Both institutions have 20th century business processes, policies, technologies, and practices that would benefit from 21st century approaches and solutions. While both institutions operate effectively, neither is currently doing so at peak efficiencies or with modern customer service responsiveness.

In the early days of merger implementation, a complete business process review with external expertise would be undertaken. We expect that a merged institution will not need two separate enterprise business systems, two phone systems, or two Internet connections. By integrating business offices (streamlining staff and administration) and modernizing systems (focusing on mobile-enabled self service and customer satisfaction), we will achieve more effective, more efficient, and less costly delivery of services. We note, however, that significant investments in both financial and human capital could be required to see these benefits in Administrative and Systems Integration.

3. Facilities Integration

Both campuses have BRA-approved Institutional Master Plans (IMPs) on file describing the improvement of existing facilities and construction of

new facilities. We will undertake a space utilization survey to identify potential facility use improvements, and a new campus planning process will be launched to create a new IMP that best meets current and anticipated needs of the newly joined institution. Increased demand for student housing will be a key focus, with a firm commitment to increase housing for TBCB students. A new IMP will reflect decisions about the best ways to address currently identified needs in the areas of student housing, student services, and academic program needs, with exploration of the potential for development of the Ipswich Street parcel to meet some of those needs.

4. Improved Student Services.

The goals of our two Student Affairs / Student Services departments are well aligned. Integrating the two departments will allow us to:

- Merge high-risk student affairs areas to ensure higher effectiveness, compliance, parity of services, and consistent practices for all students in the combined organization;
- Design an innovative, data-driven, student-centric approach to integration that will improve the student experience in the combined organization;
- Develop a comprehensive and integrated student advising and success model/system;
- Develop a career strategy that enables the 21st century musician and performing artists to achieve their full potential; and
- Enhance the co-curricular and residential experience.

5. Marketing and Branding

Significant investment is projected to create a broad marketing and public relations campaign, announcing the values of the merger and raising positive awareness of the merged institution among prospective students and their parents; the education, performing arts and philanthropic communities; alumni and the general public. Measureable goals include:

- Increasing the pool of quality applicants to Conservatory music, dance, and theater programs, including masters programs;
- Meeting enrollment targets for new summer programs.
- Meeting enrollment targets for new programs, such as classical guitar, technical direction, jazz dance, and others.

6. Fundraising and support groups

We anticipate that the *New Berklee* will have broadened appeal, offering an unparalleled strategic opportunity both to solidify and energize our current base of support and to reach beyond our current group of patrons

to identify and engage new potential prospective donors and volunteer leaders.

To strengthen and build community, the combined Offices of Institutional Advancement will:

- Engage current leaders, volunteers and prospective donors to ensure that individuals and organizations that currently are involved with either or both institutions remain engaged and positive about the combined entity.
- Create strong groups of supporters such as Overseers and Leadership Councils with appropriate staffing, to sustain engagement and achieve annual and endowment goals.
- Create key events to strengthen community and engagement
- Collaborate with External Affairs to build a communication strategy and plan.

Strategic Direction

The merger integration plan is designed to begin the foundational work of combining our two institutions, but the principal reason for the proposed alliance is the exciting opportunities that are made possible by this merger. The merger integration is an essential first step in planning, and an important second step is to build on the integration and identify strategic direction that goes beyond to seize the opportunities of what we are describing as *The Boston Conservatory at Berklee* and the *New Berklee*.

Berklee was in the midst of a strategic planning process for achieving its Vision for Berklee in 2025 when the discussions about the possibility for a merger emerged. That process was paused to focus on the need to create the integration plan, with the understanding that it would be resumed for the newly combined institution as soon as the merger agreement occurred.

The plan we develop will provide for creativity, testing and assessment of prototype ideas, capturing opportunities, and other dynamics that underpin effective strategic enterprises and their leaders.

The processes of integration and true strategic work ahead provide the necessary grease and friction to catalyze transformative change and opportunity for the *New Berklee*.

- Natural synergies that emerge such as leveraging composition and film scoring, opportunities for students whose foci shifts from performance to arts business, and a new campus master plan taking advantage of all of the available real estate of the *New Berklee* illustrate the grease that energizes integration and opportunity.
- Productively addressing concepts new to both institutions, proposing game-changing ideas, and resolving deeply held differences in convictions and approach create valuable friction to shift into new paradigms.

The strategic direction will be based on a clear sense of underlying purpose, values, and direction; learning from the merger integration and innovations and adjusting accordingly, and flexibly pursuing anticipated and unanticipated opportunities in a dynamic environment inevitably lead to adaptations in strategy. Thus, the plan:

- Assumes there will be emergent opportunities we cannot today envision and would not have been possible before the merger.
- Builds on key premises and assumptions, identifies direction including new initiatives that will be tested, validated, amended, affirmed, or supplanted or discarded accordingly.
- Charges professional leadership to create and pursue strategy, with a specified process of consultative input and review by the TBCB Committee, with annual TBCB Committee endorsement of the TBCB budgets and concurrence with significant adjustments to the strategy.

The Boston Conservatory Committee of the *New Berklee* Board will:

- Review progress twice a year for the first two years and at least annually in years three through five. In addition to the obvious value of this process for plan success, it will keep trustees appropriately aware and strengthen their capacity to sustain supportive involvement (time, commitment, advocacy, financial) of former TBC Trustees and Overseers through the completion of the capital campaign.
- Convene early in and during the strategic direction planning process to begin to build cohesion among the TBC and BCM trustees serving on the Committee, engaging them in the creative phase to build strong commitment, and to benefit from their input. It also will help to advance the integration of the TBCB trustees into the Berklee Board of Trustees.

With the time available and the importance of achieving concurrence on the merger agreement the focus has had to be on merger integration. But once agreed, we will resume planning this strategic direction, using an inclusive process that involves faculty, staff, and student input, along with leadership review to set a positive course for achieving the Vision for Berklee in 2025. The process will begin by the first of calendar 2016 producing clear indicators of strategic direction, aligned with investment funds in the financial pro forma, prior to the anticipated closing date of June 1, 2016.

Five-Year Merger Integration Plan and Pro Forma

The attached pro forma financial projections provide a scenario-based look at how the strategy might be realized. These projections provide a quantitative picture of The Boston Conservatory at Berklee (TBCB) operations, developed by the Merger Administrative Committee, comprised of relevant departmental representatives from both institutions (Academic Affairs, Enrollment, Student Affairs, Institutional Advancement, Information Technology, Human Resources, etc.). It is important to note that these are directional financial projections only and will most certainly change each year with the more precise budgeting process and, of course, with any modifications to the Strategic Plan or to the underlying assumptions, which are provided with brief explanations of the rationale for each.

Given the high tuition dependency of both institutions, the enrollment, tuition, and discount assumptions have the greatest influence on the revenue projections. Key assumptions include total enrollment in the TBCB core programs (music, theater, and dance) growing by approximately 220 students to reach nearly 1,000 by fiscal 2021. Strategies to achieve this goal include investments in new programs, use of a global recruiting platform, aligning tuition costs within the five-year integration period, strategic use of scholarships, and investing in expanded institutional support (facilities, faculty, and staff). The costs of these investments are included in the projections and are described in the assumptions. Excluded from this pro forma are any incremental costs, savings or revenues that may be realized by Berklee outside of the TBCB unit.

The ultimate financial result of this strategic transition and expansion of TBCB is an operation that produces operating losses and negative cash flows for two years before breaking even and beginning to generate positive financial results. The losses and negative cash flows reflect the support the new combined institution will need to fund in the early years in anticipation of building a financially sustainable entity. .

The last attachment, the Financial Commitments Schedule, provides a cross-reference between the pro forma financial projections and the Financial Commitments section of the Memorandum of Understanding (MOU) between The Boston Conservatory and the Berklee College of Music.

The Boston Conservatory at Berklee
Pro Forma Financial Projection
Key Data Summary

Assumptions:

	FY2015	FY2016	Projected				
			FY2017	FY2018	FY2019	FY2020	FY2021
Projected enrollment	714	810	823	868	946	959	991
Effective tuition rate	40,150	41,560	41,560	41,560	42,861	44,254	45,693
Effective discount rate	35.0%	37.0%	41.9%	40.3%	38.5%	38.6%	37.5%
Annual Contributions	1,076,737	1,157,200	1,157,200	1,272,900	1,400,200	1,540,200	1,694,200
Faculty transition salary	-	-	-	1,000,000	1,033,000	1,067,100	1,102,300
Faculty transition benefits	-	-	-	300,000	327,000	356,400	388,500
Synergistic savings	-	-	(65,000)	(2,702,300)	(2,777,300)	(2,852,300)	(2,927,300)
Strategic reserve	-	-	111,700	977,300	1,138,000	333,100	437,100
Capital expenditures	1,059,000	1,000,000	1,600,000	2,000,000	1,600,000	1,600,000	1,600,000

Financial Data:

	FY2015	FY2016	Projected				
			FY2017	FY2018	FY2019	FY2020	FY2021
Revenues							
Tuition and fees	31,062,100	36,265,100	37,160,400	39,163,700	43,842,700	45,801,000	48,750,300
Discount	(9,955,986)	(12,608,900)	(14,331,400)	(14,537,900)	(15,610,500)	(16,381,800)	(16,980,500)
Other	6,212,551	5,969,100	6,257,400	6,518,900	6,414,600	6,650,100	6,877,100
Total revenues	27,318,665	29,625,300	29,086,400	31,144,700	34,646,800	36,069,300	38,646,900
Expenses							
Personnel	16,278,896	17,881,600	18,657,400	20,225,200	21,311,300	22,614,400	23,807,400
Non-personnel	11,292,222	12,366,900	11,930,000	13,010,800	12,848,500	11,999,900	12,202,000
Total expenses	27,571,118	30,248,500	30,587,400	33,236,000	34,159,800	34,614,300	36,009,400
Net operating margin with TBCB Board Fund draw	(252,453)	(623,200)	(1,501,000)	(2,091,300)	487,000	1,455,000	2,637,500
% Margin (target 2%-4%)*	-0.9%	-2.1%	-5.2%	-6.7%	1.4%	4.0%	6.8%
Incremental net operating margin (excluding TBCB Board Fund draw)	(252,453)	(623,200)	(1,751,000)	(2,343,800)	232,000	1,197,400	2,377,300
% Margin (target 2%-4%)*	-0.9%	-2.1%	-6.0%	-7.5%	0.7%	3.3%	6.2%
Net cash flow	(2,468,385)	165,300	(987,500)	(2,391,500)	838,200	1,685,800	2,746,500
Incremental net cash flow (excluding TBCB Board Fund draw)	(2,468,385)	165,300	(1,237,500)	(2,644,000)	583,200	1,428,200	2,486,300
Ending cash (with TBCB Board Fund draw)	2,591,822	2,757,100	1,769,600	(621,900)	216,300	1,902,100	4,648,600
Endowment**	14,298,539	14,798,500	15,850,400	16,881,900	17,895,400	18,885,400	19,874,900
TBCB Board Fund **	-	-	5,050,000	5,100,500	5,151,500	5,203,000	5,255,000
Property, plant, equipment ***	50,100,218	48,393,200	47,699,600	47,405,900	46,945,700	46,642,800	46,471,600
Bonds and notes payable	57,184,723	26,250,900	24,863,000	23,582,500	22,632,000	21,914,900	21,221,200

* During the first nine (9) years from the Closing Date, any TBCB annual unrestricted net operating income (calculated in accordance with GAAP) in excess of a four percent (4%) net operating margin shall be allocated to TBCB for operations or credited to the TBCB Board Fund.

** [Berklee] shall allocate and restrict in perpetuity on the Closing Date \$5,000,000 of Berklee's unrestricted endowment (in addition to any Conservatory Restricted Funds), to support the annual operating and capital budgets of TBCB, consistent with the then-existing spending policy of Berklee (the "TBCB Board Fund").

*** Within five (5) to nine (9) years of the Closing Date, [Berklee] shall make available to TBCB fifty (50) residential beds, to be occupied by TBCB students or, to the extent beds are then still available, other students, and, in any case, the net operating income calculated in accordance with GAAP (excluding any interest, lease or depreciation) attributable to the fifty (50) beds shall be allocated to TBCB ("TBCB Beds").

**The Boston Conservatory at Berklee
Pro Forma Financial Projection
Statement of Position**

	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Assets							
Cash and cash equivalents	2,591,822	2,757,100	1,769,600	(621,900)	216,300	1,902,100	4,648,600
Accounts receivable, net	129,962	130,000	130,000	130,000	130,000	130,000	130,000
Contributions receivable	2,604,165	1,891,800	1,252,400	613,000	304,200	235,300	200,300
Other assets	156,432	159,600	162,800	166,100	169,400	172,800	176,300
Unamortized bond issuance costs	1,498,273	396,700	396,700	396,700	396,700	396,700	396,700
Loans receivable, net	22,335,530	189,000	189,000	189,000	189,000	189,000	189,000
Long-term investments	14,298,539	14,798,500	15,850,400	16,881,900	17,895,400	18,885,400	19,874,900
TBCB Board Fund **	-	-	5,050,000	5,100,500	5,151,500	5,203,000	5,255,000
Property, plant, improvements, and equipment, net ***	50,100,218	48,393,200	47,699,600	47,405,900	46,945,700	46,642,800	46,471,600
Total Assets	93,749,572	68,715,900	72,500,500	70,261,200	71,398,200	73,757,100	77,342,400
Liabilities and Net Assets							
Liabilities							
Accounts payable and accrued expenses	481,136	481,100	481,100	31,100	31,100	31,100	31,100
Accrued expenses	1,464,265	964,300	964,300	964,300	964,300	964,300	964,300
Deferred revenues	1,169,255	1,169,300	1,169,300	1,169,300	1,169,300	1,169,300	1,169,300
Bonds and notes payable	57,184,723	26,250,900	24,863,000	23,582,500	22,632,000	21,914,900	21,221,200
Total Liabilities	60,299,379	28,865,600	27,477,700	25,747,200	24,796,700	24,079,600	23,385,900
Net assets							
Unrestricted	25,047,627	31,447,800	31,570,300	31,011,000	33,047,500	36,072,000	40,299,000
TBCB Board Fund (unrestricted) **	-	-	5,050,000	5,100,500	5,151,500	5,203,000	5,255,000
Temporarily restricted	7,081,233	7,081,200	7,081,200	7,081,200	7,081,200	7,081,200	7,081,200
Permanently restricted	1,321,333	1,321,300	1,321,300	1,321,300	1,321,300	1,321,300	1,321,300
Total Net Assets	33,450,193	39,850,300	45,022,800	44,514,000	46,601,500	49,677,500	53,956,500
Total Liabilities and Net Assets	93,749,572	68,715,900	72,500,500	70,261,200	71,398,200	73,757,100	77,342,400

* During the first nine (9) years from the Closing Date, any TBCB annual unrestricted net operating income (calculated in accordance with GAAP) in excess of a four percent (4%) net operating margin shall be allocated to TBCB for operations or credited to the TBCB Board Fund.

** [Berklee] shall allocate and restrict in perpetuity on the Closing Date \$5,000,000 of Berklee's unrestricted endowment (in addition to any Conservatory Restricted Funds), to support the annual operating and capital budgets of TBCB, consistent with the then-existing spending policy of Berklee (the "TBCB Board Fund"). This will be included in the consolidating entries for financial reporting purposes.

*** Within five (5) to nine (9) years of the Closing Date, [Berklee] shall make available to TBCB fifty (50) residential beds, to be occupied by TBCB students or, to the extent beds are then still available, other students, and, in any case, the net operating income calculated in accordance with GAAP (excluding any interest, lease or depreciation) attributable to the fifty (50) beds shall be allocated to TBCB ("TBCB Beds").

The Boston Conservatory at Berklee
Pro Forma Financial Projection
Statement of Activities

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Projected enrollment	714	810	823	868	946	959	991
Effective tuition rate	40,150	41,560	41,560	41,560	42,861	44,254	45,693
Effective discount rate	35.0%	37.0%	41.9%	40.3%	38.5%	38.6%	37.5%

Unrestricted Operating Revenues:

Gross tuition	28,432,294	33,428,000	34,203,900	36,074,100	40,546,900	42,439,900	45,281,400
Gov't and other financial aid	(40,458)	16,800	17,300	17,800	18,300	18,800	19,400
Fees	1,584,053	1,780,800	1,797,400	1,895,700	2,066,100	2,094,500	2,164,300
Application fees	188,211	189,500	266,300	274,300	282,500	291,000	299,700
Other tuition revenues	898,000	850,000	875,500	901,800	928,900	956,800	985,500
Institutional aid	(9,955,986)	(12,608,900)	(14,331,400)	(14,537,900)	(15,610,500)	(16,381,800)	(16,980,500)
Net tuition	21,106,114	23,656,200	22,829,000	24,625,800	28,232,200	29,419,200	31,769,800
Room and board	3,203,227	3,610,100	3,629,300	3,649,800	3,343,400	3,362,400	3,381,400
Performance and facility	381,070	172,000	175,400	178,900	182,500	186,200	189,900
Other income	579,308	151,500	164,700	167,900	171,100	174,400	177,800
Grants and contributions	337,328	67,300	-	-	-	-	-
Unrestricted annual fund	1,076,737	1,157,200	1,157,200	1,272,900	1,400,200	1,540,200	1,694,200
Endowment draw	224,340	352,500	410,000	463,500	516,000	569,500	600,000
TBCB Board Fund draw **	-	-	250,000	252,500	255,000	257,600	260,200
Investment income, net of fees	86,261	-	-	-	-	-	-
Extension programs, net	271,498	408,500	420,800	433,400	446,400	459,800	473,600
Parking revenue	52,782	50,000	50,000	100,000	100,000	100,000	100,000
Total revenue	27,318,665	29,625,300	29,086,400	31,144,700	34,646,800	36,069,300	38,646,900

Expenditures:

Ongoing Expenses:

Staff	5,888,386	6,210,800	6,410,800	6,467,400	6,680,800	6,901,300	7,129,000
Faculty	6,964,763	7,693,000	7,946,900	8,272,900	8,770,400	9,443,800	9,817,700
Accompanists	264,821	316,000	331,500	360,500	404,800	423,800	451,900
Student employment	387,666	406,500	419,900	433,800	448,100	462,900	478,200
Benefits	2,773,260	3,255,300	3,548,300	3,867,600	4,215,700	4,595,100	5,008,700
Operations & property	1,422,227	1,387,800	1,429,400	1,472,300	1,516,500	1,562,000	1,608,900
Rent	487,636	1,079,200	1,127,800	912,700	940,100	968,300	997,300
Auxiliary	1,194,855	1,244,300	1,245,300	1,189,000	1,190,100	1,191,200	1,192,300
Instruction (G&A)	415,883	504,100	519,200	534,800	550,800	567,300	584,300
Institutional support	2,510,616	2,802,800	2,886,900	2,973,500	3,062,700	3,154,600	3,249,200
Student Services	751,743	865,500	891,500	969,700	1,050,300	1,133,300	1,218,800
Academic Support	608,572	695,000	727,100	788,700	883,300	921,900	980,400
Interest expense	1,026,644	1,081,200	762,500	729,900	696,300	663,600	618,800
Depreciation and amortization	2,491,146	2,707,000	2,293,600	2,293,700	2,060,200	1,902,900	1,771,200
Other	382,900	-	-	-	-	-	-
Total ongoing expenses	27,571,118	30,248,500	30,540,700	31,266,500	32,470,100	33,892,000	35,106,700

Expenditures (continued):

New Initiatives:

Faculty transition	-	-	-	1,000,000	1,033,000	1,067,100	1,102,300
Faculty transition, benefits	-	-	-	300,000	327,000	356,400	388,500
Staff equity adjustments	-	-	-	300,000	309,900	320,100	330,700
Staff equity adjustments, benefits	-	-	-	90,000	98,100	106,900	116,500
Retention costs	-	-	-	150,000	-	-	-
Pension increase	-	-	-	250,000	272,500	297,000	323,700
Executive Director	-	-	-	300,000	309,900	320,100	330,700

The Boston Conservatory at Berklee
Pro Forma Financial Projection
Statement of Activities

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Executive Director, benefits	-	-	-	90,000	98,100	106,900	116,500
Advisor fees	-	-	-	100,000	100,000	-	-
Advisor fees, benefits	-	-	-	30,000	30,000	-	-
Security	-	-	-	221,000	227,600	234,400	241,400
Jazz Dance facilities	-	-	-	313,500	322,900	332,600	342,600
Global recruiting	-	-	-	100,000	100,000	100,000	100,000
MOOC course development	-	-	-	150,000	-	-	-
Paid online course development	-	-	-	100,000	100,000	-	-
Summer Programs development	-	-	-	200,000	-	-	-
Strategic reserve	-	-	111,700	977,300	1,138,000	333,100	437,100
Synergistic Savings							
Personnel, finance	-	-	-	(305,000)	(305,000)	(305,000)	(305,000)
Personnel, benefits	-	-	-	(72,000)	(72,000)	(72,000)	(72,000)
Personnel, President	-	-	-	(450,000)	(450,000)	(450,000)	(450,000)
Other personnel efficiencies	-	-	-	(960,000)	(960,000)	(960,000)	(960,000)
Other non-personnel efficiencies	-	-	(65,000)	(915,300)	(990,300)	(1,065,300)	(1,140,300)
Total new initiatives	-	-	46,700	1,969,500	1,689,700	722,300	902,700
Total expenditures	27,571,118	30,248,500	30,587,400	33,236,000	34,159,800	34,614,300	36,009,400
Change in net assets from operations	(252,453)	(623,200)	(1,501,000)	(2,091,300)	487,000	1,455,000	2,637,500
% Margin *	-0.9%	-2.1%	-5.2%	-6.7%	1.4%	4.0%	6.8%
TBCB Board Fund draw **	-	-	(250,000)	(252,500)	(255,000)	(257,600)	(260,200)
Adjusted change in net assets from operations	(252,453)	(623,200)	(1,751,000)	(2,343,800)	232,000	1,197,400	2,377,300
% Margin (adjusted) *	-0.9%	-2.1%	-6.0%	-7.5%	0.7%	3.3%	6.2%
Non-operating revenues (expenses):							
Loss on disposal of equipment	(35,690)	-	-	-	-	-	-
NMTC write-off financing costs	-	(1,101,600)	-	-	-	-	-
Grants and contributions, non-operating	3,263,995	669,000	1,161,600	1,037,000	1,020,000	1,010,000	1,000,000
TBCB Board Fund **	-	-	5,000,000	-	-	-	-
Investment return	(355,676)	352,500	461,900	495,000	529,500	559,500	589,500
TBCB Board Fund return **	-	-	50,000	50,500	51,000	51,500	52,000
Total change in net assets	2,620,176	(703,300)	5,172,500	(508,800)	2,087,500	3,076,000	4,279,000
TBCB Board Fund draw **	-	-	(250,000)	(252,500)	(255,000)	(257,600)	(260,200)
TBCB Board Fund return **	-	-	(50,000)	(50,500)	(51,000)	(51,500)	(52,000)
TBCB Board Fund **	-	-	(5,000,000)	-	-	-	-
Total change in net assets (adjusted)	2,620,176	(703,300)	(127,500)	(811,800)	1,781,500	2,766,900	3,966,800

* During the first nine (9) years from the Closing Date, any TBCB annual unrestricted net operating income (calculated in accordance with GAAP) in excess of a four percent (4%) net operating margin shall be allocated to TBCB for operations or credited to the TBCB Board Fund.

** [Berklee] shall allocate and restrict in perpetuity on the Closing Date \$5,000,000 of Berklee's unrestricted endowment (in addition to any Conservatory Restricted Funds), to support the annual operating and capital budgets of TBCB, consistent with the then-existing spending policy of Berklee (the "TBCB Board Fund"). This will be included in the consolidating entries for financial reporting purposes.

*** Within five (5) to nine (9) years of the Closing Date, [Berklee] shall make available to TBCB fifty (50) residential beds, to be occupied by TBCB students or, to the extent beds are then still available, other students, and, in any case, the net operating income calculated in accordance with GAAP (excluding any interest, lease or depreciation) attributable to the fifty (50) beds shall be allocated to TBCB ("TBCB Beds").

The Boston Conservatory at Berklee
Pro Forma Financial Projection
Statement of Cash Flows

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Cash flows from operating activities							
Change in net assets	2,620,176	(703,300)	5,172,500	(508,800)	2,087,500	3,076,000	4,279,000
Adjustments to reconcile change in net assets to net cash provided by operating activities							
Depreciation and amortization	2,491,146	2,707,000	2,293,600	2,293,700	2,060,200	1,902,900	1,771,200
Donated stock	(1,274,677)						
Unamortized bond issuance costs	-	1,101,600	-	-	-	-	-
Grants and contribution revenue for long term purposes	(3,263,995)	(669,000)	(1,161,600)	(1,037,000)	(1,020,000)	(1,010,000)	(1,000,000)
Other	288,063	-	-	-	-	-	-
Changes in operating assets and liabilities	246,517	209,200	636,200	186,100	305,500	65,500	31,500
Net cash provided by operating activities	1,107,230	2,645,500	6,940,700	934,000	3,433,200	4,034,400	5,081,700
Cash flows from investing activities							
Purchase/sales of investments	(1,038,173)	(500,000)	(1,051,900)	(1,031,500)	(1,013,500)	(990,000)	(989,500)
Purchase/sales of investments TBCB Board Fund **	-	-	(5,050,000)	(50,500)	(51,000)	(51,500)	(52,000)
Increase in student loans receivable	(40,100)	-	-	-	-	-	-
Decrease in deposits with bond trustees	2,042,469	-	-	-	-	-	-
Purchase of property and equipment ***	(975,128)	(1,000,000)	(1,600,000)	(2,000,000)	(1,600,000)	(1,600,000)	(1,600,000)
Increase (decrease) in projects under development	(4,089,126)	34,600	-	-	-	-	-
Net cash used in investing activities	(4,100,058)	(1,465,400)	(7,701,900)	(3,082,000)	(2,664,500)	(2,641,500)	(2,641,500)
Cash flows from financing activities							
Principal payments on loan payable	(1,701,615)	(1,683,800)	(1,387,900)	(1,280,500)	(950,500)	(717,100)	(693,700)
Payments on capital lease obligation	(23,377)	-	-	-	-	-	-
Proceeds from contributions for long term purposes	2,249,435	669,000	1,161,600	1,037,000	1,020,000	1,010,000	1,000,000
Net cash provided by financing activities	524,443	(1,014,800)	(226,300)	(243,500)	69,500	292,900	306,300
Net increase (decrease) in cash and cash equivalents	(2,468,385)	165,300	(987,500)	(2,391,500)	838,200	1,685,800	2,746,500
Cash at beginning of year	5,060,207	2,591,822	2,757,100	1,769,600	(621,900)	216,300	1,902,100
Cash at end of year	2,591,822	2,757,100	1,769,600	(621,900)	216,300	1,902,100	4,648,600

* During the first nine (9) years from the Closing Date, any TBCB annual unrestricted net operating income (calculated in accordance with GAAP) in excess of a four percent (4%) net operating margin shall be allocated to TBCB for operations or credited to the TBCB Board Fund.

** [Berklee] shall allocate and restrict in perpetuity on the Closing Date \$5,000,000 of Berklee's unrestricted endowment (in addition to any Conservatory Restricted Funds), to support the annual operating and capital budgets of TBCB, consistent with the then-existing spending policy of Berklee (the "TBCB Board Fund"). This will be included in the consolidating entries for financial reporting purposes.

*** Within five (5) to nine (9) years of the Closing Date, [Berklee] shall make available to TBCB fifty (50) residential beds, to be occupied by TBCB students or, to the extent beds are then still available, other students, and, in any case, the net operating income calculated in accordance with GAAP (excluding any interest, lease or depreciation) attributable to the fifty (50) beds shall be allocated to TBCB ("TBCB Beds").

The Boston Conservatory at Berklee
Pro Forma Financial Projection
MOU Financial Commitments Reconciliation

Financial Group	MOU Commitment	MOU Estimate	Pro Forma (FY17 through FY21)	Pro Forma Amount (FY17 through FY21)
Faculty compensation Faculty & staff benefits	Absorption of transition costs. Transition costs for increased faculty compensation and faculty/staff benefits	4,000,000	Faculty transition salary	4,202,400
			Faculty transition benefits	1,371,900
			Pension increase	1,143,200
			Total	6,717,500
Net cost savings	Reinvestment of cost savings. Any funds equal to any net cost savings (after incremental costs) generated by consolidating functions deemed to be redundant when operating as merged entity.	4,000,000	Synergistic savings, personnel	7,148,000
			Synergistic savings, non-personnel	4,176,200
			Total gross savings	11,324,200
			Total programmatic investment	(17,261,200)
			Re-branding*	(1,000,000)
			Transition costs (from above)	(6,717,500)
			Net savings (excess investment)	(13,654,500)
Re-branding	Investment in initial re-branding and marketing	1,000,000	Re-branding*	1,000,000
Capital projects	Funding of capital projects and deferred maintenance.	8,000,000	Capital expenditures through FY21	8,400,000
Programmatic investment	The strategic plan shall specify investments by Berklee in TBCB.	5,000,000	Incremental costs for global recruiting (A&I: 6-8 visits/year)	400,000
			MOOC course development (2-3 MOOCs)	150,000
			Paid online course development	200,000
			Summer program development	200,000
			Jazz Dance (2 studios)	1,311,600
			Strategic reserve	2,997,200
			Staff equity costs	1,672,200
			Tuition freeze	2,340,000
			Discount increases	2,990,200
			TBCB Board Fund	5,000,000
			Total	17,261,200

* This is considered a Berklee expense and therefore is not included in the pro forma statements.

** During the first nine (9) years from the Closing Date, any TBCB annual unrestricted net operating income (calculated in accordance with GAAP) in excess of a four percent (4%) net operating margin shall be allocated to TBCB for operations or credited to the TBCB Board Fund.

*** [Berklee] shall allocate and restrict in perpetuity on the Closing Date \$5,000,000 of Berklee's unrestricted endowment (in addition to any Conservatory Restricted Funds), to support the annual operating and capital budgets of TBCB, consistent with the then-existing spending policy of Berklee (the "TBCB Board Fund"). This will be included in the consolidating entries for financial reporting purposes.

**** Within five (5) to nine (9) years of the Closing Date, [Berklee] shall make available to TBCB fifty (50) residential beds, to be occupied by TBCB students or, to the extent beds are then still available, other students, and, in any case, the net operating income calculated in accordance with GAAP (excluding any interest, lease or depreciation) attributable to the fifty (50) beds shall be allocated to TBCB ("TBCB Beds").

Appendix 1.2 Existing Berklee and Conservatory Mission and Vision Statements

Berklee Existing Mission & Vision Statements

berklee.edu/about/mission-and-philosophy

Berklee's mission is to educate, train, and develop students to excel in music as a career.

Developing the musicianship of all our students is the foundation of our curriculum. We believe that the lessons and qualities derived from that work—the self-discipline needed for excellence, the empathy required of music making and the openness and curiosity essential to creativity—are critical to achievement in any pursuit, musical or otherwise. We also believe that music is a powerful catalyst for the kind of personal growth central to any collegiate experience.

Founded on jazz and popular music rooted in the African cultural diaspora, our comprehensive curriculum is distinctly contemporary in its content and approach, and embraces the principal musical movements of our time. Through a course of scholarly and practical learning experiences integrating performance and writing, our curriculum covers the variety of influential styles, relevant technologies, and career opportunities open to today's music professional.

Objectives

- To define and refine the individual talents of our students by providing a broad range of major programs offered by a distinguished faculty, and to prepare them for careers in music that reflect the diversity of expression and opportunities that define music today.
- To enable our students to employ their musical education in a global society by providing a coherent liberal arts curriculum that informs their thinking about issues that have shaped our time.
- To encourage our students to appreciate and apply music's enormous force for the enrichment of society and intercultural understanding.
- To cultivate a supportive learning environment by actively promoting a climate of respect for personal and cultural differences, and by offering a range of services and activities to support the needs of the student musicians who come to us from around the world.
- To maintain the vitality of our college community by encouraging and supporting continuing professional development for all of its members.
- To provide an environment in which all know that they are full and valued members of the community.
- To value ethical behavior in all aspects of personal and professional life by establishing a community that values integrity in all relationships.
- To retain our leadership position in music education and to ensure that our curriculum remains relevant by pledging to value academic freedom and innovation.

Philosophy

Berklee was founded on two revolutionary ideas: that musicianship could be taught through the music of the time; and that our students need practical, professional skills for successful, sustainable music careers. While our bedrock philosophy has not changed, the music around us has and requires that we evolve with it.

For over half a century, we've demonstrated our commitment to this approach by wholeheartedly embracing change. We update our curriculum and technology to make them more relevant, and attract diverse students who reflect the multiplicity of influences in today's music. We prepare our students for a lifetime of professional and personal growth through the study of the arts, sciences, and humanities. And we are developing new initiatives to reach and influence an ever-widening audience.

More than a college, Berklee has become the world's singular learning lab for the music of today—and tomorrow. We are a microcosm of the music world, reflecting the interplay between music and culture; an environment where aspiring music professionals learn how to integrate new ideas, adapt to changing musical genres, and showcase their distinctive skills in an evolving community. We are at the center of a widening network of industry professionals who use their openness, virtuosity, and versatility to take music in surprising new directions.

berklee.edu/planning/vision-2025

Berklee's Vision for 2025

As the preeminent institute of contemporary music, Berklee will transform music education and enhance the power of music to better our world. Building an inclusive culture that promotes diversity in all its forms, we will nurture the growth of the world's most inspired musicians so they may fully realize their artistic, creative, and career potential. Berklee will forge new connections among art forms, musical cultures, technologies, and institutions, creating a dynamic global network that fosters innovation, collaboration, and community.

The Boston Conservatory Mission/Vision/Values

bostonconservatory.edu/handbook/missionvisionvalues

Values

- We lead.
- We expect great things.
- We celebrate diversity.
- We work together.
- We are not afraid to take risks.
- We are honest and responsible.
- We are curious and open-minded.
- We care.
- We give back.

We measure ourselves.
We hold ourselves accountable for every commitment.
We strive for excellence.
We perform.

Mission

We prepare and inspire our students to perform at the highest level in their art and in their lives. We foster their creativity and give them courage. We teach them the skills that will lead to professional and personal fulfillment.

Vision

The Boston Conservatory is internationally recognized as an innovative leader among conservatory programs, focused on elevating and celebrating every aspect of the performing arts. The institution has established itself as an important voice in the movement to make all forms of performing arts a more visible and valued dimension of communities here and abroad.

The institution holds its faculty, staff, and students to the highest standards of performance on stage, in the classroom, and at every step in the creative journey. It weaves together distinct disciplines and curricula in music, dance and musical theater in order to create a unique learning experience. The students, faculty, staff and trustees of The Boston Conservatory embrace the critical role of performance throughout life. Its graduates are prepared not simply to excel in their artistic careers, but to invest themselves fully in lives of engagement and purpose. Every member of the community strives to create value for all the constituencies the institution serves. All understand that their contributions are essential to the Conservatory's mission.

The alumni are proud of their involvement with the school, playing an active role in its evolution while acknowledging its impact through the course of their lives. Like the community that surrounds the school, the alumni view The Boston Conservatory as a vital contributor to the city and to the world at large.

Standard 2 Appendix



Berklee

Appendix 2.1 Program Review Information and Forms

As of 2013, the program review process moved online to an internal webpage found at <https://www.berklee.edu/academic-affairs/program-review-and-course-change-proposal-instructions>.

As part of Berklee's ongoing efforts to ensure its curriculum remains innovative and engaging, all academic programs conduct regular reviews. This includes all programs of study—master's programs; undergraduate majors and minors; core music classes, and liberal arts requirements. These programs conduct a thorough evaluation of program design, including description, learning outcomes and assessments, as well as course offerings. Programs undergo a full review every three years.

The goals of program review are:

- To clarify the intended learning outcomes for the program as a whole, whether it be an undergraduate major (e.g. film scoring, music education), a master's program, or a sequence of required classes (e.g. Writing and Composition, Literature, Ear Training 1-4).
- To ensure that the assessment of student learning is stated as clearly and concretely as possible, explaining what students should know and be able to do by the time they complete the program.
- To ensure that the assessment of student learning is aligned with the program or course outcomes.
- To evaluate the individual courses that comprise the program, ensuring that they support the program's learning outcomes as well as the assessment of student learning.
- To ensure that the Berklee program reflects current best practices as well as an awareness of important developments in the field.
- To ensure that the program meets broader institutional goals, and is aligned with the institutional mission, core competencies, and commitment to diversity.

Program Review Timeline:

- **November:** Review of Program Review groups for the year.
- **May 15:** Chairs and program directors complete the online program review forms, have their division dean sign off, and submit to the dean, institutional assessment and graduate studies, who reviews and shares with the vice president for curriculum and program information.
- **June 1-15:** Any grid or course changes related to Program Review are due to be entered into the system for implementation the following fall semester (grid changes) or spring semester (course changes).
- **June and July:** Chairs present program and course revisions through the relevant curriculum committee.

Note re: new programs:

- New programs undergo a fast-track review, with data from the first year, to assess progress and make adjustments to improve student learning.
- After completion of the fast-track review, new programs are incorporated into the 3-year review cycle.

Routine Course Changes Timeline:

- **June 15:** Changes due for implementation the following spring semester.
- **November 15:** Changes due for implementation the following summer or fall semester.

Each course and program is reviewed using the following form, which is now online:

Ongoing Program Review, Assessment, and Improvement Plan

Part 1: Program Learning Outcomes and Assessment Overview

1. Program Title:

2. Program Entrance Requirements or Prerequisites:

List program entrance requirements, if any.

3. Program Requirements and Courses:

List requirements in the program; and list courses in the program, by number and title.

4. Program Faculty:

List faculty and brief biography – no more than one paragraph – for each.

5. Program Description:

Write (or review and revise) a one-paragraph description of the program with a focus on student learning. The paragraph will begin: “This program prepares students for...” Or “This program is designed to...”

6. Program Learning Outcomes:

What are the goals of the program? What will students know, understand, be able to explain, interpret, apply, perceive, synthesize, create or more as a result of completing the program? List statements regarding what students need to be able to DO and KNOW “out there” that we’re responsible for “in here.” (Develop approximately 6-9 outcomes. Use active verbs that demonstrate levels of learning. Feel free to use Bloom’s Taxonomy or other guides that assist you. Please concentrate on the highest possible levels of learning.)

7. Program Assessment Evidence:

How do we know if students have achieved the desired results and met the learning outcomes? How do we know that students understand the big ideas? What are the specific pieces of evidence that all students need to produce or create? List them below. Please write at least one assessment for each Learning Outcome.

Capstone Assessment Task: If there is a capstone assessment task or tasks, describe.

8. Missing Learning Outcomes and Assessments

Are there Program Learning Outcomes and Assessments that you would like to be including, or need to be including, but that you are not? Are revisions to the Program Learning Outcomes and Assessments planned? Explain.

9. Program Link to External Professionals:

How do you know that the program is current and up-to-date with the standards, innovations and changes within the profession? How is the program linked to professional organizations, external artists or scholars?

10. Program Link to Institutional Outcomes and Goals:

How does this program reflect the mission and vision of the College?

How does it link with the College's Diversity Statement?

How does it link with or reinforce the College's Core Competencies?

11. Revisions:

What revisions or recommendations are planned for improving student learning in this Program?

12. Determining and Sharing Results:

How is information about the quality of student learning shared and used for decision-making in areas such as curriculum, pedagogy, and other aspects that affect student learning? What revisions or recommendations are planned for improving student learning?

13. Other?

Please use this space to record additional information, feedback, data, or more.

Part 2: Course Learning Outcomes and Assessment Overview

NOTE: Consult the *Historical Course Information Database* for each course before you begin.

1. Course Title:

2. Course Description:

Write (or review and revise) a one-paragraph description of the course, with a focus on student learning. The paragraph should begin: "In this course, students..."

3. Course Prerequisites:

List prerequisites, if any.

4. Course Learning Outcomes:

What are the goals of the course? What will students know, understand, be able to explain, interpret, apply, perceive, synthesize, create or more as a result of completing the course? List statements regarding what students need to be able to DO and KNOW "out there" that we're responsible for "in here." (Develop approximately 6-9 outcomes. Use active verbs that demonstrate levels of learning. Feel free to use Bloom's Taxonomy or other guides that assist you. Please concentrate on the highest possible levels of learning.)

5. Course Assessment Evidence:

How do we know if students have achieved the desired results and met the learning outcomes? How do we know that students understand the big ideas? What are the specific pieces of evidence that all students need to produce or create? List them below. Please write at least one assessment for each Learning Outcome.

6. Course Technology Use:

What technologies are required for the course? As thoroughly as possible, include all needed teaching setups, faculty software and hardware and student hardware and software. Explain how these technologies facilitate student success and help students achieve the course learning outcomes.

7. Course Link to Program and Institutional Outcomes and Goals:

How does this course reflect the program outcomes?

How does this course reflect the mission and vision of the College?

How does it link with the College's Diversity Statement?

How does it link with or reinforce the College's Core Competencies?

8. Revisions:

Are you proposing changes to the course? If so, complete the Course Change Proposal form that is part of the College Curriculum process. See department chair for more information.

Part 3: Aligning Program and Course Learning Outcomes and Assessment

Alignment Grid: How are program outcomes and course outcomes aligned? Use this worksheet to identify the courses where students learn the various program outcomes. Please note places where the alignment is not clear. This is part of the information you will gather to determine if revisions and improvements are needed.

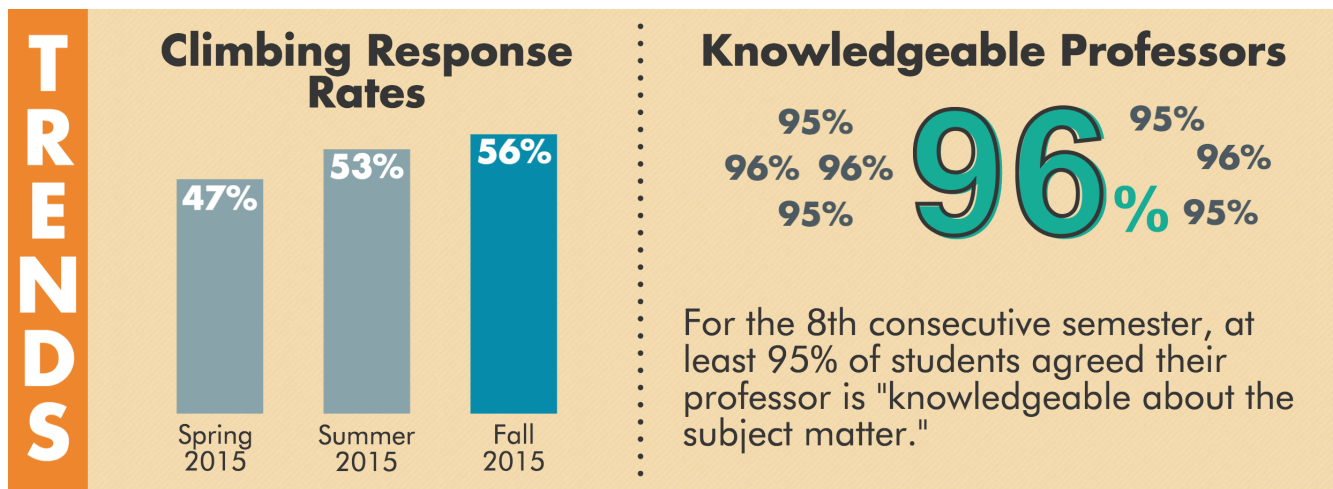
Program Learning Outcomes	Program course(s) in which outcome is learned	How outcome is assessed

Improvements and revisions: Is there a need to make changes to courses, to the program or both as a result of this alignment grid? Explain what improvements and revisions are needed and what your plans are to make those improvements.

Other? Is there anything else that you would like to share?

**FALL
2015**

BERKLEE COURSE EVALUATIONS



85%

VALENCIA

Found their courses to be challenging and rewarding, and provided opportunities to develop intellectually, musically, and/or creatively



90%

BOSTON MASTER'S

Felt their graduate courses stimulated or satisfied their interest in the subject matter



89%

DIGITAL LEARNING

Say their professor creates an online or blended classroom experience that supports student learning



Data based on 19,089 student responses to Fall 2015 course evaluations
Visit berklee.edu/institutional-assessment for more information, or email institutionalassessment@berklee.edu

**Percentage of “Agree” and “Strongly Agree” Responses for Major Divisions
Fall 2015 Course Evaluations**

Question	Percentage of "Agree" and "Strongly Agree" Responses
My professor is knowledgeable about the subject matter	96%
My professor creates a classroom environment that supports student learning	94%
My professor is on time for class and holds class meetings regularly as scheduled	93%
Class discussions, demonstrations, and/or group performances were relevant to the course and advanced my understanding of the subject matter	90%
Assignments and projects reinforced course subject matter and developed my skills	90%
Required readings, musical selections, assigned technology tools and other course materials contributed to my understanding of the subject.	89%
My professor provides constructive and timely feedback	88%
I found this course to be challenging and rewarding, and it provided an opportunity to develop intellectually, musically, and/or creatively	88%
My professor is organized and clearly explains course expectations and grading methods	88%
My professor presents course material in a clear and interesting manner	87%
My professor is available during scheduled office hours or as needed for one-on-one help	87%
This course stimulated or satisfied my interest in the subject matter	86%
Table 1. Percentage of "Agree" and "Strongly Agree" Responses to Core Questions Averaged Across the Three Primary Divisions (Education, Performance, and Writing & Technology), Valencia, and Masters Programs for 2015 Fall course evaluations.	

Executive Integration Steering Committee

The Boston Conservatory	Berklee College of Music
Richard Ortner (co-chair) President	David Mash (co-chair) Senior Vice President for Innovation, Strategy, and Technology
Joe Bennett Vice President for Academic Affairs/Dean of the Conservatory	Roger Brown President
Eric Norman Vice President for Finance and Planning	Melissa Howe Chief of Staff
Terry Whittum Vice President for Enrollment Management and Student Affairs	Mac Hisey Senior Vice President for Administration/Chief Financial Officer
	Betsy Newman Senior Vice President for Student Enrollment and Engagement
	Tom Riley Vice President for External Affairs
	Larry Simpson Senior Vice President for Academic Affairs / Provost

Committee Charge:

The Executive Integration Steering Committee provides broad oversight of the integration process while assisting committees with decisions, resource allocations, and support to ensure a successful outcome.

Academic Integration Committee

The Boston Conservatory	Berklee College of Music
Joe Bennett (co-chair) Vice President for Academic Affairs/Dean of the Conservatory	Larry Simpson (co-chair) Senior Vice President for Academic Affairs/ Provost
Neil Donohoe Director of Theater Division	Camille Colatosti Dean, Institutional Assessment./Graduate Studies
Judson Evans Director of Liberal Arts Division	Jeanine Cowen Vice President for Curriculum and Program Innovation
James O'Dell Associate Dean for Academic Operations	Darla Hanley Dean of Professional Education Division
Andy Vores Chair, Composition and Theory Music History; Composition; Music Theory Faculty	Melissa Howe Chief of Staff
Cathy Young Director of Dance Division	Kari Juusela Dean of Professional Writing & Technology
	Jay Kennedy Vice President for Academic Affairs/Vice Provost
	Matt Marvuglio Dean of Professional Performance Division
	Rob Rose Vice President for Special Programs

Committee Charge:

The Merger Academic Integration Committee is charged with:

- identifying all elements required of a successful academic integration program
- identifying the appropriate people to operationalize the integration
- determining the timeline for each integration task including what can and should be achieved in the current fiscal year and the next fiscal year
- identifying the necessary financial, technical and human resources
- providing regular updates to the Integration Master Steering Committee

Specifically, the Committee will explore department integration where feasible; identify courses that students from each institution may take at the other school beginning in Fall 2016; identify possible new programs and confirm a process for The Boston Conservatory faculty integrating into the Berklee faculty union.

The Committee will meet every two weeks from January - May 31 or until the Closing. The Committee will invite others to participate in its meetings as deemed appropriate.

Administrative/Operational Integration Committee

The Boston Conservatory	Berklee College of Music
Eric Norman (co-chair) Vice President for Finance and Planning	Mac Hisey (co-chair) Senior Vice President for Administration/Chief Financial Officer
Joe Bennett Vice President for Academic Affairs/Dean of the Conservatory	Eileen Alviti Director of Employee Relations
Carrie Bourque Human Resources Manager	Laurie Bishop On-site Legal Counsel
Christopher Hayden Director of Facilities	Beth Evers Director of Budget and Financial Planning
Leslie Jacobson Kaye Vice President of Institutional Advancement	Dennis Fox Director of Procurement and Campus Business Services
Leigh Ann Luetzen Director of Finance	Bruce Greenberg Controller and Senior Director of Finance and Accounting
James O'Dell Associate Dean for Academic Operations	David Gregory Vice President of Technology Resources
Christopher Reade Dean of Students	Philip Lima Director of Employee Benefits and Executive Compensation
Bob Xavier Director of information Technology	Cindy Albert Link Senior Vice President for Institutional Advancement
	Roy Murphy Senior Director of Public Safety and Chief of Police
	Betsy Newman Senior Vice President for Student Enrollment and Engagement
	Larry Simpson Senior Vice President for Academic Affairs / Provost
	Bill Whitney Vice President for Real Estate

Committee Charge:

The Administrative/Operational Integration (A/OI) Team is focused on the full integration of the following functions as contemplated in the merger agreement between the two institutions: accounting; finance; human resources; employee benefits; payroll; bursar; legal; compliance; investments; public safety; information resources; and other “back office operations.” The committee will also plan the partial integration of: student affairs; enrollment; and institutional advancement. The committee’s work involves identifying and prioritizing the integration tasks and then developing project work plans to complete those tasks.

Working closely with the Master Steering Committee, the Administrative/Operations Integration team understands the combined institution’s goals and priorities and reports progress toward those goals. The A/OI Team works collaboratively with the Academic Committee to ensure proper coordination and timely support of academic initiatives, and also works closely with the Cultural Integration Committee to stay in tune with faculty, staff, and student communities.

The A/OI Team will ensure that the new, combined entity is integrated on a sustainable basis. As such, the Team will identify synergies and review business process as integration occurs, balancing efficiency with the recognition of two cultures needing time and process to evolve. Transparency, communication and metrics are critical.

Timeframes consist of three segments: 1) pre-closing tasks in preparation for the closing of the transaction on June 1, 2016, Day One of the new combined organization; 2) integration activities between Day One and the first 120 days of the new organization; and, 3) Post 120 day integration. In completing its work, the committee has a number of guiding principles, including:

1. Adherence to the End State Outcomes as articulated by the Master Integration Steering Committee, with a particular emphasis on student satisfaction
2. Adherence to the terms of the Definitive Merger Agreement
3. Coordination and collaboration among interdependent departments
4. Transparency and open communication
5. Concrete success metrics
6. Balancing speed and effectiveness to avoid integration “fatigue” and employee burnout.

Cultural Integration Committee

The Boston Conservatory	Berklee College of Music
Eric Norman (co-chair) Vice President for Finance and Planning	Chris Connors (co-chair) Vice President for Human Resources, Diversity and Inclusion
Andrea Di Cocco Director of Marketing and Communications	Melissa Howe Chief of Staff
James O'Dell Associate Dean for Academic Operations	Christopher Kandus-Fisher Associate Vice President/Equity Officer
Christopher Reade Dean of Students	Jay Kennedy Vice President for Academic Affairs/Provost
	Tom Riley Vice President for External Affairs

Committee Charge:

The primary mission of the Cultural Integration Committee (the “Committee”) is to recognize that the merger has created a new and exciting environment, but one that needs dedicated attention and effort in order to ensure we can reach our full potential as one institution. This means that cultural integration has to be fostered through various means of socialization, communication and education, understanding that this process will broker a healthy intermingling of two colleges that both have unique cultures already.

The membership of the Committee ensures proper representation of students, faculty and staff across both institutions, and has members who have a deep understanding of the overarching goals of this combination. The Committee will meet on a bi-weekly basis, starting well in advance of the closing date, and will likely continue into the first year in order to ensure that the merger creates a high performing culture focused on shared values and embraced differences.

Leadership Integration Committee

The Boston Conservatory	Berklee College of Music
Leslie Jacobson Kaye (co-chair) Vice President of Institutional Advancement	Cindy Albert Link (co-chair) Senior Vice President for Institutional Advancement
Laura Kunkemuller	Melissa Howe Chief of Staff
	Susan Whitehead

Committee Charge:

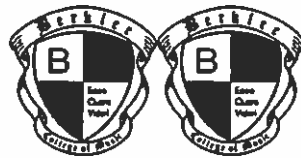
The Leadership Integration Committee is introducing volunteer leaders to both institutions and to each other to help enhance the first meetings in FY17. Our strategy is to schedule pre-concert receptions before selected performances, house parties at the homes of several trustees, PAC and Overseer members, and two retreats.

In addition to committee members, we have relied on staff support from both groups, particularly Eileen Meany and Alissa Minot from The Boston Conservatory, & Shelly Atwood, Cara Deshaies, Mike Magee and Bev Tryon from Berklee College of Music.

Standard 3 Appendix



Bylaws
Berklee College of Music



As revised and adopted by a vote of the
Board of Trustees
effective as of [June 1, 2016]

Article I - The Corporation

Section 1.1 Name, Location, and Seal

The corporation shall be known as Berklee College of Music, Inc. (the "Corporation" or the "College"). Its principal office shall be in Boston, Massachusetts. It shall have a corporate seal bearing the name of the Corporation, and such other device or inscription as a two-thirds majority of the Board of Trustees may determine. Reference in these Bylaws to "TBCB" shall mean the unincorporated division of the Corporation known as The Boston Conservatory at Berklee ("TBCB"), which resulted from the merger of The Boston Conservatory (the "Conservatory") with and into the Corporation (the "Merger").

Section 1.2 Purposes

The purposes of this corporation are as stated in the Articles of Organization.

Article II - The Board of Trustees

Section 2.1 Number and Eligibility

The College shall have a Board of Trustees consisting of not less than twelve (12) nor more than forty (40) persons, of whom one shall be the President of Berklee College of Music then serving. No person shall be eligible to serve as a Trustee prior to attaining the age of twenty-one (21) years, nor may any student or employee of the College (other than the President) be elected to Board membership.

Section 2.2 Election

Except for the TBCB Trustees (described below), all members of the Board of Trustees shall be elected by a majority of the Trustees and, as nearly as possible, shall be elected in three classes so that an equal number of terms shall begin and end at each Annual Meeting.

In connection with the Merger, eight individuals shall initially be elected to the Board of Trustees by a majority of the Trustees for an initial three-year term. Thereafter, until such individuals and/or their successors (the "TBCB Trustees") have served up to three, full three-year terms, the TBCB Trustees shall be elected by a majority of the Trustees from among the candidates nominated by the remaining TBCB Trustees and approved by the Committee on Membership (as described in Article VII, Section 7.7). The TBCB Trustees shall be elected in three classes—two classes of three members each, and one class of two members.

Section 2.3 Term

Except as otherwise provided in this Article II for the TBCB Trustees, Trustees shall serve for terms of up to three years. For the purpose of calculating the length of a Trustee's term, it will be deemed to begin at the first Annual meeting after the Trustee was elected to the Board. Except for the TBCB Trustees (who may serve up to three, full three-year terms), Trustees who have served for three consecutive terms shall not be eligible for reelection until one year has elapsed after the end of their third term; provided further that any term during which a Trustee serves as Chair or Vice Chair of the Board of Trustees shall be excluded for purposes of measuring the length of service, but shall not be deemed to be a break in the consecutive nature of such service. In special circumstances, such as a Board member with unique skills, a Board member who has made extraordinary contributions to the College, or to insure continuity of Board leadership, the Board may elect a Trustee to serve additional terms.

TBCB Trustees shall serve: (i) for an initial three-year term; (ii) thereafter, the first class of TBCB Trustees shall serve a one year term, the second class a two-year term, and the third class a three-year term, so that the terms of the TBCB Trustees are staggered; and (iii) thereafter, TBCB Trustees shall serve for terms of up to three years. For the avoidance of doubt, the TBCB Trustees who serve one-year or two-year terms pursuant to clause (ii) of the preceding sentence shall be eligible to serve their initial three-year term and two, additional three-year terms, such that each class of the TBCB Trustees shall have served for at least nine years, after which period all board elections shall be made without regard to prior status of any candidate as a TBCB Trustee.

Section 2.4 Powers

The Board of Trustees shall have all necessary and convenient powers to direct and manage the business and affairs of the College. The primary functions of the Board of Trustees shall be the establishment of policy and the sound management of the resources of the College. The Board of Trustees shall have the powers to carry out any other functions that are permitted by these By-laws or by the Articles of Organization, except as limited by law. The powers of the Board of Trustees shall include, but shall not be limited to, the following:

i. To understand and periodically review and approve the distinctive mission and purposes of the College;

ii. To review and approve major changes in the educational programs of the College, consistent with its mission;

iii. To review and approve major College policies and long-range plans;

iv. To elect the President of Berklee College of Music, who shall be the chief executive officer of the College, by a majority vote of the Trustees of the entire Board; and to remove him or her from office by a majority vote of the entire Board;

v. To elect the Trustees and Officers of the Board of Trustees, by a majority vote of the Board of Trustees; and to remove a Trustee or Officer of the Board of Trustees, with or without cause, by a majority vote of the Board of Trustees;

vi. To establish criteria and periodically assess the role and effectiveness of the Board and its members in executing its powers and fulfilling its responsibilities;

vii. To approve the granting of all degrees in courses and of all honorary degrees;

viii. To review and approve the annual budgets of the College;

ix. To review and approve the investment and spending policies of the College;

x. To approve all major fund raising efforts of the College;

xi. To approve any changes in tuition, room, or board;

xii. To approve the construction of new buildings and major renovations of existing buildings of the College;

xiii. To approve the major sale, purchase, or lease of real estate;

xiv. To authorize the President and the Treasurer of the College to accept gifts to the College;

xv. To approve the incurring of major debt obligations by the College

xvi. To constitute within the membership of the Board such standing or ad hoc committees concerning academic affairs, audit and risk, budget and financial matters, student welfare, public relations, planning and development, buildings and grounds, or other subjects, as the Board from time to time may deem necessary or productive to the efficient exercise of its powers and functions;

Article III - Meetings of the Board of Trustees

Section 3.1 Regular Meetings

The annual meeting of the Board of Trustees shall be held in March in each year, or at such earlier or later date as may be determined from time to time by the Chair at such place, time, and hour as the

Chair shall designate. Other regular meetings of the Trustees may be held at such places and at such times as the Trustees may determine.

Section 3.2 Special Meetings

Special meetings of the Board of Trustees may be held at any time and at any place when called by: the Chair, the President of Berklee College of Music; or by five or more Trustees.

Section 3.3 Notices of Meetings

Notice of the time and place of each meeting of the Trustees shall be given to each Trustee by mail or email at least ten days before the meeting addressed to him or her at his or her usual or last known business or residence address or to his or her email address on record at the College. In the event of an emergency, as determined by at least five Trustees, notice of an emergency meeting may be given in person, by telephone, email or facsimile at least forty-eight hours before the meeting. Whenever notice of a meeting is required, such notice need not be given to any Trustee if: a) a written waiver of notice, executed by him or her (or his or her attorney thereunto authorized) before or after the meeting, is filed with the records of the meeting; or b) any Trustee attends the meeting without protesting prior to or at the commencement of the meeting, the lack of notice to him or her.

Section 3.4 Quorum

At any meeting of the Trustees, the presence of a majority of the Trustees then in office shall constitute a quorum. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned, without further notice.

Section 3.5 Actions by Vote

When a quorum is present at any meeting of the Board of Trustees, a majority of the Trustees present and voting shall decide any question, subject to Article III, Section 3.8 (Special Majority Vote) and unless otherwise provided by law, the Articles of Organization, or these Bylaws.

Section 3.6 Actions by Writing

Any action required or permitted to be taken at any meeting of the Trustees may be taken, without a meeting, if all the Trustees consent to the action in writing and the written consents are filed with the records of the meetings of the Trustees. Such consents shall be treated for all purposes as a vote at a meeting.

Section 3.7 Presence through Communications Equipment

Unless otherwise provided by law or the Articles of Organization, Trustees may participate in a meeting of the Board by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

Section 3.8 Special Majority Vote

A vote of a majority of the Trustees present at a meeting of the Board at which there is a quorum as well as a vote of at least fifty percent (50%) of the TBCB Trustees present at such meeting is required to approve the following matters:

From the date of adoption of these Bylaws to and including May 31, 2025:

i. material diminution, transfer (in a single transaction or a series of related transactions), or closure of any of TBCB music, dance, or theater programs;

ii. material changes to the real estate, facilities, or other material capital assets held by the Conservatory immediately prior to the Merger (the "Conservatory Facilities"), including, without limitation, a redeployment or repurposing of the Conservatory Facilities, a further hypothecation of the Conservatory Facilities, or a decision to default on existing mortgages on the Conservatory Facilities or to grant a deed in lieu of foreclosure on such mortgages; provided, however, that the TBCB Trustees shall not unreasonably withhold any approval under this paragraph in connection with a refinancing of Conservatory debt existing immediately prior to the Merger and shall use their best efforts to help the combined entity optimize the cross-utilization of both campuses to achieve maximum efficiencies and utility;

iii. substantial changes to the position or reporting relationships of the President/Executive Director of TBCB (as defined in Article VI, Section 6.5), including, but not limited to, any diminution of his or her duties; and

iv. any amendments to the Articles of Organization of the Corporation or these Bylaws that would conflict with this Article III, Section 3.8 including, without limitation, amendments that would reduce the TBCB Trustee representation on the Board, reduce or otherwise diminish the matters subject to a Special Majority Vote or eliminate or substantially restructure the Boston Conservatory Committee (as described in Article VII, Section 7.11) or the appointment of its members.

From the date of adoption of these Bylaws to and including May 31, 2021:

i. formation of a search committee for the President of the College or the Executive Director of TBCB (as defined in Article VI, Section 6.5), unless TBCB Trustees constitute at least twenty percent (20%) (rounded up to the nearest percent) of the voting members of such committee;

ii. appointment, termination, replacement, or elimination of the position of Vice President for Conservatory Affairs or any academic dean positions of TBCB, including the TBCB academic deans for TBCB's music, dance and theater programs, except as may be mutually agreed by the President of the College and the President/Executive Director of TBCB;

iii. adoption of annual operating and capital budgets of TBCB (including enrollment goals and discount rate);

iv. material amendments to the strategic plan developed by and between the College and The Boston Conservatory in connection with the Merger (the "Strategic Plan");

v. the (A) dissolution of the College, (B) the merger or consolidation of the College with an entity offering educational programs similar to those of TBCB, including music, dance and theater programs (a "Competitor Entity"), or (C) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the College of all or substantially all the assets of the College to a Competitor Entity; and

vi. matters that would constitute a "Substantive Change" under the New England Association of Schools and Colleges Policy on Substantive Change solely with respect to the operations of TBCB.

Section 3.9 Sunset of Special Majority Vote

For the avoidance of doubt, the Special Majority Vote provision outlined in Article III, Section 3.8 will automatically terminate and cease to be of any further effect as of the dates specified therein.

Article IV - Trustees Emeriti

Section 4.1 Eligibility and Election

Upon nomination by the Committee on Membership, the Board of Trustees may elect a Trustee who has served the College with distinction, a Trustee Emeritus. Candidates for serving as Trustees Emeriti may be required to sign a confidentiality/non disclosure agreement in a form acceptable to the Chair of the Board of Trustees in order to qualify for election.

Section 4.2 Term

Trustees Emeriti shall be elected for three-year terms and may be re-elected, by the Board of Trustees, without limitation.

Section 4.3 Privileges

Trustees Emeriti shall not be entitled to attend or vote at meetings of the Board of Trustees, but may be invited to serve on Board committees, except the Executive Committee. Trustees Emeriti may also serve on any non-Board committee.

Section 4.4 Removal and Resignation

Any Trustee Emeritus may be removed from office with or without cause at any meeting of the Board by a majority vote of the Trustees; provided that notice of the proposed removal shall have been given to all Trustees in accordance with Article III, Section 3.3. Any Trustee Emeritus may resign at any time by delivering his or her resignation in writing to the Chair, the President or the Secretary/Clerk, or the College at its principal office.

Article V - Officers of the Board of Trustees

Section 5.1 Number and Eligibility

The Officers of the Board of Trustees shall be a Chair and a Vice Chair or Vice-Chairs, and such other officers, as the Board deems necessary. The Officers of the Board shall be chosen from the members of the Board of Trustees.

Section 5.2 Election

The Officers of the Board shall be elected by vote of the Trustees attending a meeting of the Board. Unless a vacancy occurs at another time, elections of the Officers of the Board shall be held at the Annual Meeting.

Section 5.3 Term

The officers of the Board shall serve for terms of three years and until their successors take office.

Section 5.4 Chair

The Chair shall preside at meetings of the Board of Trustees, shall have a right to vote on all questions, shall appoint the members of all committees, and shall have such other powers and duties as the Board from time to time may prescribe. The Chair shall be an ex-officio member of all committees of the Board of Trustees.

Section 5.5 Vice Chair

A Vice Chair shall preside at meetings of the Board of Trustees when the Chair is unable to do so, shall have a right to vote on all questions at any such meeting, and shall have such other powers and duties as the Board may from time to time prescribe. The Vice Chair(s) shall be an ex-officio member(s) of all committees of the Board of Trustees.

Section 5.7 Removal and Resignation

Any Officer of the Board of Trustees may be removed from office with or without cause by a majority vote of all the Trustees; provided that notice of the proposed removal shall have been given to all Trustees in accordance with Article III, Section 3.3. Any Officer of the Board of Trustees may resign at any time by delivering his or her resignation in writing to the Chair, the President or the Secretary/Clerk, or to the College at its principal office.

Article VI – The Officers of the College**Section 6.1 Number and Eligibility**

The Officers of the College shall consist of the President, the Chief Financial Officer/Treasurer, the Secretary/Clerk, the President/Executive Director of TBCB, and such other Officers, as the Board deems necessary. The Secretary/Clerk shall be a resident of The Commonwealth of Massachusetts unless the College has a resident agent duly appointed for the purpose of service of process.

Section 6.2 President

The President of the College shall be the chief executive officer of the College and as such shall have charge of the day-to-day affairs of the College, subject to the authority of the Board of Trustees. The President shall be responsible to the Board of Trustees for the supervision, management, and governance of the College, and for interpreting and carrying out the policies of the Board of Trustees. Unless otherwise prescribed by law, the Articles of Organization, these Bylaws, or the Board of Trustees, the President shall have the authority, on behalf of the Trustees to perform all acts and execute all documents to make effective the actions of the Board or its Executive Committee. In particular, as the educational and administrative leader of the College, the President's duties shall include:

- i. Exercising general oversight, care, and management of the affairs and business of the College;
- ii. Presiding at academic functions and representing the College before the public;
- iii. Conferring all properly authorized degrees;
- iv. Advising the Board of Trustees concerning all matters relevant to successful accomplishment of the College's goals and objectives, as they may have been set by the Board;
- v. Bringing such matters to the attention of the Board as are appropriate to keep the Board fully informed in meeting its responsibilities;
- vi. Submitting to the Board of Trustees reports on the condition, operation, and needs of the College;
- vii. Together with the Chief Financial Officer/Treasurer, preparing annual budgets to be presented to the Board of Trustees for its approval and executing contracts, agreements, and commitments on behalf of the College;
- viii. Nominating candidates to serve as Chief Financial Officer/Treasurer and Secretary/Clerk and evaluating the performance of the Chief Financial Officer/Treasurer, Secretary/Clerk and President/Executive Director of TBCB, at least annually;
- ix. Hiring and firing of employees of the College;
- x. Serving as a member of the Board of Trustees and, ex-officio, of each of its committees.

Section 6.3 Chief Financial Officer/Treasurer

Reporting to the President, the Chief Financial Officer/Treasurer shall serve as the chief business and financial officer of the college and shall be responsible for the implementation of policies adopted by the Board of Trustees for the financial management of the College. The duties of the Chief Financial Officer/Treasurer shall include:

- i. Supervision of all business and financial affairs of the college, including short and long-term financial planning and management, real estate and facilities, human resources, and administration;
- ii. Directing the design and implementation of financial, administrative, and operational controls appropriate to the affairs of the College, including the operation of an internal audit process;

- iii. Manage all securities, properties, and funds belonging to the college;
- iv. Working with the Investment Committee of the Board and the College's outside investment consultant to ensure responsible and effective investment of the college's endowment and pension plan;
- v. Maintain custody of all funds, securities, documents of title, and other business and financial records of the College;
- vi. Together with the President, preparation of annual budgets to be presented to the Board of Trustees for its approval, including a spending policy for the endowment of the College; and,
- vii. Together with the President, execute contracts, agreements, commitments and other documents on behalf of the College.

Section 6.4 Secretary/Clerk

Reporting to the President, the Secretary/Clerk shall be responsible for maintaining the records of the Board of Trustees, its Committees, and the historical records of the College. The duties of the Secretary/Clerk shall include:

- i. Giving written notice of all meetings to all Trustees, as provided in Section 3.3;
- ii. Keeping minutes of all business transacted at each meeting of the Board of Trustees, which minutes, after approval by the Trustees, shall be made into a permanent record of the College; and
- iii. Collecting and maintaining the minutes of meetings of Committees of the Board of Trustees.

Section 6.5 President/Executive Director of TBCB

Until June 30, 2017, the individual serving as the senior executive of TBCB will hold the position of "President of The Boston Conservatory at Berklee," and thereafter the position will be known as "Executive Director of The Boston Conservatory at Berklee" (such position is referred to in these Bylaws as, the "President/Executive Director of TBCB").

The President/Executive Director of TBCB shall report directly to the President of the College, shall have direct access to the President in regular meetings, shall participate in all meetings of TBCB and shall meet with the Board as requested. The President/Executive Director of TBCB's duties shall include:

- i. Serving as the executive head of TBCB;
- ii. Leading the development and implementation of the Strategic Plan and reporting on its progress to the Boston Conservatory Committee (defined in Article VII, Section 7.11);
- iii. Executing of all directives of the President and Board of Trustees;
- iv. Making, at least annually, a formal report to the Boston Conservatory Committee related to the progress of TBCB;
- v. Preparing, proposing, and administering operating budgets of TBCB; and
- vi. Providing leadership to advance opportunities for cross enrollment of TBCB's students in the curriculum of the College and the College's students in the curriculum of TBCB.

Section 6.6 Other Officers of the College

Any additional Officers of the College shall have such other powers and duties as the Board may from time to time prescribe.

Section 6.7 Removal and Resignation

Any Officer of the College may be removed from office with or without cause by majority vote of the Trustees at any meeting of the Board; provided that notice of the proposed removal shall have been given to all Trustees in accordance with Article III, Section 3.3. Any Officer of the College may resign at any time by delivering his or her resignation in writing to the Chair, the President or the Secretary/Clerk, or to the College at its principal office.

Article VII - Committees of the Board of Trustees

Section 7.1 Committees

The standing committees of the Board shall be:

1. The Executive Committee
2. The Academic Affairs Committee
3. The Audit and Risk Committee
4. The Finance and Budget Committee
5. The Investment Committee
6. The Committee on Membership
7. The Institutional Advancement Committee
8. The Campus Planning Committee
9. The Student Affairs Committee
10. The Boston Conservatory Committee

The Board may authorize and establish other committees from time to time.

The Chair of the Board of Trustees shall annually appoint the chairs and members of the standing and other committees of the Board, except with regard to the Boston Conservatory Committee, which will follow the appointment process set out in Section 7.11. No person may serve on a committee who has been found to have a conflict of interest under the college's conflict-of-interest policy and which has not been waived by the Chair of the Board and the Chair of the Audit and Risk Committee. The Chair of the Board of Trustees may appoint persons who are not members of the Board of Trustees to serve as members of the committees, other than the Executive Committee; such members will be required to sign a confidentiality/nondisclosure agreement in a form acceptable to the Chair of the Board of Trustees.

For as long as any TBCB Trustee is serving on the Board of Trustees, at least one TBCB Trustee will serve on each of the Executive Committee, the Finance and Budget Committee, the Academic Affairs Committee, the Institutional Advancement Committee, and the Campus Planning Committee.

Each committee shall be chaired by a Trustee, shall include at least one other Trustee member, and shall have a charter describing in detail its purpose, authority, responsibilities, membership, and operating procedures. Except as otherwise provided in this Article VII, all standing committees shall meet at least two times annually.

Section 7.2 The Executive Committee

- i. The Officers of the Board of Trustees, the Chairs of the Standing committees of the Board, the Chair of the Boston Conservatory Committee, and the President of the College shall be members of the Executive Committee. The Chair of the Board may appoint Chairs of other committees to the Executive Committee.
- ii. Between meetings of the Board of Trustees, the Executive Committee shall exercise the powers of the Board of Trustees, except that, unless specifically so empowered by the Board of Trustees, the Executive Committee may not award degrees, alter Bylaws, remove or appoint the Trustees or Officers of the Board or of the College, or take any action which has otherwise been reserved for the Board by law, the Articles of Organization, or these Bylaws.
- iii. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business.

iv. Minutes of the meetings of the Executive Committee shall be taken and shall be distributed promptly to each member of the Board of Trustees following each Executive Committee meeting.

v. The Executive Committee serves as the Compensation Committee, and has the authority to establish fair and appropriate compensation packages to be awarded to the President and to review the compensation of other highly compensated administrators of the College. At least annually, the Executive Committee shall report to the Board of Trustees on the process it has used in determining the President's compensation package. When the Executive Committee, or a delegated subset of the Executive Committee, is sitting as the Compensation Committee, the President shall not participate.

vi. The Executive Committee conducts regular reviews of the College's bylaws and recommends changes as appropriate to the full board.

vii. The Executive Committee shall, on a regular basis, facilitate the evaluation the effectiveness of the Board and the individual Trustees and identify ways to enhance that effectiveness.

Section 7.3 The Academic Affairs Committee

The Academic Affairs Committee oversees all activities that support the academic mission of the College, including the articulation of the academic mission of the College, enhancing the quality of the academic programs, considering new academic programs and significant modifications in existing academic programs, and fostering faculty development.

Section 7.4 The Audit and Risk Committee

The Audit and Risk Committee is charged with receiving and reviewing reports on: the financial condition of the college; the risks, financial and otherwise, faced by the College in achieving its objectives; and, the procedures that appropriately mitigate the risks to the College, its financial health or reputation. In carrying out its mandate, the Audit and Risk Committee is responsible for the engagement of a firm of certified public accountants to carry out an annual audit of the College and its financial control systems. The committee shall review with management and the external and internal auditors the financial statements, the financial reporting process, the system of internal controls, the audit process, and the college's monitoring of compliance with laws and regulations. The audited financial statements of the College shall be presented to the Board of Trustees annually.

The Chair of the Board of Trustees shall annually appoint members of the Audit and Risk Committee based on their experience and knowledge of financial matters and other risk factors.

Section 7.5 The Finance and Budget Committee

The Finance and Budget Committee is responsible for safeguarding and monitoring the College's financial stability and long-term economic health. The Committee serves as the Board's principal forum for the consideration of matters relating to the University's business operations, administration, budgeting, financing, financial reporting, and financial reserves. The Committee shall review the annual operating and capital budgets prepared by the President and the Chief Financial Officer/Treasurer and shall recommend such budgets to the Board of Trustees for adoption.

The Chair of the Board of Trustees shall annually appoint members of the Finance and Budget Committee based on their experience and knowledge of financial matters.

Section 7.6 The Investment Committee

Subject to the scope of investment and spending policy guidelines approved by the Board of Trustees, the Investment Committee shall supervise and have management of all investments of the College, including those of the Retirement Plan (at the request of the Plan Trustee). The Investment Committee may employ investment counsel and investment managers, and, where appropriate, may authorize such investment counsel and/or investment managers to purchase or sell securities for the account of the College subject to the investment and spending policies established by the Board of Trustees. The Investment Committee shall regularly report on the status of the College's investments to the Board of Trustees and shall, at least annually, prepare and submit to the Board a report on investment performance results.

The Chair of the Board of Trustees shall annually appoint members of the Investment Committee based on their experience and knowledge of investment matters.

Section 7.7 The Committee on Membership

The Committee on Membership provides for the board's effectiveness and continuing development. The Committee shall develop and regularly update a list of potential board members and shall recommend nominees for election and reelection to the Board. The Committee shall recommend nominees for board officer positions and shall develop succession plans for the board leadership. The Committee shall review and approve a program of orientation for newly elected Trustees. The Committee shall also nominate persons to serve as Trustees Emeriti, President Advisory Council members and Overseers.

Section 7.8 The Institutional Advancement Committee

The Institutional Advancement Committee reviews, discusses, and, when appropriate and necessary, recommends action on important and substantive issues and proposals involving development, community affairs, and alumni affairs. The Committee reviews and recommends University-wide policies and practices concerning alumni programming, philanthropic giving, and fundraising initiatives that are consistent with the long-range financial needs of the College. The Institutional Advancement Committee shall report to the Board of Trustees regularly.

Section 7.9 Campus Planning Committee

The Campus Planning Committee is responsible for all major planning, construction, maintenance, expansion, and renovation projects that impact the College's consolidated infrastructure, physical facilities, and natural environment. Within parameters established by the Committee and approved by the Board, the Committee oversees major capital projects; designs for projects; the selection and appointment of architects, construction managers, and contractors for such projects; and acquisition or disposition of property. The Committee makes appropriate recommendations to the Board concerning the College's Master Plan, buildings, grounds, and environmental sustainability and policies relating thereto.

Section 7.10 Student Affairs Committee

The Student Affairs Committee shall review matters affecting student life, including residential policies, counseling, and career advising, but excluding those relating to curriculum. It shall recommend to the Board desirable short and long range goals and policies with respect to enrollment, admissions, retention, residential life, student activities, student counseling, and career advising.

Section 7.11 The Boston Conservatory Committee

The Boston Conservatory Committee shall be an advisory committee of the Board, advising the Board on the development of TBCB programs in accordance with the Strategic Plan. It shall initially consist of the President of the College, the President/Executive Director of TBCB, three TBCB Trustees (for so long as any TBCB Trustees are serving on the Board), and three other Trustees. At all times, The Boston Conservatory Committee shall consist of the President, President/Executive Director of TBCB, and an equal number of TBCB Trustees (for so long as any TBCB Trustees are serving on the Board) and other non-TBCB Trustee Board members. A TBCB Trustee shall serve as chair of the Boston Conservatory Committee and shall serve on the Board's Executive Committee.

Section 7.12 College Retirement Committee

The College Retirement Committee is appointed by resolution of the Board and is responsible for prescribing Plan procedures, maintaining accurate documentation, and performing duties assigned by the Plan. Subject to Board approval, the Committee is normally comprised of the President and/or his designee or designees, the Chief Financial Officer/Senior Vice President for Finance and Administration and other senior administration members, as appropriate

Section 7.13 Other Committees

In addition to the Standing Committees, the Chair may establish Special or Ad Hoc Committees to meet specific needs. The President and the Chair and Vice Chair(s) shall be ex officio members of each Special and/or Ad Hoc Committee.

Section 7.14 Removal and Resignation

The Chair, subject to ratification and approval by the Board, may remove any member of a Standing, Special or Ad Hoc Committee from office with or without cause. Any committee member may resign at any time by delivering his or her resignation in writing to the Chair, the President or the Secretary/Clerk.

Article VIII Board of Overseers and Presidential Advisory Council**Section 8.1 Purpose and Duties**

The role and purpose of the Board of Overseers and the Presidential Advisory Council is to support and advance the mission of the College. The Overseers and Presidential Advisory Council shall provide advice and assistance to the College, as requested by the Board of Trustees and President. Overseers and Presidential Advisory Council members shall serve solely in an advisory capacity, without responsibility for the governance of the College. Overseers and Presidential Advisory Council members may be asked to serve on committees of the Board of Trustees or in such other capacities as assigned by the Board of Trustees, the Chair or President.

Section 8.2 Eligibility, Election, and Term

With input from the Institutional Advancement Committee, the Committee on Membership will nominate as Overseers those individuals who have made distinctive contributions to the College. Overseers shall be elected by vote of the Trustees present at a meeting and shall serve for three-year terms. Overseers may be re-elected without limitation. The President of the College shall approve members of the Presidential Advisory Council. Such members shall serve for up to three, three-year terms; members who have served for three consecutive terms shall not be eligible for reelection until one year has elapsed after the end of their third term. Candidates for Overseers or the Presidential Advisory Council may be required to sign a confidentiality/non-disclosure agreement in a form acceptable to the Chair of the Board of Trustees in order to qualify for election.

Section 8.3 Removal and Resignation

Any Overseer or Presidential Advisory Council member may be removed with or without cause at any meeting of the Board by vote of the Trustees at any meeting of the Board; provided that notice of the proposed removal shall have been given to all Trustees in accordance with Article III, Section 3.3. Any Overseer or Presidential Advisory Council member may resign at any time by delivering his or her resignation in writing to the Chair, the President or the Secretary/Clerk, or to the College at its principal office.

Article IX Indemnification

The College shall, to the greatest extent legally permissible, and subject to the requirements and limitations provided in the remainder of this Article, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the College) by reason of the fact that the person is or was a Trustee, Trustee Emeritus, Overseer, Member of the President's Advisory Council, Officer, employee or agent of the College or is or was serving at the request of the College as a director, trustee, officer, employee or agent of another organization, corporation, partnership, joint venture, employee benefit plan or trust (and the heirs, executors, and administrators of the foregoing) (the "Agent") against all expenses and liabilities which the Agent has reasonably incurred in connection with or arising out of any actual or threatened action, suit or proceeding in which he or she may be involved by reason of his or her being or having been an Agent, such expenses and liabilities to include, but not be limited to, judgments, court costs, attorney's fees, the cost of reasonable settlements, and penalties imposed under Section 4958 of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

No indemnification shall be provided with respect to any action, suit or proceeding in relation to matters as to which such Agent shall be finally adjudged in any such action, suit or proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the College, or in the case of a person who serves or has served in a capacity with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such plan. No indemnification shall be provided with respect to any settlement or compromise unless a majority of the disinterested Trustees determines that such settlement or compromise is in the best interest of the College and that the Agent involved appears to have acted in good faith in the reasonable belief that his or her action was in the best interests of the College or an employee benefit plan, as the case may be. No person seeking indemnification under this Article VIII shall participate in the voting with respect to approval of such indemnification. If there are no disinterested Trustees, authority to provide indemnification pursuant to a settlement or compromise

shall rest with the President of the College, who shall not approve any such indemnification unless a written opinion by independent counsel confirms that the conditions for indemnification listed above have been met.

The College may reimburse or advance funds to an Agent for expenses incurred or to be incurred in defending a civil or criminal action or proceeding, upon receipt of an undertaking by the Agent to repay such reimbursement if it shall be adjudicated that the Agent is not entitled to indemnification hereunder, which undertaking may be accepted regardless of the financial ability of the Agent to make repayment. The foregoing rights of indemnification shall not be exclusive of other rights to which any Agent may be entitled as a matter of law.

Article X - Prohibition of Discrimination

In administering its affairs, the College shall not discriminate against any person on the basis of race, creed, color, national or ethnic origin, sex, sexual preference, age, handicap, or status as a veteran.

Article XI

Review and Amendment of Bylaws

Subject to Article III, Section 3.8 (Special Majority Vote), these Bylaws may be altered, amended, or repealed by a two-thirds vote of those Trustees present at any meeting; provided that notice of the substance of the proposed amendment was sent to all the Trustees at least ten days before the meeting. No such alteration, amendment or repeal, or adoption of new by-laws, shall in any way authorize or permit the College to be operated other than exclusively for charitable purposes or for any purpose or in any manner that would deprive it of its status as an organization described in Section 501(c)(3) of the Internal Revenue Code.

EXHIBIT D

Authority and Responsibilities of the President/Executive Director of The Boston Conservatory at Berklee

The President/Executive Director of The Boston Conservatory at Berklee (the “**TBCB President/Executive Director**”) has an understanding of and commitment to the Berklee College of Music, Inc.’s (“**Berklee**”) mission, strategic goals and objectives, and institutional equity. Reporting directly to the Berklee President (who will conduct his or her annual performance review), he or she will serve as the executive head of The Boston Conservatory at Berklee (“**TBCB**”), leading the development and implementation of the TBCB Strategic Plan and reporting on its progress to the TBCB Committee of Berklee’s Board (the “**TBCB Committee**”). He or she will be responsible for the execution of all directives of Berklee’s President and Board and shall have direct access to the Berklee President in regular meetings, shall participate in all meetings of TBCB, and shall meet with Berklee’s full Board as requested. In conjunction with other relevant departments (academic affairs, enrollment, student affairs, etc.), he or she will be responsible for preparing and proposing annual operating budgets of TBCB in accordance with the Surviving Corporation’s budget process. The TBCB President/Executive Director shall provide leadership to advancing opportunities for cross enrollment of TBCB’s students in the curriculum of Berklee and Berklee’s students in the curriculum of TBCB. At least annually, the TBCB President/Executive Director shall make a formal report to the TBCB Committee related to the progress of TBCB.

In conjunction with Berklee’s communications group, the TBCB President/Executive Director will develop critical communications, both internally and externally, involving TBCB, especially with respect to the merger of Berklee and The Boston Conservatory. He or she will maintain and develop relationships with the classical music world and with the theater and dance communities, including development efforts with existing and potential donors (in conjunction with Berklee’s Institutional Advancement group).

Working with Berklee’s Senior Vice President and Provost, the TBCB President/Executive Director will oversee the development of the three Core Programs (music, dance, and theater) of TBCB, including the curriculum for these programs. The TBCB President/Executive Director will also support Berklee’s enrollment efforts for TBCB.

EXHIBIT E

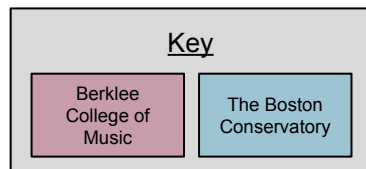
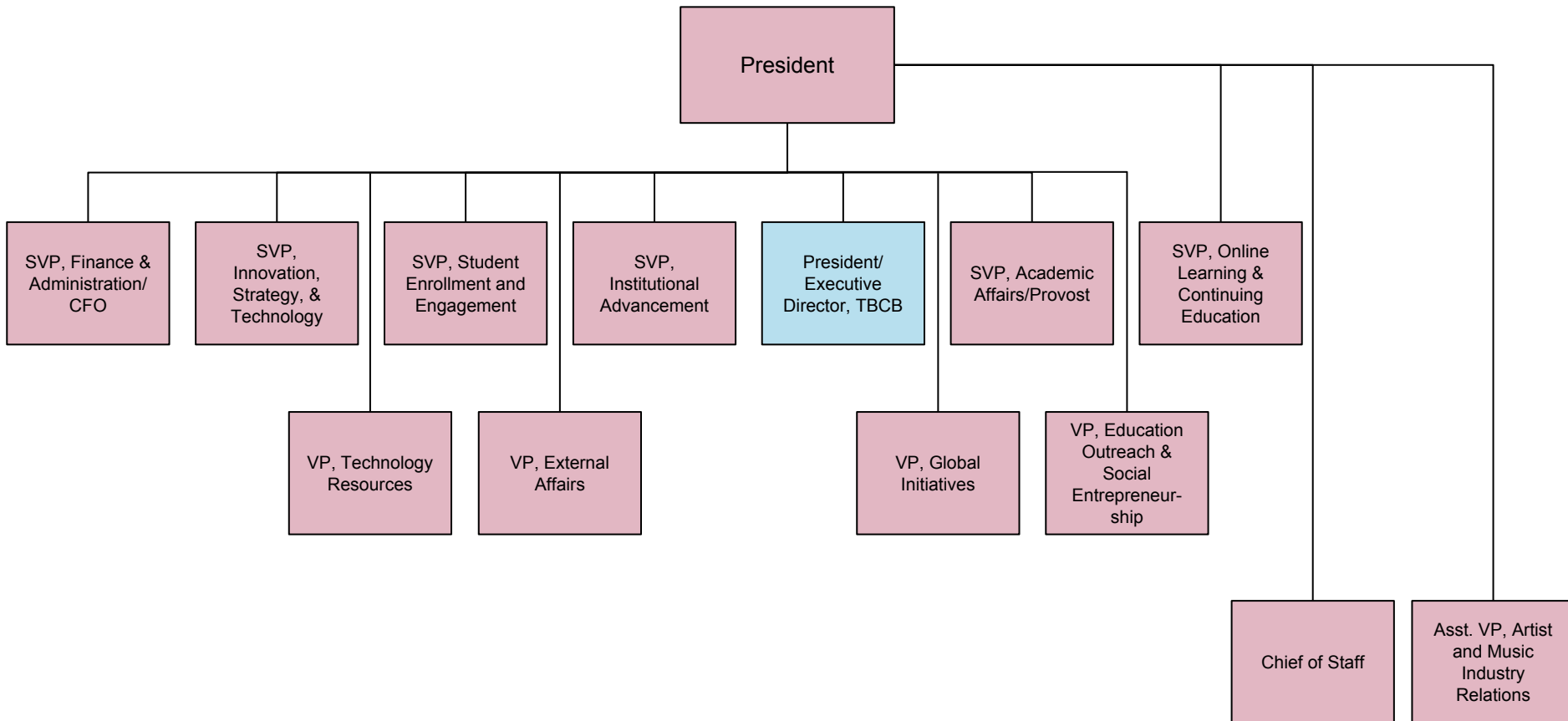
Authority and Responsibilities of the CAO

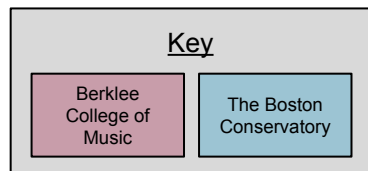
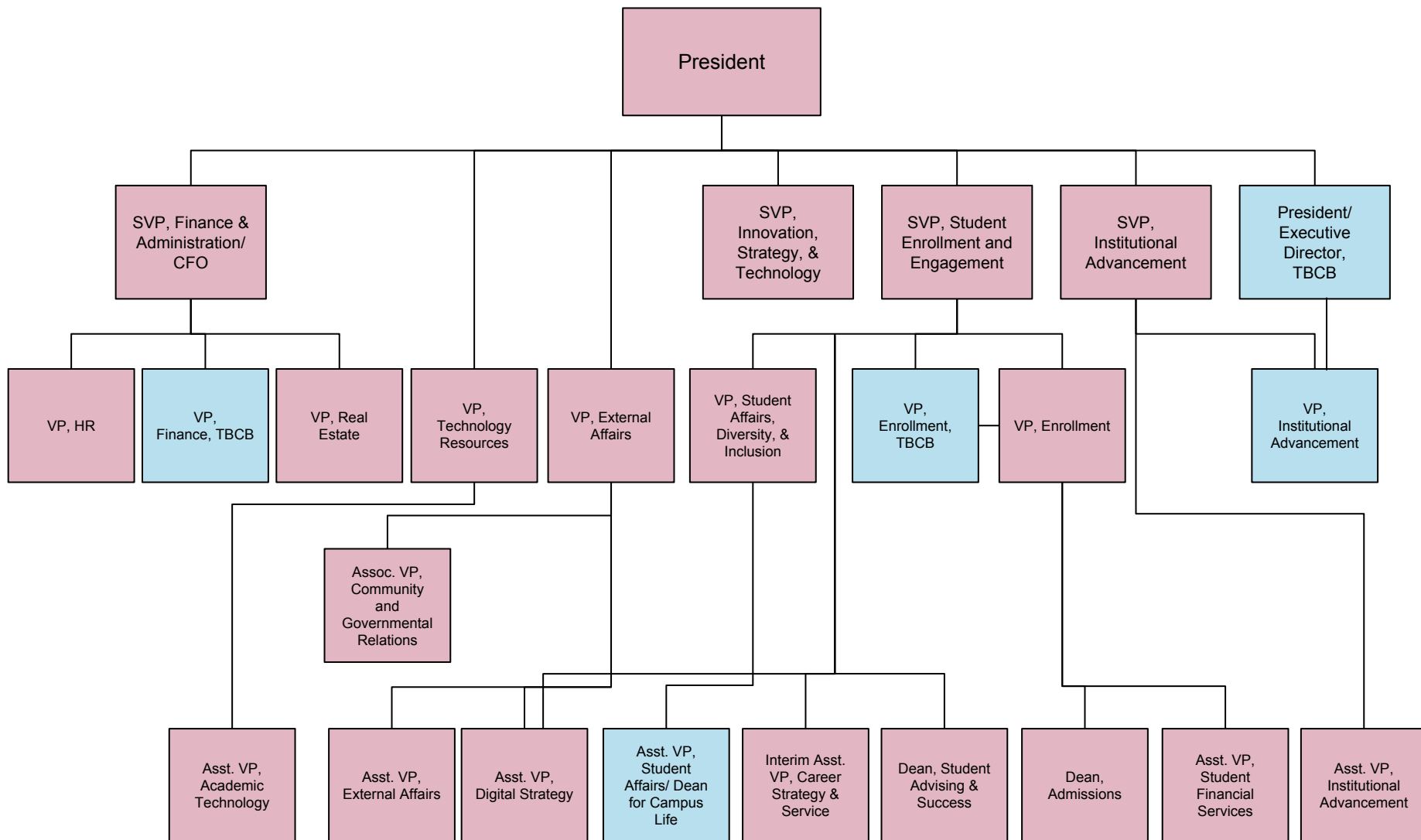
The Vice President for Conservatory Affairs (the “**CAO**”) will serve as the chief academic officer of The Boston Conservatory at Berklee (“**TBCB**”) and will report to the TBCB President/Executive Director and to Berklee’s Senior Vice President and Provost (who will conduct the CAO’s annual performance review). He or she will be responsible for overseeing the overall academic integrity of TBCB within the broader Berklee academic context. In consultation with faculty, Berklee’s Provost, and the TBCB President/Executive Director, the CAO is responsible for academic strategic planning for TBCB.

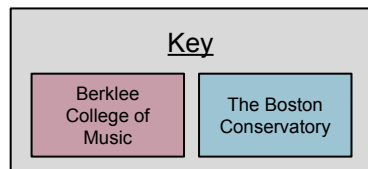
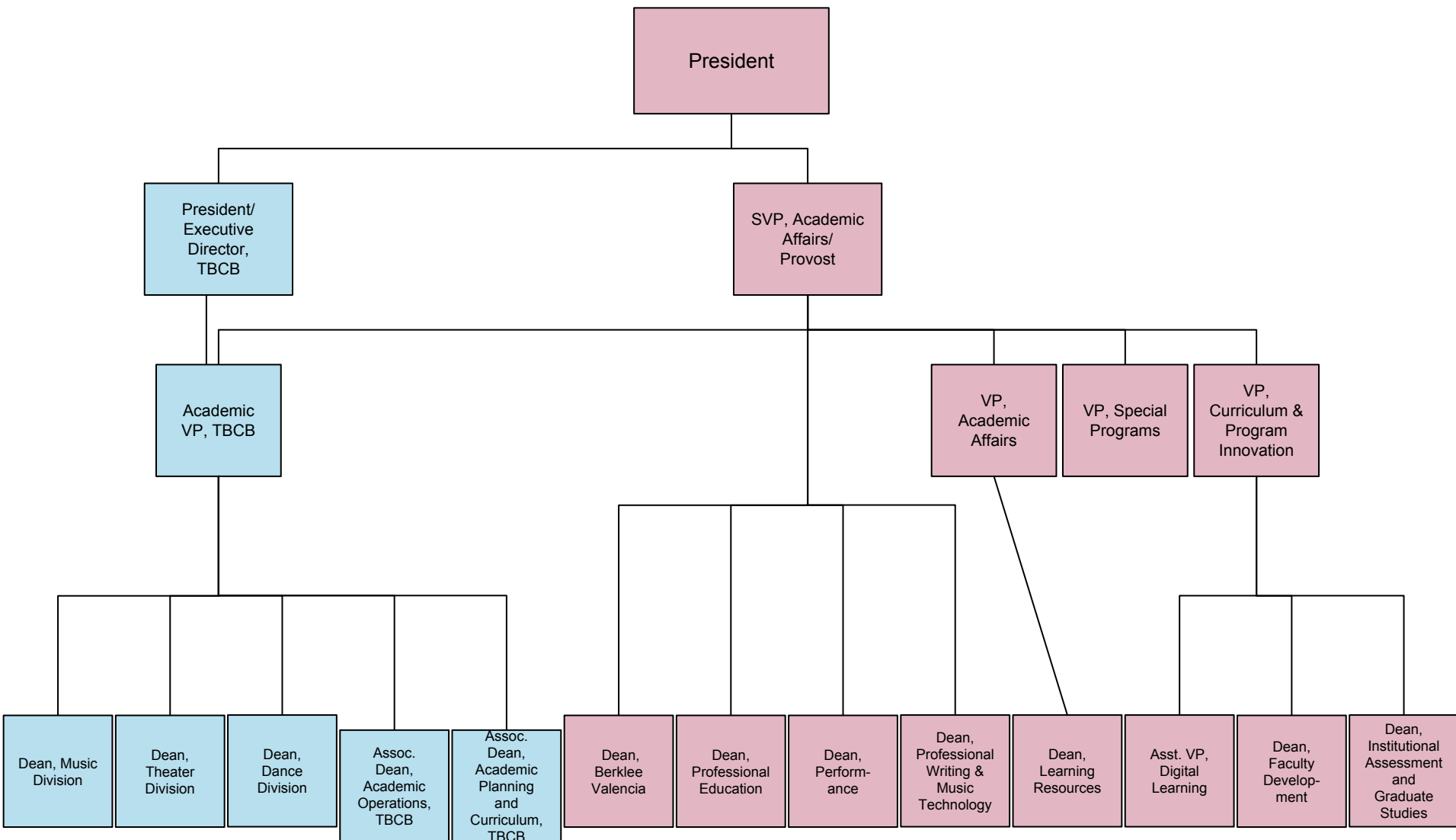
The CAO will oversee the three TBCB Academic Deans, one for each of the music, theater, and dance programs (“**Core Programs**”). Working with the academic deans, the CAO also is responsible for supporting and advancing the programs, the teaching, and the scholarship of the Core Programs.

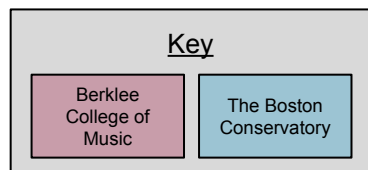
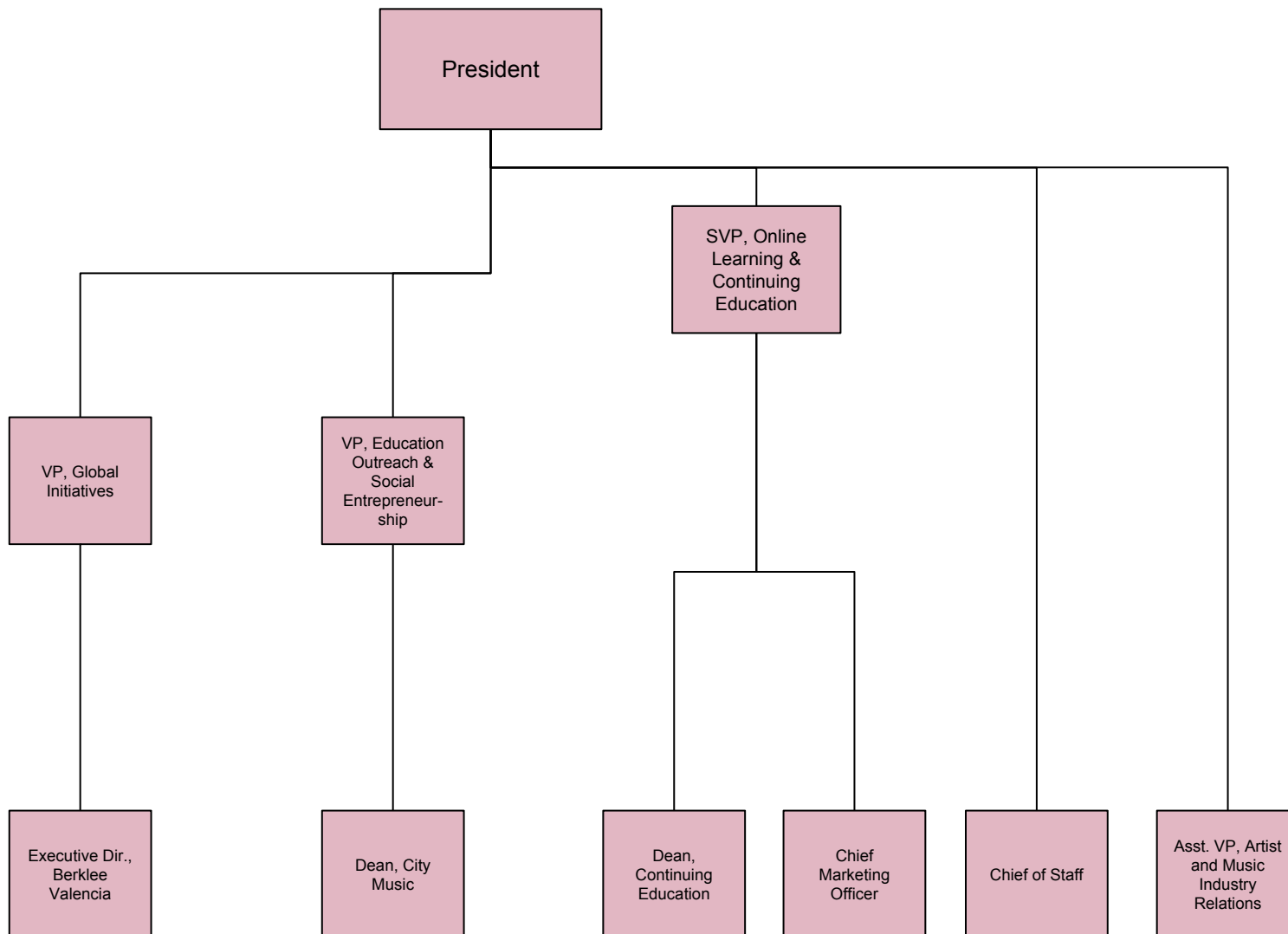
Under the direction of Berklee’s Provost, the CAO provides leadership to various committees, and has major responsibility for setting TBCB academic budget priorities and developing associated financial plans.

Appendix 3.2 Updated Organizational Chart









Standard 4 Appendix



Appendix 4.1 List of Links for Online Academic Resources

Berklee

Policy Handbook for Students: berklee.edu/policy-handbook-students

Course Catalog: berklee.edu/courses

Graduate Bulletin: berklee.edu/graduate-studies/graduate-bulletin

The Boston Conservatory

Course Catalog: bostonconservatory.edu/catalog

Student Handbook: bostonconservatory.edu/handbook

Standard 5 Appendix



Appendix 5.1 Berklee Faculty Contract Agreement Link

Please see the full text of the faculty contract at this shortened, public link: goo.gl/yPq3oJ

Appendix 5.2 The Boston Conservatory All-Employee Handbook and Faculty Addendum Link

Please see the full text of the All-Employee Handbook at this shortened, public link: goo.gl/WH3yyD

Please see the full text of the Faculty Addendum at this shortened, public link: goo.gl/IH6AM7

Standard 6 Appendix



Appendix 6.1 List of Links for Student Conduct Policies

Berklee: berklee.edu/student-code-of-community-standards

The Boston Conservatory: bostonconservatory.edu/handbook/student-conduct-code

Berklee College of Music

2015-16
Interactive Factbook

Welcome!

Thank you for your interest in learning about Berklee College of Music. This tool has been created to allow for ease of access and transparency to key information about the college.

In the following pages, you will find information on Berklee's students, faculty, staff, as well as program costs and financial aid. Information is updated yearly, and reflects information for the academic year beginning in Fall 2015.

For further information please contact the Office of Institutional Assessment at institutionalassessment@berklee.edu.

ALL STUDENTS

Undergraduate		
Program	Location	Students
Bachelor of Music	Boston	3,941*
Professional Diploma		569
Total		4,510
*Includes 17 students enrolled in a post-bachelor's internship		

Berklee Online	
Program	Students
Bachelor of Professional Studies	602
Non-Degree Seeking	1,951
Total	2,553

Graduate		
Program	Location	Students
Master of Music	Boston	22
Master of Arts		13
Master of Music	Valencia	94
Master of Arts		31
Total		160



UNDERGRADUATE STUDENTS

Location		
	Students	%
Boston	4510	88%
Online	602	12%
Total	5112	

Gender	
Male	67%
Female	33%

Student Type	
Full-time	84%
Part-time	16%

Living	On-Campus	24%
--------	-----------	-----

Diversity	
International	33%
Domestic	67%
White	54%
Hispanic/Latino	13%
Two or More Races	8%
Black or African American	8%
Asian American	6%
Native Hawaiian/Pacific Islander	1%
American Indian or Alaska Native	<1%
Race/Ethnicity Unknown	11%

Principal Instrument*	
Voice	31%
Guitar	21%
Piano	15%
Percussion/Drum Set	12%
Bass	7%
Woodwind	6%
String	5%
Brass	3%
*Berklee Online students do not declare a principal instrument	



Fall 2015*

Total Students	2,553
United States	68%
International	32%
*includes degree students	



Entering Degree Seeking Students

Bachelor of Professional Studies	411
Interdisciplinary Music Studies	28%
Music Production	27%
Music Business Program	19%
Music Comp for Film, TV, and Games	13%
Electronic Music Production and Sound Design	9%
Undeclared	1%
Dual Major	1%

Click to see breakdown for all Berklee Online students by program



UNDERGRADUATE PROGRAMS

	Bachelor of Music	Diploma
Composition	2%	2%
Contemporary Writing & Production	11%	13%
Electronic Production and Design	5%	4%
Film Scoring	6%	7%
Jazz Composition	3%	5%
Music Business/Management	10%	1%
Music Education	2%	n/a
Music Production & Engineering	7%	3%
Music Therapy	4%	n/a
Performance	15%	22%
Professional Music	10%	9%
Songwriting	7%	4%

Bachelor of Professional Studies	
Electronic Production and Design	5%
Film Scoring	9%
Interdisciplinary Music Studies	17%
Music Business/Management	23%
Music Production & Engineering	41%
Songwriting	1%

ENTERING UNDERGRADUATE STUDENTS

Program		
	Location	Students
Bachelor of Music	Boston	866
Diploma		155
Bachelor of Professional Studies	Online	197
Total		1,178

Entering Type	
First Semester	81%
Transfer	19%

High School GPA	
3.5-4.0	40%
3.0-3.49	35%
2.5-2.99	18%

Gender	
Male	67%
Female	33%

Diversity	
International	30%
Domestic	70%
White	54%
Hispanic/Latino	11%
Black or African American	10%
Two or More Races	5%
Asian American	5%
Native Hawaiian/ Pacific Islander	1%
American Indian/ Alaska Native	<1%
Race/Ethnicity Unknown	13%

Principal Instrument*	
Voice	13%
Guitar	9%
Piano	6%
Percussion/ Drum Set	5%
Bass	3%
Woodwind	3%
String	2%
Brass	1%
*Berklee Online students do not declare a principal instrument	

GRADUATE STUDENTS

Location		
Campus	Students	%
Boston	35	22%
Valencia	125	78%
Total	160	


Gender	
Male	64%
Female	36%

Berklee Alumni	
Berklee Alumni Enrolled	26%

Diversity	
International	53%
Domestic	47%
White	36%
Hispanic/Latino	12%
Black or African American	9%
Two or More Races	3%
Asian American	3%
American Indian or Alaska Native	1%
Native Hawaiian/Pacific Islander	0%
Race/Ethnicity Unknown	36%

Principal Instrument	
Piano	25%
Voice	20%
Guitar	18%
Percussion/Drum Set	14%
Bass	8%
String	8%
Woodwind	6%
Brass	2%

Click to see breakdown
by graduate program



GRADUATE PROGRAMS

Master of Music

Contemporary Performance

Production Concentration 20%

Global Jazz Concentration 14%

Music Production, Technology, & Innovation 22%

Scoring for Film, TV, and Video Games 17%

Graduation Rate

Fall 2013 Cohort 98%

Fall 2014 Cohort 98%

Master of Arts

Global Entertainment & Music Business 19%

Music Therapy 8%

25

students participating in a
post-master's internship & fellowship



SELECTION & RETENTION

Selection

	Undergraduate	Graduate
Applications	9,334	619
Acceptance Rate	32%	37%
Enrollment Rate	40%	69%

Undergraduate Retention & Graduation

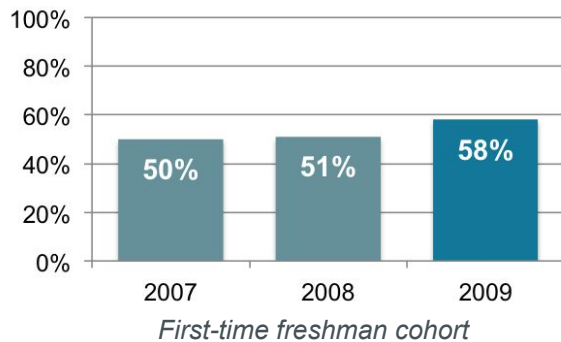
1 Yr. Retention Rate
Fall 2014 admission cohort

85%

8 Yr. Overall Graduation Rate
Fall 2007 entering class (all students)

55%

6 Yr. Bachelor's Graduation Rate



Degrees Awarded

(July 2014 - June 2015)

Professional Music Diploma	92
Bachelor of Music or Professional Studies	931
Master of Music or Arts	108



SUMMER PROGRAMS

18 Programs
2,798 Students

Gender	
Male	58%
Female	42%

Origin	
Domestic	77%
International	23%



BERKLEE CITY MUSIC

47 Member Programs

1,420 City Music Boston Students

28,153 City Music Network Students

Serving
29,573
students in
41
cities



Faculty Type	
Boston	630
Valencia	62
Total	692

Status		
	Boston	Valencia
Full-time	40%	27%
Part-time	60%	73%

Gender		
	Boston	Valencia
Male	70%	85%
Female	30%	15%

*All numbers exclude teachers/facilitators in Berklee Online and City Music

Diversity		
	Boston	Valencia
International		
Non Residents	7%	77%
Permanent Residents	1%	n/a
Domestic		
White	79%	79%
Black or African American	10%	0%
Hispanic/Latino	4%	7%
Asian American	3%	7%
Two or More Races	<1%	0%
American Indian or Alaska Native	<1%	7%
Native Hawaiian/Pacific Islander	0%	0%
Race/Ethnicity Unknown	4%	0%

680 Staff Members

Staff Type	
Full-time	90%
Part-time	10%

Gender	
Male	58%
Female	42%



Diversity*	
International	
Non Residents	2%
Permanent Residents	6%
Domestic	
White	75%
Hispanic/Latino	8%
Black or African American	8%
Asian American	3%
Two or More Races	1%
American Indian or Alaska Native	<1%
Native Hawaiian/Pacific Islander	0%
Race/Ethnicity Unknown	3%

*Diversity numbers do not include staff in Valencia

FINANCE & TUITION

Program Costs (2015-2016)

	Undergraduate	Graduate (total program cost)
Tuition & Fees	\$41,398	\$41,000-\$46,000*
Room & Board	\$18,000	n/a
Total cost	\$59,398	\$41,100-\$47,500*
*Graduate tuition varies by campus		
Berklee Online	\$1,449 per course	

Financial Aid

	Undergraduate	Graduate
Number of Aid Recipients	3,116	77
Number of Pell Recipients (Domestic Only)	980	n/a
Number of Institutional Aid Recipients	2,448	60
Average Aid Package	\$14,893	\$29,796
Berklee's Average Contribution	\$9,602	\$11,197

College Finance

FY 2016 Operating Budget	\$237,760,000 as of November 30, 2015
FY 2016 Spending Per FTE	\$50,319.58



2015-16 Factbook

ALL STUDENTS

811 Total Students

Undergraduate	
Program	Students
Bachelor of Music	189
Bachelor of Fine Arts, Dance	126
Bachelor of Fine Arts, Theater	248
Total	563

Graduate	
Program	Students
Master of Music	217
Master of Fine Arts	29
Other	2
Total	248

Students living on campus	24%
---------------------------	-----

UNDERGRADUATE STUDENTS

Gender	
Male	38%
Female	62%

Student Type	
Full-time	99%
Part-time	1%

Diversity	
White	57%
Hispanic/Latino	8%
Two or More Races	2%
Black or African American	5%
Asian American	7%
Native Hawaiian/Pacific Islander	0%
American Indian or Alaska Native	0%
Race/Ethnicity Unknown	11%
Non-resident Alien	12%

UNDERGRADUATE PROGRAMS

Bachelor of Music	
Program	Enrollment
Brass	2%
Composition	3%
Harp	0%
Percussion	3%
Piano	4%
Strings	7%
Voice	10%
Woodwinds	4%
Total	34%

Bachelor of Fine Arts	
Program	Enrollment
Dance	22%
Contemporary Theater	2%
Multidisciplinary Stage Management	1%
Musical Theater	41%
Total	66%

ENTERING STUDENTS

333 Entering Undergraduate and Graduate Students

Entering Type	
Undergraduate	195
Graduate	138

Division	
Music	194
Theater	94
Dance	45

Diversity			
	Undergraduate	Graduate	Overall
International	6%	13%	9%
Foreign Countries Represented		10	
Domestic	94%	87%	91%
US States Represented		42	

Gender	
Male	35%
Female	65%

GRADUATE STUDENTS

248 Graduate Students

Student Type		
	Students	%
Entering	138	56%
Returning	110	44%

Gender*	
Male	47%
Female	53%

Student Type*	
Part Time	7%
Full Time	93%

Diversity*	
White	38%
Hispanic/Latino	6%
Two or More Races	1%
Black or African American	4%
Asian American	18%
Native Hawaiian/Pacific Islander	0%
American Indian or Alaska Native	0%
Race/Ethnicity Unknown	14%
Non-resident Alien	18%

GRADUATE PROGRAMS

Master of Music	
Program	Enrollment
Brass	4%
Composition	4%
Conducting	2%
Contemporary Music	2%
Harp	1%
Music Education	14%
Percussion	6%
Piano	11%
Strings	15%
Voice	21%
Woodwinds	9%
Total	88%

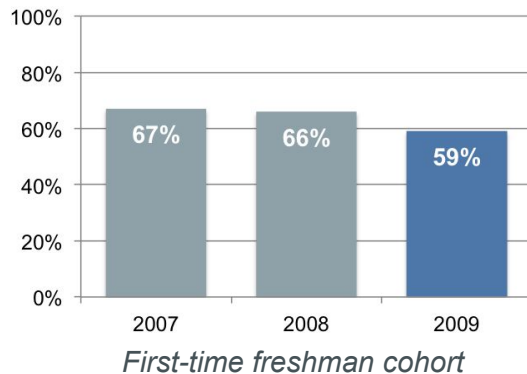
Master of Fine Arts	
Program	Enrollment
Musical Theater	12%
Total	12%

SELECTION & RETENTION

Selection

	Undergraduate	Graduate
Applications	1305	615
Acceptance Rate	45%	50%
Enrollment Rate	33%	45%

6 Yr. Bachelor's Graduation Rate



Degrees Awarded (July 2014 - June 2015)

Bachelor of Music or Fine Arts	117
Master of Music or Fine Arts	71
Postbaccalaureate certificates	19
Post- Master's certificates	7

Undergraduate Retention & Graduation

1 Yr. Retention Rate <i>Fall 2013 admission cohort</i>	89%
8 Yr. Overall Graduation Rate <i>Fall 2007 entering class (all students)</i>	71%

FACULTY & STAFF

Faculty	
Full-time	93
Part-time	111
Total	204
2015-16 Academic year	

Staff	
Full-time	79
Part-time	23
Total	102
Source: 2014-15 Human Resources IPEDS	

TUITION & FINANCIAL AID

Program Costs		
	Undergraduate	Graduate
Tuition & Fees	\$43,800	\$43,800
Room & Board	\$17,242	\$17,242
Total cost	\$61,042	\$61,042

Financial Aid	
	Undergraduate
Number of Aid Recipients	421
Number of Pell Recipients (Domestic Only)	80
Number of Institutional Aid Recipients	68% of First-time Full-time students
Average Aid Package	\$17,733
Source: 2015-16 Student Financial Aid IPEDS	

Standard 8 Appendix



Appendix 8.1 Link to the Berklee Master Plan

berklee.edu/taskforce/masterplan-IMP.html

The Boston Conservatory

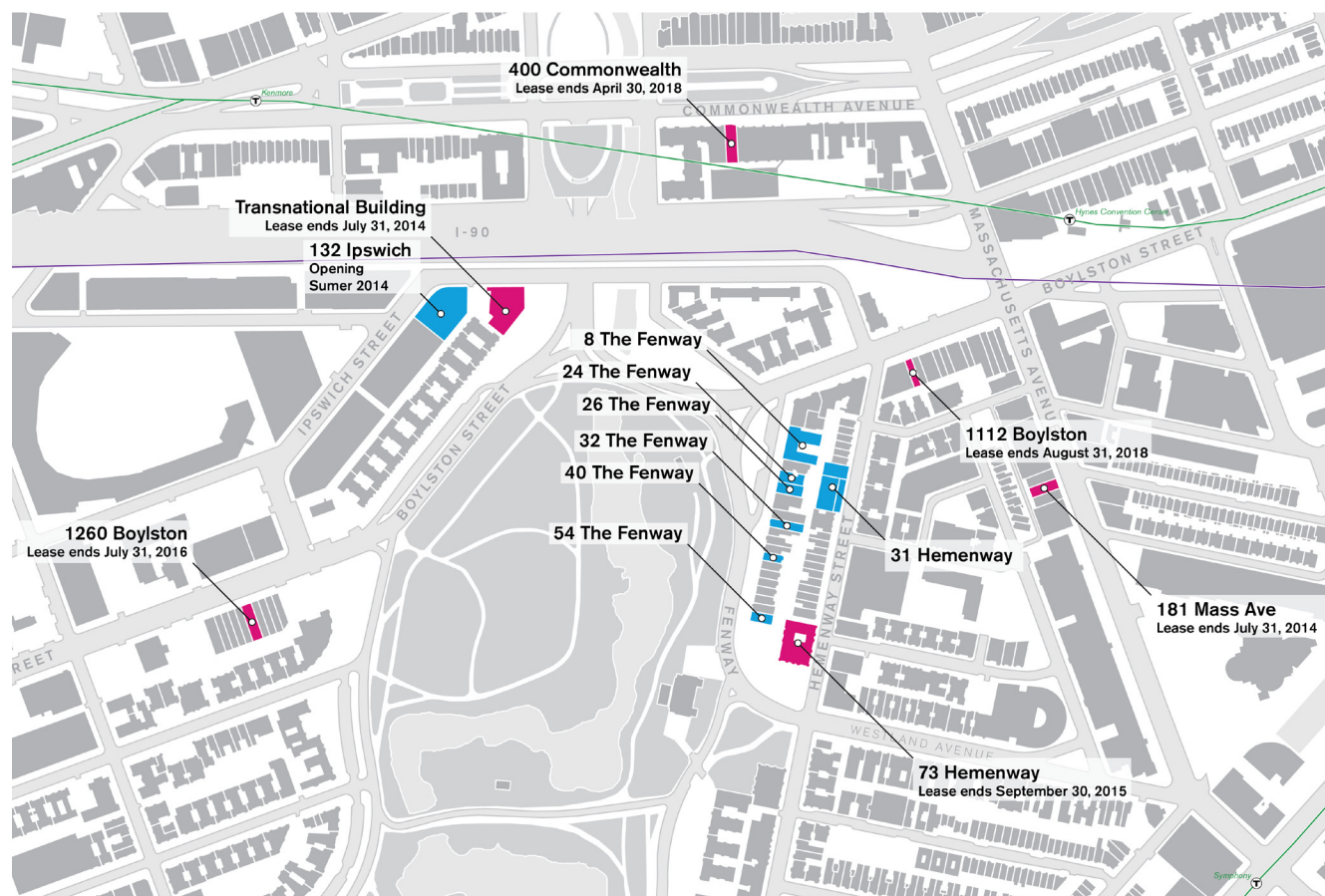
Campus Master Plan

This report summarizes a Campus Master Plan designed to expand and improve the teaching, performance and student life programs at The Boston Conservatory. The plan, a road map for envisioning the future campus, consists of three primary projects:

- A new residence hall and student life center at 138 Ipswich Street
- Extensive renovations to 24 and 26 The Fenway
- An addition and partial renovation to 8 The Fenway

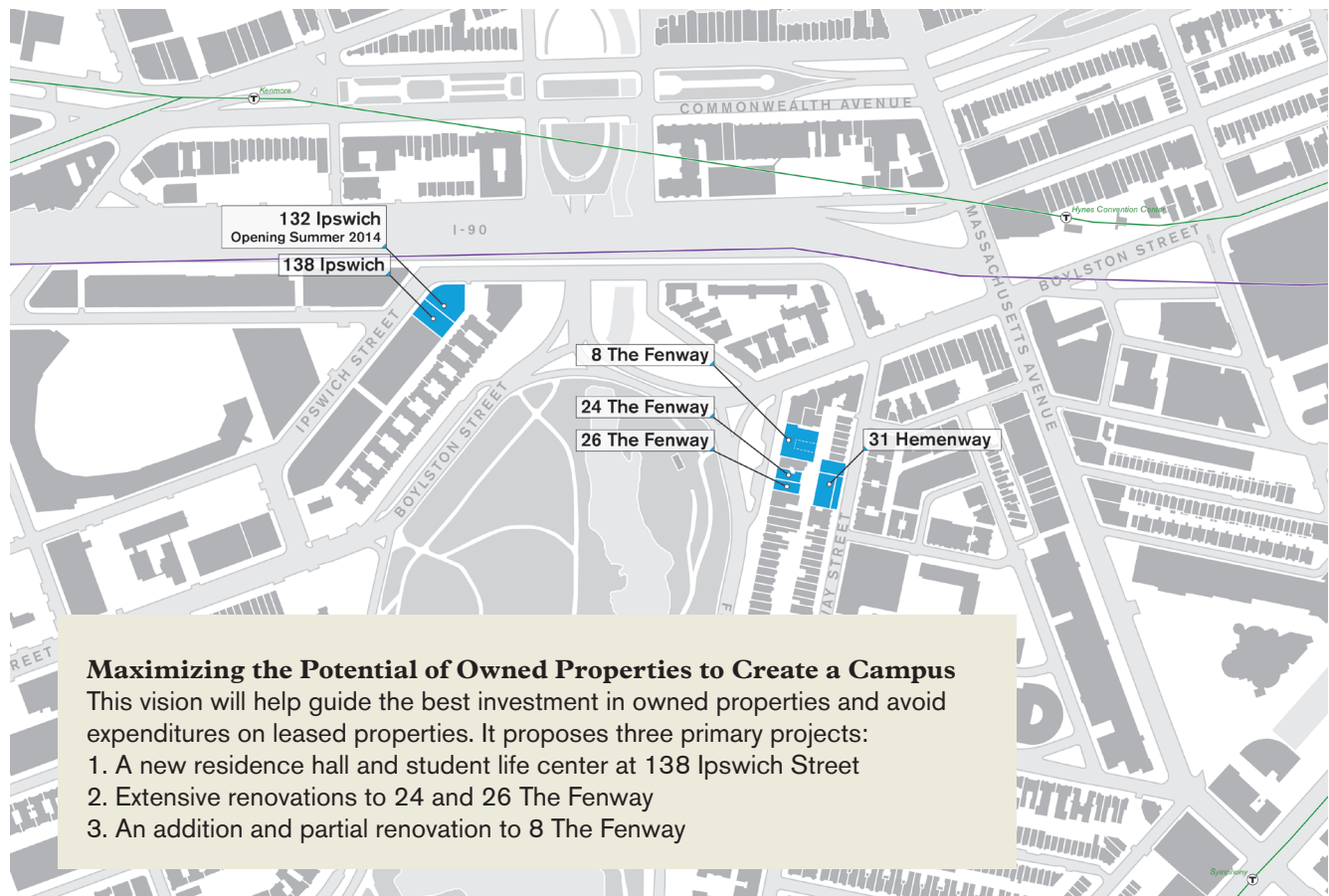
These projects build on the 2004 Campus Study by Handel Architects. That study identified the need for state-of-the-art instructional spaces and for a 400-seat concert and theater performance space, resulting in the construction of a new facility at 31 Hemenway Street and laying the groundwork for the soon-to-be completed building at 132 Ipswich Street. The 2004 study also suggested the development of a residence hall as a revenue source for the Conservatory and identified the renovation of 24 and 26 The Fenway as a key way to increase the number of classrooms and offices. Both of these recommendations are developed in the proposed Campus Master Plan.

2014 Campus



The campus will have two distinct centers of critical mass: one on The Fenway and another on Ipswich Street. The historically notable properties on The Fenway and Hemenway Street will communicate tradition and longevity while the new buildings on Ipswich Street will represent the contemporary relevance of the institution.

2020 Campus



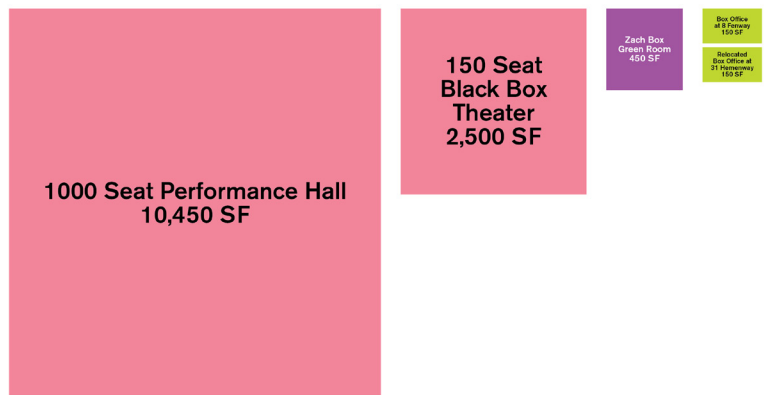
Program Goals

The design team organized a series of five workshops and met with representatives from the following departments to establish a list of project goals and programmatic needs: Academic Heads, Administrative Staff, Student Affairs, Student Services, and Production.

In addition, we identified deficiencies with the current spaces that need improving without necessarily increasing in size or relocating to new buildings. The campus goals and program needs are based on an enrollment of 775 to 800 students, with 50% of the students majoring in Music, 35% in Theater and 15% in Dance.

- Additional Teaching Spaces including teaching studios, 2 dance studios, Liberal Arts classrooms and practice rooms
- A Residence Hall with a student center, student housing and dining facility
- A Student Service Center with the Bursar, Registrar, Financial Aid, Student Employment services in one convenient location
- A Black Box Theater for theater & dance; a Performance Hall for music and opera performances
- Provide more efficient adjacencies and layouts for Administrative & Academic offices
- Provide communal gathering spaces for students, faculty and staff.
- Improve the initial impressions of the “front door” at 8 The Fenway

Performance Spaces

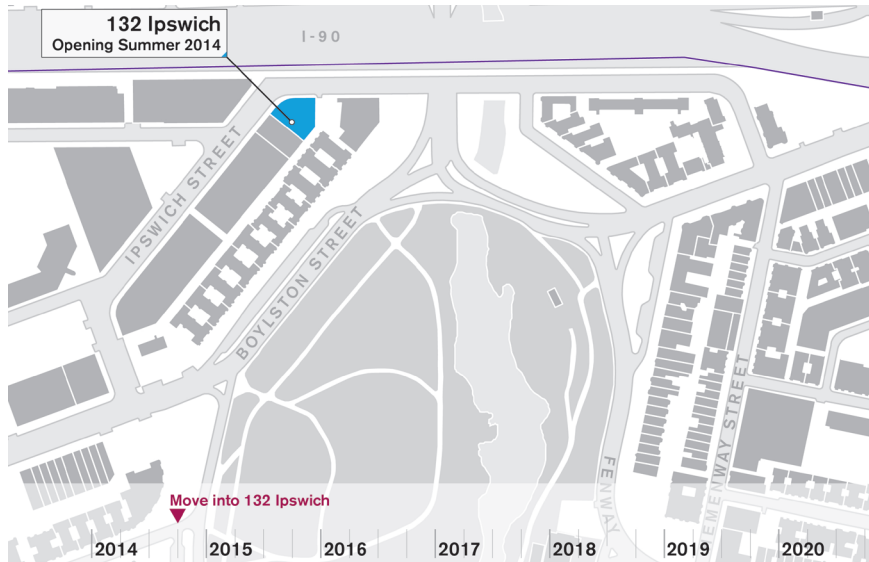


Teaching Spaces



Implementing the Plan

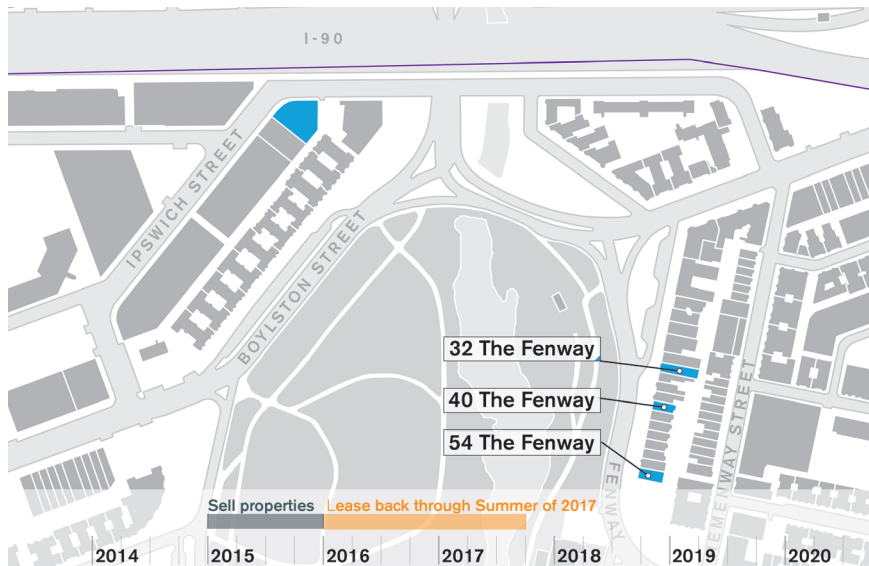
Summer 2014 Move to 132 Ipswich Street



The completion of 132 Ipswich Street will replace leased teaching spaces at 1260 Boylston, 1108 Boylston, 181 Massachusetts Avenue and the Transnational Building.

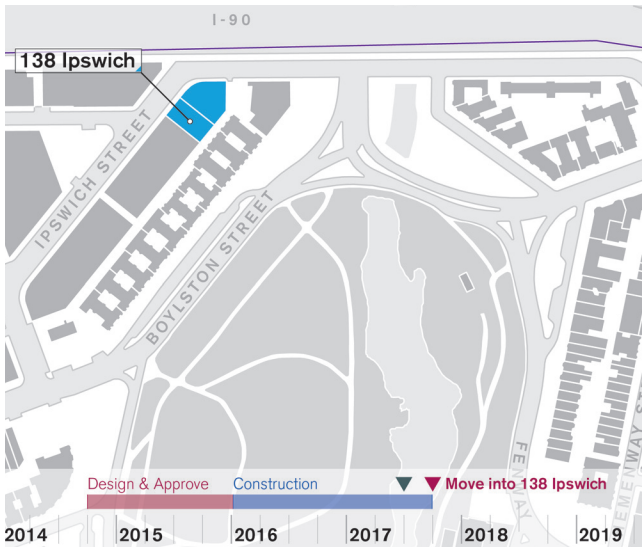


2015 Sale and Lease back of 3 of the 5 Fenway Dorm Properties



The sale of 32, 40 and 54 The Fenway, which house dormitories and student life programs, will help finance a new residence hall and student life center at 138 Ipswich Street. The lease back will provide student housing while the new dormitory is under construction.

2017 A New Residence Hall at 138 Ipswich Street

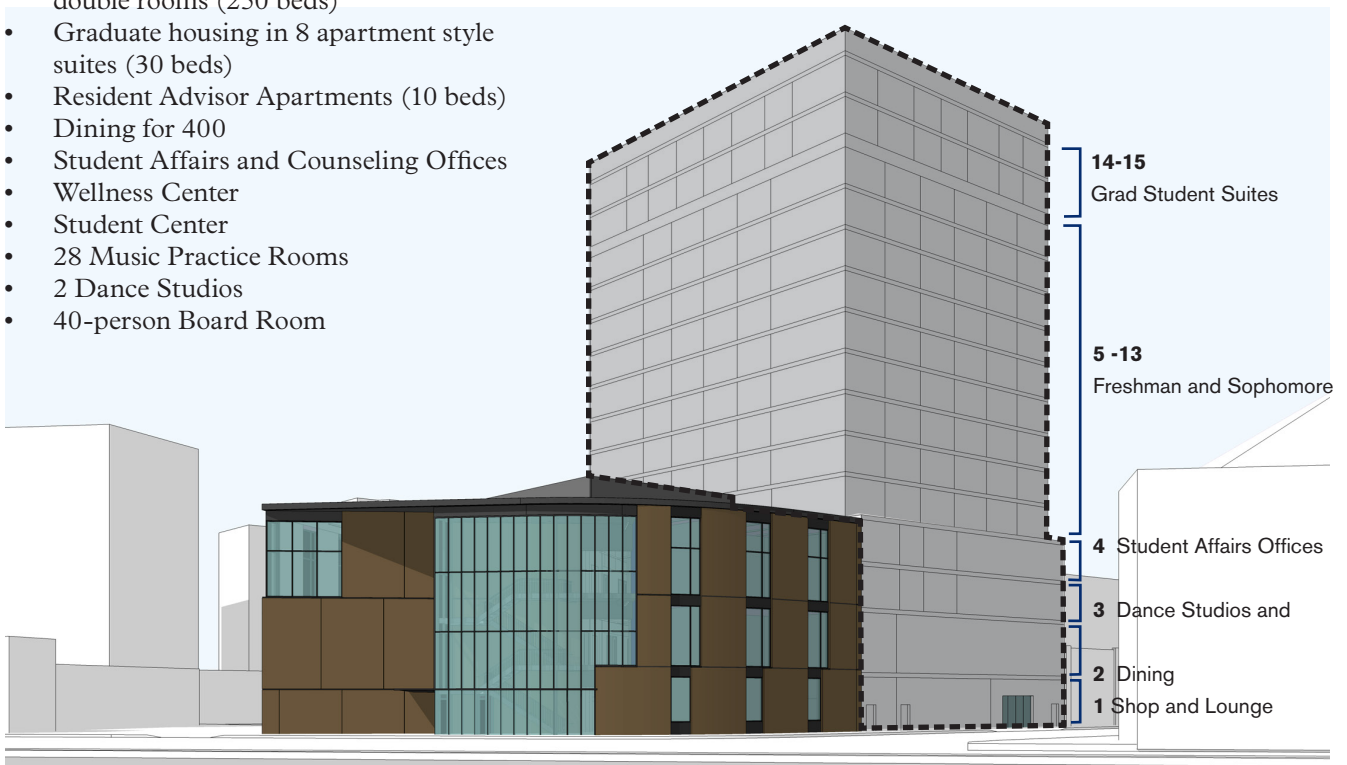


The construction of a new 126,500 square foot 15-story building dedicated to student life will consolidate dormitory rooms in one location above a full-service dining hall, a student center, and student support services. It will be a destination for the students who live on and off campus.

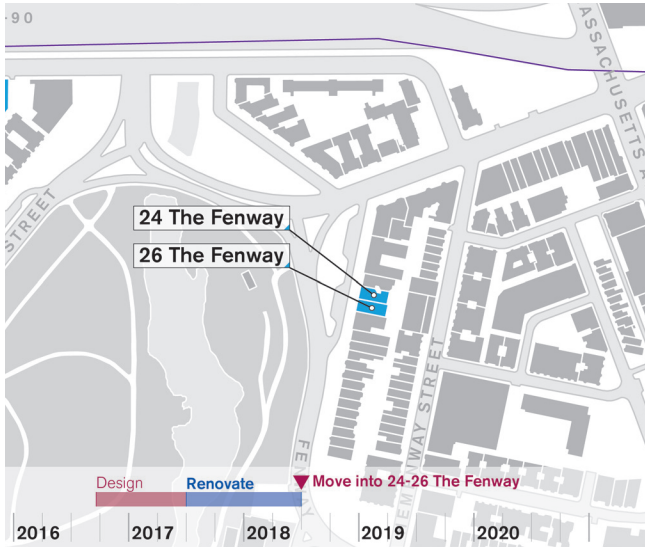
The 2017 completion date is timed to celebrate the 150-year anniversary of The Boston Conservatory and marks the conclusion of the capital campaign.

Space Gains

- Freshman and Sophomore housing in 125 double rooms (250 beds)
- Graduate housing in 8 apartment style suites (30 beds)
- Resident Advisor Apartments (10 beds)
- Dining for 400
- Student Affairs and Counseling Offices
- Wellness Center
- Student Center
- 28 Music Practice Rooms
- 2 Dance Studios
- 40-person Board Room



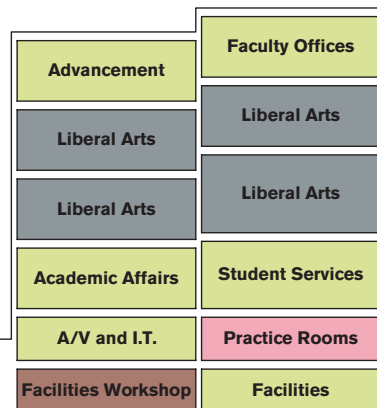
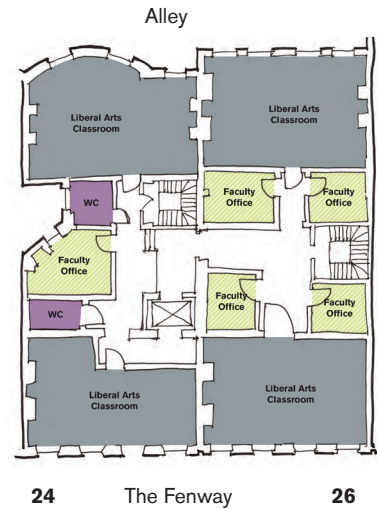
2018 Student Services & Liberal Arts Building at 24-26 The Fenway



Renovate and combine 24-26 The Fenway into a single 31,300 square foot building with Liberal Arts classrooms and Student Services in one central location. The plan of the existing building is well suited to have light-filled classrooms facing The Fenway and the alley. It also allows the distribution of Student Services and Academic Affairs on one level on the ground floor. The program assigned to 24-26 The Fenway is limited in sound isolation needs and would yield a more economical construction cost.

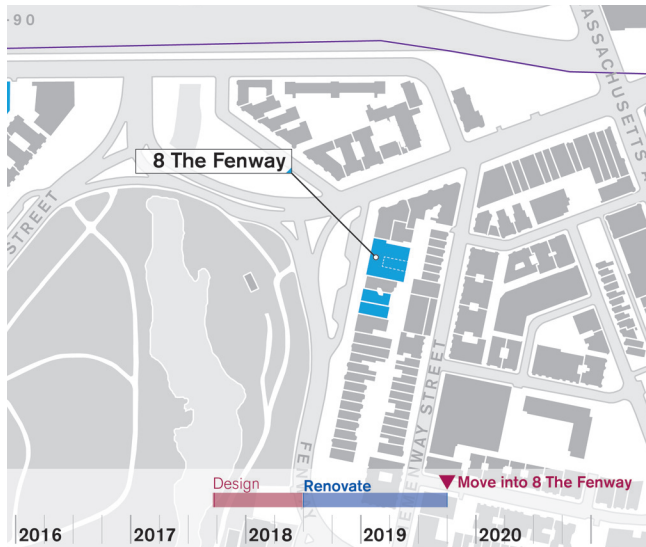
Space Gains

- 4 Additional Liberal Arts Classrooms
- 16 Additional Practice Rooms
- 11 Additional Faculty Offices (14 total)
- 2 Shared Conference Rooms for 10-12 people
- 1 Shared Conference Room for 4-6 people
- Relocate Institute of Advancement
- Consolidate Student Services
- Relocate Academic Affairs
- Enlarge Facilities Department



Typical Upper Floor Plan (above)
and Building Section (below)

2019 Performance and Music Instruction at 8 The Fenway

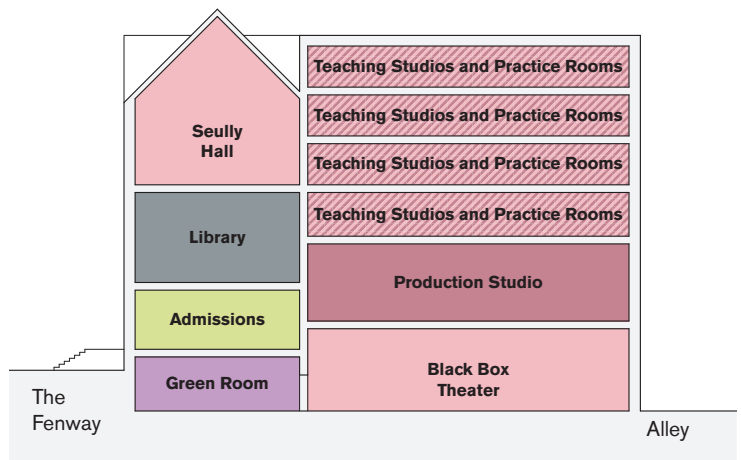


Demolish the 1960's addition to 8 The Fenway and construct a new 29,500 square foot, 7-story building that fills the courtyard space. This addition enlarges the Zack Box theater and greatly improves and expands music instruction with sound-isolated teaching spaces and practice rooms.



Space Gains

- 24 Additional Teaching Studios
- 25 Additional Practice Rooms
- Enlarge Zack Box Theater for 150 people (Current Zack Box seats 55 people)
- Green Room
- Recording Studio
- Admissions Suite with Lounge
- Box Office
- Conference Room for 10 to 12 people
- Production Studio



Typical Upper Floor Plan (above)
and Building Section (below)

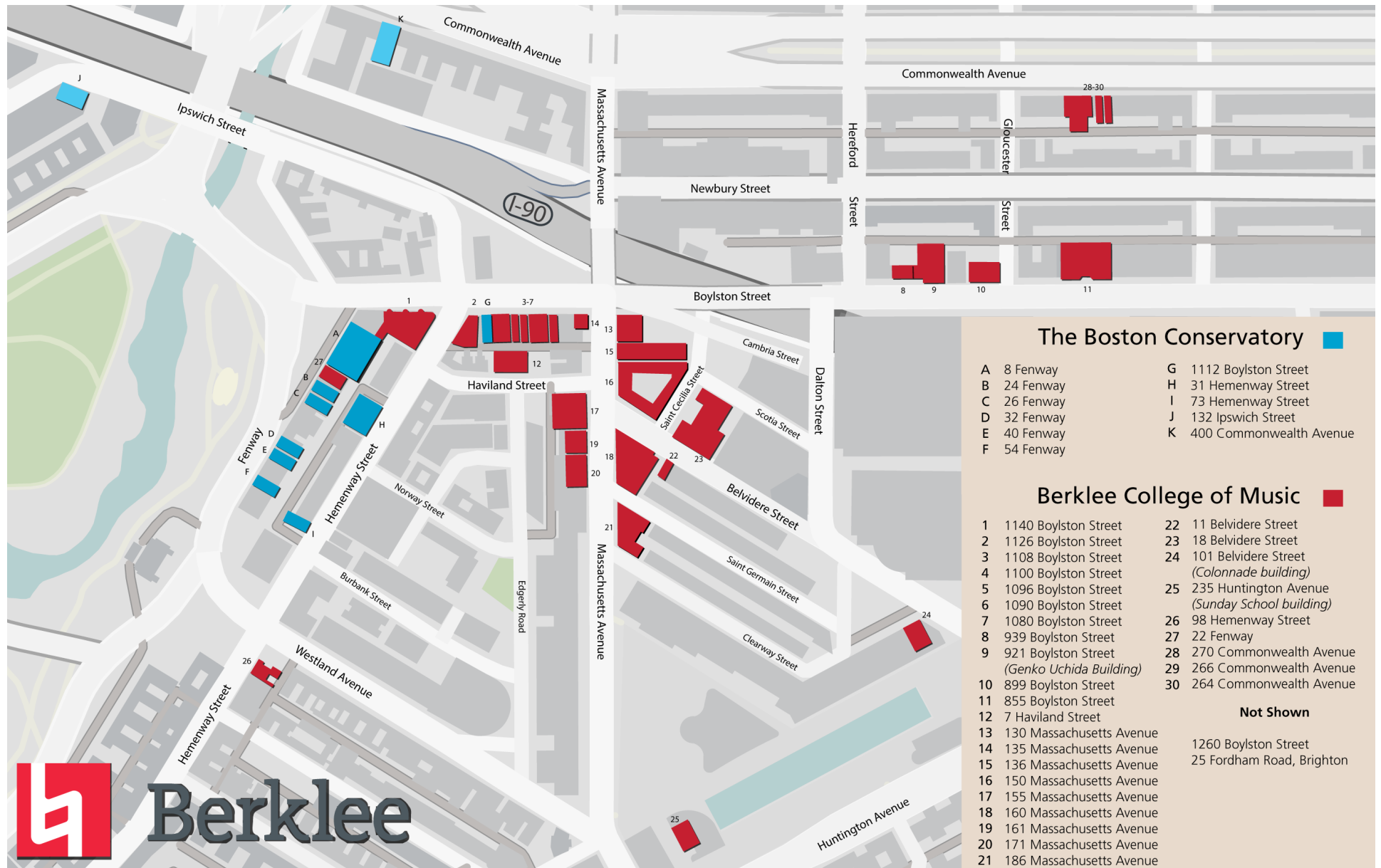
Next Steps

The Campus Master Plan is a road map for envisioning how the needs of the campus can be met. It will be tested and informed by in-depth studies that focus on the planning, operations and financial viability of the proposed Campus Master Plan. Specifically, these studies should:

- Develop a long range financial pro-forma that demonstrates the feasibility of financing and staging the proposed new construction and renovation projects,
- Coordinate the planning study with the deferred maintenance plan for upkeep of owned facilities,
- Consider how these projects can become an integral part of the success of the 150 Year Capital Campaign,
- Coordinate the Campus Master Plan with the Strategic Plan as the Conservatory continues to grow and evolve, and
- Ensure that the final Campus Master Plan will facilitate the Conservatory in addressing a high percentage of all identified needs on properties that are owned.

Though the Campus Master Plan is ambitious, it is based on a realistic assessment of the current and future needs of the school. This type of foresight is what allows institutions to thrive. It is the framework for the Conservatory not only to advance Music, Theater, and Dance, but to do so in a way that responds to and predicts the needs of a changing market, an expanding pedagogical methodology, and an evolving student body.

Appendix 8.3 Map of Berklee and Conservatory Buildings



Standard 9 Appendix





BERKLEE COLLEGE OF MUSIC, INC.

Consolidated Financial Statements

May 31, 2015 and 2014

(With Independent Auditors' Report Thereon)



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Berklee College of Music, Inc.:

We have audited the accompanying consolidated financial statements of Berklee College of Music, Inc. which comprise the consolidated statements of financial position as of May 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Berklee College of Music, Inc. as of May 31, 2015 and 2014, and the changes in their net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

September 25, 2015

BERKLEE COLLEGE OF MUSIC, INC.

Consolidated Statements of Financial Position

May 31, 2015 and 2014

Assets	2015	2014
Cash and cash equivalents	\$ 41,231,881	27,383,685
Accounts receivable, net (note 7)	711,027	456,601
Contributions receivable (note 8)	12,800,045	5,817,513
Other assets	8,860,983	7,796,556
Loans receivable, net (note 7)	5,010,215	5,230,400
Deposits with bond trustees (note 6)	5,430,515	11,577,460
Long-term investments (notes 3 and 4)	327,745,268	321,453,450
Property, plant, improvements, and equipment, net (notes 5 and 6)	223,610,777	225,891,468
Total assets	<u>\$ 625,400,711</u>	<u>605,607,133</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 21,042,911	19,071,814
Student deposits and deferred liabilities	27,338,589	23,470,088
Accrued pension liabilities (note 9)	62,834,297	58,161,175
Bonds and notes payable (note 6)	258,098,352	264,904,778
Refundable advances – U.S. government grants	3,032,319	2,917,234
Total liabilities	<u>372,346,468</u>	<u>368,525,089</u>
Commitments and contingencies (note 10)		
Net assets:		
Unrestricted	186,123,265	178,344,598
Temporarily restricted (note 11)	31,843,809	34,421,544
Permanently restricted (note 11)	35,087,169	24,315,902
Total net assets	<u>253,054,243</u>	<u>237,082,044</u>
Total liabilities and net assets	<u>\$ 625,400,711</u>	<u>605,607,133</u>

See accompanying notes to consolidated financial statements.

BERKLEE COLLEGE OF MUSIC, INC.

Consolidated Statement of Activities

Year ended May 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2015 Total</u>
Operating:				
Revenues:				
Student tuition and fees	\$ 194,389,196	—	—	194,389,196
Less internally funded scholarship aid	(35,594,031)	—	—	(35,594,031)
Less externally funded scholarship aid	(5,921,960)	—	—	(5,921,960)
Net tuition and fees	152,873,205	—	—	152,873,205
Contributions	2,264,172	6,928,874	—	9,193,046
Federal and state grants and contracts	926,939	—	—	926,939
Investment return for operations (note 4)	11,425,615	1,552,373	—	12,977,988
Other income	1,365,636	—	—	1,365,636
Sales and service of auxiliary enterprises	49,956,959	—	—	49,956,959
Net assets released from restrictions	11,398,219	(11,398,219)	—	—
Total operating revenues	230,210,745	(2,916,972)	—	227,293,773
Expenses:				
Instruction	86,213,754	—	—	86,213,754
Academic support	12,126,213	—	—	12,126,213
Student and enrollment services	15,166,528	—	—	15,166,528
Institutional support and advancement	37,945,854	—	—	37,945,854
Auxiliary enterprises	27,768,774	—	—	27,768,774
Operation and maintenance of physical plant:				
Depreciation and amortization	12,386,228	—	—	12,386,228
Interest	12,175,427	—	—	12,175,427
Maintenance	16,964,246	—	—	16,964,246
Total operating expenses	220,747,024	—	—	220,747,024
Change in net assets from operating activities	9,463,721	(2,916,972)	—	6,546,749
Nonoperating:				
Investment return (note 3)	12,210,754	1,891,610	—	14,102,364
Investment return for operations (note 4)	(11,425,615)	(1,552,373)	—	(12,977,988)
Contributions for long-term items	48,889	—	10,771,267	10,820,156
Pension obligation changes other than net periodic costs (note 9)	(2,519,082)	—	—	(2,519,082)
Change in net assets from nonoperating activities	(1,685,054)	339,237	10,771,267	9,425,450
Change in net assets	7,778,667	(2,577,735)	10,771,267	15,972,199
Net assets at beginning of year	178,344,598	34,421,544	24,315,902	237,082,044
Net assets at end of year	\$ 186,123,265	31,843,809	35,087,169	253,054,243

See accompanying notes to consolidated financial statements.

BERKLEE COLLEGE OF MUSIC, INC.

Consolidated Statement of Activities

Year ended May 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2014 Total</u>
Operating:				
Revenues:				
Student tuition and fees	\$ 185,506,016	—	—	185,506,016
Less internally funded scholarship aid	(34,373,268)	—	—	(34,373,268)
Less externally funded scholarship aid	(2,754,321)	—	—	(2,754,321)
Net tuition and fees	148,378,427	—	—	148,378,427
Contributions	4,851,245	10,523,657	—	15,374,902
Federal and state grants and contracts	844,206	—	—	844,206
Investment return for operations (note 4)	10,236,051	1,306,797	—	11,542,848
Other income	664,337	—	—	664,337
Sales and service of auxiliary enterprises	40,416,020	—	—	40,416,020
Net assets released from restrictions	6,545,818	(6,545,818)	—	—
Total operating revenues	211,936,104	5,284,636	—	217,220,740
Expenses:				
Instruction	80,837,987	—	—	80,837,987
Academic support	12,452,012	—	—	12,452,012
Student and enrollment services	14,603,365	—	—	14,603,365
Institutional support and advancement	33,892,585	—	—	33,892,585
Auxiliary enterprises	22,805,354	—	—	22,805,354
Operation and maintenance of physical plant:				
Depreciation and amortization	10,453,090	—	—	10,453,090
Interest	9,868,720	—	—	9,868,720
Maintenance	16,644,268	—	—	16,644,268
Total operating expenses	201,557,381	—	—	201,557,381
Change in net assets from operating activities	10,378,723	5,284,636	—	15,663,359
Nonoperating:				
Investment return (note 3)	34,574,517	4,850,556	—	39,425,073
Investment return for operations (note 4)	(10,236,051)	(1,306,797)	—	(11,542,848)
Contributions for long-term items	33,895	—	720,377	754,272
Pension obligation changes other than net periodic costs (note 9)	(210,692)	—	—	(210,692)
Change in net assets from nonoperating activities	24,161,669	3,543,759	720,377	28,425,805
Change in net assets	34,540,392	8,828,395	720,377	44,089,164
Net assets at beginning of year	143,804,206	25,593,149	23,595,525	192,992,880
Net assets at end of year	\$ 178,344,598	34,421,544	24,315,902	237,082,044

See accompanying notes to consolidated financial statements.

BERKLEE COLLEGE OF MUSIC, INC.

Consolidated Statements of Cash Flows

Years ended May 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 15,972,199	44,089,164
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,386,228	10,453,090
Realized and unrealized gains on investments, net	(14,102,364)	(39,425,073)
Pension obligation changes other than net periodic pension costs	2,519,082	210,692
Loss on disposal of equipment	44,222	165,285
Contributions for long-term investment	(5,865,006)	(912,671)
Disbursements and repayment of student loans	220,185	(40,343)
Change in current assets	(8,301,386)	(1,863,326)
Change in current liabilities	7,993,639	(3,355,225)
Net cash provided by operating activities	<u>10,866,799</u>	<u>9,321,593</u>
Cash flows from investing activities:		
Change in deposits with bond trustees	6,146,945	27,777,046
Purchase of property, plant, improvements, and equipment	(10,149,759)	(38,000,191)
Proceeds from sale and maturity of investments	78,304,039	88,473,799
Purchase of investments	<u>(70,493,494)</u>	<u>(79,867,741)</u>
Net cash provided by (used in) investing activities	<u>3,807,731</u>	<u>(1,617,087)</u>
Cash flows from financing activities:		
Payments on bonds and notes payable	(6,806,426)	(21,223,045)
Proceeds from bonds and notes payable	—	15,000,000
Contributions for long-term investment	5,865,006	912,671
Increase in refundable advances – U.S. government grants	<u>115,086</u>	<u>103,563</u>
Net cash used in financing activities	<u>(826,334)</u>	<u>(5,206,811)</u>
Net change in cash and cash equivalents	13,848,196	2,497,695
Cash and cash equivalents, beginning of year	<u>27,383,685</u>	<u>24,885,990</u>
Cash and cash equivalents, end of year	\$ <u><u>41,231,881</u></u>	<u><u>27,383,685</u></u>
Supplemental data:		
Interest paid	\$ 12,216,883	12,391,019

See accompanying notes to consolidated financial statements.

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(1) Background

Berklee College of Music, Inc. (the College) is a nonprofit co-educational institution of higher learning offering a bachelor of music degree as well as a four-year program leading to a professional diploma. Since its founding in 1945, the College has become an international center for the education of career musicians, composers, arrangers, music educators, and other professionals in the world of modern music. The College also offers not-for-credit, for-credit courses and degrees online through its Berklee Online Program and master's degrees through its operations located in Valencia, Spain. Students were enrolled for the first time in the Valencia program during 2012. During the year ended May 31, 2014, the College formed a joint venture with Little Kids Rock to form Amp Up NYC, LLC for the purpose of teaching children in the New York City public school system to play modern band music.

(2) Summary of Significant Accounting Policies

(a) Basis of Statement Presentation

The accompanying consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (GAAP). The consolidated financial statements, presented on the accrual basis of accounting, focus on the College as a whole, which includes its Valencia, Spain operations. Balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes to net assets are classified as follows:

Permanently restricted net assets – Net assets subject to donor-imposed stipulations are maintained permanently by the College. Generally, the donors permit the College to use, for general or specific purposes, all or part of any income earned and any capital gains on related investments.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations to be met by actions of the College and/or the passage of time.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Unless limited by donor restrictions or law, revenues and expenses, gains or losses on investments, and changes in other assets or liabilities are reported on the consolidated statements of activities as increases and decreases in unrestricted net assets. Net assets released from restrictions, for which the donor purpose has been met or the stipulated time period has elapsed, are reported as reclassifications between applicable net asset classes.

Contributions and unconditional promises to give are recognized as revenue in the period received. Promises to give that are expected to be collected after the consolidated statement of financial position date are reported as contribution revenue in temporarily restricted net assets. Promises to give that require the corpus to be maintained permanently are reported as contributions for long-term items in permanently restricted net assets. Contributions of land, buildings, or equipment are reported as unrestricted nonoperating support unless the donor places restrictions on their use.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(b) Operations

The consolidated statement of activities reports the change in net assets from operating and nonoperating activities. Operating revenues and expenses are attributable to the College's academic programs and auxiliary enterprises. Tuition revenue is reported net of a discount awarded to students from various sources including college financial aid, scholarships from endowment funds, and/or state and federal grants. Nonoperating activities are attributable to the return on investments, contributions of capital assets, contributions to the permanent endowment, gains or losses on capital asset sales or disposals, and nonrecurring changes in accounting principles.

Expenses associated with the operation and maintenance of plant assets, including depreciation and interest expense, are disclosed separately on the consolidated statement of activities. Note 12 presents the impact had these expenses been allocated, based on actual square footage utilized, to operating expenses for Instruction, Academic support, Student and enrollment services, Institutional support and advancement, and Auxiliary enterprises. Expenses associated with fundraising activities were \$3,009,067 and \$2,886,194 in 2015 and 2014, respectively, and are included in Institutional support and advancement.

(c) Cash Equivalents

Cash equivalents represent money market funds and short-term instruments with maturities at date of purchase of three months or less.

(d) Long-Term Investments

Investments are reported at estimated fair value. If an investment is held directly by the College and an active market with quoted prices exists, the College reports the fair value as the market price.

The College also holds shares or units in nonmarketable securities including alternative investments such as private equity, venture capital, hedge funds, and real asset strategies. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

For investments that do not have a readily determinable fair value, the fair value of those investments is the net asset value (NAV) per share or its equivalent as a practical expedient.

Investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the fund agreements. Due to the nature of the investments held by these funds, changes in market conditions, the economic environment, or liquidity provisions may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Although certain investments may be sold in secondary market transactions, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

are not necessarily observable. It is, therefore, reasonably possible that if the College were to sell its interest in a fund in the secondary market, the sale could occur at an amount materially different from the reported value.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The ASU eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured at net asset value per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted and applied retrospectively. Management has elected to adopt the ASU early.

(e) Fair Value Measurements

GAAP defines fair value and establishes a framework for measuring and disclosing fair value measurements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

- Level 1 - quoted prices in active markets accessible at the measurement date for assets or liabilities
- Level 2 – observable prices based on inputs not quoted in active markets but corroborated by market data.
- Level 3 – unobservable inputs are used when little or no market data is available.

(f) Property, Plant, Improvements, and Equipment

Property, plant, improvements, and equipment are stated at cost. Depreciation, including amortization of leasehold improvements and library books, is computed using the straight-line method over the related assets' estimated useful economic lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred. Interest on debt obtained for construction purposes is capitalized during the construction phase.

If the College determines a conditional asset retirement obligation exists, it assesses whether or not the amount of the obligation can be reasonably estimated. If the obligation can be reasonably estimated, the College records the present value of the obligation, the corresponding cost is capitalized, and the liability is accreted to fair value each reporting period until settled. Depreciation of the cost is recognized over the life of the related asset.

(g) Bond Issuance Costs

Bond issuance costs are amortized using the effective interest method over the life of the associated bond issue.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(h) Student Deposits and Deferred Revenue

Student deposits along with advance payments for tuition, room and board, and fees related to the summer and fall semesters have been deferred and will be reported as unrestricted revenue in the year in which the revenue is earned.

(i) Tax Status

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is generally exempt from taxes pursuant to Section 501(a) of the Code. The College believes it has taken no significant uncertain tax positions.

(j) Foreign Currency Translation

The College's accounting records, for Valencia, Spain, are maintained in the functional currency of U.S. dollars. The cumulative adjustment from foreign currency translation at May 31, 2015 and 2014 included in Institutional Support was a net gain of \$602,283 and \$200,294, respectively.

The foreign currency equivalents used to translate Euros into U.S. dollars are as follows:

	U.S. dollar to one euro 2015	U.S. dollar to one euro 2014
Revenues and expenses at the monthly average rate:		
The annual average rate for the fiscal year ended May 31	1.23:1	1.35:1
Assets, liabilities, and net assets at the current rate as of May 31	1.21:1	1.36:1

(k) Self-Funded Insurance

Effective January 1, 2014, the College entered into a self-funding medical insurance program, open to most employees and certain of their family members, in order to manage rising health insurance costs over the long-term. A stop loss policy is in effect, which limits the College's annual loss per claimant to \$150,000 and 125% of expected claims, as calculated by the program's actuary on an aggregate basis. The College's expense under the self-insured medical plan amounted to \$7,095,822 for 2015 and the estimated unpaid claims liability, included in accrued expenses at May 31, 2015, amounted to \$1,274,500.

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(m) Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

(3) Long-Term Investments

The College's investments at fair value are summarized as follows at May 31:

	2015	2014
Money market funds	\$ 24,271,589	27,128,105
U.S. equity funds	31,462,991	33,604,162
International equity funds	82,815,594	71,422,488
Fixed income funds	—	6,609,472
Alternative investments	189,195,094	182,689,223
Total	<u>\$ 327,745,268</u>	<u>321,453,450</u>

Total return on long-term investments consisted of the following for the years ended May 31:

	2015	2014
Investment return:		
Interest and dividends	\$ 68	179,027
Unrealized gain	6,552,717	19,477,429
Realized gain	7,549,579	19,768,617
Total return on investments	<u>\$ 14,102,364</u>	<u>39,425,073</u>

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

The following tables summarize the College's investments by major category in the fair value hierarchy as of May 31, 2015 and 2014, as well as related strategy, liquidity, and funding commitments:

	Fiscal year ended May 31, 2015		Redemption or liquidation	Days' notice	Related unfunded commitment
	Level 1	Total			
Long-term investment strategies:					
Investments at fair value:					
Cash and cash equivalents	24,271,589	24,271,589	Daily	N/A	None
Traditional equity index funds	7,858,577	7,858,577	Daily	1	None
Investments at net asset value:					
Domestic equities:					
Large cap long/short funds		23,604,414	Quarterly	60	None
Global (excluding U.S.) equities:					
Developed markets		75,524,995	Various (1)	6 and 30	None
Emerging Markets		7,290,599	Quarterly	90	None
Hedged equity funds of funds:					
Multiple strategies		12,111,126	Quarterly	45	None
Private equity and venture capital funds		33,350,469	Illiquid (2)	N/A	5,122,720
Real assets:					
Commodities oil and energy		2,171,963	Illiquid (3)	N/A	635,981
Private real estate		9,350,520	Illiquid	N/A	8,334,205
Direct hedge equity/multiple strategies		81,701,679	Various (4)	90	None
Direct absolute return/multiple strategies		50,509,337	Various (5)	45 and 90	None
Total	\$ 32,130,166	327,745,268			

(1) Funds with monthly redemption = \$42,957,764, quarterly redemption = \$28,171,577, illiquid = \$4,395,654

(2) These funds are expected to liquidate within 1-8 years and total \$33,350,469

(3) Variety of benchmarks and limitations on withdrawals; dissolutions from 2015 to 2018

(4) Funds with semi-annual redemption = \$13,484,526, annual redemption \$29,108,222, illiquid \$13,791,832, Locked up \$9,089,900, Rolling 3 year 90 days notice \$16,227,199

(5) Funds with annual redemption \$50,486,410, illiquid \$22,927

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

	Fiscal year ended May 31, 2014		Redemption or liquidation	Days' notice	Related unfunded commitment
	Level 1	Total			
Long-term investment strategies:					
Investments at fair value:					
Cash and cash equivalents	27,128,105	27,128,105	Daily	N/A	None
Fixed income	6,609,472	6,609,472	Daily	1	None
Traditional equity index funds	9,025,232	9,025,232	Daily	1	None
Investments at net asset value:					
Domestic equities:					
Large cap long/short funds		24,578,930	Quarterly	60	None
Global (excluding U.S.) equities:					
Developed markets		71,422,488	Various (1)	6, 30, N/A	None
Hedged equity funds of funds:					
Multiple strategies		58,119,588	Various (2)	45, 30, N/A	None
Private equity and venture capital funds					
		48,061,006	Illiquid (3)	N/A	5,503,950
Real assets:					
Commodities oil and energy		6,802,045	Illiquid (4)	N/A	5,112,425
Private real estate		629,212	Illiquid	N/A	6,780,416
Direct hedge equity/multiple strategies					
		44,789,171	Illiquid (5)	90	None
Direct absolute return/multiple strategies					
		24,288,201	Various (6)	45 and 90	None
Total	<u>\$ 42,762,809</u>	<u>321,453,450</u>			

(1) Funds with monthly redemption = \$41,493,206, quarterly redemption = \$26,058,590, illiquid = \$3,870,692

(2) Funds with annual redemption \$27,965,384, quarterly redemption total \$11,225,475, Illiquid \$12,882,126, Locked up \$6,046,603

(3) These funds are expected to liquidate within 1-8 years

(4) Variety of benchmarks and limitations on withdrawals; dissolutions from 2015 to 2018

(5) Funds illiquid - \$30,411,391, Rolling 3 years 90 days \$14,377,780

(6) Funds with annual redemption \$24,265,052, illiquid \$23,149

No investments at fair value are considered to be Level 2 or Level 3 investments in the fair value hierarchy at May 31, 2015 or 2014, respectively.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

Alternative investments are redeemable with the fund at NAV under the original terms of the partnership agreement and/or subscription agreements and operations of underlying funds. All alternative investment fund redemptions require written notice prior to the redemption period. The long-term investments' fair values as of May 31, 2015 are classified below by redemption period:

	Investment fair values
Investments redemption period:	
Daily	\$ 32,130,166
Monthly	42,957,764
Quarterly	87,403,914
Semi-Annually	13,484,526
Annually	79,594,633
Locked up or illiquid	72,174,265
Total as of May 31, 2015	<u>\$ 327,745,268</u>

The investments categorized as locked up are those funds that are locked up based on subscription agreements until liquidation, such as private equity and real asset funds.

(4) Endowment

The College's endowment consists of approximately 170 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees (the Board) to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law and Balances

The College is subject to UPMIFA as adopted by the Commonwealth of Massachusetts. Under UPMIFA, the Board has discretion to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Seven criteria are to be used to guide the College in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the College and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the College; and 7) the investment policy of the College.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the permanently restricted amount will remain intact. This perspective is

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

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aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic dollar value may be dipped into on a temporary basis.

The College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets, until appropriated for spending by the Board.

Endowment funds consisted of the following at May 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	11,419,000	29,851,592	41,270,592
Board-designated endowment funds	<u>286,474,676</u>	<u>—</u>	<u>—</u>	<u>286,474,676</u>
Total endowed funds	<u>\$ 286,474,676</u>	<u>11,419,000</u>	<u>29,851,592</u>	<u>327,745,268</u>

Endowment funds consisted of the following at May 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	11,079,763	23,986,586	35,066,349
Board-designated endowment funds	<u>286,387,101</u>	<u>—</u>	<u>—</u>	<u>286,387,101</u>
Total endowed funds	<u>\$ 286,387,101</u>	<u>11,079,763</u>	<u>23,986,586</u>	<u>321,453,450</u>

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Changes in endowment funds for the year ended May 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment funds, June 1, 2014	\$ 286,387,101	11,079,763	23,986,586	321,453,450
Investment return:				
Investment gain	68	—	—	68
Net appreciation	12,210,686	1,891,610	—	14,102,296
Total investment return	12,210,754	1,891,610	—	14,102,364
Contributions	—	—	5,865,006	5,865,006
Appropriation of endowment assets for expenditure	(11,425,615)	(1,552,373)	—	(12,977,988)
Transfers from board-designated funds	(697,564)	—	—	(697,564)
Endowment funds, May 31, 2015	<u>\$ 286,474,676</u>	<u>11,419,000</u>	<u>29,851,592</u>	<u>327,745,268</u>

Changes in endowment funds for the year ended May 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment funds, June 1, 2013	\$ 260,024,695	7,535,825	23,073,915	290,634,435
Investment return:				
Investment income	157,544	21,483	—	179,027
Net appreciation	34,416,973	4,829,073	—	39,246,046
Total investment return	34,574,517	4,850,556	—	39,425,073
Contributions	—	—	912,671	912,671
Reclassification of contributions	(179)	179	—	—
Appropriation of endowment assets for expenditure	(10,236,051)	(1,306,797)	—	(11,542,848)
Transfers to board-designated funds	2,024,119	—	—	2,024,119
Endowment funds, May 31, 2014	<u>\$ 286,387,101</u>	<u>11,079,763</u>	<u>23,986,586</u>	<u>321,453,450</u>

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. No deficiencies of this nature are reported as reductions in unrestricted net assets as of May 31, 2015 and 2014. These deficiencies result from unfavorable

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

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market fluctuations that occurred after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

(c) *Return Objectives and Risk Parameters*

The College has adopted investment and spending policies for endowment assets that are intended to ensure a total return (yield plus capital appreciation) necessary to at least preserve, but expected to enhance (in real dollar terms) endowment assets, while providing a dependable source of income for current operations and scholarships. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period as well as board-designated funds.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investments to achieve its long-term return objectives within prudent risk constraints.

(d) *Spending Policy and How the Investment Objectives Relate to Spending Policy*

State law permits the spending of gains on endowment funds over a stipulated period of time. State law allows the Board to appropriate all of the income and a specified percentage of the net appreciation as is prudent considering the College's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under the College's current endowment spending policy, which is within the guidelines specified under state law, 5% of the average of the fair value of qualifying endowment investments at the end of the previous three years is authorized for appropriation. The authorized appropriation amounted to \$12,977,988 in 2015 and \$11,542,848 in 2014. In establishing this policy, the College considered the expected return on its endowment. Accordingly, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

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(5) Property, Plant, Improvements, and Equipment

Property, plant, improvements, and equipment consisted of the following at May 31:

	<u>2015</u>	<u>2014</u>	<u>Estimated useful life</u>
Land	\$ 21,248,852	20,808,650	—
Buildings	150,813,844	150,094,976	40 years
Improvements	129,453,963	123,972,559	15 – 20 years
Furniture and equipment	41,125,951	43,417,158	3 – 10 years
Library books	2,807,314	2,644,499	10 years
Construction in progress	2,641,255	1,592,267	—
	<u>348,091,179</u>	<u>342,530,109</u>	
Less accumulated depreciation	<u>(124,480,402)</u>	<u>(116,638,641)</u>	
	<u>\$ 223,610,777</u>	<u>225,891,468</u>	

Total depreciation expense was \$12,305,973 and \$10,384,594 in 2015 and 2014, respectively.

Interest on debt obtained for construction purposes is capitalized during the construction phase. Total capitalized interest was \$2,511,799 in 2014.

(6) Bonds and Notes Payable

Bonds and Notes payable consisted of the following at May 31:

	<u>2015</u>	<u>2014</u>
(a) MDFA Revenue Bonds, Berklee College of Music Series 2011, dated September 22, 2011 (including unamortized premium of \$4,996,259 and \$4,950,944 in 2015 and 2014, respectively)	\$ 90,414,683	92,100,943
(b) MHEFA Revenue Bonds, Berklee College of Music Series 2007A, dated August 8, 2007 (including unamortized premium of \$3,516,376 in 2015 and \$3,478,835 in 2014)	155,308,669	158,928,835
(c) MDFA Revenue Bonds, Berklee College of Music Series 2013, Dated August 1, 2013	<u>12,375,000</u>	<u>13,875,000</u>
Bonds payable	<u>258,098,352</u>	<u>264,904,778</u>

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(a) MDFA Revenue Bonds, Berklee College of Music Issue, Series 2011

On September 22, 2011, the College issued \$90,000,000 Revenue Bonds, Series 2011 (the Series 2011 bonds) from the Massachusetts Development Finance Agency (MDFA). The College used some of the proceeds from the Series 2011 bonds to finance and refinance the acquisition, design, and construction of several real estate projects located primarily on Massachusetts Avenue. The Series 2011 bonds bear interest at rates ranging from 2.00% to 5.00% and are due in varying installments of \$141,900 to \$4,358,725 until October 1, 2041. Principal payments began on October 1, 2012. Proceeds from these bonds had been fully spent as of May 31, 2014.

(b) MHEFA Revenue Bonds, Berklee College of Music Issue, Series 2007A

On August 8, 2007, the College issued \$173,510,000 Revenue Bonds, Series 2007A (the Series 2007A bonds) from the Massachusetts Health and Education Facilities Authority (MHEFA). The Series 2007A bonds bear interest at rates ranging from 3.88% to 5.00% and are due in varying installments of \$271,000 to \$8,393,493 until October 1, 2037. Principal payments began in October 2008. Proceeds from these bonds had been fully spent as of May 31, 2012.

(c) MDFA Revenue Bonds, Berklee College of Music Issue, Series 2013

On August 1, 2013, the College issued \$15,000,000 Revenue Bonds, Series 2013 (the Series 2013 bonds) from the Massachusetts Development Finance Agency. The Series 2013 bonds bear interest at a fixed rate of 2.14% and are due in varying installments until August 1, 2023. Included in deposits with bond trustees at May 31, 2015 was \$5,430,515 for project funds. The fair value of investments held by the bond trustees are based on market quoted information in an active market, and are categorized as Level 1 for purposes of valuation disclosure.

Scheduled long-term maturities of existing indebtedness at May 31, 2015 in each of the next five years and in the aggregate thereafter are as follows:

	<u>Amount</u>
Year ending May 31:	
2016	\$ 6,700,000
2017	6,945,000
2018	7,205,000
2019	7,495,000
2020	7,795,000
Thereafter	<u>213,860,000</u>
	250,000,000
Plus unamortized bond premium	<u>8,098,352</u>
	<u>\$ 258,098,352</u>

The College's bonds trade periodically in a limited market. Utilizing available market pricing information provided by a third party, the College determined that the estimated fair value of its total

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

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indebtedness at May 31, 2015 was \$257,302,657 related to these bonds. Because the fair value of the bonds is based predominantly on observable inputs that are corroborated by market data, it is categorized as Level 2 for purposes of valuation disclosure.

(d) Notes Payable

In February 2008, the College entered into an uncollateralized loan with a bank in the amount of \$17,290,000 (the note payable). The outstanding principal balance must be repaid on or before March 1, 2015. Interest was paid monthly, and the loan bore interest at a seven-day market rate plus 25 basis points (0.448% at May 31, 2013). This note payable was paid in full on September 3, 2013.

(e) Revolving Credit Facility

The College established a three-year revolving line of credit facility with JP Morgan Chase in the amount of \$30,000,000 on June 3, 2013. Advances on this facility can be made as a Base Rate loan, a money market loan, or a LIBOR loan and interest will apply based on the commercial base rate, the money market rate in effect for the first day, and the adjusted LIBOR for the period, respectively. A nonusage facility fee of 0.10% per annum will apply. There were no outstanding borrowings under this facility at May 31, 2015.

(f) Interest Expense and Amortization Costs

Interest expense on bonds and notes payable, net of capitalized interest, was \$12,175,427 and \$9,868,720 in 2015 and 2014, respectively. Amortization of bond issue costs was not significant in both 2015 and 2014, respectively.

(7) Allowances for Uncollectible Accounts and Loans Receivable

Accounts receivable, arising from student tuition and fees, are presented net of an allowance for uncollectible accounts of \$1,011,730 and \$661,575 at May 31, 2015 and 2014, respectively.

Loans receivable, primarily from the federal Perkins loan program, are net of an allowance for uncollectible accounts of \$1,000,000, at May 31, 2015 and 2014.

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(8) Contributions Receivable

Contributions receivable consisted of the following at May 31:

	<u>2015</u>	<u>2014</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 4,899,561	3,608,858
One year to five years	9,895,827	3,043,588
	<u>14,795,388</u>	<u>6,652,446</u>
Less allowance for uncollectible pledges	<u>(1,479,284)</u>	<u>(664,990)</u>
	13,316,104	5,987,456
Less present value discount	<u>(516,059)</u>	<u>(169,943)</u>
	<u>\$ 12,800,045</u>	<u>5,817,513</u>

The present value of estimated future cash flows is measured utilizing a discount rate equivalent to Treasury yields of similar maturity (3-year, 5-year, and 10-year rates) based on the anticipated pledge fulfillment date. The rates utilized to calculate the discount ranged from 0.52% to 3.05% in 2015 and 2014.

In fiscal year 2012, the College was informed that it was one of the named beneficiaries of a testamentary trust. The College received \$1,717,188 and \$2,640,000 in 2015 and 2014, respectively. Included in the May 31, 2014 unconditional promises to be collected in less than one year was the final anticipated distribution of \$1,360,000.

(9) Retirement Plans

The College offers a defined-contribution plan to substantially all employees. Through December 31, 2011, this plan provided for investments through the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), as well as The Standard. Beginning January 1, 2012, this plan provided for investments through the TIAA and CREF, as well as Transamerica Retirement Services (formerly known as Diversified Retirement Corporation). The College matches all savings in a pay period up to 3% of pay for full-time employees hired before January 1, 2012, up to 6% of pay for full-time employees hired January 1, 2012 or later, and up to 50% of 10% of pay for eligible part-time employees who are eligible for medical benefits under the College's healthcare program. All eligible, full-time employees hired after January 1, 2012 also receive an additional 3% of pay. The College contributed \$3,185,504 and \$3,149,628, respectively, for the years ended May 31, 2015 and 2014.

The College also sponsors a noncontributory, defined-benefit pension plan (the pension plan) that covers substantially all those full-time employees that were hired prior to January 1, 2012. The pension plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the College and their compensation rates near retirement. Guidance under GAAP requires the retirement benefit plan's funding deficit or surplus to be recognized in the sponsoring employer's statement of financial position

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

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and plan assets and benefit obligations to be measured as of the date of the College's fiscal year-end. The College froze the pension plan to new membership as of January 1, 2012. Notwithstanding, certain part-time faculty members active at December 31, 2011, who achieve full-time status after December 31, 2011 will be enrolled in the pension plan.

Pension expense for the years ended May 31 includes the following components:

	2015	2014
Service cost of the current period	\$ 6,123,249	5,929,172
Interest cost on the projected benefit obligation	5,272,784	5,035,619
Expected return on assets held in the plan	(5,879,594)	(5,622,840)
Recognition of net actuarial loss	3,272,757	3,210,944
Pension expense	<u>\$ 8,789,196</u>	<u>8,552,895</u>

The following sets forth the change in benefit obligation, change in plan assets, and funded status of the plan and the amounts shown in the accompanying consolidated statements of net assets at May 31:

	2015	2014
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 142,426,169	131,058,772
Service cost	6,123,249	5,929,172
Interest cost	5,272,784	5,035,619
Actuarial loss	3,244,265	7,738,322
Benefits paid	<u>(4,728,338)</u>	<u>(7,335,716)</u>
Benefit obligation at end of year	<u>152,338,129</u>	<u>142,426,169</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	86,225,560	76,782,062
Actual return on plan assets	3,332,020	9,939,533
Employer contributions	6,496,893	6,839,681
Benefits paid	<u>(4,728,338)</u>	<u>(7,335,716)</u>
Fair value of assets held in the plan	<u>91,326,135</u>	<u>86,225,560</u>
Pension liability at end of year	<u>\$ (61,011,994)</u>	<u>(56,200,609)</u>

Pension expense was computed based on a weighted average discount rate of 3.75% for 2015 and 3.85% for 2014, expected long-term rate of return on assets of 7.00% for 2015 and 2014, and future personnel expense increases of 3% for 2015 and 2014.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

The discount rate used in determining the actuarial present value of the projected benefit obligation in 2015 and 2014 was 3.75% and 3.85%, respectively.

The benefits expected to be paid after May 31, 2015 are as follows:

Years ending May 31:	
2016	\$ 11,907,041
2017	8,501,774
2018	9,183,626
2019	9,525,541
2020	9,870,779
2021–2025	51,129,103

The expected long-term rate of return on assets was determined by considering the current and expected asset allocations, as well as historical and expected returns on the categories of plan assets.

The College's asset allocations and investment policy guidelines as of the measurement date are as follows:

	Target allocation	Plan assets at May 31	
		2015	2014
Equity securities	55%	47%	46%
Debt securities	15	12	13
Real estate	—	4	3
Other	30	37	38

The investment strategy of the pension plan is designed to maximize total return (income plus capital change) while preserving the capital values of the funds, protecting the funds from inflation, and providing liquidity as needed for plan benefits. The objective is to provide a rate of return that meets or exceeds the expected long-term rate of return on plan assets. Equity and fixed income managers will be expected to achieve an annualized total rate of return over a three-to five-year period, which exceeds an appropriate market index rate of return by 1.50% and 0.75% points compounded annually, net of costs and fees, respectively.

Other changes in pension liability recognized in unrestricted net assets in fiscal years 2015 and 2014 were as follows:

	2015	2014
Net (gain) loss	\$ 2,519,082	210,692
Amortization of prior service costs	—	—
Total	\$ 2,519,082	210,692

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

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The investment strategy of the noncontributory retirement plan is to allocate assets among investment classes that will provide for stability and growth of plan assets in varying market environments. To that end, the plan has adopted policies that require each asset class to be diversified and that multiple managers with differing styles of management are employed. On a quarterly basis, the plan reviews progress toward achieving its and individual managers' performance objectives.

The value of the College's defined-benefit pension plan assets by asset class are as follows at May 31, 2015:

	2015	
	Level 1	Total
Investments at fair value:		
Cash and fixed income	\$ 10,910,460	10,910,460
Domestic equities	6,408,730	6,408,730
International equities	8,130,710	8,130,710
Investments at net asset value:		
Domestic equities		12,990,727
International equities		18,981,663
Hedge funds		26,156,745
Real assets		5,095,620
Private equity and venture capital		2,651,480
	<u>\$ 25,449,900</u>	<u>91,326,135</u>

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

The value of the College's defined-benefit pension plan assets by asset class are as follows at May 31, 2014:

	2014	
	Level 1	Total
Investments at fair value:		
Cash and fixed income	\$ 14,035,653	14,035,653
Domestic equities	6,298,599	6,298,599
International equities	9,629,421	9,629,421
Investments at net asset value:		
Domestic equities		8,076,093
International equities		18,989,860
Hedge funds		20,810,607
Real assets		4,137,965
Private equity and venture capital		4,247,362
	<u>\$ 29,963,673</u>	<u>86,225,560</u>

No investments at fair value are considered to be Level 2 or Level 3 investments in the fair value hierarchy at May 31, 2015 and 2014, respectively.

(10) Lease Commitments

The College leases space in various buildings for its operations. The following is a schedule of future minimum lease payments under operating leases as of May 31:

	Amount
Fiscal year:	
2016	\$ 3,954,412
2017	2,427,722
2018	2,164,435
2019	2,007,700
2020	1,238,410
Thereafter	336,363

Rental expense was \$4,435,424 in 2015 and \$3,184,325 in 2014.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

The College owns several buildings in which there are commercial tenants. The following is a schedule of future minimum rental income under operating leases as of May 31:

	<u>Amount</u>
Fiscal year:	
2016	\$ 969,378
2017	913,022
2018	888,117
2019	758,196
2020	627,243
Thereafter	1,242,521

Rental income was \$1,576,417 in 2015 and \$1,616,780 in 2014.

(Continued)

BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(11) Restricted Net Assets

Temporarily restricted net assets consist of the following at May 31:

	<u>2015</u>	<u>2014</u>
Unspent gifts:		
Instruction	\$ 1,853,408	2,319,266
Institutional support	1,320,228	1,832,059
Student aid	4,305,326	7,738,629
Facilities	697,885	—
Capital campaign programs	4,727,310	7,187,635
	<u>12,904,157</u>	<u>19,077,589</u>
Unappropriated gains from permanently restricted net assets	11,419,000	11,079,763
Outstanding pledges	7,520,652	4,264,192
	<u>\$ 31,843,809</u>	<u>34,421,544</u>

The College classifies unspent gains from permanently restricted funds as temporarily restricted until it appropriates and spends such sums in accordance with the terms of the underlying endowment funds, at which time, they will be reclassified to unrestricted revenues.

Permanently restricted net assets consist of the following at May 31:

	<u>2015</u>	<u>2014</u>
Student aid	\$ 21,221,418	18,368,421
Instruction	5,617,767	4,108,467
Institutional support	3,012,407	1,509,698
Outstanding pledges	5,235,577	329,316
	<u>\$ 35,087,169</u>	<u>24,315,902</u>

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BERKLEE COLLEGE OF MUSIC, INC.

Notes to Consolidated Financial Statements

May 31, 2015 and 2014

(12) Functional Expenses

Following summary presents the effect on functional expenses had the direct and indirect cost components been allocated to the functional expenses for the years ended May 31, 2015 and 2014:

		May 31, 2015				
		Indirect costs				
		Direct costs	Maintenance	Depreciation and amortization	Interest expense	Total expenses
Expenses:						
Education and general:						
Instruction	\$	86,213,754	9,777,666	4,815,543	6,163,991	106,970,954
Academic support		12,126,213	477,612	235,225	301,094	13,140,144
Student and enrollment services		15,166,528	282,606	139,185	178,159	15,766,478
Institutional support and advancement		37,945,854	3,601,149	1,773,581	2,270,220	45,590,804
Auxiliary enterprises		27,768,774	2,825,213	5,422,694	3,261,963	39,278,644
Total operating expenses	\$	179,221,123	16,964,246	12,386,228	12,175,427	220,747,024

		May 31, 2014				
		Indirect costs				
		Direct costs	Maintenance	Depreciation and amortization	Interest expense	Total expenses
Expenses:						
Education and general:						
Instruction	\$	80,837,987	9,556,390	4,063,974	5,001,502	99,459,853
Academic support		12,452,012	466,803	198,514	244,309	13,361,638
Student and enrollment services		14,603,365	276,210	117,462	144,560	15,141,597
Institutional support and advancement		33,892,585	3,519,652	1,496,776	1,842,071	40,751,084
Auxiliary enterprises		22,805,354	2,825,213	4,576,364	2,636,278	32,843,209
Total operating expenses	\$	164,591,303	16,644,268	10,453,090	9,868,720	201,557,381

(13) Subsequent Events

In June 2015, the College signed a memorandum of understanding (MOU) with The Boston Conservatory to explore a merger of the two institutions.

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events subsequent to May 31, 2015 and through September 25, 2015, the date on which the consolidated financial statements were issued.



CONFIDENTIAL



CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015 and 2014

With Independent Auditor's Report



THE BOSTON CONSERVATORY AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Boston Conservatory and Affiliate

We have audited the accompanying consolidated financial statements of The Boston Conservatory and Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014 and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information included in the accompanying consolidating schedules is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
September 29, 2015

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidated Statements of Financial Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,591,822	\$ 5,060,207
Cash available for construction	-	2,042,469
Accounts receivable, net	129,962	56,142
Student loans receivable, net	189,010	148,910
Current portion of pledges receivable	798,403	487,207
Prepaid expenses and other	<u>156,432</u>	<u>130,444</u>
Total current assets	3,865,629	7,925,379
Pledges receivable, net of current portion, discount and reserve	1,805,762	1,182,400
Investments	14,298,539	12,238,062
Leverage loan receivable and interest	22,146,520	22,055,075
Property and equipment, net	50,100,218	31,523,063
Projects under development	34,631	18,955,685
Debt issue costs, net	<u>1,498,273</u>	<u>1,545,449</u>
Total assets	<u>\$ 93,749,572</u>	<u>\$ 95,425,113</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of bond payable	\$ 374,229	\$ -
Current portion of capital lease obligation	-	23,377
Accounts payable - operating	481,136	439,987
Accrued expenses	1,014,265	1,006,961
Accrued construction costs	-	2,428,493
Deferred revenue	<u>1,169,255</u>	<u>1,309,940</u>
Total current liabilities	3,038,885	5,208,758
Deferred compensation	450,000	-
Mortgage notes payable	29,250,000	29,250,000
Bond payable, net of current portion	24,125,771	24,500,000
Term loan payable	3,434,723	5,136,338
Accrued expenses	<u>-</u>	<u>500,000</u>
Total liabilities	<u>60,299,379</u>	<u>64,595,096</u>
Net assets		
Unrestricted		
Operating	16,291,500	16,815,379
Board designated	<u>8,756,127</u>	<u>7,277,348</u>
Total unrestricted	25,047,627	24,092,727
Temporarily restricted	7,081,233	5,868,875
Permanently restricted	<u>1,321,333</u>	<u>868,415</u>
Total net assets	<u>33,450,193</u>	<u>30,830,017</u>
Total liabilities and net assets	<u>\$ 93,749,572</u>	<u>\$ 95,425,113</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidated Statement of Activities

Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015				2014
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Operating revenue					
Tuition and fees	\$ 31,062,100	\$ -	\$ -	\$ 31,062,100	\$ 31,288,856
Less: financial aid and scholarships	<u>(9,955,986)</u>	<u>-</u>	<u>-</u>	<u>(9,955,986)</u>	<u>(9,823,368)</u>
Tuition and fees, net	21,106,114	-	-	21,106,114	21,465,488
Auxiliary enterprises	4,106,815	-	-	4,106,815	4,043,965
Grants and contributions	597,182	816,883	-	1,414,065	1,224,626
Facilities rental and other income	381,070	-	-	381,070	443,304
Endowment appropriation	194,960	29,380	-	224,340	216,715
Other investment income	-	86,261	-	86,261	74,747
Net assets released from restrictions	<u>555,746</u>	<u>(555,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>26,941,887</u>	<u>376,778</u>	<u>-</u>	<u>27,318,665</u>	<u>27,468,845</u>
Operating expenses					
Program services					
Instruction	12,642,648	-	-	12,642,648	12,358,450
Student services	2,537,400	-	-	2,537,400	2,128,107
Academic support	2,337,374	-	-	2,337,374	2,219,450
Auxiliary enterprises	<u>2,368,689</u>	<u>-</u>	<u>-</u>	<u>2,368,689</u>	<u>2,402,492</u>
Total program services	19,886,111	-	-	19,886,111	19,108,499
Institutional advancement	1,870,844	-	-	1,870,844	1,629,133
Institutional support	<u>5,814,163</u>	<u>-</u>	<u>-</u>	<u>5,814,163</u>	<u>5,190,348</u>
Total operating expenses	<u>27,571,118</u>	<u>-</u>	<u>-</u>	<u>27,571,118</u>	<u>25,927,980</u>
Change in net assets from operations	<u>(629,231)</u>	<u>376,778</u>	<u>-</u>	<u>(252,453)</u>	<u>1,540,865</u>
Nonoperating revenue (expenses):					
Investment return, net of endowment appropriation	(228,856)	(126,820)	-	(355,676)	543,254
Grants and contributions	-	2,811,077	452,918	3,263,995	2,182,451
Loss on disposal of equipment	(35,690)	-	-	(35,690)	(95,017)
Net assets released from capital restriction	<u>1,848,677</u>	<u>(1,848,677)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue	<u>1,584,131</u>	<u>835,580</u>	<u>452,918</u>	<u>2,872,629</u>	<u>2,630,688</u>
Total change in net assets	954,900	1,212,358	452,918	2,620,176	4,171,553
Net assets, beginning of year	<u>24,092,727</u>	<u>5,868,875</u>	<u>868,415</u>	<u>30,830,017</u>	<u>26,658,464</u>
Net assets, end of year	<u>\$ 25,047,627</u>	<u>\$ 7,081,233</u>	<u>\$ 1,321,333</u>	<u>\$ 33,450,193</u>	<u>\$ 30,830,017</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidated Statement of Activities

Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenue				
Tuition and fees	\$ 31,288,856	\$ -	\$ -	\$ 31,288,856
Less: financial aid and scholarships	<u>(9,823,368)</u>	<u>-</u>	<u>-</u>	<u>(9,823,368)</u>
Tuition and fees, net	21,465,488	-	-	21,465,488
Auxiliary enterprises	4,043,965	-	-	4,043,965
Grants and contributions	437,016	787,610	-	1,224,626
Facilities rental and other income	443,304	-	-	443,304
Endowment appropriation	187,189	29,526	-	216,715
Other investment income	-	74,747	-	74,747
Net assets released from restrictions	<u>911,411</u>	<u>(911,411)</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>27,488,373</u>	<u>(19,528)</u>	<u>-</u>	<u>27,468,845</u>
Operating expenses				
Program services				
Instruction	12,358,450	-	-	12,358,450
Student services	2,128,107	-	-	2,128,107
Academic support	2,219,450	-	-	2,219,450
Auxiliary enterprises	<u>2,402,492</u>	<u>-</u>	<u>-</u>	<u>2,402,492</u>
Total program services	19,108,499	-	-	19,108,499
Institutional advancement	1,629,133	-	-	1,629,133
Institutional support	<u>5,190,348</u>	<u>-</u>	<u>-</u>	<u>5,190,348</u>
Total operating expenses	<u>25,927,980</u>	<u>-</u>	<u>-</u>	<u>25,927,980</u>
Change in net assets from operations	<u>1,560,393</u>	<u>(19,528)</u>	<u>-</u>	<u>1,540,865</u>
Nonoperating revenue (expenses)				
Investment return, net of endowment appropriation	48,488	494,766	-	543,254
Grants and contributions	-	2,181,901	550	2,182,451
Loss on disposal of equipment	(95,017)	-	-	(95,017)
Net assets released from capital restriction	<u>2,163,964</u>	<u>(2,163,964)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue	<u>2,117,435</u>	<u>512,703</u>	<u>550</u>	<u>2,630,688</u>
Total change in net assets	3,677,828	493,175	550	4,171,553
Net assets, beginning of year	<u>20,414,899</u>	<u>5,375,700</u>	<u>867,865</u>	<u>26,658,464</u>
Net assets, end of year	<u>\$ 24,092,727</u>	<u>\$ 5,868,875</u>	<u>\$ 868,415</u>	<u>\$ 30,830,017</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidated Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 2,620,176	\$ 4,171,553
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,491,146	2,080,254
Donated stock	(1,274,677)	(164,513)
Loss on disposal of equipment	35,690	95,017
Grants and contribution revenue for long term purposes	(3,263,995)	(2,182,451)
Net depreciation (appreciation) in fair value of investments	252,373	(554,698)
Changes in operating assets and liabilities		
Accounts receivable	(73,820)	71,128
Pledges receivable	80,002	497,354
Prepaid expenses and other	(25,988)	47,288
Accrued interest on leverage loan receivable	(91,445)	(84,077)
Accounts payable - operating	(38,943)	248,195
Accrued expenses	88,242	95,991
Deferred revenue	(141,531)	113,464
Deferred compensation	450,000	-
Net cash provided by operating activities	<u>1,107,230</u>	<u>4,434,505</u>
Cash flows from investing activities		
Purchase of investments	(5,537,151)	(1,469,922)
Proceeds from sale of investments	4,498,978	1,266,103
Increase in student loans receivable	(40,100)	(19,433)
Decrease (increase) in restricted cash	2,042,469	(2,042,469)
Acquisitions of property and equipment	(975,128)	(863,759)
Cash paid for projects under development	<u>(4,089,126)</u>	<u>(9,428,345)</u>
Net cash used in investing activities	<u>(4,100,058)</u>	<u>(12,557,825)</u>
Cash flows from financing activities		
Proceeds from issuance of bonds and term loan	-	10,999,652
Principal payments on term loan payable	(1,701,615)	(1,863,662)
Payments on capital lease obligation	(23,377)	(26,993)
Proceeds from contributions for long term purposes	<u>2,249,435</u>	<u>1,645,961</u>
Net cash provided by financing activities	<u>524,443</u>	<u>10,754,958</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,468,385)</u>	<u>2,631,638</u>
Cash and cash equivalents, beginning of year	<u>5,060,207</u>	<u>2,428,569</u>
Cash and cash equivalents, end of year	<u>\$ 2,591,822</u>	<u>\$ 5,060,207</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Organization

The Boston Conservatory (the Conservatory), a Massachusetts nonprofit organization founded in 1867, is an accredited performing arts college located in Boston's Fenway area, offering Bachelor and Master degrees under four-year and two-year programs, respectively. The Conservatory's student population is drawn from throughout the United States as well as internationally and enrolls approximately 800 students. The Conservatory participates in student financial aid programs sponsored by the United States Department of Education, which facilitates the payment of tuition and other expenses for a significant portion of its students.

In 2008, the Conservatory established The Boston Conservatory Realty Corporation (the Realty Corporation), as a Massachusetts nonprofit organization, to hold and manage a portion of its existing real property. The Realty Corporation was formed to assist with the facilitation of a New Markets tax credit financing structure related to a major capital renovation project. The property owned by the Realty Corporation continues to be held for the exclusive use and benefit of the Conservatory and the Conservatory is the sole member of the Realty Corporation. As such, the financial statements of the Realty Corporation are consolidated into the financial statements of the Conservatory.

The Conservatory and the Realty Corporation are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Conservatory and the Realty Corporation are also exempt from state income taxes. Donors may deduct contributions made to the Conservatory and the Realty Corporation within IRC requirements.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Conservatory and the Realty Corporation (collectively, the Organization). All significant intercompany transactions have been eliminated.

The Organization prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Use of Estimates

The preparation of consolidated financial statements, in accordance with U.S. GAAP, 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 consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for funds held in money market accounts with its investment broker and maintained as part of the Organization's investment portfolio.

The Organization maintains its operating cash balances in a national bank. The Federal Deposit Insurance Corporation insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceed the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its operating cash balance.

Financial Instruments

Cash and cash equivalents, accounts receivable, student loans receivable, pledges receivable, investments, leverage loan receivable and interest, accounts payable, accrued expenses, capital lease obligation, bond payable, mortgage notes payable and term loan payable have a carrying value which approximates fair value.

Accounts Receivable and Student Loans Receivable

The Organization extends credit to students in the form of accounts receivable and loans for educational expenses. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization establishes an allowance for potentially uncollectible amounts by identifying problem accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries are recorded when received.

Accounts receivable at June 30, 2015 and 2014 are reported net of an allowance for doubtful accounts of \$183,148 and \$166,629, respectively. Student loans receivable at June 30, 2015 and 2014, are reported net of an allowance for doubtful accounts of \$30,434 and \$19,500, respectively.

Pledges Receivable

Pledges receivable consist of contributions committed to the Organization, including the capital contributions. Pledges are recorded at their fair value when unconditionally committed.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Fair Value Measurements and Disclosures

The Organization follows the accounting and disclosure standards pertaining to FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgement or estimation

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

The following table presents the Organization's investments by level within the valuation framework:

	<u>Fair value measurements using:</u>		
	<u>Jun 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Corporate bonds	\$ 3,116,580	\$ -	\$ 3,116,580
U.S. Treasury notes	1,913,034	-	1,913,034
Equity mutual funds	2,927,978	2,927,978	-
Marketable equity securities	4,706,128	4,706,128	-
Cash and cash equivalents	<u>915,431</u>	<u>915,431</u>	<u>-</u>
	13,579,151	8,549,537	5,029,614
Investments measured at net asset value:			
Limited partnership interests	<u>719,388</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,298,539</u>	<u>\$ 8,549,537</u>	<u>\$ 5,029,614</u>

	<u>Fair value measurements using:</u>		
	<u>June 30, 2014</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Corporate bonds	\$ 4,097,544	\$ -	\$ 4,097,544
U.S. Treasury notes	1,538,330	-	1,538,330
Equity mutual funds	1,747,103	1,747,103	-
Marketable equity securities	4,433,739	4,433,739	-
Cash and cash equivalents	<u>421,346</u>	<u>421,346</u>	<u>-</u>
	<u>\$ 12,238,062</u>	<u>\$ 6,602,188</u>	<u>\$ 5,635,874</u>

The fair value of Level 2 investments has been measured using quoted market prices of similar assets and the fair value market approach, as determined by several factors, including its credit rating relative to a corporate bond or government security with similar maturity or duration. Investments in private equity, real estate, and natural resources are in the form of limited partnership interests, for which there are no readily determinable quoted market prices, and is determined based on the fund manager's assumptions. The fair value of the limited partnership interests are held at the fund manager's reported net asset value (NAV), unless information becomes available indicating the reported NAV may require adjustment. The methods used by fund managers to assess the NAV vary by asset class. The Organization monitors the valuation methodologies and practices of these fund managers.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Investments

Investments include primarily revolving loan funds, donor endowment funds, donor restricted investments and board designated net assets. Accordingly, investments have been classified as non-current assets on the accompanying consolidated statements of financial position regardless of maturity or liquidity. The Board of Trustees has established policies governing long-term investments, which are held within several investment accounts, based on the purposes for those investment accounts and their earnings.

Interest and dividends are recorded when earned. Realized and unrealized gains and losses are recognized based on market value changes during the period.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method and the half-year convention for additions over the following estimated useful lives:

	<u>Years</u>	
Building	33-40	
Building improvements	10	
Furniture and equipment	3-20	
Leasehold improvements	2-10	or the life of the lease
Software	7	

Risks and Uncertainties

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 and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term would materially affect the amounts reported on the consolidated statement of financial position.

Deferred Revenue

Tuition and fees are recorded as services are provided. Fees and deposits received in advance of services being provided are recorded as deferred revenue. The revenue will be recognized in the fiscal year when the services are provided.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Net Assets

Resources are reported, for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Unrestricted

Unrestricted net assets are not subject to donor-imposed stipulations or restricted by state law. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its unrestricted net assets into the following categories:

Operating net assets - Net assets that are available for operations and bear no external restrictions and net assets expended and resources available for property and equipment, net of related debt.

Board designated net assets - Net asset amounts designated by the Board of Trustees for strategic reserve purposes. These funds can only be spent with the approval of the Board of Trustees.

Temporarily Restricted

Temporarily restricted net assets are those received or committed with donor restrictions that have not yet been expended for their designated purpose (purpose restricted) or amounts for unrestricted use in future periods (time restricted). Temporarily restricted net assets consisted of the following:

Accumulated unspent gains on permanently restricted net assets, for a revolving loan program, and scholarships - Net asset amounts which represent unappropriated gains on permanently restricted student loans and scholarship endowment investments in accordance with U.S. GAAP and Massachusetts state law.

Scholarships - Net asset amounts received with donor restrictions for scholarships that have not been expended for their designated purposes. The majority of these scholarship funds are invested with the Organization's endowed investment portfolio.

Capital pledges - Net asset amounts received with donor restrictions for the construction or renovation of the Organization's facilities.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Revolving loan program	\$ 483,745	\$ 490,445
Scholarships	4,131,530	3,942,648
Capital pledges	2,307,794	1,318,329
Other	<u>158,164</u>	<u>117,453</u>
	<u>\$ 7,081,233</u>	<u>\$ 5,868,875</u>

Permanently Restricted

Permanently restricted net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the investment return for purposes such as financial aid and instruction. Such assets primarily represent the historic dollar amount of the donor-restricted gift.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, situations in which the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Promises to give that are scheduled to be received after the statement of financial position date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional contributions revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

The Organization reports contributions of land, buildings, or equipment as unrestricted support, unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support and reclassified to unrestricted net assets when the assets are acquired and placed in service.

Changes in net assets which are excluded from change in net assets from operations include investment return, net of endowment appropriation, loss on disposal of equipment, contributions or grant revenue which are permanently restricted by the donor or which are donor-restricted to be used for the purposes of acquiring long-term assets, and the release thereof when the Organization has complied with the donative restrictions.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2015 and 2014 were \$243,059 and \$198,479, respectively, and are included in institutional support in the accompanying consolidated statement of activities.

Tax Uncertainties

U.S. GAAP requires the Organization to report any uncertain tax positions and to adjust their consolidated financial statements for the impact thereof. As of June 30, 2015 and 2014, the Organization determined that it had no tax positions that did not meet the "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Organization files tax and information returns in the United States and Massachusetts jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

2. Pledges Receivable

The Organization holds comprehensive campaigns to raise funds for major renovations and projects and ongoing support of overall operations of the Organization.

The Organization had pledges receivable which are due as follows:

	<u>2015</u>	<u>2014</u>
Due in:		
One year	\$ 798,403	\$ 487,207
Two to five years	1,911,531	1,310,191
Six to ten years	<u>73,000</u>	<u>78,000</u>
Pledges receivable	2,782,934	1,875,398
Less: present value discount	64,960	54,482
Less: reserve for uncollectible pledges	<u>113,809</u>	<u>151,309</u>
Pledges receivable, net of discount and reserve	2,604,165	1,669,607
Less: current portion	<u>798,403</u>	<u>487,207</u>
Pledges receivable, net of current portion, discount and reserve	<u>\$ 1,805,762</u>	<u>\$ 1,182,400</u>

Pledges receivable have been discounted using discount factors based on five year U.S. Treasury note rates of 1.63% and 1.62% as of June 30, 2015 and 2014, respectively.

Included in pledges receivable are pledges from members of management, employees and the Board of Trustees in the amounts of \$626,323 and \$1,154,786 at June 30, 2015 and 2014, respectively.

3. Investments

The following is a summary of the investments:

	<u>2015</u>	<u>2014</u>
Corporate bonds	\$ 3,116,580	\$ 4,097,544
U.S. Treasury notes	1,913,034	1,538,330
Equity mutual funds	2,927,978	1,747,103
Marketable equity securities	4,706,128	4,433,739
Cash and cash equivalents	915,431	421,346
Limited partnership interests	<u>719,388</u>	<u>-</u>
Total investments	<u>\$ 14,298,539</u>	<u>\$ 12,238,062</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

The following schedule summarizes the investment return and its classification in the accompanying consolidated statements of activities:

	<u>2015</u>	<u>2014</u>
Investment income	\$ 297,172	\$ 365,340
Net (depreciation) appreciation in fair value	(252,373)	554,698
Investment fees	<u>(89,874)</u>	<u>(85,322)</u>
Total investment (loss) return	(45,075)	834,716
Less: Endowment appropriation	224,340	216,715
Other investment income used for operations	<u>86,261</u>	<u>74,747</u>
Nonoperating investment (loss) return	<u>\$ (355,676)</u>	<u>\$ 543,254</u>

4. Endowment

The Organization's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absences of donor-imposed restrictions or restrictions by state law.

The Board of Trustees of the Organization designated certain unrestricted funds accumulated from past operating surpluses as a strategic reserve. While these funds have historically been classified as funds functioning as endowment, they bear no external restrictions and may be used for any purpose approved by the Board of Trustees.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original 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 interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Return Objectives and Risk Parameters

The investment portfolio is managed to provide for the long-term support of the Organization. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk. The Organization benchmarks its portfolio performance against a number of commonly used indices.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the Organization seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Spending Policy

Earnings on permanently endowed investments are appropriated using a total return spending policy, except for the Poirier loan fund. Investment income or loss is allocated to operating and non-operating activities under this policy or based on donor instructions. The Organization appropriates 3% of a rolling three-year average of the market value for the majority of its permanently restricted investment fund. The Organization has been instructed by one donor to appropriate 4% of a rolling three-year average of the market value of the related permanently restricted investment fund. Appropriation of earnings is currently being used to support operating activities. This amounted to \$224,340 and \$216,715 for the years ended June 30, 2015 and 2014, respectively, and, along with income earned on operating investments and cash, is included in operating activities.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

The endowment net asset composition by type of fund as of June 30, 2015 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 149,095	\$ 1,159,833	\$ 1,308,928
Board-designated endowment funds	<u>8,756,127</u>	<u>-</u>	<u>-</u>	<u>8,756,127</u>
	<u>\$ 8,756,127</u>	<u>\$ 149,095</u>	<u>\$ 1,159,833</u>	<u>\$10,065,055</u>

The changes in endowment net assets for the fiscal year ended June 30, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ <u>7,277,348</u>	\$ <u>178,462</u>	\$ <u>706,915</u>	\$ <u>8,162,725</u>
Investment return (loss)				
Investment income, net of fees	126,092	26,765	-	152,857
Net depreciation in fair value	<u>(149,539)</u>	<u>(26,752)</u>	<u>-</u>	<u>(176,291)</u>
Net investment return (loss)	(23,447)	13	-	(23,434)
Grants and contributions	12,534	-	452,918	465,452
Transfer from operating funds	1,500,000	-	-	1,500,000
Appropriation of endowment assets	(194,960)	(29,380)	-	(224,340)
Appropriated funds not withdrawn	<u>184,652</u>	<u>-</u>	<u>-</u>	<u>184,652</u>
Net change in endowment	<u>1,478,779</u>	<u>(29,367)</u>	<u>452,918</u>	<u>1,902,330</u>
Endowment net assets, June 30, 2015	\$ <u>8,756,127</u>	\$ <u>149,095</u>	\$ <u>1,159,833</u>	\$ <u>10,065,055</u>

The Organization has pooled, together with its endowment, other temporarily restricted investments. As of June 30, 2015, the composition of investments by type was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Temporarily restricted investments	\$ -	\$ 3,777,250	\$ -	\$ 3,777,250
Poirier revolving loan fund	-	294,734	161,500	456,234
Total endowment funds	<u>8,756,127</u>	<u>149,095</u>	<u>1,159,833</u>	<u>10,065,055</u>
Total pooled investments	<u>\$ 8,756,127</u>	<u>\$ 4,221,079</u>	<u>\$ 1,321,333</u>	<u>\$14,298,539</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

The endowment net asset composition by type of fund as of June 30, 2014 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 178,462	\$ 706,915	\$ 885,377
Board-designated endowment funds	<u>7,277,348</u>	<u>-</u>	<u>-</u>	<u>7,277,348</u>
	<u>\$ 7,277,348</u>	<u>\$ 178,462</u>	<u>\$ 706,915</u>	<u>\$ 8,162,725</u>

The changes in endowment net assets for the fiscal year ended June 30, 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment net assets, June 30, 2013	\$ <u>7,042,786</u>	\$ <u>109,821</u>	\$ <u>706,365</u>	\$ <u>7,858,972</u>
Investment return				
Investment income, net of fees	139,507	11,523	-	151,030
Net appreciation in fair value	<u>256,192</u>	<u>86,644</u>	<u>-</u>	<u>342,836</u>
Net investment return	395,699	98,167	-	493,866
Grants and contributions	3,466	-	550	4,016
Appropriation of endowment assets	(187,189)	(29,526)	-	(216,715)
Appropriated funds not withdrawn	<u>22,586</u>	<u>-</u>	<u>-</u>	<u>22,586</u>
Net change in endowment	<u>234,562</u>	<u>68,641</u>	<u>550</u>	<u>303,753</u>
Endowment net assets, June 30, 2014	\$ <u>7,277,348</u>	\$ <u>178,462</u>	\$ <u>706,915</u>	\$ <u>8,162,725</u>

The Organization has pooled, together with its endowment, other temporarily restricted investments. As of June 30, 2014, the composition of investments by type was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Temporarily restricted investments	\$ -	\$ 3,572,301	\$ -	\$ 3,572,301
Poirier revolving loan fund	-	341,536	161,500	503,036
Total endowment funds	<u>7,277,348</u>	<u>178,462</u>	<u>706,915</u>	<u>8,162,725</u>
Total pooled investments	<u>\$ 7,277,348</u>	<u>\$ 4,092,299</u>	<u>\$ 868,415</u>	<u>\$12,238,062</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

5. Property and Equipment

Property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Building and building improvements	\$ 58,734,082	\$ 39,161,293
Furniture and equipment	9,107,924	8,942,961
Land	1,457,794	1,457,794
Leasehold improvements	<u>1,030,437</u>	<u>1,164,959</u>
	<u>70,330,237</u>	<u>50,727,007</u>
Less: accumulated depreciation	<u>(20,230,019)</u>	<u>(19,203,944)</u>
Property and equipment, net	<u>\$ 50,100,218</u>	<u>\$ 31,523,063</u>

Depreciation expense for the years ended June 30, 2015 and 2014, was \$2,443,980 and \$2,033,078, respectively.

6. Projects Under Development

In December 2011, the Organization acquired a building site for \$5.1 million. The Organization developed a new facility, at 132 Ipswich Street, which houses primarily rehearsal and studio space (the Project). Development of the site was completed and placed into service in July 2014. The total cost of the Project was approximately \$20.2 million, including \$5.1 million of the initial land purchase. The Project was financed by a taxable term loan, the Series 2011 Revenue Bond, cash reserves and capital fundraising.

Various smaller projects related to the library and office renovations, website development and other technology upgrades were in process at the Organization as of June 30, 2015 and 2014.

7. Revolving Line of Credit

The Organization had a \$1,000,000 line of credit under an agreement with a bank. Borrowings under the agreement bore interest at the prime rate of 3.25%. An annual facility fee of \$5,000 was payable upon renewal. The revolving line of credit was secured by all assets of the Organization and cross defaulted with bonds payable. As of June 30, 2015 and 2014, there were no amounts outstanding under this agreement. The agreement expired on June 30, 2015 and was not renewed.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

8. Bond and Term Loan Payable

The bond and term loan payable consist of the following:

	<u>2015</u>	<u>2014</u>
Series 2011, issued for up to \$24,500,000 has a maturity of 30 years and bears interest at an initial fixed rate of 2.85% for 15 years after which it resets to the 30 year U.S. Treasury Yield, less .30%. In May 2013, the Organization restructured Series 2011 extending interest only payments through December 2015. Monthly principal and interest payments of \$111,296 are due beginning December 2015 for the remaining 26 years. The note is collateralized by six properties owned by the Organization. Prepayment fees apply for the first eight years for any optional redemptions from borrowed proceeds.	\$ 24,500,000	\$ 24,500,000
Non-revolving term loan at an interest rate equal to LIBOR plus 1.8% (1.95% at June 30, 2015 and 2014). Interest only payments are due monthly through April 2016, at which time the principal balance is required to be no greater than \$6 million. Every annum thereafter the principal balance is to be reduced by \$1 million. The loan matures on May 1, 2021. The loan is collateralized by a mortgage on the Project and the assignment of pledges.	<u>3,434,723</u>	<u>5,136,338</u>
	<u>\$ 27,934,723</u>	<u>\$ 29,636,338</u>

The Organization was required to provide \$2.2 million of equity for the Project prior to drawing on the term loan and fund an additional \$2 million of equity upon completion of the Project and depletion of financing sources. At June 30, 2014, the Organization had fully drawn against the term loan and repaid a portion of the outstanding balance through receipts on related pledges and contributions restricted to the Project. At June 30, 2015, the Organization has continued to repay the outstanding balance through receipts on related pledges and contributions restricted to the Project.

The Series 2011 bond agreement requires that the Organization maintain a minimum debt service coverage ratio of 1.20 to 1 in each fiscal year. The Organization was in compliance with the required covenant at June 30, 2015 and 2014.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Maturities of these borrowings for the next five years and thereafter are as follows:

2016	\$ 374,229
2017	656,172
2018	675,119
2019	1,129,336
2020	1,714,670
Thereafter	<u>23,385,197</u>
	<u>\$ 27,934,723</u>

The Organization paid interest on these borrowings of \$795,937 and \$689,929 during the years ended June 30, 2015 and 2014, respectively. Interest charged to operations was \$734,144 and \$440,514 and interest capitalized was \$61,793 and \$249,415 during the years ended June 30, 2015 and 2014, respectively. Total interest capitalized by the Organization as of June 30, 2015 and 2014 was \$558,291 and \$496,498, respectively.

9. New Market Tax Credit Loans and Leverage Loan Receivable

During fiscal year 2009, the Conservatory, through the Realty Corporation, embarked on a series of transactions to effectuate a New Markets tax credit (NMTC) structure to assist with the construction of the Project. The Conservatory loaned the proceeds of bonds payable and a portion of capital campaign proceeds (the Leveraged Loan) to leverage the capital contribution of an investor into a new entity established for this purpose (the Investment Fund). The Investment Fund then invested in Community Development Enterprises (CDEs), which loaned the funds, net of transaction costs, to the Realty Corporation for use with the Project. Thus, the effect of the Conservatory's leveraged loan with U.S. Bancorp Community Development Corporation (USB CDC) of \$21,631,000 is to effectively avail itself of \$29,250,000 in funds, net of fees and transaction costs.

In conjunction with the issuance of the Series 2009A and 2009B Bonds, which have since been refinanced through the Series 2011 Bond, CCM Community Development VI, LLC (CCM), MHIC NE CDE I Subsidiary 2, LLC (MHIC) and NFF New Markets Fund V, LLC (NFF), collectively known as the CDEs, each made New Markets tax credit enhanced mortgage loans (the NMTC Loans) to the Realty Corporation to finance the Project. As security for the NMTC Loans, the Realty Corporation has granted the CDEs each a mortgage on the Project properties. These mortgages are collateralized pari passu with the leasehold mortgages granted by the Conservatory to the bondholder.

The NMTC Loans mature on April 30, 2049, and principal is payable in monthly installments commencing on May 1, 2016. Interest is payable monthly, commencing on June 1, 2009, at 1% compounded monthly. During the years ended June 30, 2015 and 2014, interest charged to operations on the NMTC Loans was \$292,500.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

Total NMTC Loans were as follows as of June 30, 2015 and 2014:

CCM	\$ 10,000,000
NFF	9,750,000
MHIC	<u>9,500,000</u>
Total	<u>\$ 29,250,000</u>

In 2016, the Realty Corporation is obligated to pay fees of \$300,000 and \$200,000 to CCM and NFF, respectively, plus any legal fees. These amounts have been included in accrued expenses on the consolidated statements of financial position as of June 30, 2015 and 2014.

The Realty Corporation incurred financing costs of \$1,342,036 related to the NMTC Loans. Financing costs are being amortized over the terms of the loan agreements. Accumulated amortization of loan financing costs was \$206,879 and \$173,328 as of June 30, 2015 and 2014, respectively, and is included in debt issue costs, net in the accompanying consolidated statements of financial position. Amortization expense related to the loan financing costs were \$33,551 for the years ended June 30, 2015 and 2014.

Simultaneous to the NMTC transaction, the Realty Corporation entered into a lease agreement with the Conservatory pursuant to which the Conservatory will lease the Project for 40 years and pay a monthly rent to the Realty Corporation, which is used by the Realty Corporation to pay the debt service on the NMTC Loans.

The Conservatory, in sum, receives monthly interest on the Leveraged Loan at an annual interest rate of 1%. Deferred interest on this loan was \$515,520 and \$424,074 as of June 30, 2015 and 2014, respectively. The Leveraged Loan matures on April 30, 2049, and the principal is payable in monthly installments commencing May 1, 2016. Amounts received from the Investment Fund as payment on the Leveraged Loan will be used by the Conservatory to pay rent payments on the lease to the Realty Corporation and, in turn, the Realty Corporation will use the rent payments to pay the interest payments on the NMTC Loans.

On April 30, 2016, USBCDC has a right and option, but not an obligation, for a period of 180 days, to require the Realty Corporation to purchase all of USBCDC's interest in the Investment Fund for a put exercise price of \$1,000. If the put is not exercised, then the Conservatory has the right to purchase USBCDC's interest in the Investment Fund at an amount equal to the greater of (1) fair market value of USBCDC's interest in the Investment Fund or (2) the outstanding principal amount of all indebtedness owed by the Investment Fund to the Conservatory as of the date of the Investment Fund call closing date. The Conservatory expects USBCDC to exercise its option on April 30, 2016.

The NMTC Loans contain various covenants with which the Conservatory must comply. The Conservatory was in compliance with these covenants at June 30, 2015 and 2014.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

10. Commitments and Contingencies

Operating Lease Agreements

The Organization leases space under various operating leases expiring through March 31, 2020. The terms of these lease agreements are from sixteen months to five years. The facility leases require the Organization to maintain certain insurance coverage and pay for its proportionate share of real estate taxes and operating expenses. Rent expense under the facility leases was \$748,801 and \$745,319 for the years ended June 30, 2015 and 2014, respectively.

Future minimum lease payments under these agreements for the next five years are as follows:

2016	\$ 406,893
2017	405,896
2018	370,277
2019	131,704
2020	<u>74,400</u>
	<u>\$ 1,389,170</u>

Certain lease agreements contain renewal options, which have not been exercised.

Deferred Compensation

On December 12, 2013, the Organization entered into an agreement with its President which states that the Organization is obligated to pay, upon retirement, compensation equal to one year of compensation based on the preceding three-year average of compensation. Management has estimated this amount to be \$450,000 at June 30, 2015. This agreement is contingent upon the President complying with stated terms of the contract, including appropriate notification to the Organization and approval by the Board of Trustees. At June 30, 2014, the President had not yet notified the Organization of his plans for retirement and therefore the Organization was not obligated to pay the compensation.

11. Retirement Plan

The Organization maintains a defined contribution retirement plan under IRC Section 403(b) covering all employees. For all eligible employees, the Organization makes contributions to the plan equal to 6% of the individual employee compensation for employees who contribute at least 4% of their salary. Both employee and the Organization contributions vest immediately. Effective January 1, 2013, the Organization amended its plan to make contributions to the plan equal to 6% of the individual employee compensation for employees who contribute at least 3% of their salary and 4% of the individual employee compensation for employees who contribute at least 2% of their salary.

THE BOSTON CONSERVATORY AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

The Organization's contributions to the above mentioned retirement plan for the years ended June 30, 2015 and 2014 were \$522,144 and \$475,620, respectively, and are included in operating expenses in the accompanying consolidated statements of activities.

12. Cash Flow Information

The Organization paid interest on the bond and term loan payables of \$795,937 and \$689,929 for the years ended June 30, 2015 and 2014, respectively, and paid interest on the NMTC Loans of \$292,500 for the years ended June 30, 2015 and 2014.

During the years ended June 30, 2015 and 2014, the Organization placed into service \$20,081,687 and \$349,320, respectively, of assets from projects under development to property and equipment.

13. Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through September 29, 2015, the date that the consolidated financial statements were issued. The Organization has not evaluated subsequent events after that date for inclusion in the consolidated financial statements

In June 2015, the Organization signed a memorandum of understanding with Berklee College of Music (Berklee) to explore a merger of the two institutions. The proposed structure of the merger would require all assets and liabilities of the Organization to be transferred to Berklee. The tentative effective date of the proposed merger is June 1, 2016.

SUPPLEMENTARY INFORMATION

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidating Statement of Financial Position

June 30, 2015

ASSETS

	<u>The Boston Conservatory</u>	<u>Realty Corporation</u>	<u>Eliminations</u>	<u>Total</u>
Current asset:				
Cash and cash equivalents	\$ 2,591,822	\$ -	\$ -	\$ 2,591,822
Accounts receivable, net	129,962	-	-	129,962
Student loans receivable, net	189,010	-	-	189,010
Current portion of pledges receivable	798,403	-	-	798,403
Prepaid expenses and other	<u>156,432</u>	<u>-</u>	<u>-</u>	<u>156,432</u>
Total current assets	3,865,629	-	-	3,865,629
Realty corporation receivable	2,512,339	-	(2,512,339)	-
Pledges receivable, net of current portion, discount and reserve	1,805,762	-	-	1,805,762
Investments	14,298,539	-	-	14,298,539
Leverage loan receivable and interest	22,146,520	-	-	22,146,520
Property and equipment, net	25,604,838	25,798,670	(1,303,290)	50,100,218
Projects under development	34,631	-	-	34,631
Debt issue costs, net	<u>363,116</u>	<u>1,135,157</u>	<u>-</u>	<u>1,498,273</u>
Total assets	<u>\$ 70,631,374</u>	<u>\$ 26,933,827</u>	<u>\$ (3,815,629)</u>	<u>\$ 93,749,572</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities				
Current portion of bond payable	\$ 374,229	\$ -	\$ -	\$ 374,229
Accounts payable - operating	481,136	-	-	481,136
Accrued expenses	514,265	500,000	-	1,014,265
Deferred revenue	<u>1,169,255</u>	<u>-</u>	<u>-</u>	<u>1,169,255</u>
Total current liabilities	2,538,885	500,000	-	3,038,885
Deferred compensation	450,000	-	-	450,000
Mortgage notes payable	-	29,250,000	-	29,250,000
Bond payable, net of current portion	24,125,771	-	-	24,125,771
Term loan payable	3,434,723	-	-	3,434,723
Conservatory loan payable	<u>-</u>	<u>2,512,339</u>	<u>(2,512,339)</u>	<u>-</u>
Total liabilities	<u>30,549,379</u>	<u>32,262,339</u>	<u>(2,512,339)</u>	<u>60,299,379</u>
Net assets (deficit)				
Unrestricted				
Operating	22,923,302	(5,328,512)	(1,303,290)	16,291,500
Board designated	<u>8,756,127</u>	<u>-</u>	<u>-</u>	<u>8,756,127</u>
Total unrestricted	31,679,429	(5,328,512)	(1,303,290)	25,047,627
Temporarily restricted	7,081,233	-	-	7,081,233
Permanently restricted	<u>1,321,333</u>	<u>-</u>	<u>-</u>	<u>1,321,333</u>
Total net assets (deficit)	<u>40,081,995</u>	<u>(5,328,512)</u>	<u>(1,303,290)</u>	<u>33,450,193</u>
Total liabilities and net assets (deficit)	<u>\$ 70,631,374</u>	<u>\$ 26,933,827</u>	<u>\$ (3,815,629)</u>	<u>\$ 93,749,572</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidating Statement of Financial Position

June 30, 2014

ASSETS

	<u>The Boston Conservatory</u>	<u>Realty Corporation</u>	<u>Eliminations</u>	<u>Total</u>
Current assets				
Cash and cash equivalents	\$ 5,060,207	\$ -	\$ -	\$ 5,060,207
Cash available for construction	2,042,469	-	-	2,042,469
Accounts receivable	56,142	-	-	56,142
Student loans receivable, net	148,910	-	-	148,910
Current portion of pledges receivable	487,207	-	-	487,207
Prepaid expenses and other	<u>122,599</u>	<u>7,845</u>	<u>-</u>	<u>130,444</u>
Total current assets	7,917,534	7,845	-	7,925,379
Realty corporation receivable	2,634,503	-	(2,634,503)	-
Pledges receivable, net of current portion, discount and reserve	1,182,400	-	-	1,182,400
Investments	12,238,062	-	-	12,238,062
Leverage loan receivable and interest	22,055,075	-	-	22,055,075
Property and equipment, net	5,974,555	26,851,798	(1,303,290)	31,523,063
Projects under development	18,955,685	-	-	18,955,685
Debt issue costs, net	<u>376,741</u>	<u>1,168,708</u>	<u>-</u>	<u>1,545,449</u>
Total assets	<u>\$ 71,334,555</u>	<u>\$ 28,028,351</u>	<u>\$ (3,937,793)</u>	<u>\$ 95,425,113</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities				
Current portion of capital lease obligation	\$ 23,377	\$ -	\$ -	\$ 23,377
Accounts payable - operating	439,987	-	-	439,987
Accrued expenses	1,006,961	-	-	1,006,961
Accrued construction costs	2,428,493	-	-	2,428,493
Deferred revenue	<u>1,309,940</u>	<u>-</u>	<u>-</u>	<u>1,309,940</u>
Total current liabilities	5,208,758	-	-	5,208,758
Mortgage notes payable	-	29,250,000	-	29,250,000
Bond payable	24,500,000	-	-	24,500,000
Term loan payable	5,136,338	-	-	5,136,338
Accrued expenses	-	500,000	-	500,000
Conservatory loan payable	<u>-</u>	<u>2,634,503</u>	<u>(2,634,503)</u>	<u>-</u>
Total liabilities	<u>34,845,096</u>	<u>32,384,503</u>	<u>(2,634,503)</u>	<u>64,595,096</u>
Net assets (deficit)				
Unrestricted				
Operating	22,474,821	(4,356,152)	(1,303,290)	16,815,379
Board designated	<u>7,277,348</u>	<u>-</u>	<u>-</u>	<u>7,277,348</u>
Total unrestricted	29,752,169	(4,356,152)	(1,303,290)	24,092,727
Temporarily restricted	5,868,875	-	-	5,868,875
Permanently restricted	<u>868,415</u>	<u>-</u>	<u>-</u>	<u>868,415</u>
Total net assets (deficit)	<u>36,489,459</u>	<u>(4,356,152)</u>	<u>(1,303,290)</u>	<u>30,830,017</u>
Total liabilities and net assets (deficit)	<u>\$ 71,334,555</u>	<u>\$ 28,028,351</u>	<u>\$ (3,937,793)</u>	<u>\$ 95,425,113</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidating Statement of Activities

Year Ended June 30, 2015

	<u>The Boston Conservatory</u>	<u>Realty Corporation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue				
Tuition and fees	\$ 31,062,100	\$ -	\$ -	\$ 31,062,100
Less: financial aid and scholarships	<u>(9,955,986)</u>	<u>-</u>	<u>-</u>	<u>(9,955,986)</u>
Tuition and fees, net	21,106,114	-	-	21,106,114
Auxiliary enterprises	4,106,815	-	-	4,106,815
Grants and contributions	1,414,065	-	-	1,414,065
Facilities rental and other income	381,070	470,000	(470,000)	381,070
Endowment appropriation	224,340	-	-	224,340
Other investment income	<u>86,261</u>	<u>-</u>	<u>-</u>	<u>86,261</u>
Total operating revenue	<u>27,318,665</u>	<u>470,000</u>	<u>(470,000)</u>	<u>27,318,665</u>
Operating expenses				
Program services				
Instruction	12,196,775	661,389	(215,516)	12,642,648
Student services	2,447,913	132,742	(43,255)	2,537,400
Academic support	2,254,941	122,278	(39,845)	2,337,374
Auxiliary enterprises	<u>2,285,152</u>	<u>123,916</u>	<u>(40,379)</u>	<u>2,368,689</u>
Total program services	19,184,781	1,040,325	(338,995)	19,886,111
Institutional advancement	1,804,864	97,872	(31,892)	1,870,844
Institutional support	<u>5,609,113</u>	<u>304,163</u>	<u>(99,113)</u>	<u>5,814,163</u>
Total operating expenses	<u>26,598,758</u>	<u>1,442,360</u>	<u>(470,000)</u>	<u>27,571,118</u>
Changes in net assets (deficit) from operations	<u>719,907</u>	<u>(972,360)</u>	<u>-</u>	<u>(252,453)</u>
Nonoperating revenue (expenses)				
Investment return, net of endowment appropriation	(355,676)	-	-	(355,676)
Grants and contributions	3,263,995	-	-	3,263,995
Loss on disposal of equipment	<u>(35,690)</u>	<u>-</u>	<u>-</u>	<u>(35,690)</u>
Total nonoperating revenue	<u>2,872,629</u>	<u>-</u>	<u>-</u>	<u>2,872,629</u>
Change in net assets (deficit)	3,592,536	(972,360)	-	2,620,176
Net assets (deficit), beginning of year	<u>36,489,459</u>	<u>(4,356,152)</u>	<u>(1,303,290)</u>	<u>30,830,017</u>
Net assets (deficit), end of year	<u>\$ 40,081,995</u>	<u>\$ (5,328,512)</u>	<u>\$ (1,303,290)</u>	<u>\$ 33,450,193</u>

THE BOSTON CONSERVATORY AND AFFILIATE

Consolidating Statement of Activities

Year Ended June 30, 2014

	<u>The Boston Conservatory</u>	<u>Realty Corporation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue				
Tuition and fees	\$ 31,288,856	\$ -	\$ -	\$ 31,288,856
Less: financial aid and scholarships	<u>(9,823,368)</u>	<u>-</u>	<u>-</u>	<u>(9,823,368)</u>
Tuition and fees, net	21,465,488	-	-	21,465,488
Auxiliary enterprises	4,043,965	-	-	4,043,965
Grants and contributions	1,224,626	-	-	1,224,626
Facilities rental and other income	443,304	333,333	(333,333)	443,304
Endowment appropriation	216,715	-	-	216,715
Other investment income	<u>74,747</u>	<u>-</u>	<u>-</u>	<u>74,747</u>
Total operating revenue	<u>27,468,845</u>	<u>333,333</u>	<u>(333,333)</u>	<u>27,468,845</u>
Operating expenses				
Program services				
Instruction	11,885,733	631,599	(158,882)	12,358,450
Student services	2,046,705	108,761	(27,359)	2,128,107
Academic support	2,134,554	113,429	(28,533)	2,219,450
Auxiliary enterprises	<u>2,310,595</u>	<u>122,784</u>	<u>(30,887)</u>	<u>2,402,492</u>
Total program services	18,377,587	976,573	(245,661)	19,108,499
Institutional advancement	1,566,817	83,260	(20,944)	1,629,133
Institutional support	<u>4,991,814</u>	<u>265,262</u>	<u>(66,728)</u>	<u>5,190,348</u>
Total operating expenses	<u>24,936,218</u>	<u>1,325,095</u>	<u>(333,333)</u>	<u>25,927,980</u>
Changes in net assets (deficit) from operations	<u>2,532,627</u>	<u>(991,762)</u>	<u>-</u>	<u>1,540,865</u>
Nonoperating revenue				
Investment return, net of endowment appropriation	543,254	-	-	543,254
Grants and contributions	2,182,451	-	-	2,182,451
Loss on disposal of equipment	<u>(95,017)</u>	<u>-</u>	<u>-</u>	<u>(95,017)</u>
Total nonoperating revenue	<u>2,630,688</u>	<u>-</u>	<u>-</u>	<u>2,630,688</u>
Change in net assets (deficit)	5,163,315	(991,762)	-	4,171,553
Net assets (deficit), beginning of year	<u>31,326,144</u>	<u>(3,364,390)</u>	<u>(1,303,290)</u>	<u>26,658,464</u>
Net assets (deficit), end of year	<u>\$ 36,489,459</u>	<u>\$ (4,356,152)</u>	<u>\$ (1,303,290)</u>	<u>\$ 30,830,017</u>



MOODY'S

INVESTORS SERVICE

CREDIT OPINION

11 January 2016

Update

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Berklee College of Music, MA

Update - Moody's affirms Berklee College of Music's A2; outlook stable

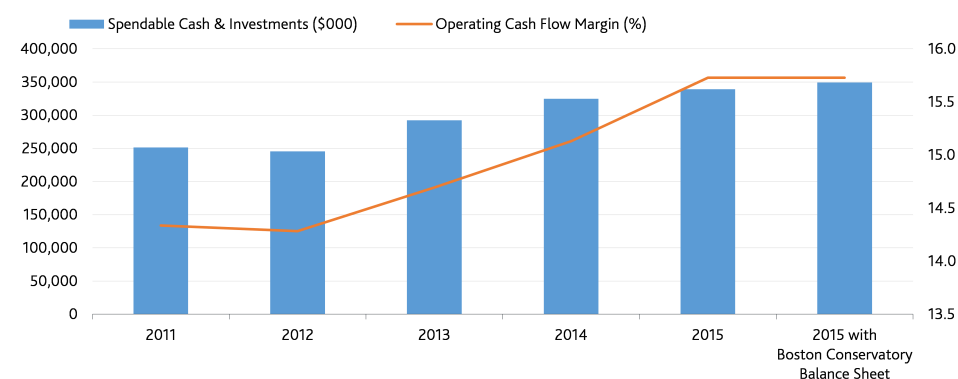
Summary Rating Rationale

Moody's Investors service has affirmed the A2 rating on Berklee College of Music's outstanding debt. The A2 rating is supported by Berklee College's strong demand for educational programs in jazz and contemporary music, consistently positive operating performance, and growth in flexible reserves. The rating also considers the college's high debt burden, its market niche which limits the applicant pool, and high reliance on student charges.

While the college's merger with The Boston Conservatory will involve transition expenses and execution risk, the complementary missions and proximity of the two organizations should yield a credit positive combination.

Exhibit 1

Strong Operating Cash Flow and Favorable Investment Returns Support Growth in Flexible Reserves



Spendable Cash and Investments (\$'000) (Left axis). Operating Cash Flow Margins (right axis)
Source: Moody's Investors Service

Credit Strengths

- » Leading provider of contemporary music education in the country supports steady enrollment and revenue growth
- » Consistently positive operating performance through strong fiscal management
- » Growing wealth aided by retained surpluses and increasing donor support
- » Marketable real estate in Boston adds to credit strength

Credit Challenges

- » Limited revenue diversity, with student charges comprising 87% of FY 2015 operating revenue
- » Market niche limits applicant pool, exposing the college to changes in student preferences
- » Higher debt burden reflected in pro-forma debt to operating revenue of 1.2 times

Rating Outlook

The stable outlook reflects our expectations of steady student demand and positive operating performance supporting ongoing growth of liquidity.

Factors that Could Lead to an Upgrade

- » Substantial increase in financial resources
- » Enhanced revenue diversity

Factors that Could Lead to a Downgrade

- » Deterioration in operating performance
- » Material decline in liquidity

Key Indicators

Exhibit 3

	2011	2012	2013	2014	2015	2015 with Boston Conservatory Balance Sheet
Total FTE Enrollment	4,027	4,256	4,218	4,365	4,397	
Operating Revenue (\$000)	179,325	190,683	203,470	213,535	232,801	
Annual Change in Operating Revenue (%)	9.5	6.3	6.7	4.9	9.0	
Total Cash & Investments (\$000)	270,702	266,802	315,520	348,837	368,977	385,866
Total Debt (\$000)	185,985	267,979	262,367	256,475	249,586	277,586
Spendable Cash & Investments to Total Debt (x)	1.4	0.9	1.1	1.3	1.4	1.3
Spendable Cash & Investments to Operating Expenses (x)	1.5	1.4	1.5	1.6	1.5	
Monthly Days Cash on Hand (x)	282	247	261	260	204	
Operating Cash Flow Margin (%)	14.3	14.3	14.7	15.1	15.7	
Total Debt to Cash Flow (x)	7.2	9.8	8.8	7.9	6.8	

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Recent Developments

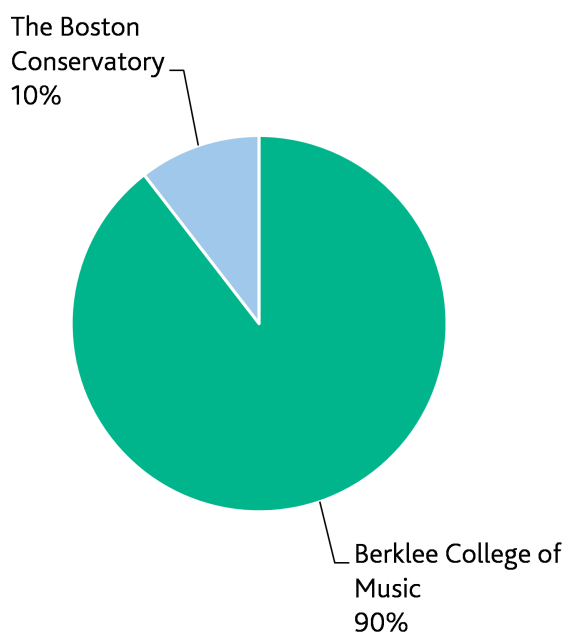
On December 18, 2015, Berklee College of Music and The Boston Conservatory entered into a Merger Agreement pursuant to which The Boston Conservatory will merge with and into Berklee College of Music.

The merger of two entities is credit positive as the combined entity would benefit from a combination of complimentary programs and adjacent facilities, and will provide enhanced room for growth. The transition costs should remain manageable at around \$1 million in FY 2016 and FY 2017.

The consolidated financial leverage will be moderately weaker as the Conservatory has \$28 million of net debt compared to a \$14 million endowment. The expenses for the consolidated entity would be elevated in FY 2016 and FY 2017 due to initial transition costs and may lead to some dilution of margins for Berklee College. However, since both entities are cash flow positive on a standalone basis, the combined entity will be able to absorb these costs while still maintaining positive financial performance.

Exhibit 5

When combined with The Boston Conservatory, Berklee Has Pro Forma Operating Revenue of \$257 million



Revenue breakdown of the consolidated entity based on the FY 2015 audited financials
 Source: Audited financial statements

Detailed Rating Considerations

Market Profile: Steady Enrollment and Revenue Growth Aided by Global Demand

Berklee will continue to command solid student demand due to the excellent reputation for its unique programs and its location in Boston. This is reflected in the increasing applications, sound yield and high net tuition per student. The college's ability to attract students from outside the country speaks to its strong market reputation globally. In fall 2015, 93% of the incoming freshmen class from was outside Massachusetts and 35% of the class was from outside the US.

Growth in net tuition per student, a key indicator of pricing power, declined for the first time in over 15 years. This was due to a planned lower increase in Fall 2014 tuition pricing coupled with a considerable increase in financial aid. The college plans to increase tuition around 3% over the next few years. Total net tuition revenue growth will continue as the tuition discounting (for undergraduate programs) stabilizes, and the other programs (online) with much lower discounting experience stronger volume growth.

The Boston Conservatory merger will provide opportunities for future physical growth. Over the near term, Berklee does not have any major capital expansion plans. A new student housing facility opened in fall 2014 and the housing has had high occupancy and contributed to strong auxiliary revenue growth.

Operating Performance: Strong Performance to Continue

Berklee will continue to achieve sound operating performance given its dedicated fiscal oversight and history of conservatively budgeting for enrollment, and cost containment efforts. Institutional practices that support Berklee's continuing fiscal health include the absence of faculty tenure, and favorable revenue trends from distance and summer programs.

Operations are highly dependent on student charges but there is diversity within tuition revenue which provides some stability in the event of a decline in any single program area. In FY 2015, Boston campus accounted for 83% of the net tuition revenue. This was followed by Berklee Online which accounted for 10%. The Berklee campus at Valencia, Spain accounted for 4% while the summer educational programs accounted for 3% of net tuition revenue.

Wealth and Liquidity: Growing Spendable Cash and Investments Provide Adequate Cushion

Berklee's \$339 million of spendable cash and investments provide adequate support for \$250 million of direct debt. While the college's financial resource base is modest relative to other A-rated colleges (the median was \$480 million in FY 2014), we expect the continuation of operating surpluses and increased philanthropic support will bolster the resources over time. A majority of Berklee's cash and investments are unrestricted, as resources have been accumulated largely through retained surpluses.

Management initiatives have bolstered fundraising results as Berklee moved from muted donor support to gift revenue in line with A-rated peers. In FY 2015, the three year average gift revenue was \$20 million. As of September 2015, Berklee reports raising \$64 million toward its \$100 million target.

Liquidity

The college has ample liquidity for its size of operations and all fixed rate debt structure. As of June 30, 2015, Berklee had \$116 million in monthly liquidity, representing 204 monthly days cash on hand.

Leverage: High Debt Burden with No Additional Borrowing Plans

Pro-forma direct debt increases by \$28 million or 11% as a result of Berklee's merger with the Boston Conservatory. The debt burden remains high with 1.2 times pro-forma debt-to-revenue and debt service representing 8.6% of operating expenses in FY 2015. Management reports no additional near-term borrowing plans.

Debt Structure and Legal Covenants

All of Berklee's debt including the rated Series 2007A and Series 2011 bonds are fixed rate.

The Series 2013 (unrated) are a tax-exempt 10-year fixed-rate bonds directly placed with JP Morgan Bank N.A. These bond are on parity with the existing rated debt, bear interest at 2.14% per year, and will be fully paid off by 2023. The series 2013 bonds have certain financial covenants, which are tested semi-annually. The college is required to maintain a ratio of expendable resources to debt of at least 0.5 times (FY 2015: 0.98) and a debt service coverage ratio of at least 1.15 times (FY 2015: 1.81). Under the Loan and Trust Agreement, in the event the financial covenants are violated and not remedied, the bond-holder can accelerate the debt payments.

Berklee College will assume Boston Conservatory's debt of \$31 million. The debt is fixed rate and has monthly payments of \$111,296 until the maturity (2041). The Boston Conservatory was in compliance with the debt service coverage covenant in FY 2015. The required coverage is 1.25 times and it generated 4.2 times.

DEBT-RELATED DERIVATIVES

None

PENSIONS AND OPEB

The college closed its defined benefit pension program to new members in January 2012 and introduced a defined contribution retirement plan. The accrued pension liability adds \$62 million to total adjusted debt. The obligations under the defined contribution plan are manageable and the annual retirement expenses represented just 1.4% of operating expenses in FY 2015.

Management and Governance

The college is led by a strong management team which continues to exhibit fiscal discipline, including budgeting for contingencies and depreciation, which has led to healthy operating performance and growth in flexible reserves. This helps mitigate potential declines in operating performance and debt service coverage, especially important given limited revenue diversity and niche offerings. Management's increased focus on fundraising is a credit positive as its philanthropic support is weaker and the debt burden is higher than similarly rated peers.

Legal Security

The Series 2007A, 2011 and 2013 bonds are unsecured general obligations of the college. The bonds do not have debt service reserve funds.

The Boston Conservatory's series 2011 bonds are general obligations additionally secured by six buildings on the conservatory's campus.

Use of Proceeds

Not applicable

Obligor Profile

Berklee College of Music is the largest independent college of contemporary music in the world. The college is known as the world's foremost institute for the study of jazz and modern American music. The college enrolls approximately 4,400 students and generates \$233 million of revenue.

Methodology

The principal methodology used in this rating was Global Higher Education published in November 2015. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

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REPORT NUMBER 1012407



RatingsDirect®

Massachusetts Development Finance Agency Berklee College of Music; Private Coll/Univ - General Obligation

Primary Credit Analyst:

Carolyn McLean, New York (1) 212-438-2383; carolyn.mclean@standardandpoors.com

Secondary Contact:

Nick Waugh, San Francisco (1) 415-371-5020; nick.waugh@standardandpoors.com

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Massachusetts Development Finance Agency Berklee College of Music; Private Coll/Univ - General Obligation

Credit Profile

Massachusetts Development Finance Agency, Massachusetts

Berklee Coll of Music, Massachusetts

Series 2007A, Series 2011

Long Term Rating

A/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services has affirmed its 'A' long-term rating on Massachusetts Development Finance Agency's series 2011 and 2007A revenue bonds issued for Berklee College of Music (Berklee). The outlook is stable.

The rating reflects our assessment of Berklee's very strong enterprise profile with an international reputation and niche as a college of contemporary music, and strong financial profile, characterized by solid surplus performance and sufficient financial resource ratios. Combined, we believe these credit factors lead to an indicative stand-alone profile of 'a+.' In our opinion, the 'A' rating better reflects the college's current level of financial resource ratios and relatively high debt. We expect the metrics to be relatively stable following the school's merger with the Boston Conservatory, although we will determine the impact of the merger when it's completed in June.

Additional credit factors that we believe support the 'A' rating include:

- Robust demand for Berklee's unique contemporary music academic program and recent expansion into graduate and international programs and expected merger with the Boston Conservatory;
- Healthy admission profile with excellent selectivity and matriculation rates compared with category medians, despite a rigorous application process and a self-selective applicant pool;
- Consistently solid operating surpluses on a full-accrual basis; and
- Recent success in fundraising and expected continued success with the announcement of a new campaign in fall 2014.

We believe partly offsetting credit factors include:

- Acceptable financial resource ratios for the rating;
- A moderately high maximum annual debt service (MADS) burden of 7.2% of fiscal 2015 expenses; and
- Limited revenue diversity, with a high degree of student dependence.

Founded in 1945, Berklee is a private college specializing in contemporary music education. Berklee, which offers four-year degree programs such as the Bachelor of Music and the diploma in Professional Music, is the largest degree-granting institution in the U.S. that is focused on contemporary music. The college's focus is primarily on contemporary music and careers in the music business. In addition, Berklee offers summer programs and distance

classes online. Berklee launched its first international campus in Valencia, Spain, beginning with a class of study-abroad students for the spring 2012 semester. The college launched its first-ever graduate program in Valencia in fall 2012; this grew to about 200 students in fall 2015. We consider Berklee's international and graduate expansion, strong demand for its programs, and limited financial risk given that the college does not own any foreign real estate, as positive credit factors.

In June 2015, Berklee announced its plan to merge with The Boston Conservatory. It signed the merger agreement in January 2016 and expects the transaction to close on June 1, 2016. The combined entity will be branded Berklee, with the existing Conservatory programs renamed "The Boston Conservatory at Berklee." The Boston Conservatory will bring expertise in classical music, dance, and musical theater, which will complement the contemporary music programs at Berklee. The two colleges are also located on contiguous campuses in Boston's Back Bay, which provides additional collaboration during and following the merger. The Boston Conservatory is much smaller than Berklee, but is similarly leveraged and has a history of break-even operating performance. We believe the combined entity will have similar financial operations and financial resource ratios as Berklee. We do not believe the addition of Boston Conservatory programs will have a material impact on demand and market position, other than broadening the program offerings. The merger is scheduled to close in summer 2016, following regulatory and accreditation approvals, and combined financial statements would not be available until fiscal 2017.

Outlook

The stable outlook reflects our view of Berklee's healthy demand and enrollment profile and its solid full-accrual operating surpluses. We expect operating surpluses to continue into fiscal 2016, although management has noted that merger-related costs will affect performance. We also expect financial resource ratios to remain at or improve from current levels.

Upside scenario

Berklee could experience a positive rating action if it continues to post solid operating surpluses, financial resource ratios improve relative to operating expenses and debt, and it maintains its exceptional market position. We also expect that the merger will not have a sustained negative financial or reputational impact on the college or result in additional debt in the next two years.

Downside scenario

Berklee could experience a negative rating action during the outlook period if operating margins decline, financial resource ratios weaken relative to peers, or if it issues additional debt.

Enterprise Profile

Industry risk

Industry risk addresses the higher education sector's overall cyclical and competitive risk and growth by applying various stress scenarios and evaluating barriers to entry, levels and trends of profitability, substitution risk, and growth trends observed in the industry. We believe the higher education sector represents a low credit risk when compared

with other industries and sectors.

Economic risk

In our view, the college has good geographic diversity, drawing students from across the U.S. and internationally. The vast majority of students come from out of the state of Massachusetts. As such, our assessment of Berklee's economic fundamentals is anchored by the U.S. GDP per capita.

Market position and demand

Berklee benefits from its niche and reputation as a contemporary music college, as highlighted by increasing demand and, in turn, healthy operations. Applications continue to grow despite a rigorous process that was instituted in 2006, including a mandatory audition and interview. The demand profile is stable with previous years, reflecting a good selectivity rate of about 29% and a solid matriculation rate of 39% for fall 2015.

Total headcount increased slightly in the past few years to 4,670 in fall 2015. In addition to traditional enrollment, Berklee enrolled over 8,000 in its online courses, and expects similar enrollment this year. The college intends to expand its online offerings in the near term. The online programs are profitable and generated about 6.7% of fiscal 2015 gross revenues. The Boston Conservatory has an enrollment of about 800 students and the headcount is expected to remain stable.

Undergraduate tuition, room, and board was \$57,628 for the 2015-2016 school year, which we believe is in line with or slightly below that of peers. Given management's focus on affordability, tuition increases will likely be modest, with the discount rate rising to about 21%-23% over the next few years, from about 21.4% in fiscal 2015.

The college recently announced a new capital campaign with a goal of \$100 million, \$64 million of which is already pledged, with over \$54 million received in cash. Management reports that a significant portion of revenues will be dedicated to scholarships in the form of current-use funding.

Management and governance

Berklee's management team has been in place for the past several years, with the president and chief financial officer (CFO) serving in their roles since 2004 and 2010, respectively. The team has focused on prudent fiscal management and fundraising. We view the stability of the management team favorably and expect there may be management changes as the merger between Berklee and the Boston Conservatory is finalized.

The college has robust strategic planning with specific targets and goals, which we view as favorable relative to peers. Since fiscal 2009, operations have rebounded to healthy levels, demand and enrollment have increased steadily, and the college completed its first capital campaign. In our view, management effectively enhanced revenue with its international and graduate expansion and online offerings.

Financial Profile

Financial policies

The college has formal policies for endowment, investments, and debt. It operates according to a three-year strategic plan, and has a formal reserve liquidity policy. The college meets standard annual disclosure requirements. The

financial policies assessment reflects our opinion that, while there may be some areas of risk, the organization's overall financial policies are not likely to negatively affect its future ability to pay debt service. Our analysis of financial policies includes a review of the organization's financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure and a comparison of these policies to comparable providers.

Financial performance

We believe that the college's robust full-accrual operating margins lend strength to the credit profile and support the current rating. The college has generated positive operating margins in at least the past five fiscal years. Berklee recorded a healthy unrestricted operating surplus of \$9.5 million in fiscal 2015, or a 3.6% operating margin. Revenue diversity is somewhat weak for the rating, in our opinion, with 90% of fiscal 2015 adjusted operating revenues derived from tuition, fees, and auxiliaries. Endowment spending accounted for 4.8% of adjusted operating revenues; the college's spending policy is 5% of a rolling three-year market value. We consider the tuition discount rate low for the rating at 21.4% of fiscal 2015 gross tuition revenues, including scholarships from other sources; Berklee's midterm target is 21%-23%. Management expects a surplus in fiscal 2016, but notes that merger-related costs are expected to affect results.

Financial resources

In our view, Berklee's financial resource ratios are in line with peers. Expendable resources as of May 31, 2015, were \$244 million, equal to 93% of operating expenses and 98% of debt. Cash and investments were stronger at \$369 million as of May 31, 2015, equal to 141% of operating expenses and 148% of debt. The college has a modest five-year lease commitment, with an option to renew for its campus in Valencia at a nominal annual cost of approximately \$100,000. We expect that after the college merges with The Boston Conservatory, ratios will remain relatively stable.

As of May 31, 2015, the endowment market value reached \$328 million, including trusts invested by others. The asset allocation as of the same date was 10% domestic equity, 25% international equity, 10% private equity, 7% fixed income and cash, 3% real assets, 1% commodities, and 44% flexible capital. Of the endowment, 10% of the portfolio was liquid on a daily basis, and 78% within a year. We consider the liquid portfolio a credit strength. About 87% of the endowment is unrestricted. The college had approximately \$14 million in unfunded commitments in May 2015, or a modest 4% of the endowment market value.

Debt and contingent liabilities

The college's general obligation pledge secures the bonds. As of May 31, 2015, the college had \$250 million of long-term debt. In August 2013, Berklee replaced a variable-rate loan with a \$15 million fixed-rate privately placed bonds with a 10-year term. The note includes financial covenants, which if violated and not remedied could lead to an immediate acceleration. We believe that the college has adequate liquidity to cover this unlikely event. The college's debt is now entirely fixed rate, which we view favorably. The MADS burden is moderately high at 7.2% of fiscal 2015 operating expenses, but the debt service is frontloaded and we expect that Berklee will grow into the burden in the near term. Management has no debt plans currently and we do not expect that the merger with the Boston Conservatory will require debt issuance.

Berklee College of Music, MA						
	--Fiscal year ended May 31--					Medians
	2016	2015	2014	2013	2012	Private Colleges & Universities 'A' 2014
Enrollment and demand						
Headcount	4,670	4,636	4,519	4,522	4,307	MNR
Full-time equivalent	4,397	4,365	4,216	4,257	4,028	3,434
Freshman acceptance rate (%)	29.2	35.7	28.3	40.6	28.0	64.5
Freshman matriculation rate (%)	38.9	42.1	53.4	42.2	58.4	21.2
Undergraduates as a % of total enrollment (%)	96.6	96.9	97.4	98.3	100.0	80.9
Freshman retention (%)	84.9	81.6	81.4	81.6	82.9	86.3
Graduation rates (five years) (%)	N.A.	46.2	52.1	53.5	N.A.	74.9
Income statement						
Adjusted operating revenue (\$000s)	N.A.	271,727	249,063	235,538	220,181	MNR
Adjusted operating expense (\$000s)	N.A.	262,263	238,684	226,491	211,350	MNR
Net operating income (\$000s)	N.A.	9,464	10,379	9,047	8,831	MNR
Net operating margin (%)	N.A.	3.61	4.35	3.99	4.18	MNR
Change in unrestricted net assets (\$000s)	N.A.	7,778	34,541	43,972	(26,165)	MNR
Tuition discount (%)	N.A.	18.3	18.5	16.1	16.2	35.4
Tuition dependence (%)	N.A.	71.5	74.5	75.3	73.7	MNR
Student dependence (%)	N.A.	89.9	90.7	91.5	90.4	MNR
Healthcare operations dependence (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Research dependence (%)	N.A.	0.3	0.3	0.4	0.5	MNR
Endowment and investment income dependence (%)	N.A.	4.8	4.6	4.4	4.6	MNR
Debt						
Outstanding debt (\$000s)	N.A.	250,000	256,475	262,367	267,979	90,765
Proposed debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	250,000	N.A.	N.A.	N.A.	MNR
Pro forma MADS	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	7.13	7.66	7.95	6.88	4.00
Current MADS burden (%)	N.A.	7.16	7.88	8.31	8.90	MNR
Pro forma MADS burden (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Financial resource ratios						
Endowment market value (\$000s)	N.A.	327,745	321,453	290,634	243,450	218,129
Cash and investments (\$000s)	N.A.	368,977	348,837	315,520	266,801	MNR
Unrestricted net assets (\$000s)	N.A.	186,123	178,345	143,804	99,832	MNR
Expendable resources (\$000s)	N.A.	244,356	243,350	233,254	234,731	MNR
Cash and investments to operations (%)	N.A.	140.7	146.2	139.3	126.2	150.6
Cash and investments to debt (%)	N.A.	147.6	136.0	120.3	99.6	266.7
Cash and investments to pro forma debt (%)	N.A.	147.6	N.A.	N.A.	N.A.	MNR

Berklee College of Music, MA (cont.)						
Expendable resources to operations (%)	N.A.	93.2	102.0	103.0	111.1	97.9
Expendable resources to debt (%)	N.A.	97.7	94.9	88.9	87.6	172.6
Expendable resources to pro forma debt (%)	N.A.	97.7	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	10.1	11.2	9.5	11.5	13.3

N.A.—Not available. MNR—Median not reported. MADS—Maximum annual debt service. Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = $100 \times (\text{net adjusted operating income} / \text{adjusted operating expense})$. Tuition dependence = $100 \times (\text{gross tuition revenue} / \text{adjusted operating revenue})$. Current debt service burden = $100 \times (\text{current debt service expense} / \text{adjusted operating expenses})$. Current MADS burden = $100 \times (\text{maximum annual debt service expense} / \text{adjusted operating expenses})$. Cash and investments = cash + short-term & long-term investments. Expendable resources = unrestricted net assets + temp. restricted net assets - (net PPE- outstanding debt). Average age of plant = accumulated depreciation/depreciation & amortization expense.

Related Criteria And Research

Related Criteria

- General Criteria: Methodology: Not-For-Profit Public And Private Colleges And Universities, Jan. 6, 2016
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

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Standard 10 Appendix





Berklee

**TOWN
HALL
MEETING**

MERGER UPDATE

Berklee and the Boston Conservatory

David Mash, Berklee's senior vice president for innovation, strategy, and technology, will lead a town hall meeting for members of the Berklee community to discuss the merger. A Q&A will follow the discussion.

Thursday, December 3, 2015

1:00 p.m. – 2:00 p.m.

**BERKLEE PERFORMANCE CENTER
136 MASSACHUSETTS AVENUE
BOSTON, MA 02115**

Standard 11 Appendix

Appendix 11.1 Links to Equity and Title IX Resources

Berklee:

The following letter and menu links are found at <https://www.berklee.edu/equity>.

Dear Berklee Community,

Berklee College of Music is a diverse community composed of individuals with different life experiences, viewpoints, belief systems, and identities. A welcoming and inclusive culture is essential to maintaining the college's role as a leader in music education and Berklee highly values the dynamic environment that results when students, faculty, administrators, and staff from diverse backgrounds come together to learn, live, and work. The college's [Equity Policy and Process](https://www.berklee.edu/equity/policy-and-process) (<https://www.berklee.edu/equity/policy-and-process>) and the [Student Code of Community Standards](https://www.berklee.edu/student-code-of-community-standards) (<https://www.berklee.edu/student-code-of-community-standards>) prohibit discrimination and harassment.

Specifically, the Equity Policy and Process prohibits and addresses sexual misconduct, sexual assault, dating and domestic violence, stalking, and discrimination and/or harassment based on race, color, religion, gender, gender identity, transgendered status, national origin, age, disability, military or veteran status, sex, sexual orientation, genetic information, marital status, pregnancy, or any other characteristic protected by law (collectively referred to as "protected characteristics").

This prohibition includes all forms of sex discrimination, including sexual harassment, sexual assault, and relationship violence, which are also prohibited by Title IX of the Education Amendments of 1972:

"No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance."

Berklee is committed not only to compliance with this and other federal mandates, but also to promoting a culture that is in line with the values our civil rights laws envision. The Equity Policy and Process was designed to further Berklee's goal of inclusion, respect, and equality for all community members, and affirms Berklee's commitment to promote fairness and equity in all aspects of the institution.

It is important that all members of our community know where to turn if they have a concern, need assistance or support, or would like to file a complaint. I hope this information is a helpful compilation that assists students, faculty, staff, and other members of the Berklee College of Music community.

Best,

Christopher M. Kandus-Fisher

Associate Vice President of Student Affairs and Chief Equity Officer

Student Affairs

EQUITY AND TITLE IX

Get Help Now

Equity Policy and Process

Definitions

Reporting Options

Equity Leadership Team

Equity Leadership Team
Valencia

Responsible Employee

Resources

The Boston Conservatory:

The following information is found at <https://www.bostonconservatory.edu/handbook/policies/title-ix>

Title IX of the Education Amendments of 1972 prohibits discrimination on the basis of sex in education programs or activities operated by recipients of Federal financial assistance. Sexual harassment of students, which includes acts of sexual violence, is a form of sex discrimination. A number of different acts fall into the category of sexual violence including rape, sexual assault, sexual battery and sexual coercion. All such acts of sexual violence are forms of sexual harassment covered under Title IX.

Title IX Coordinator:

Christopher Reade, Dean of Students

Rm. 004, Student Center, Basement of 24 The Fenway

(617) 912-9121

creade@bostonconservatory.edu

Duties and responsibilities include monitoring and oversight of overall implementation of Title IX compliance at The Boston Conservatory such as coordination of training, education, communications, and administration of grievance procedures for students, faculty and staff. Title IX regulations require Deputy Coordinators to report incidents to the Title IX Coordinator. These reports allow the Title IX Coordinator to identify patterns of frequency in a particular area within the Conservatory and to coordinate compliance with federal regulations.

Title IX Deputy Coordinators:

Eric Crumrine

Director of Housing & Student Life/Judicial Officer

Rm. 001, Student Center, Basement of 24 The Fenway

(617) 912-9165

ecrumrine@bostonconservatory.edu

Carrie Bourque

Employment Manager, Human Resources

Rm. 110, 8 The Fenway

(617) 912-9275

cbourque@bostonconservatory.edu

Any member of the Boston Conservatory community who believes that he or she has been subjected to sexual harassment, sexual discrimination, or sexual assault should submit a Complaint Form to one of the designated Conservatory officials that are named above. Complaint Forms are available in the offices of the four designated Conservatory officials listed above.

Complaint Form (<https://www.bostonconservatory.edu/sites/all/files/Harassment-Complaint-Form.pdf>)

While the Conservatory strongly encourages the use of its Complaint Form, designated Conservatory officials will also accept a written document which includes: the Complainant's name, contact information and signature, a description of the conduct believed to be discriminatory, harassing and/or retaliatory with approximate dates(s) when these actions occurred, and the name(s) of the subject/s of the complaint. Please refer to the Harassment Policy in the Student Handbook for further information.

Additional information can be found at <https://www.bostonconservatory.edu/handbook/student-conduct-code>.

Appendix 11.2 Training and Dialogue Series Information

Creating a Safe and Inclusive Campus Community

Spring 2016

Training and Dialogue Series for leaders of Berklee and The Boston Conservatory

President's Council, Academic Leadership Council, Faculty Union Executive Board, and Director's Council

In order to Create a Safe and Inclusive Campus Community, it is imperative that we strive to invest college resources, employ processes and engage in critical dialogues to build a more diverse and globally aware college community sustained by an inclusive, supportive and just campus climate. We will need strive to further educate and understand that greater diversity of race and ethnicity, gender and sexual orientation, faith, place of origin, life experience, political perspective and economic condition deepens the educational experience of every student and enriches the worklife of every faculty and staff member. The collective experience and talent of our faculty and staff, students and alumni, ensures the continued strength, vitality and success of the college. In order to achieve these outcomes, please consider the following strategic plan to further educate senior leadership in order to deepen learning:

Training and Dialogue Series

Part 1

Common Read: Between the World and Me

Author: Ta-Nehisi Coates

Synopsis: Between the World and Me is Ta-Nehisi Coates's attempt to answer these questions in a letter to his adolescent son. Coates shares with his son—and readers—the story of his awakening to the truth about his place in the world through a series of revelatory experiences, from Howard University to Civil War battlefields, from the South Side of Chicago to Paris, from his childhood home to the living rooms of mothers whose children's lives were taken as American plunder. Beautifully woven from personal narrative, reimagined history, and fresh, emotionally charged reportage, Between the World and Me clearly illuminates the past, bracingly confronts our present, and offers a transcendent vision for a way forward.

Exercise: Ask the President's Council, Academic Leadership Council, Union Executive Board and Director's Council to engage in a Common Read and then bring the groups either together to engage in dialogue about the themes of the book, and how the themes connect back to the Berklee Community. It will provide the leadership councils with a foundation for the second phase of the training series, as well as an opportunity to engage with each other regarding essential topics that our community is facing.

Part 2

Reflection, Discussion and Self-Assessment

Exercise: The leadership councils will engage in dialogue and discuss the following questions:

- Who is the Community we serve?
- How do we as an organization reflect the community we serve?
- What are some action steps we can take to reduce any barriers to broader diversity and inclusivity?

At the conclusion of the dialogue and discussion, the leadership councils will individually complete the below self-assessment:

Key Steps for Increasing Organizational Diversity		
Assessment of Diversity & Inclusion	Yes/No/Unsure	Explanation
Has your organization defined diversity?		
Is your organization active in serving and building relationships in diverse communities (as defined by your organization and as it relates to your mission?)		
Has your organization had in-depth conversations about what you know what you do not know as it relates to this topic?		
Has your organization developed a statement of purpose?		
Are your organization's staff, board, and volunteer trainings aligned with your goals around diversity?		
Has your organization identified and addressed systematic barriers that preclude people from being fully engaged in the diversity and inclusivity effort?		
Has your organization gone through diversity training?		
To the extent permissible under the law, does your organization reflect its commitment to diversity in its recruitment, retention, mentoring and leadership development practices?		
Is diversity a core value that is structurally integrated throughout your organization? (Diversity Council, affinity groups, marketing materials, policies, etc.?)		
To the extent possible under the law, do your employee evaluations reflect accountability to your diversity standards?		
Does your organization have allies/mentors or another structure in place for members to help navigate, answer questions, stand up when something inappropriate/discriminatory is said, etc.?		

Part 3

Self-Assessment Results vs. Employee Satisfaction Survey Results vs. Campus Climate Survey Results

Exercise: Share the results of the Self-Assessment from the President's Council, Academic Leadership Council, Union Executive Board and Director's Council, the Employee Satisfaction Survey data, and the feedback from the Campus Climate Survey. Once both results are shared, the leadership councils will identify similarities and differences between the college leadership vs. the campus community perspective., and attempt to understand differences, areas of concern and successes.

Part 4

Capstone Session and Goal Setting

Purpose: To provide a mechanism for the Berklee's senior leadership teams to deepen their thinking about the College's diversity and inclusion efforts and to identify key goals and next steps for advancing the work.

Information Gathering: Utilize the information and conversations that have previously occurred in Part 1,2 & 3 and provide a summary of themes to an outside facilitator.

The facilitator will provide the leadership councils with the following questions in advance:

- What are your aspirations for Berklee's diversity and inclusion work in the next three years?
- If Berklee were doing this work at the highest level, what would we see happening that we don't currently see happening?

Session Content: During the session, we will work through four key topics:

- Examination of the Current State and Synthesis of Aspirations
- Identification and Examination of Enabling Forces
- Identification and Examination of Restraining Forces
- Determine Leadership Goals and Action Steps

Part 5

Share the Results

After the leadership councils have set goals and developed an action plan, a college-wide communication will be developed in order to share the results with the college community. In addition, the communication will include our current Diversity and Inclusion Vision Statement, and ask that the college community to recommit to these values.