

Suzuki Association of
the Americas, Inc.

Audited Financial Statements

For the years ended
July 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Management of
Suzuki Association of the Americas, Inc.
Boulder, CO

Opinion

We have audited the accompanying financial statements of Suzuki Association of the Americas, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Suzuki Association of the Americas, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Suzuki Association of the Americas, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Suzuki Association of the Americas, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Suzuki Association of the Americas, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Prior Period Financial Statements

The financial statements of Suzuki Association of the Americas, Inc. as of July 31, 2021 were audited by other auditors whose report dated January 27, 2022, expressed an unmodified opinion on those statements.

Jason F. Clausen, P.C.

Fraser, MI

April 10, 2023

SUZUKI ASSOCIATION OF THE AMERICAS, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2022 AND 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 168,360	\$ 336,896
Investments	1,255,361	1,515,916
Accounts receivable	1,821	6,856
Security deposit	5,000	-
Prepaid expenses and other assets	3,276	13,933
Inventory	<u>21,312</u>	<u>24,062</u>
Total current assets	<u>1,455,130</u>	<u>1,897,663</u>
Total assets	<u>1,455,130</u>	<u>1,897,663</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	10,510	4,288
Accrued compensation	-	10,603
Deferred revenue	<u>4,346</u>	<u>6,827</u>
Total current liabilities	<u>14,856</u>	<u>21,718</u>
Total liabilities	14,856	21,718
<u>Net assets</u>		
Net assets without donor restrictions		
Undesignated	874,787	1,322,046
Management-designated reserve for scholarships	545,603	534,015
Management-designated reserve for parent ed	13,480	13,480
Net assets with donor restrictions	<u>6,404</u>	<u>6,404</u>
Total net assets	<u>1,440,274</u>	<u>1,875,945</u>
Total liabilities and net assets	<u>\$ 1,455,130</u>	<u>\$ 1,897,663</u>

See independent auditor's report and financial statements

SUZUKI ASSOCIATION OF THE AMERICAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	2022		2021	
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Membership dues	\$ 487,611	\$ -	\$ 487,611	\$ 566,244
Course registration fees	108,206	-	108,206	180,662
Institutes	9,968	-	9,968	2,672
Advertising	49,582	-	49,582	44,999
Contributions and grants	55,124	-	55,124	216,480
Other income and publications, net of cost of goods sold of \$12,118 and \$7,150, respectively	(3,609)	-	(3,609)	489
Net investment return	(95,543)	-	(95,543)	135,002
In kind contributions	10,000	-	10,000	-
PPP loan forgiveness	-	-	-	88,000
Net assets released from restrictions	-	-	-	-
 Total revenue and other support	 621,339	 -	 621,339	 1,234,548
<u>Expense</u>				
Program services	651,249	-	651,249	580,724
Management and general	374,345	-	374,345	273,761
Membership development	31,416	-	31,416	31,671
 Total expense	 1,057,010	 -	 1,057,010	 886,156
 Change in net assets	 (435,671)	 -	 (435,671)	 348,392
Net assets, beginning of period	1,869,541	6,404	1,875,945	1,527,553
Net assets, end of period	<u>\$ 1,433,870</u>	<u>\$ 6,404</u>	<u>\$ 1,440,274</u>	<u>\$ 1,875,945</u>

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SUZUKI ASSOCIATION OF THE AMERICAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2022

<u>Description</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Membership Development</u>	<u>Total</u>
Salaries and related expenses	\$ 256,223	\$ 114,315	\$ 23,651	\$ 394,189
Professional services	169,206	132,948	-	302,154
In-kind expense	5,600	4,400	-	10,000
Printing, postage, and shipping	63,286	12,200	762	76,248
Facility and equipment	48,968	21,847	4,520	75,335
Unallocated payments to international organizations	37,062	-	-	37,062
Grants and scholarships	25,945	-	-	25,945
Bank fees	-	17,943	-	17,943
Miscellaneous	26,036	65,089	1,860	92,985
Telephone and supplies	6,226	5,603	623	12,452
Travel and meeting	12,697	-	-	12,697
Total expenses on the statement of activities	<u>\$ 651,249</u>	<u>\$ 374,345</u>	<u>\$ 31,416</u>	<u>\$ 1,057,010</u>

See independent auditor's report and financial statements

SUZUKI ASSOCIATION OF THE AMERICAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2021

<u>Description</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Membership Development</u>	<u>Total</u>
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 organizations	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
Travel and meeting	559	-	-	559
Total expenses on the statement of activities	<u>\$ 580,724</u>	<u>\$ 273,761</u>	<u>\$ 31,671</u>	<u>\$ 886,156</u>

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SUZUKI ASSOCIATION OF THE AMERICAS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	2022	2021
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (435,671)	\$ 348,392
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized (gains) losses on investments	150,901	(108,997)
PPP loan forgiveness	-	(88,000)
<u>Changes in operating assets and liabilities</u>		
(Increase) Decrease in:		
Accounts receivable, net	5,035	(6,856)
Prepaid expenses	10,657	(2,228)
Inventory	2,750	(1,610)
Security deposits	(5,000)	-
Increase (Decrease) in:		
Accounts payable	(6,222)	(29,206)
Accrued compensation	10,603	(7,969)
Deferred revenue	2,481	306
Net cash provided by (used in) operating activities	(264,466)	103,832
<u>Cash flows from investing activities</u>		
Sales (purchases) of investments, net	95,930	(26,005)
Net cash provided by (used in) investing activities	95,930	(26,005)
Net increase (decrease) in cash and cash equivalents	(168,536)	77,827
Cash and cash equivalents, beginning of period	336,896	259,069
Cash and cash equivalents, end of period	\$ 168,360	\$ 336,896

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SUZUKI ASSOCIATION OF THE AMERICAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

The Association prepares its financial statements in accordance with FASB ASC 958-205, "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. As permitted under the provisions of FASB 958-605, the Association records donor-restricted contributions whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

Cash and Cash Equivalents

The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. This definition includes only money market funds and certificates of deposit as cash equivalents which are held in undesignated accounts.

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.

Accounts, Grants, and Contributions Receivable

Accounts, grants and contributions receivable are stated at unpaid balances less an allowance for doubtful accounts. The Organization reviews accounts receivable periodically for collectability and establishes an allowance for doubtful accounts and records bad debt when deemed necessary. The allowance for doubtful accounts was \$0 as of July 31, 2022 and 2021.

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, 2022 and 2021.

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SUZUKI ASSOCIATION OF THE AMERICAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Association did not have any conditional promises to give at July 31, 2022 and 2021.

Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with grant restrictions. 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.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$1,000 and \$525 for the years ended July 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of management's estimate 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 \$37,062 and \$36,140 to ISA for the years ended July 31, 2022 and 2021, respectively.

Income Taxes

The Association has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

The Association holds its cash deposits with highly credible financial institutions. Periodically, the amount of deposits in these accounts may exceed federally insured limits of \$250,000. As of July 31, 2022 and 2021, the Association had \$0 and \$91,914 deposits in excess of federally insured limits, respectively.

Current Financial Assets

The Association has \$1,419,138 and \$1,852,535 of financial assets available within one

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SUZUKI ASSOCIATION OF THE AMERICAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

year of July 31, 2022 and 2021, respectively, to meet cash needs for general expenditures consisting of cash of \$161,956 and \$330,083, net accounts receivable of \$1,821 and \$6,536, and investments of \$1,255,361 and \$1,515,916, respectively. Certain cash amounts are subject to donor restrictions as outlined in Note 5. The Association has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$176,000. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 2 – EMPLOYEE BENEFIT 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 contributions 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 \$6,010 and \$8,042 for the years ended July 31, 2022 and 2021, respectively.

NOTE 3 – OPERATING LEASES

The Association leases office space and equipment under non-cancelable operating lease agreements that expire at various dates through 2025.

Future minimum lease payments under non-cancelable operating leases are scheduled as follows:

<u>Year</u>	
2023	\$ 46,221
2024	20,321
2025	<u>1,024</u>
Total	<u>\$ 67,566</u>

Total rent expense amounted to approximately \$45,395 and \$35,014 for the years ended July 31, 2022 and 2021, respectively.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the abilities to access.

SUZUKI ASSOCIATION OF THE AMERICAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money Market Funds: Valued at the daily closing price as reported by the fund.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

Certificates of Deposit and Corporate Bonds: Valued by the custodians of the securities based on credit quality, time to maturity, stated interest rates, and market-rate assumptions

Preferred Stocks: Valued based upon prices of similar assets recently sold on an exchange or inactive broker-dealer market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The Association's assets at fair value for July 31, 2022 and 2021:

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SUZUKI ASSOCIATION OF THE AMERICAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

	July 31, 2022			
	Fair Value	Level 1	Level 2	Level 3
Money market	\$ 380	\$ 380	\$ -0-	\$ -0-
Certificates of deposit	28,503	-0-	28,503	-0-
Mutual funds				
Large blend	207,900	207,900	-0-	-0-
Large growth	41,761	41,761	-0-	-0-
Large value	114,754	114,754	-0-	-0-
Moderate allocation	68,931	68,931	-0-	-0-
Preferred stock	111,963	-0-	111,963	-0-
Corporate bonds	681,169	-0-	681,169	-0-
Total	\$ 1,255,361	\$ 433,726	\$ 821,635	\$ -0-

	July 31, 2021			
	Fair Value	Level 1	Level 2	Level 3
Money market	\$ 49,978	\$ 49,978	\$ -0-	\$ -0-
Certificates of deposit	113,142	-0-	113,142	-0-
Mutual funds				
Large blend	217,051	217,051	-0-	-0-
Large growth	53,519	53,519	-0-	-0-
Large value	112,277	112,277	-0-	-0-
Moderate allocation	74,584	74,584	-0-	-0-
Preferred stock	142,113	-0-	142,113	-0-
Corporate bonds	753,252	-0-	753,252	-0-
Total	\$ 1,515,916	\$ 507,409	\$ 1,008,507	\$ -0-

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

The Association receives support from varying sources that are restricted, either by purpose or passage of time.

The following table summarizes the portion of net assets that are restricted for the following purposes or periods at July 31, 2022 and 2021:

Subject to expenditure for specified purpose	2022	2021
Suzuki alumni project fund	\$ 3,560	\$ 3,560
Hurricane relief fund	2,844	2,844
Total net assets with donor restrictions	\$ 6,404	\$ 6,404

See independent auditor's report and financial statements

SUZUKI ASSOCIATION OF THE AMERICAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 6 – RELATED PARTIES

The Association receives support from related parties and their family members. For years ended July 31, 2022 and 2021, the amounts received were \$10,586 and \$12,064, respectively.

NOTE 7 – COMPARATIVE STATEMENTS

Certain amounts shown for the year ended July 31, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, 2021 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Association's financial statements for the year ended July 31, 2021 from which the summarized information was derived.

NOTE 8 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated all subsequent events through the date of this report, which is the date these financial statements were available to be issued.