

**STUDENT VETERANS OF AMERICA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**



[CLAconnect.com](https://www.claconnect.com)

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**STUDENT VETERANS OF AMERICA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Directors
Student Veterans of America
Washington, DC

We have audited the accompanying financial statements of Student Veterans of America (SVA), which comprise the statement of financial position as of December 31, 2020, the related statements of activities and change in net assets, functional expenses, 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.

Auditors' 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 auditors' 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.

Board of Directors
Student Veterans of America

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Student Veterans of America as of December 31, 2020, and the change 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
June 23, 2021

**STUDENT VETERANS OF AMERICA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Cash and Cash Equivalents	\$ 1,703,895
Grants and Contributions Receivable	643,695
Accounts Receivable, Net	44,814
Investments	305,341
Prepaid Expenses and Other Assets	201,757
Property and Equipment, Net	<u>343,554</u>
 Total Assets	 <u><u>\$ 3,243,056</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 89,158
Deferred Revenue	96,221
PPP Loan	293,347
Deferred Rent	<u>254,833</u>
Total Liabilities	<u>733,559</u>

NET ASSETS

Without Donor Restrictions	132,075
With Donor Restrictions	<u>2,377,422</u>
Total Net Assets	<u><u>2,509,497</u></u>

Total Liabilities and Net Assets	<u><u>\$ 3,243,056</u></u>
----------------------------------	----------------------------

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and Contributions	\$ 328,107	\$ 2,982,903	\$ 3,311,010
Conference Fees	884,822	-	884,822
Business and Industry Roundtable	135,000	-	135,000
Other Income	17,558	-	17,558
Donated Goods and Services	598,243	-	598,243
Investment Return, Net	(599)	-	(599)
Net Assets Released from Restrictions	3,097,134	(3,097,134)	-
Total Revenue and Support	5,060,265	(114,231)	4,946,034
EXPENSES			
Program Services:			
National Conference	1,482,465	-	1,482,465
Chapter Support	1,557,914	-	1,557,914
Individual Support	221,079	-	221,079
Strategic Support	751,779	-	751,779
Other Programs	216,835	-	216,835
Total Program Services	4,230,072	-	4,230,072
Supporting Services:			
Fundraising	244,373	-	244,373
General and Administrative	524,228	-	524,228
Total Supporting Services	768,601	-	768,601
Total Expenses	4,998,673	-	4,998,673
CHANGE IN NET ASSETS	61,592	(114,231)	(52,639)
Net Assets - Beginning of Year	70,483	2,491,653	2,562,136
NET ASSETS - END OF YEAR	\$ 132,075	\$ 2,377,422	\$ 2,509,497

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services					Supporting Services				
	National Conference	Chapter Support	Individual Support	Strategic Support	Other Programs	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total
Salaries and Benefits	\$ 226,402	\$ 522,351	\$ 61,273	\$ 505,832	\$ 118,408	\$ 1,434,266	\$ 137,377	\$ 151,790	\$ 289,167	\$ 1,723,433
Professional Fees	143,403	188,470	-	-	40,800	372,673	60,000	345,124	405,124	777,797
Conferences and Training	786,398	7,377	90	741	173	794,779	201	222	423	795,202
Meetings and Entertainment	21,898	-	-	853	479	23,230	-	-	-	23,230
Scholarships and Grants	-	20,492	144,000	-	-	164,492	-	-	-	164,492
Travel	41,426	1,201	8	9,457	7,420	59,512	18	20	38	59,550
Occupancy	26,482	67,102	7,871	64,980	15,211	181,646	17,648	19,499	37,147	218,793
Audio and Visual	149,785	42,522	157	1,296	303	194,063	352	389	741	194,804
Information Technology	6,207	17,666	1,639	36,894	22,405	84,811	3,675	4,061	7,736	92,547
Depreciation and Amortization	11,055	25,506	2,992	24,700	5,782	70,035	6,708	7,412	14,120	84,155
Other Expenses	38,658	42,249	1,966	86,295	3,741	172,909	15,689	(6,703)	8,986	181,895
Advertising and Marketing	3,391	20,182	666	5,500	1,287	31,026	1,769	1,376	3,145	34,171
Donated Goods and Services	25,000	598,243	-	-	-	623,243	-	-	-	623,243
Offices Expenses	2,360	4,553	417	15,231	826	23,387	936	1,038	1,974	25,361
Total Functional Expenses	\$ 1,482,465	\$ 1,557,914	\$ 221,079	\$ 751,779	\$ 216,835	\$ 4,230,072	\$ 244,373	\$ 524,228	\$ 768,601	\$ 4,998,673

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (52,639)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	84,155
Net Realized and Unrealized Loss	1,669
Changes in Assets and Liabilities:	
Grants and Contributions Receivable, Net	211,724
Accounts Receivable, Net	17,090
Prepaid Expenses and Other Assets	431,209
Accounts Payable	44,792
Deferred Revenue	(580,559)
Deferred Rent	(50,895)
Net Cash Provided by Operating Activities	<u>106,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(67,917)
Sales of Investments	67,558
Purchases of Property and Equipment	(117,714)
Net Cash Used by Investing Activities	<u>(118,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Borrowing under PPP Loan	<u>293,347</u>
Net Cash Provided by Financing Activities	<u>293,347</u>
CHANGE IN CASH AND CASH EQUIVALENTS	281,820
Cash and Cash Equivalents - Beginning of Year	<u>1,422,075</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,703,895</u></u>

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Student Veterans of America (SVA) was incorporated under the laws of the state of Michigan on January 23, 2008. SVA was formed to provide financial and educational assistance to student veteran organizations established on university and college campuses across the United States, aimed at assisting with the transition of veterans who have served, or who are serving in the U.S. military, into campus life and the civilian community; to offer financial and educational assistance to student veterans attending colleges and universities in the U.S.; and to educate and inform student veterans regarding the rights and opportunities which are available to them as veterans through federal, state and local governments and their respective institutions. These activities are primarily funded from grants and contributions. On June 23, 2021, the board of directors of SVA approved to change SVA's fiscal year from December 31 to March 31.

Basis of Accounting

The accompanying financial statements of SVA are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

SVA is exempt from the payment of income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code. SVA is subject to tax only on its net unrelated business income. Federal and District of Columbia income taxes related to this was \$-0- for the year ended December 31, 2020.

SVA has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. SVA evaluated its uncertainty in income taxes for the year ended December 31, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2020, the statute of limitations for tax years 2016 through 2018 remain open with the U.S. federal jurisdiction or the various states and local jurisdictions in which SVA files tax returns. It is SVA's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

Cash Equivalents

SVA considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. All other highly liquid instruments, which are to be used for the long-term purposes of SVA, are classified as investments.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivable

Unconditional promises to give are recognized as grants and contributions receivable in the period the promises are made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates commensurate with the risk involved applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contributions revenue. Management considers all promises to give to be fully collectible; therefore no allowance for uncollectible pledges has been established.

Accounts Receivable

Accounts receivable consists primarily of amounts due from conference sponsorship fees and sale of exhibit space. SVA uses the allowance method to determine the uncollectible amounts of accounts receivable. The allowance is based upon prior years' experience and management's analysis of subsequent collections. Bad debt expenses are allocated to various programs and supporting services on the statement of activities when allowances on accounts receivable are increased or when accounts written off exceed available allowances.

Investments

Investments consist of money market funds. These investments are recorded at cost, which approximates fair market value. Purchases and sales are reflected on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period.

Property and Equipment

Property and equipment are recorded at cost. SVA recognizes costs incurred in the development of its website in accordance with the provisions of the accounting standards for website development costs. Accordingly, costs incurred for planning and operating the website are expensed, whereas costs incurred in developing the applications and infrastructure are capitalized and amortized on a straight-line basis over an estimated useful life of three years. Leasehold improvements are recorded at cost and amortized over the shorter of the remaining lease term or the estimated useful life. Depreciation on furniture, fixtures and equipment, and computers is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to ten years. The cost of property and equipment retired or disposed of is removed from the accounts, along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying statement of activities. Major additions of \$500 and greater are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Net Assets With Donor Restrictions – Represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the organization pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified purposes.

Revenue Recognition

SVA recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration SVA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, SVA combines it with other performance obligations until a distinct bundle of goods or services exists. SVA expects that the period between when SVA transfers goods and services to its customers and when the customers pay for those goods and services will be one year or less. Therefore, SVA has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Amounts received in advance of services performed, but not yet earned, are recorded as deferred revenue. Economic downturns can affect the level of revenues for all the revenue streams or can have a positive impact on cash flows in good economic times. In addition, sponsorships for meeting or conference related revenues can be affected by the location of the meeting or conference.

Grants and Contributions and Business and Industry Roundtable

SVA recognizes all unconditional contributed support in the reporting period in which the commitment is made. SVA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. SVA also reports investment income on funds with donor restrictions as revenue with donor restrictions. When expenses in accordance with the donors' restrictions are incurred, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Amounts that have not been collected as of year-end are included in pledges receivable in the accompanying statement of financial position. Conditional contributions are recognized when the conditions are substantially met. There were no conditional contributions as of the year ended December 31, 2020.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conference Fees - Event Registration

Event registration revenue includes revenue from registrations related to meetings or conferences. Performance obligations are satisfied at the time of the meeting or conference, when the services are transferred. Any receipts of registration revenue in advance of this time is deferred until the time of the event. Discounts are offered for early payment for registration depending on the time of purchase. Refunds are for registrations, with a cancellation fee, up to 30 days before the event. No refunds will be made after that date. The event occurred less than 30 days after year-end; therefore, there is no refund liability for SVA. Payment is primarily due at the time of purchase.

Conference Fees - Event Sponsorship and Exhibitions

Event sponsorship and exhibitions revenue includes revenue from exhibit space and sponsorship related to meetings or conferences. Performance obligations are satisfied for these revenue streams at the time of the meeting or conference, when the services are transferred. Each service is priced separately, and payment terms and conditions vary. Exhibitors receive benefits including full conference registration, tote bag inserts and exhibit table space. These material rights are recognized when the right is exercised or expires.

There are several levels of sponsorship for conferences. Sponsors receive benefits such as full conference registration, exhibit tables and other brand awareness, recognition within the meetings program and other benefits. There are no refunds for exhibit space and sponsorships. Payment is primarily due at the time of the event. The value of the benefits received by sponsor are deferred until the event occurs. Any sponsorship value in excess of the benefits received will be treated as contributions with donor restriction. The restrictions will be released at the time of the event.

Donated Goods and Services

Donated goods and services consist of goods and services for the National Conference and general and administrative supporting services that are recognized as revenue and expense in the accompanying statement of activities and change in net assets at their estimated fair value, as provided by the donor at the date of receipt.

In addition, SVA produces and distributes public service television announcements that focus attention on student veterans' transition to campus life and the civilian community. These public service announcements are distributed to a media station nationwide and run free of charge. For the year ended December 31, 2020, SVA recorded \$598,243 in contributed public service announcement air time.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Salaries and benefits are allocated proportionately among the programs and supporting services to which they relate on the basis of management's best estimate of each employee's time spent on each program or supporting services function. Certain costs have been allocated proportionately among the programs and supporting services to which they relate on the basis of salaries. The expenses that are allocated include occupancy, conference and meetings, travel, information technology, depreciation, dues and subscriptions, advertising and marketing, office expenses, and other expenses.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). This standard relates to leasing for both lessees and lessors. Under this update, a lessee will recognize lease assets and liabilities on the statement of financial position for all leases with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The ASU is effective for SVA beginning on January 1, 2022. Management is currently evaluating the impact of this ASU on their financial statements.

Subsequent Events

In preparing these financial statements, SVA has evaluated subsequent events for potential recognition or disclosure through June 23, 2021, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS

Credit Risk

SVA's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, grants and contributions receivable, and accounts receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. SVA monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents. Amounts on deposit in excess of federally insured limits at the year ended December 31, 2020, approximate \$1.2 million. Investments are subject to market fluctuations that may materially affect the investment balance. The grants and contributions receivable and accounts receivable balances consist primarily of amounts due from organizations for grants and contributions and conference fees. Management reviews the grants and contributions receivable and accounts receivable balances as a whole to determine the necessity for an allowance for doubtful accounts.

Revenue

During the year ended December 31, 2020, grants and contributions from two funders accounted for 62% of total revenue and support. At December 31, 2020, 81% of grants and contributions receivable was due from one of these two funders.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY

The following reflects SVA's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditure within one year of the date of the statement of financial position because of donor-imposed or other restrictions.

Cash and Cash Equivalents	\$ 1,703,895
Grants, Contributions Receivable, Net	643,695
Accounts Receivable, Net	44,814
Investments	<u>305,341</u>
Total	2,697,745
Less: Donor-Restricted Funds	<u>(2,377,422)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 320,323</u></u>

SVA is substantially supported by restricted grants and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, SVA must maintain sufficient resources to meet those responsibilities to its donors. Thus, the financial assets may not be available for general expenditures within one year. All unconditional promises to give expected to be collected within one year are available for general expenditures. As part of SVA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2020, grants and contributions receivable of \$643,695 consisted of amounts due from corporations and foundations and were expected to be received in less than one year. All amounts are deemed fully collectible.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020:

Leasehold Improvements	\$ 265,932
Furniture and Fixtures	140,635
Website Development Costs	237,193
Computer and Other Equipment	<u>115,366</u>
Total	759,126
Less: Accumulated Depreciation and Amortization	<u>(415,572)</u>
Property and Equipment, Net	<u><u>\$ 343,554</u></u>

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available with the following restrictions at December 31, 2020:

Subject to Expenditure for Specified Purpose:	
National Conference	\$ 171,525
Chapter Services and Grants	277,327
Scholarship	599,213
Leadership Institute Services	116,120
Strategic Support	200,866
Program Support	381,651
Regional Summits	630,720
Total Restrictions	<u>\$ 2,377,422</u>

Net assets were released from donor-imposed restrictions by incurring expenses that satisfied purpose restrictions or receipt of payment that satisfied time restrictions. For the year ended December 31, 2020, net assets released from restrictions were as follows:

Satisfaction of Purpose Restrictions:	
National Conference	\$ 351,250
Chapter Services and Grants	90,875
Scholarship	163,600
Leadership Institute Services	233,880
Strategic Support	886,577
Program Support	889,894
Regional Summits	481,058
Total Net Assets Released from Donor Restrictions	<u>\$ 3,097,134</u>

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, SVA received a loan from Idaho First Bank in the amount of \$293,347 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if SVA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

SVA is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. Subsequent to the year ended December 31, 2020, on March 8, 2021, the SBA processed SVA's PPP Loan forgiveness application and notified Idaho First Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date.

Subsequent to year-end, SVA received a second PPP Loan in the amount of \$288,487 as part of the Paycheck Protection Program. These funds must be used in accordance with the program requirements. Additionally, some or all of the funds may be forgiven based on compliance with program requirements and approval by the SBA.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Hotel Commitments

SVA has entered into several agreements for its meetings and conferences through 2021. These agreements contain clauses whereby SVA is liable for liquidated damages in the event SVA cancels the event. Management is of the opinion that no material liability is likely. The maximum possible amount of liquidated damages was approximately \$89,000 as of December 31, 2020. After considering the February 2021 National Conference (NatCon) event, which occurred as planned, the maximum possible amount of liquidated damages is approximately \$45,000.

Operating Leases

SVA leases office space for its headquarters in Washington, DC under the terms of a noncancelable operating lease which expires on August 31, 2024. The rent escalates 3% annually over the term of the lease. The terms of the lease included a lease incentive of \$265,932, which SVA used to build out the office space.

Under U.S. GAAP, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position. The lease incentive is included in the accompanying statement of financial position and is amortized and recognized as a reduction to rent expense over the life of the lease.

Future minimum lease payments required under these operating lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 270,423
2022	278,536
2023	286,892
2024	195,049
Total	<u>\$ 1,030,900</u>

Rent expense totaled \$218,794 for the year ended December 31, 2020.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19 Pandemic

During the year ended December 31, 2020, the World Health Organization declared the spread of the coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, nonprofits, business, and communities. Specific to SVA, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, reductions in certain revenue streams as well as increases in expenses. As of June 23, 2021, the amount and likelihood of loss relating to these events have not been determined and cannot be reasonably estimated.

NOTE 9 RETIREMENT PLANS

SVA sponsors a defined contribution plan, which covers all employees who have been employed for at least three months and are 21 years of age. Employees are fully vested in the Plan after three years of service. Employees are eligible to participate and SVA contributes 0.03% of each employee's elective deferrals, up to a maximum of 6% of eligible earnings. The plan permits additional voluntary contributions by each employee up to annual Internal Revenue Service limits. Employer matching contribution expense totaled \$1,028 for the year ended December 31, 2020.