



Financial Statements  
July 31, 2019 and 2018

Suzuki Association of the Americas, Inc.

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## Independent Auditor's Report

The Board of Directors  
Suzuki Association of the Americas, Inc.  
Boulder, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of Suzuki Association of the Americas, Inc. which comprise the statements of financial position as of July 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Suzuki Association of the Americas, Inc., as of July 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Eide Bailly LLP*

Denver, Colorado

January 9, 2020

## Suzuki Association of the Americas, Inc.

## Statements of Financial Position

July 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 239,973	\$ 218,211
Investments	1,298,742	1,216,802
Accounts receivable	8,678	11,256
Prepaid expenses	6,536	5,747
Inventory	24,102	28,774
Property and equipment, net	-	1,142
Total assets	<u>\$ 1,578,031</u>	<u>\$ 1,481,932</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 63,925	\$ 15,283
Accrued compensation	10,152	10,952
Deferred revenue	5,991	3,839
Total liabilities	<u>80,068</u>	<u>30,074</u>
<b>Net Assets</b>		
Without donor restrictions	1,478,279	1,427,674
With donor restrictions	19,684	24,184
Total net assets	<u>1,497,963</u>	<u>1,451,858</u>
Total liabilities and net assets	<u>\$ 1,578,031</u>	<u>\$ 1,481,932</u>

## Suzuki Association of the Americas, Inc.

## Statements of Activities

Years Ended July 31, 2019 and 2018

	2019	2018
Change in Net Assets Without Donor Restrictions		
Revenue, Support, and Gains		
Membership dues	\$ 559,784	\$ 568,664
Course registration fees	147,478	165,050
Institutes	18,287	20,948
Biannual conference	-	321,419
Biannual retreat	79,186	40
Advertising	42,705	48,492
Contributions	59,325	73,732
Publications, net of cost of goods sold of \$8,571 and \$8,491 respectively	1,946	2,203
Other income	9,583	16,124
Net investment return	82,337	34,987
Net assets released from restrictions	4,500	-
Total revenue, support, and gains	<u>1,005,131</u>	<u>1,251,659</u>
Expenses		
Program	634,807	819,656
Management and general	241,263	279,334
Membership development	40,548	50,074
Unallocated payments to international organization	37,908	37,224
Total expenses	<u>954,526</u>	<u>1,186,288</u>
Change in net assets without donor restrictions	<u>50,605</u>	<u>65,371</u>
Change in Net Assets With Donor Restrictions		
Contributions	-	7,844
Net assets released from restrictions	(4,500)	-
Change in net assets with donor restrictions	<u>(4,500)</u>	<u>7,844</u>
Change in net assets	46,105	73,215
Net Assets, Beginning of Year	<u>1,451,858</u>	<u>1,378,643</u>
Net Assets, End of Year	<u>\$ 1,497,963</u>	<u>\$ 1,451,858</u>

Suzuki Association of the Americas, Inc.  
Statement of Functional Expenses  
Year Ended July 31, 2019

	Program	Management and General	Membership Development	Total
Salaries and related expenses	\$ 292,527	\$ 134,118	\$ 35,839	\$ 462,484
Travel and meeting	110,015	29,775	-	139,790
Printing, postage and shipping	102,587	6,575	437	109,599
Facility and equipment	51,267	19,452	3,662	74,381
Professional services	33,955	20,954	-	54,909
Unallocated payments to international organization	37,908	-	-	37,908
Grants and scholarships	32,529	-	-	32,529
Bank fees	-	20,677	-	20,677
Miscellaneous	5,950	5,674	220	11,844
Telephone and supplies	5,977	4,038	390	10,405
Cost of goods sold	8,571	-	-	8,571
Total expenses by function	<u>681,286</u>	<u>241,263</u>	<u>40,548</u>	<u>963,097</u>
Less expenses included with revenues on the statement of activities				
Cost of goods sold	<u>(8,571)</u>	<u>-</u>	<u>-</u>	<u>(8,571)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 672,715</u>	<u>\$ 241,263</u>	<u>\$ 40,548</u>	<u>\$ 954,526</u>

Suzuki Association of the Americas, Inc.

Statements of Cash Flows  
Years Ended July 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 46,105	\$ 73,215
Adjustments to reconcile change in net assets to cash from (used for) operating activities		
Realized and unrealized gain on investments	(52,078)	(6,172)
Depreciation	1,142	346
Changes in operating assets and liabilities		
Accounts receivable	2,578	1,752
Prepaid expenses	(789)	501
Inventory	4,672	844
Accounts payable	48,642	1,864
Accrued compensation	(800)	724
Deferred revenue	2,152	287
Net Cash from Operating Activities	<u>51,624</u>	<u>73,361</u>
Net Cash used for Investing Activities		
Purchases of investments	(255,591)	(99,353)
Proceeds from sales of investments	225,729	70,671
Purchase of property and equipment	-	(811)
Net Cash used for Investing Activities	<u>(29,862)</u>	<u>(29,493)</u>
Net Change in Cash and Cash Equivalents	21,762	43,869
Cash and Cash Equivalents, Beginning of Year	218,211	174,342
Cash and Cash Equivalents, End of Year	<u>\$ 239,973</u>	<u>\$ 218,211</u>



**Note 1 - Principal Activity and Significant Accounting Policies****Organization**

Suzuki Association of the Americas, Inc. (the Association) is a nonprofit coalition of teachers, parents, educators, and others who are interested in making music education available to all children. The Association provides programs with services to members throughout North and South America. With the International Suzuki Association (ISA), and other regional associations, the Association promotes and supports the spread of Dr. Suzuki's Talent Education.

In addition to publishing the *American Suzuki Journal*, a quarterly magazine for members, the Association offers teacher development programs, scholarships, conferences, workshops, and retreats.

**Adoption of FASB Accounting Standards Update 2016-14**

As of August 1, 2018, for all periods presented, the Association adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Association's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Association's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Association has elected not to present comparative liquidity information and functional presentation of expenses for this amendment.

**Cash and Cash Equivalents**

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Receivables and Credit Policies**

Accounts receivable consist primarily of non-interest bearing amounts due for the sales of advertising and performance of services provided to members, affiliated organizations and other organizations. All accounts receivable are due on demand. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Management considers all accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts has been established at July 31, 2019 and 2018.

**Inventory**

Inventory is comprised of published training materials and videos and is stated at the lower of average cost or net realizable value.

**Property and Equipment**

Property and equipment additions over \$600 are recorded at cost, or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years. When assets are sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended July 31, 2019 and 2018.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At July 31, 2019 and 2018, the Association had no net assets with donor-imposed restrictions of a perpetual nature. The Association reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Membership dues are classified as contributions and are recognized in the period in which payment is received. Conference registrations and other program service payments received in advance are deferred to the applicable period in which the services are provided. Advertising income received in advance is deferred to the applicable period in which the related advertisements are published. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received.

### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$2,480 and \$3,079 for the years ended July 31, 2019 and 2018, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, travel and meeting, printing, postage and shipping, facility and equipment, professional services, telephone and supplies, and miscellaneous expenses, which are allocated on the basis of estimates of time and effort.

### **Unallocated Payments to International Organization**

The Association remits quarterly fees to the International Suzuki Association (ISA) for the right to promote the Suzuki method in the Americas. The Association remitted fees of \$37,908 and \$37,224 to ISA for the years ended July 31, 2019 and 2018, respectively.

**Income Taxes**

The Association is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Association is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Association is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Association determined that it was not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The entities' Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2015.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Association to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because no significant balances are due from any single organization. Investments are made by diversified investment managers whose performance is monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the management believes that the investment policies and guidelines are prudent for the long-term welfare of the Association.

**Subsequent Events**

The Association has evaluated subsequent events through January 9, 2020, that date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 220,289
Investments	1,298,742
Accounts receivable	8,678
	<u>\$ 1,527,709</u>

*Cash and cash equivalents* balance includes donor-restricted funds of \$19,684, which are excluded from the amount above.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**Note 3 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, 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 asset 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 based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Association can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Association develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Association's assessment of the quality, risk or liquidity profile of the asset.

Certain investments are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. Certificates of deposit and corporate bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. Preferred stocks are valued based upon prices of similar assets recently sold on an exchange or inactive broker-dealer market, and are classified within Level 2. The Association had no Level 3 assets at July 31, 2019 and 2018.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at July 31, 2019:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds (at cost)	\$ 16,917	\$ -	\$ -	\$ -
Certificates of deposit	213,554	-	213,554	-
Mutual funds				
Large blend	142,457	142,457	-	-
Large growth	34,007	34,007	-	-
Large value	85,642	85,642	-	-
Moderate allocation	55,222	55,222	-	-
Preferred stock	148,779	-	148,779	-
Corporate bonds	602,164	-	602,164	-
	<u>\$ 1,298,742</u>	<u>\$ 317,328</u>	<u>\$ 964,497</u>	<u>\$ -</u>

Suzuki Association of the Americas, Inc.

Notes to Financial Statements

July 31, 2019 and 2018

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at July 31, 2018:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds (at cost)	\$ 92,783	\$ -	\$ -	\$ -
Certificates of deposit	155,905	-	155,905	-
Mutual funds				
Large blend	132,644	132,644	-	-
Large growth	30,265	30,265	-	-
Large value	80,967	80,967	-	-
Moderate allocation	51,208	51,208	-	-
Preferred stock	124,749	-	124,749	-
Corporate bonds	548,281	-	548,281	-
	<u>\$ 1,216,802</u>	<u>\$ 295,084</u>	<u>\$ 828,935</u>	<u>\$ -</u>

**Note 4 - Property and Equipment**

Property and equipment consists of the following at July 31, 2019 and 2018:

	2019	2018
Furniture and equipment	\$ 44,071	\$ 44,071
Less accumulated depreciation	(44,071)	(42,929)
	<u>\$ -</u>	<u>\$ 1,142</u>

**Note 5 - Leases**

The Association leases office equipment and office space under various operating leases expiring through 2022. Future minimum lease payments are as follows:

<u>Years Ending July 31,</u>	
2020	\$ 24,747
2021	3,013
2022	2,511
	<u>\$ 30,271</u>

Rent expense for the years ended July 31, 2019 and 2018 totaled \$41,634 and \$40,848, respectively.

**Note 6 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at July 31, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose		
Parent education course	\$ 13,280	\$ 13,280
Suzuki alumni project fund	3,560	3,560
Hurricane relief fund	2,844	7,344
	<u>\$ 19,684</u>	<u>\$ 24,184</u>

Net assets of \$4,500 restricted for Hurricane relief fund were released from donor restrictions by incurring expenses satisfying the restricted purpose during the year ended July 31, 2019.

**Note 7 - Pension Plan**

The Association sponsors a Savings Incentive Match Plan (Simple) IRA Plan (the Plan) available to all staff who meet the salary and length of service qualifications. As a defined contribution plan, the Association matches employee voluntary salary reductions up to 3% of each employee's gross compensation. The Association's contributions to the Plan totaled \$7,771 and \$7,224 for the years ended July 31, 2019 and 2018, respectively.