Financial Statements
July 31, 2014 and 2013

Suzuki Association of the Americas, Inc.

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 statements of financial position as of July 31, 2014 and 2013, and the related statements of activities 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, 2014 and 2013, 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

Golden, Colorado
December 4, 2014

	2014	2013
Assets		
Cash and cash equivalents	$ 250,046	$ 260,536
Investments	1,033,630	971,249
Accounts receivable	10,989	15,323
Prepaid expenses	6,420	6,410
Inventory	28,697	35,302
Property and equipment, net	1,792	3,022
Total assets	$ 1,331,574	$ 1,291,842
Liabilities and Net Assets		
Accounts payable	$ 11,944	$ 5,818
Accrued compensation	9,677	7,882
Deferred revenue	7,811	10,296
Total liabilities	29,432	23,996
Net Assets		
Unrestricted		
Undesignated	1,290,832	1,256,536
Board designated	11,310	11,310
Total net assets	1,302,142	1,267,846
Total liabilities and net assets	$ 1,331,574	$ 1,291,842

	2014	2013
Revenue, Support, and Gains		
Membership dues	$ 542,527	$ 531,483
Course registration fees	111,090	151,390
Institutes	59,788	58,149
Biannual conference	290,618	3,304
Biannual retreat	139	77,185
Advertising	60,382	72,996
Contributions	59,718	40,596
Publications, net of cost of good sold of $11,991 and $15,595, respectively	6,519	11,425
Other income	16,413	16,296
Net investment return	60,365	33,588
Total revenue, support, and gains	1,207,559	996,412
Expenses		
Program	826,436	678,490
Management and general	257,890	216,400
Membership development	50,819	48,605
Unallocated payments to international organization	38,118	38,118
Total expenses	1,173,263	981,613
Change in Net Assets	34,296	14,799
Net Assets, Beginning of Year	1,267,846	1,253,047
Net Assets, End of Year	$ 1,302,142	$ 1,267,846

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	$ 34,296	$ 14,799
Adjustments to reconcile change in net assets to cash from (used for) operating activities		
Net investment return	(60,365)	(33,588)
Depreciation	1,230	1,504
Changes in operating assets and liabilities		
Accounts receivable	4,334	11,136
Prepaid expenses	(10)	115
Inventory	6,605	(10,163)
Accounts payable	6,126	19
Accrued compensation	1,795	(3,545)
Deferred revenue	(2,485)	4,713
Net cash from (used for) operating activities	(8,474)	(15,010)
Cash Flows from Investing Activities		
Purchases of investments	(2,016)	-
Net cash from (used for) investing activities	(2,016)	-
Net Change in Cash and Cash Equivalents	(10,490)	(15,010)
Cash and Cash Equivalents, Beginning of Year	260,536	275,546
Cash and Cash Equivalents, End of Year	$ 250,046	$ 260,536

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.

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 other long-term purposes of the Association are excluded from this definition.

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.

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 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, 2014 and 2013.

Inventory

Inventory is comprised 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 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 Association reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the 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, 2014 and 2013.

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. Unrestricted board designated net assets consist of net assets designated by the Board of Directors for specific purposes.

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.

The Association reports contributions by donors as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Association had no temporarily restricted net assets as of July 31, 2014 and 2013.

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, 2014 and 2013.

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 $1,065 and $2,830 for the years ended July 31, 2014 and 2013, 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Note 8 presents total expenses by function.

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 2014 and 2013, 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.

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, money market accounts, and certificates of deposit 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.

Note 2 - 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.

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 certificates of deposit and corporate bonds traded in the financial markets. Those 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 at an adjusted price based upon prices of similar assets recently sold on an exchange or inactive broker-dealer market and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at July 31, 2014 and 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)	Significant Unobservable Inputs (Level 3)
July 31, 2014				
Money market funds (at cost)	$ 37,145	$ -	$ -	$ -
Certificates of deposit	290,347	-	290,347	-
Mutual funds				
Large blend	83,890	83,890	-	-
Large growth	19,472	19,472	-	-
Large value	53,900	53,900	-	-
Moderate allocation	37,746	37,746	-	-
Common stock	19,232	19,232	-	-
Preferred stock	141,425	-	141,425	-
Corporate bonds	350,473	-	350,473	-
	$ 1,033,630	$ 214,240	$ 782,245	$ -
July 31, 2013				
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	$ -

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended July 31, 2014 and 2013:

	2014	2013
Interest and dividends	$ 32,561	$ 27,770
Net realized and unrealized gain	27,804	5,818
	$ 60,365	$ 33,588

Note 4 - Property and Equipment

Property and equipment consists of the following at July 31, 2014 and 2013:

	2014	2013
Furniture and equipment	$ 41,530	$ 41,530
Less accumulated depreciation	(39,738)	(38,508)
	$ 1,792	$ 3,022

Note 5 - Leases

During 2014, the Association leased office space under a cancelable month-to-month lease. The Association entered into a new lease agreement for office space subsequent to year end, as discussed at Note 10. The Association also leases certain office equipment under operating leases expiring at various dates through 2016.

Future minimum lease payments are as follows:

Years Ending July 31,	
2015	$ 8,230
2016	4,849
	$ 13,079

Rent expense for the years ended July 31, 2014 and 2013 was $56,303 and $55,366, respectively.

Note 6 - Unallocated Payments to International Organization

The Association remits quarterly fees to ISA for the right to promote the Suzuki method in the Americas. The Association remitted fees of $38,118 to ISA for each of the years ended July 31, 2014 and 2013.

Note 7 - Functionalized Expenses

Total expenses by function are as follows for the years ended July 31, 2014 and 2013:

	2014	2013
Total program expenses (includes cost of goods sold of $11,991 and $15,595, respectively)	$ 838,427	$ 694,085
Management and general	257,890	216,400
Fundraising and development	50,819	48,605
Unallocated payments to international organization	38,118	38,118
Total functionalized expenses	$ 1,185,254	$ 997,208

Note 8 - 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 $5,545 and $7,008 for the years ended July 31, 2014 and 2013, respectively.

Note 9 - Subsequent Events

Subsequent to yearend, the Association entered into a new lease agreement for office space under which the Association will lease office space for $170,362 for the period from December 1, 2014 through February 2020.

The Association has evaluated subsequent events through December 4, 2014, the date the financial statements were available to be issued.