Financial Statements
July 31, 2013 and 2012

Suzuki Association of the Americas, Inc.

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CPAs & BUSINESS ADVISORS

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 statement of financial position as of July 31, 2013, and the related statements of activities 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 Suzuki Association of the Americas, Inc. as of July 31, 2013, 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.

Other Matter
The financial statements of Suzuki Association of the Americas, Inc. as of July 31, 2012, were audited by other auditors, whose report dated September 5, 2013, expressed an unmodified opinion on those statements.

Suzuki Association of the Americas, Inc.
Statements of Financial Position
July 31, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 260,536	$ 275,546
Investments	971,249	937,661
Accounts receivable	15,323	26,459
Prepaid expenses	6,410	6,525
Inventory	35,302	25,139
Property and equipment, net	3,022	4,526
Total assets	$ 1,291,842	$ 1,275,856
Liabilities and Net Assets		
Accounts payable	$ 5,818	$ 5,799
Accrued compensation	7,882	11,427
Deferred revenue	10,296	5,583
Total liabilities	23,996	22,809
Net Assets		
Unrestricted		
Undesignated	1,256,536	1,243,167
Board designated operating reserve	11,310	9,880
Total net assets	1,267,846	1,253,047
Total liabilities and net assets	$ 1,291,842	$ 1,275,856

Suzuki Association of the Americas, Inc.

Statements of Activities

Years ended July 31, 2013 and 2012

	2013	2012
Revenue, Support, and Gains		
Membership dues	$ 531,483	$ 535,863
Course registration fees	151,390	176,431
Institutes	58,149	57,502
Publications, net of cost of good sold of $15,595 and $16,757, respectively	11,425	17,936
Biannual retreat	77,185	-
Biannual conference	3,304	281,510
Other income	16,296	9,371
Advertising	72,996	71,568
Contributions	40,596	55,086
Net investment return	33,588	51,429
Total revenue, support, and gains	996,412	1,256,696
Expenses and Losses		
Program	678,490	856,127
Management and general	216,400	159,475
Membership development	48,605	53,222
Unallocated payments to international organization	38,118	37,632
Total expenses and losses	981,613	1,106,456
Change in Net Assets	14,799	150,240
Net Assets, Beginning of Year	1,253,047	1,102,807
Net Assets, End of Year	$ 1,267,846	$ 1,253,047

Suzuki Association of the Americas, Inc.

Statements of Cash Flows

Years Ended July 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	$ 14,799	$ 150,240
Adjustments to reconcile change in net assets to cash from (used for) operating activities		
Net investment return	(33,588)	(51,429)
Depreciation	1,504	2,885
Changes in operating assets and liabilities		
Accounts receivable	11,136	(9,511)
Prepaid expenses	115	1,712
Inventory	(10,163)	(2,284)
Accounts payable	19	417
Accrued compensation	(3,545)	3,171
Deferred revenue	4,713	(10,126)
Net cash from (used for) operating activities	(15,010)	85,075
Cash Flows from Investing Activities		
Cash used for investment purchases	-	(44,564)
Purchase of property and equipment	-	(2,869)
Net cash from (used for) investing activities	-	(47,433)
Net Change in Cash and Cash Equivalents	(15,010)	37,642
Cash and Cash Equivalents, Beginning of Year	275,546	237,904
Cash and Cash Equivalents, End of Year	$ 260,536	$ 275,546

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Suzuki Association of the Americas, Inc. (the Association) is a not-for-profit 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.

Cash and Cash Equivalents

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Association are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of non-interest bearing amounts due for the sales of goods and performance of services provided to other organizations, members and affiliated 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, 2013 and 2012.

Inventory

Inventory consists of published training materials and videos and is stated at the lower of average cost or market.

Property and Equipment

Property and equipment additions over $500 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 three to five 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 statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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 statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Association and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Association's Board of Directors.

The Association reports contributions as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Association had no temporarily restricted net assets as of July 31, 2013 and 2012.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Association. The restrictions stipulate that resources be maintained permanently but permit the Association to expend the income generated in accordance with the provisions of the agreements. The Association had no permanently restricted net assets as of July 31, 2013 and 2012.

Revenue and Revenue Recognition

Revenue is recognized when earned. Dues and fees, 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 $2,830 and $500 for the years ended July 31, 2013 and

Income Taxes

The Association is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been determined not to be a private foundation under Section 509(a)(2). 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 purposes. During 2013 and 2012, 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-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 2009 for federal returns and 2008 for state returns.

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

The Association manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Association has not experienced losses 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 management 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, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Association.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Association has evaluated subsequent events through December 19, 2013, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 or liability, 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 or liability 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 or liability 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 or liabilities 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 or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. 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 or a liability 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 or liability. 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 or liability.

A significant portion of the Association's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and common stocks with readily determinable fair values based on daily redemption values and closing market values, respectively. The Association's investment holdings are primarily domestic holdings, with some exposure to developed European country holdings. The Association invests in

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at July 31, 2013:

	Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market funds (at cost)	$ 46,055	$ -	$ -
Certificates of deposit	327,986	-	327,986
Mutual funds			
Large blend	71,754	71,754	-
Large growth	16,732	16,732	-
Large value	46,924	46,924	-
Moderate allocation	33,858	33,858	-
Common stock	19,552	19,552	-
Preferred stock	139,635	-	139,635
Corporate bonds	268,753	-	268,753
	$ 971,249	$ 188,820	$ 736,374

The following table presents assets measured at fair value on a recurring basis at July 31, 2012:

	Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of deposit	$ 413,341	$ -	$ 413,341
Mutual funds			
Large blend	57,329	57,329	-
Large growth	13,330	13,330	-
Large value	36,288	36,288	-
Moderate allocation	29,306	29,306	-
Common stock	19,619	19,619	-

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended July 31, 2013 and 2012:

	2013	2012
Dividend and interest income	$ 27,770	$ 25,732
Net realized and unrealized gain	5,818	25,697
	$ 33,588	$ 51,429

Note 4 - Property and Equipment

Property and equipment consists of the following at July 31, 2013 and 2012:

	2013	2012
Furniture and equipment	$ 41,530	$ 43,604
Less accumulated depreciation	(38,508)	(39,078)
	$ 3,022	$ 4,526

Note 5 - Leases

The Association leases office space under a cancelable month-to-month lease, and certain office equipment under operating leases expiring through 2015.

Future minimum lease payments are as follows:

Years Ending July 31,	
2014	$ 9,982
2015	4,396
	$ 14,378

Total lease expense for the years ended July 31, 2013 and 2012 was $55,366 and $57,046, respectively.

Note 7 - Pension Plan

The Association sponsors a Savings Incentive Match Plan (Simple) IRA Plan (the Plan) available to all full-time and salaried employees. 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 $7,008 and $6,812 for the years ended July 31, 2013 and 2012, respectively.

Note 8 - Restricted Net Assets

Unrestricted Board Designated Operating Reserve

In 2011, the Board of Directors designated certain unrestricted net assets to serve as an operating reserve, specifying that the reserve be retained and invested. There is to be no withdrawal, except upon approval of the Board, and all earnings from investments are considered to be similarly designated for operating reserve.

Note 9 - Functionalized Expenses

Total expenses by function are as follows for the years ended July 31, 2013 and 2012:

	2013	2012
Total program expenses (includes cost of goods sold of $15,595 and $16,757, respectively)	$ 694,085	$ 872,884
Management and general	216,400	159,475
Fundraising and development	48,605	53,222
Unallocated payments to international organization	38,118	37,632
Total functionalized expenses	$ 997,208	$ 1,123,213