



Financial Statements
July 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado
January 27, 2022

Suzuki Association of the Americas, Inc.
 Statements of Financial Position
 July 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 336,896	\$ 259,069
Investments	1,515,916	1,380,914
Accounts receivable	6,856	-
Prepaid expenses and other assets	13,933	11,705
Inventory	24,062	22,452
Total assets	\$ 1,897,663	\$ 1,674,140
Liabilities and Net Assets		
Accounts payable	\$ 4,288	\$ 33,494
Accrued compensation	10,603	18,572
Deferred revenue	6,827	6,521
Refundable advance - PPP loan	-	88,000
Total liabilities	21,718	146,587
Net Assets		
Without donor restrictions		
Undesignated	1,322,046	1,155,215
Management-designated reserve for scholarships	534,015	352,454
	1,856,061	1,507,669
With donor restrictions	19,884	19,884
Total net assets	1,875,945	1,527,553
Total liabilities and net assets	\$ 1,897,663	\$ 1,674,140

Suzuki Association of the Americas, Inc.

Statements of Activities

Years Ended July 31, 2021 and 2020

	2021	2020
Change in Net Assets Without Donor Restrictions		
Revenue, Support, and Gains		
Membership dues	\$ 566,244	\$ 510,317
Course registration fees	180,662	162,737
Institutes	2,672	13,211
Advertising	44,999	43,715
Contributions and grants	216,480	113,372
Other income and publications, net of cost of goods sold of \$7,150 and \$4,908, respectively	489	8,355
PPP loan forgiveness	88,000	-
Net investment return	135,002	82,306
Total revenue, support, and gains	<u>1,234,548</u>	<u>934,013</u>
Expenses		
Program	544,584	607,652
Management and general	273,761	231,132
Membership development	31,671	27,967
Unallocated payments to international organization	36,140	37,872
Total expenses	<u>886,156</u>	<u>904,623</u>
Change in net assets without donor restrictions	<u>348,392</u>	<u>29,390</u>
Change in Net Assets With Donor Restrictions		
Contributions	-	200
Change in net assets with donor restrictions	<u>-</u>	<u>200</u>
Change in net assets	348,392	29,590
Net Assets, Beginning of Year	<u>1,527,553</u>	<u>1,497,963</u>
Net Assets, End of Year	<u>\$ 1,875,945</u>	<u>\$ 1,527,553</u>

Suzuki Association of the Americas, Inc.
 Statements of Functional Expenses
 Year Ended July 31, 2021

	Program	Management and General	Membership Development	Total
Salaries and related expenses	\$ 282,606	\$ 126,086	\$ 26,087	\$ 434,779
Professional services	96,186	76,395	-	172,581
Printing, postage, and shipping	76,005	15,324	490	91,819
Facility and equipment	48,197	22,018	4,449	74,664
Unallocated payments to international organization	36,140	-	-	36,140
Grants and scholarships	32,945	-	-	32,945
Bank fees	-	21,048	-	21,048
Miscellaneous	3,353	8,568	208	12,129
Telephone and supplies	4,733	4,322	437	9,492
Cost of goods sold	7,150	-	-	7,150
Travel and meeting	559	-	-	559
	<u>587,874</u>	<u>273,761</u>	<u>31,671</u>	<u>893,306</u>
Less expenses included with revenues on the statement of activities				
Cost of goods sold	(7,150)	-	-	(7,150)
	<u>(7,150)</u>	<u>-</u>	<u>-</u>	<u>(7,150)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 580,724</u>	<u>\$ 273,761</u>	<u>\$ 31,671</u>	<u>\$ 886,156</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 meetings	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
	<u>650,432</u>	<u>231,132</u>	<u>27,967</u>	<u>909,531</u>
Less expenses included with revenues on the statement of activities				
Cost of goods sold	(4,908)	-	-	(4,908)
	<u>(4,908)</u>	<u>-</u>	<u>-</u>	<u>(4,908)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 645,524</u>	<u>\$ 231,132</u>	<u>\$ 27,967</u>	<u>\$ 904,623</u>

Suzuki Association of the Americas, Inc.

Statements of Cash Flows

Years Ended July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 348,392	\$ 29,590
Adjustments to reconcile change in net assets to cash from (used for) operating activities		
Realized and unrealized gain on investments	(108,997)	(51,884)
Forgiveness of PPP loan	(88,000)	-
Changes in operating assets and liabilities		
Accounts receivable	(6,856)	8,678
Prepaid expenses	(2,228)	(5,169)
Inventory	(1,610)	1,650
Accounts payable	(29,206)	(30,431)
Accrued compensation	(7,969)	8,420
Deferred revenue	306	530
Refundable advance - PPP loan	-	88,000
Net Cash from Operating Activities	<u>103,832</u>	<u>49,384</u>
Investing Activities		
Purchases of investments	(767,994)	(375,288)
Proceeds from sales of investments	<u>741,989</u>	<u>345,000</u>
Net Cash used for Investing Activities	<u>(26,005)</u>	<u>(30,288)</u>
Net Change in Cash and Cash Equivalents	77,827	19,096
Cash and Cash Equivalents, Beginning of Year	<u>259,069</u>	<u>239,973</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 336,896</u></u>	<u><u>\$ 259,069</u></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

Throughout fiscal year 2021, the Association continued to be characterized by uncertainty from the effects of the world-wide coronavirus pandemic. The shift from in-person to online teaching of students and training of teachers continues to require experimentation, adaption, and flexibility. The Association has offered only virtual meetings and events during the fiscal year.

The Association maintained financial stability. Growth in online teacher training courses and support for online instruction for teachers continues to grow throughout the Americas, accompanied by growth in new memberships and in course participation. During the fiscal year, members and friends continued to provide contributions which maintain the Association's scholarship program and provide support for member services, publications, and other programs. In addition, the Association was able to obtain full forgiveness of Paycheck Protection Program (PPP) loan that helped to offset the cancellation of our May 2020 conference. With all meetings going online, costs of travel and accommodations for Board, Committees, Trainers, and Instructors travel were mostly eliminated during the year.

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.

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, 2021 and 2020.

Inventory

Inventory is comprised of published training materials and videos and is stated at the lower of average cost or net realizable value. The Association has evaluated for potential inventory obsolescence with no such allowance required at July 31, 2021 and 2020.

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. Management has designated from net assets without donor restrictions, a reserve for scholarships.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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, 2021 and 2020, 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. The Association did not have any conditional promises to give at July 31, 2021 and 2020.

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.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$525 and \$4,249 for the years ended July 31, 2021 and 2020, 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 membership fees to the International Suzuki Association (ISA) for the right to promote the Suzuki method in the Americas. The Association remitted fees of \$36,140 and \$37,872 to ISA for the years ended July 31, 2021 and 2020, 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, 2021 and 2020, 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 2018.

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 27, 2022, 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:

	2021	2020
Cash and cash equivalents	\$ 317,012	\$ 239,185
Investments	1,515,916	1,380,914
Accounts receivable	6,856	-
	<u>\$ 1,839,784</u>	<u>\$ 1,620,099</u>

Cash and cash equivalents balance includes donor-restricted funds of \$19,884 for both years ended July 31, 2021 and 2020, 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, 2021 and 2020.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at July 31, 2021:

	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)	\$ 49,978	\$ -	\$ -	\$ -
Certificates of deposit	113,142	-	113,142	-
Mutual funds				
Large blend	217,051	217,051	-	-
Large growth	53,519	53,519	-	-
Large value	112,277	112,277	-	-
Moderate allocation	74,584	74,584	-	-
Preferred stock	142,113	-	142,113	-
Corporate bonds	753,252	-	753,252	-
	<u>\$ 1,515,916</u>	<u>\$ 457,431</u>	<u>\$ 1,008,507</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, 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>

Note 4 - Leases

The Association leases office equipment and office space under various operating leases expiring through 2025. Future minimum lease payments including the lease signed subsequent to year end are as follows:

Years Ending July 31,	
2022	\$ 45,170
2023	46,221
2024	46,221
2025	19,410
	<u>\$ 157,022</u>

Rent expense for the years ended July 31, 2021 and 2020 totaled \$35,014 and \$41,055, respectively. The Association's office lease expired as of December 31, 2021. Subsequent to year end, the Association signed a new lease agreement for administrative office space through December 31, 2024. The lease requires monthly payments of \$3,700.

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. 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. The loan was initially recorded as a refundable advance and the forgiveness was recorded in accordance with the guidance for conditional contributions when there was no longer a measurable performance or other barrier and a right of return of the PPP loan. The Association recognized \$88,000 and \$0 of contribution and grant revenue for the years ended July 31, 2021 and 2020, respectively.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at July 31, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose		
Parent education course	\$ 13,480	\$ 13,480
Suzuki alumni project fund	3,560	3,560
Hurricane relief fund	2,844	2,844
	<u>\$ 19,884</u>	<u>\$ 19,884</u>

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 \$8,042 and \$8,361 for the years ended July 31, 2021 and 2020, respectively.