



Financial Statements
July 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 26, 2021

Suzuki Association of the Americas, Inc.

Statements of Financial Position

July 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 259,069	\$ 239,973
Investments	1,380,914	1,298,742
Accounts receivable	-	8,678
Prepaid expenses	11,705	6,536
Inventory	22,452	24,102
Total assets	<u>\$ 1,674,140</u>	<u>\$ 1,578,031</u>
Liabilities and Net Assets		
Accounts payable	\$ 33,494	\$ 63,925
Accrued compensation	18,572	10,152
Deferred revenue	6,521	5,991
Refundable advance - PPP loan	88,000	-
Total liabilities	<u>146,587</u>	<u>80,068</u>
Net Assets		
Without donor restrictions		
Undesignated	1,155,215	1,157,168
Management-designated reserve for scholarships	352,454	321,111
	<u>1,507,669</u>	<u>1,478,279</u>
With donor restrictions	19,884	19,684
Total net assets	<u>1,527,553</u>	<u>1,497,963</u>
Total liabilities and net assets	<u>\$ 1,674,140</u>	<u>\$ 1,578,031</u>

Suzuki Association of the Americas, Inc.

Statements of Activities

Years Ended July 31, 2020 and 2019

	2020	2019
Change in Net Assets Without Donor Restrictions		
Revenue, Support, and Gains		
Membership dues	\$ 510,317	\$ 559,784
Course registration fees	162,737	147,478
Institutes	13,211	18,287
Biannual retreat	-	79,186
Advertising	43,715	42,705
Contributions	113,372	59,325
Publications, net of cost of goods sold of \$4,908 and \$8,571, respectively	1,036	1,946
Other income	7,319	9,583
Net investment return	82,306	82,337
Net assets released from restrictions	-	4,500
Total revenue, support, and gains	<u>934,013</u>	<u>1,005,131</u>
Expenses		
Program	607,652	634,807
Management and general	231,132	241,263
Membership development	27,967	40,548
Unallocated payments to international organization	37,872	37,908
Total expenses	<u>904,623</u>	<u>954,526</u>
Change in net assets without donor restrictions	<u>29,390</u>	<u>50,605</u>
Change in Net Assets With Donor Restrictions		
Contributions	200	-
Net assets released from restrictions	-	(4,500)
Change in net assets with donor restrictions	<u>200</u>	<u>(4,500)</u>
Change in net assets	29,590	46,105
Net Assets, Beginning of Year	<u>1,497,963</u>	<u>1,451,858</u>
Net Assets, End of Year	<u>\$ 1,527,553</u>	<u>\$ 1,497,963</u>

Suzuki Association of the Americas, Inc.
Statement of Functional Expenses
Year Ended July 31, 2020

	Program	Management and General	Membership Development	Total
Salaries and related expenses	\$ 335,475	\$ 126,539	\$ 23,303	\$ 485,317
Printing, postage and shipping	95,192	6,410	286	101,888
Professional services	65,416	29,496	-	94,912
Facility and equipment	51,955	18,745	3,711	74,411
Travel and meeting	31,990	18,613	-	50,603
Unallocated payments to international organization	37,872	-	-	37,872
Bank fees	-	21,210	-	21,210
Miscellaneous	7,898	6,415	193	14,506
Grants and scholarships	12,874	-	-	12,874
Telephone and supplies	6,852	3,704	474	11,030
Cost of goods sold	4,908	-	-	4,908
Total expenses by function	650,432	231,132	27,967	909,531
Less expenses included with revenues on the statement of activities				
Cost of goods sold	(4,908)	-	-	(4,908)
Total expenses included in the expense section on the statement of activities	\$ 645,524	\$ 231,132	\$ 27,967	\$ 904,623

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 29,590	\$ 46,105
Adjustments to reconcile change in net assets to cash from (used for) operating activities		
Realized and unrealized gain on investments	(51,884)	(52,078)
Depreciation	-	1,142
Changes in operating assets and liabilities		
Accounts receivable	8,678	2,578
Prepaid expenses	(5,169)	(789)
Inventory	1,650	4,672
Accounts payable	(30,431)	48,642
Accrued compensation	8,420	(800)
Deferred revenue	530	2,152
Refundable advance - PPP loan	88,000	-
Net Cash from Operating Activities	<u>49,384</u>	<u>51,624</u>
Investing Activities		
Purchases of investments	(375,288)	(255,591)
Proceeds from sales of investments	345,000	225,729
Net Cash used for Investing Activities	<u>(30,288)</u>	<u>(29,862)</u>
Net Change in Cash and Cash Equivalents	19,096	21,762
Cash and Cash Equivalents, Beginning of Year	239,973	218,211
Cash and Cash Equivalents, End of Year	<u>\$ 259,069</u>	<u>\$ 239,973</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.

COVID-19 Impact

The Association has been negatively impacted by the effects of the world-wide coronavirus pandemic and cancelled its Biennial Conference. All requested refundable and previously non-refundable fees were reimbursed with remaining funds recorded as contribution revenue. This additional revenue allowed the Association to stay engaged and continue providing services and publications, along with virtual offerings during the summer of 2020. Furthermore, the Association applied for and was granted a \$88,000 loan under the Paycheck Protection Program (Note 5).

The Association is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Association's financial position is not known.

Adoption of FASB Accounting Standards Update

As of August 1, 2019, the Association adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Association has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

As of August 1, 2019, the Association adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the Association in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Association has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08. The Association has adopted these standards as management believes this presentation improves the usefulness and understandability of the Association's financial reporting.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, 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, 2020 and 2019.

Inventory

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

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 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, 2020 and 2019, the Association had no net assets with donor-imposed restrictions of a perpetual nature.

The Association's accounting policy is to report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 the performance obligation has been satisfied. 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.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Association received advance payment under the Paycheck Protection Program (PPP) of \$88,000 and \$0 for the years ended July 31, 2020 and 2019, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$4,249 and \$2,480 for the years ended July 31, 2020 and 2019, 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 statements of functional expenses present 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, printing, postage and shipping, professional services, facility and equipment, travel and meeting, miscellaneous expenses, and telephone and supplies, 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 \$37,872 and \$37,908 to ISA for the years ended July 31, 2020 and 2019, 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 files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. During years ended July 31, 2020 and 2019, the Association did not incur any income tax expense.

The Association believes that it 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 Association's 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 2017.

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 and cash equivalents 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 26, 2021, 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:

	2020	2019
Cash and cash equivalents	\$ 239,185	\$ 220,289
Investments	1,380,914	1,298,742
Accounts receivable	-	8,678
	<u>\$ 1,620,099</u>	<u>\$ 1,527,709</u>

Cash and cash equivalents balance includes donor-restricted funds of \$19,884 and \$19,684 for the years ended July 31, 2020 and 2019, respectively, 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, 2020 and 2019.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at July 31, 2020:

	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)	\$ 112,213	\$ -	\$ -	\$ -
Certificates of deposit	196,597	-	196,597	-
Mutual funds				
Large blend	159,018	159,018	-	-
Large growth	37,556	37,556	-	-
Large value	81,519	81,519	-	-
Moderate allocation	60,949	60,949	-	-
Preferred stock	122,938	-	122,938	-
Corporate bonds	610,124	-	610,124	-
	<u>\$ 1,380,914</u>	<u>\$ 339,042</u>	<u>\$ 929,659</u>	<u>\$ -</u>

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>

Note 4 - Leases

The Association leases office equipment and office space under various operating leases expiring through 2025. Future minimum lease payments are as follows:

<u>Years Ending July 31,</u>	
2021	\$ 3,013
2022	2,511
2023	1,821
2024	1,821
2025	910
	<u>\$ 10,076</u>

Rent expense for the years ended July 31, 2020 and 2019 totaled \$41,055 and \$41,634, respectively. The Association's office lease expired in June 2020; at which time the Association began month-to-month rent payments. Subsequent to year end, the Association signed a new 12-month lease for their office space on January 1, 2021.

Note 5 - Refundable Advance - Paycheck Protection Program (PPP) Loan

The Association was granted a \$88,000 loan under the Paycheck Protection Program (PPP), administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Association is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The loan was initially recorded as a refundable advance and the forgiveness will be recorded in accordance with the guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses and certain other requirements are met. No contribution revenue has been recorded for the years ended July 31, 2020 and 2019 related to forgiveness of the loan. The Association will be required to pay any portion of the loan not forgiven, plus interest accrued at 1% in monthly payments in accordance with the terms of the PPP loan upon notification of partial forgiveness. Management believes the Association is eligible for a full forgiveness.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at July 31, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose		
Parent education course	\$ 13,480	\$ 13,280
Suzuki alumni project fund	3,560	3,560
Hurricane relief fund	2,844	2,844
	<u>\$ 19,884</u>	<u>\$ 19,684</u>

Net assets of \$200 restricted for Parent education course were contributed for the year ended July 31, 2020. Net assets of \$4,500 restricted for Hurricane relief fund were reclassified from donor restrictions by incurring expenses satisfying the restricted purpose for 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 \$8,361 and \$7,771 for the years ended July 31, 2020 and 2019, respectively.