

THE PERLMAN MUSIC PROGRAM, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Perlman Music Program, Inc.

We have audited the accompanying financial statements of The Perlman Music Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Perlman Music Program, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Farkouh, Furman & Faccio LLP

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
June 16, 2022

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THE PERLMAN MUSIC PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

ASSETS

Cash and cash equivalents	\$	194,398
Investments		7,097,442
Promises to give		755,626
Prepaid expenses		14,225
Restricted cash		1,295,501
Restricted investments		909,883
Property and equipment (net of depreciation of \$6,866,610)		4,920,289
Security deposit		<u>3,488</u>
 Total assets	 \$	 <u><u>15,190,852</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$	128,995
Loan payable - Paycheck Protection Program.....		<u>181,742</u>
 Total liabilities		 <u><u>310,737</u></u>

NET ASSETS

Without donor restrictions		12,063,406
With donor restrictions		<u>2,816,709</u>
 Total net assets		 <u><u>14,880,115</u></u>
 Total liabilities and net assets	 \$	 <u><u>15,190,852</u></u>

Attention is directed to the independent auditor's
report and to the attached notes to financial statements.

THE PERLMAN MUSIC PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Public support and revenue:			
Contributions	\$ 1,042,803	\$ 1,817,692	\$ 2,860,495
Special events (net of direct benefit to donors of \$135,913)	885,613		885,613
Tuition income (net of scholarships of \$132,400)	179,695		179,695
Interest and dividend income	67,296	1,811	69,107
Unrealized gain on investments	225,495		225,495
Realized gain on sale of investments	44,228		44,228
Unrealized (loss) on restricted investments		(1,823)	(1,823)
Realized gain on sales of restricted investments		43	43
Donated services	775,000		775,000
Donated piano	12,000		12,000
PPP loan forgiveness	245,700		245,700
Miscellaneous income	1,855		1,855
	<u>3,479,685</u>	<u>1,817,723</u>	<u>5,297,408</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	10,500	(10,500)	-
	<u>3,490,185</u>	<u>1,807,223</u>	<u>5,297,408</u>
Total public support and revenue			
	<u>3,490,185</u>	<u>1,807,223</u>	<u>5,297,408</u>
Expenses:			
Program services:			
Summer study programs	1,762,388		1,762,388
Travel programs	267,008		267,008
Other year-round programs	358,040		358,040
	<u>2,387,436</u>		<u>2,387,436</u>
Total program services	<u>2,387,436</u>		<u>2,387,436</u>
Supporting services:			
Management and general	258,501		258,501
Fund-raising	697,958		697,958
	<u>956,459</u>		<u>956,459</u>
Total supporting services	<u>956,459</u>		<u>956,459</u>
Total expenses	<u>3,343,895</u>		<u>3,343,895</u>
CHANGE IN NET ASSETS	146,290	1,807,223	1,953,513
Net assets - October 1, 2020	11,917,116	1,009,486	12,926,602
NET ASSETS - SEPTEMBER 30, 2021	<u>\$ 12,063,406</u>	<u>\$ 2,816,709</u>	<u>\$ 14,880,115</u>

Attention is directed to the independent auditor's
report and to the attached notes to financial statements.

THE PERLMAN MUSIC PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services				Supporting Services			Total
	Summer Study Programs	Travel Programs	Other Year-round Programs	Total Program Services	Management and General	Fund-raising	Total Supporting Services	
Payroll and related benefits	\$ 379,421	\$ 64,588	\$ 64,110	\$ 508,119	\$ 139,785	\$ 488,958	\$ 628,743	\$ 1,136,862
Professional fees	89,573		43,863	133,436	84,420	46,808	131,228	264,664
Consulting	100,000	50,000	75,000	225,000	12,500	38,750	51,250	276,250
Musical instruction	488,186	123,764	109,355	721,305				721,305
Concert and event expenses	125,018		25,097	150,115		24,023	24,023	174,138
Printing materials	728		810	1,538		16,559	16,559	18,097
Postage and mailing	19	30	127	176	2,159	7,729	9,888	10,064
Meals and food	96,371		1,439	97,810		1,575	1,575	99,385
Repairs and maintenance	71,464		1,219	72,683		336	336	73,019
Utilities	58,853		88	58,941		352	352	59,293
Telephone	35,255		2,239	37,494		1,714	1,714	39,208
Travel	44,881	17,862	413	63,156		3,010	3,010	66,166
Insurance	71,635	8,481	14,015	94,131	16,740		16,740	110,871
Dues and subscriptions	6,600	322	2,943	9,865	1,389	19,071	20,460	30,325
Office expense and supplies	46,099	1,961	10,382	58,442	1,508	19,333	20,841	79,283
Depreciation	135,285			135,285		1,980	1,980	137,265
Rent	13,000		6,940	19,940		27,760	27,760	47,700
	<u>\$ 1,762,388</u>	<u>\$ 267,008</u>	<u>\$ 358,040</u>	<u>\$ 2,387,436</u>	<u>\$ 258,501</u>	<u>\$ 697,958</u>	<u>\$ 956,459</u>	<u>\$ 3,343,895</u>

Attention is directed to the independent auditor's report and to the attached notes to financial statements.

THE PERLMAN MUSIC PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 1,953,513
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated piano	(12,000)
PPP loan forgiveness	(245,700)
Depreciation	137,265
Unrealized gain on investments	(225,495)
Realized gain on sale of investments	(44,228)
Unrealized (loss) on restricted investments	1,823
Realized gain on sales of restricted investments	(43)
(Increase) in promises to give	(468,936)
Decrease in prepaid expenses	63,616
(Increase) in security deposit	(388)
(Decrease) in accounts payable and accrued expenses	<u>(20,132)</u>
Net cash provided by operating activities	<u>1,139,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(3,834,671)
Proceeds from the sales of investments	573,475
Purchases of restricted investments	(504,713)
Proceeds from the sales of restricted investments	13,119
(Increase) in restricted cash	(773,302)
Purchase of property and equipment	<u>(55,116)</u>
Net cash (used) for investing activities	<u>(4,581,208)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from loan payable - Paycheck Protection Program	<u>181,742</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,260,171)
Cash and cash equivalents - October 1, 2020	<u>3,454,569</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2021	<u>\$ 194,398</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Noncash donation of services	<u>\$ 775,000</u>
Noncash donation of piano	<u>\$ 12,000</u>
Foregiveness of PPP Loan	<u>\$ 245,700</u>

Attention is directed to the independent auditor's
report and to the attached notes to financial statements.

THE PERLMAN MUSIC PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

ORGANIZATION:

Founded by Toby Perlman in 1994, The Perlman Music Program, Inc. (PMP) offers unparalleled musical training to young string players of rare and special talent. With a world-class faculty led by Itzhak Perlman, the New York City and Shelter Island, NY based program seeks to develop the future leaders of classical music, all within a nurturing and supportive musical community. Since its first two-week session in 1994, PMP has grown into a sophisticated series of programs that consist of the Summer Study Programs including the seven-week Summer Music School and the two and a half-week Chamber Music Workshop; the Travel Programs including the Sarasota Winter Residency and the bi-annual Israel Residency; and other Year-round Programs including the Alumni Concerts and Mentorship program which offers year-round performance opportunities and artistic development for PMP alumni. PMP is supported through donor contributions and operates primarily in the New York metropolitan area and during the summer months in Shelter Island, NY.

PMP is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, as well as from state and local taxes under comparable laws. PMP qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING – The accompanying financial statements of PMP have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

USE OF ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS – PMP's policy is to classify all liquid investments with maturities of three months or less from the date of purchase as cash equivalents.

INVESTMENT VALUATION AND INCOME RECOGNITION – PMP's investments are stated at fair value in the statement of financial position, with all gains and losses included in the statement of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments acquired by gift are recorded at their fair value at the date of the gift. PMP's policy is to liquidate all gifts of investments as soon as possible after gift. Investments are made according to the investment policies adopted by PMP's board. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on the sale of investments are calculated on a first in/first out method. Unrealized gains and losses on the sale of investments represent the change in fair value of the individual investments for the year, or since the acquisition date if acquired during the year.

(Continued)

THE PERLMAN MUSIC PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

PROMISES TO GIVE – Unconditional promises to give are recognized as revenue in the period the promise to give is received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

PROPERTY AND EQUIPMENT – Property and equipment are stated at their cost at the date of acquisition or at their fair value at the date of contribution. Building improvements are capitalized as assets, whereas costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, ranging from three to forty years.

FUNCTIONAL ALLOCATION OF EXPENSES – The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services in reasonable ratios determined by management. The methodologies for allocating expenses are:

Payroll and related benefits, consulting and musical instruction are allocated based on estimated time and effort.

Professional fees, concert and event, printing materials, postage and mailings, meals and food, repairs and maintenance, utilities, telephone, travel, dues and subscriptions, office expense and supplies, depreciation and rent are allocated based on direct cost.

Insurance is allocated based on estimated benefit by department.

BASIS OF PRESENTATION – The financial statements are presented in accordance with FASB ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, PMP is required to report information regarding its statement of financial position and statement of activities based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expensed for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors may be temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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THE PERLMAN MUSIC PROGRAM, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

REVENUE RECOGNITION – Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. When a restriction expires or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets release from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

INVESTMENTS:

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At September 30, 2021, PMP’s investments consisted of domestic and international equities, mutual funds, and exchange traded funds totaling \$8,007,325 of which \$909,883 are restricted and \$7,097,442 are unrestricted. Investments are reported at fair value using a Level 1 measure.

PROPERTY AND EQUIPMENT:

At September 30, 2021, property and equipment consisted of the following:

Building and improvements	\$10,024,227
Land	1,228,181
Automobiles and equipment	63,572
Office equipment	36,892
Kitchen equipment.....	52,702
Furniture and fixtures.....	<u>381,325</u>
	11,786,899
Less accumulated depreciation.....	<u>(6,866,610)</u>
	<u>\$ 4,920,289</u>

(Continued)

THE PERLMAN MUSIC PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
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PROGRAM SERVICES:

PMP's programs fall into three categories. The Summer Study Programs includes the seven-week Summer Music School for young string players ages 12–18 and the Chamber Music Workshop, a two and a half week program that offers coaching and performance opportunities for young adults ages 18–30. The Travel Programs consist of the Sarasota Winter Residency, a two and a half week session at the end of the calendar year which takes place in Sarasota, Florida, mixing students of the Summer Music School, Israel Residency and Chamber Music Workshop, as well as the bi-annual Israel Residency, a two and a half week session which takes place in Tel Aviv, Israel, mixing PMP students with Israeli students. Travel Programs include study of solo, chamber, orchestral and choral music. The Other Year-round Programs are ongoing Alumni Concerts and Mentorship programs which provide alumni with performance and mentoring opportunities in New York City, Shelter Island and nationwide.

ENDOWMENT FUNDS:

The Organization's endowment funds consist of net assets with donor restrictions. Some donor restrictions are temporary in nature while other donor restrictions are perpetual in nature.

Net assets with donor restrictions amount to \$2,816,709 at September 30, 2021 which are restricted to provide for students who meet certain qualifying criteria and other restricted use. PMP's board has designated \$714,818 of these net assets with temporary donor restrictions as the PMP Scholarship Funds invested based on PMP's investment guidelines. PMP has segregated this endowment in a separate brokerage account consisting of cash and investments to easily track its performance and balance.

Net assets with permanent donor restrictions amount to \$240,641 at September 30, 2021 consisting of the Fisher Scholarship Fund, which was established in January 2014 to support an admitted Summer Music School student from Detroit, a secondary preference to an admitted student from any Detroit-metro city, and a third preference to an admitted winner of the prestigious Detroit-based Sphinx Competition. PMP has segregated the Fisher Scholarship Fund in a separate brokerage account consisting of cash and investments to easily track its performance and balance and it is invested based on PMP's investment guidelines. Contributions to the fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by PMP.

PMP's investment guidelines are that investments will be diversified, both within asset classes and by investing in asset classes outside of equities, to reduce risk and enhance return over a wide range of economic environments. The investments are expected to experience changes in valuation but to attain an average annual total return that exceeds inflation within acceptable levels of risk.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. PMP has interpreted New York State Prudent Management of Institutional Funds Act (NYPMIFA) as allowing it to appropriate for expenditure or accumulate so much of

(Continued)

THE PERLMAN MUSIC PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
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ENDOWMENT FUNDS (continued):

the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

As a result of this interpretation, PMP classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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.

In accordance with NYPMIFA, PMP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 PMP, and (7) PMP's investment policies. PMP has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide the Fisher Scholarship Fund with current income.

Endowment assets are invested in mutual and exchange traded funds and U.S. government securities and fixed income. In conjunction, PMP seeks to build endowment assets through additional contributions. PMP has a policy of appropriating for distribution each year the endowment fund's investment income from the previous year, and PMP generally expends the endowment fund's investment income to support the Fisher Scholarship. This current investment policy is expected to maintain PMP's endowment fund by not invading the corpus. This is consistent with PMP's objectives to provide income to support the Fisher Scholarship, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

The changes in endowment net assets are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, September 30, 2020	\$ 13,547	\$ 928,721	\$ 942,268
Contributions		1,276,632	1,276,632
Interest and dividend income		1,811	1,811
Unrealized gain		(1,823)	(1,823)
Realized (loss)		43	43
Transfers of assets	<u>(13,547)</u>		<u>(13,547)</u>
Endowment Net Assets, September 30, 2021	<u>\$ -</u>	<u>\$ 2,205,384</u>	<u>\$ 2,205,384</u>

(Continued)

THE PERLMAN MUSIC PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
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ENDOWMENT FUNDS (continued):

Restricted cash and restricted investments on the statement of financial position represent the cash and investments in the endowment funds.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYSPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2021, the Organization had no underwater endowment funds.

DONATED SERVICES:

Contributions of services (such as those provided by attorneys) are recognized as support and corresponding expense in the accompanying statements of activities and functional expenses if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Toby and Itzhak Perlman devote an extensive amount of their time to program and supporting services. The values of these donated services have been recorded at an estimated fair value, based on hours contributed, of \$276,250 of consulting (\$100,000 allocated to summer study programs, \$50,000 allocated to travel programs, \$75,000 allocated to other year-round programs, \$38,750 allocated to fund raising, \$12,500 allocated to management and general) and \$498,750 of musical instruction (\$299,250 allocated to summer study programs, \$99,750 allocated to travel programs, \$99,750 allocated to other year-round programs), which is approximately 24% of PMP's total public support and revenue. In addition, PMP received a donated piano valued at \$12,000 capitalized as property and equipment.

EMPLOYEE BENEFIT PLAN:

PMP provides a section 403(b) deferred compensation plan to eligible employees. Contributions by PMP are made at 3% of eligible full-time employees' annual salaries and amounted to \$16,191 which is included in the statement of functional expenses under payroll and related benefits.

CONCENTRATIONS OF CREDIT RISKS ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS:

PMP maintains its cash and cash equivalents in two financial institutions. On occasion during the fiscal year, the balances on deposit were in excess of the FDIC insurance limit of \$250,000.

LOAN PAYABLE – PAYCHECK PROTECTION PROGRAM:

On March 8, 2021, the Organization received loan proceeds in the amount of \$181,742 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act").

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THE PERLMAN MUSIC PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
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LOAN PAYABLE – PAYCHECK PROTECTION PROGRAM (continued):

The loan and accrued interest are forgivable after twenty-four weeks as long as the funds are used for eligible expenses as defined in the CARES Act. The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the CARES Act and expects to receive approval of its application for the loan to be forgiven in the future, at which time PMP will recognize a gain on forgiveness of loan. The loan received in May 2020 for \$245,700 was forgiven and is included in PPP Loan Forgiveness in the Statement of Activities.

CONCENTRATIONS OF CREDIT AND MARKET RISK OF INVESTMENTS:

PMP's investments are held at one domestic broker and are subject to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the investments will occur in the near term and that such change could materially affect the amounts reported in the financial statements. PMP has established guidelines that target certain safety and liquidity risk levels. These guidelines are periodically revised and modified when necessary.

BOARD OF DIRECTORS DESIGNATED FUNDS:

Over the past several years, PMP has been successful in securing large contributions through direct solicitation and through special events. Through September 31, 2021, the bulk of these cash contributions have been retained by PMP in its bank accounts and various investments included as net assets without donor restrictions. It is PMP's intent through future Board of Directors approval to designate a portion of these funds as a Board of Directors appropriated endowment fund included in net assets without donor restrictions and held for specified purposes to be established by the Board of Directors.

RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the COVID-19 outbreak and its impact on our employees, volunteers, donors, consumers, and operations. The nature of the Pandemic resulted in the Organization switch from live events and training to remote events and online training. The circumstances surrounding the COVID-19 create uncertainty in expectations for future donations and contributions. The Organization believes sufficient donations along with established reserves will allow for a continuation of operations.

(Continued)

THE PERLMAN MUSIC PROGRAM, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021
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LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Per its financial policies, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets have been reduced by amounts not available for general use because of donor imposed restrictions. Financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	September 30,
Cash and cash equivalents	\$ 194,398
Investments	7,097,442
Promises to give	755,626
Prepaid expenses	14,225
	8,061,691
Less amounts unavailable for general expenditure:	
Promises to give subject to donor restrictions	(546,000)
Net assets with donor restrictions	(64,228)
Financial assets available to meet general expenditures over the next twelve months	\$ 7,451,463

SUBSEQUENT EVENTS:

The date to which events occurring after September 30, 2021, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 16, 2022, which is the date on which the financial statements were available to be issued.