



## **Financial Statements**

*For the Year Ended December 31, 2013*

*(With Summarized Financial Information for the Year Ended December 31, 2012)*



**and  
Report Thereon**





*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Student Veterans of America

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Student Veterans of America (SVA), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Student Veterans of America as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

## Report on Summarized Comparative Information

We have previously audited SVA's December 31, 2012 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 11, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.



**Raffa, P.C.**

Washington, DC  
July 15, 2014

**STUDENT VETERANS OF AMERICA**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2013**  
**(With Summarized Financial Information as of December 31, 2012)**

	2013	2012
<b>ASSETS</b>		
Cash	\$ 1,902,323	\$ 515,706
Grants receivable, net	1,713,767	654,085
Prepaid expenses and other assets	190,185	7,218
Property and equipment, net	14,921	7,371
<b>TOTAL ASSETS</b>	<b>\$ 3,821,196</b>	<b>\$ 1,184,380</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 146,238	\$ 18,994
Deferred income	26,924	20,574
Deferred rent	13,711	14,686
<b>TOTAL LIABILITIES</b>	186,873	54,254
<b>Net Assets</b>		
Unrestricted	763,853	361,876
Temporarily restricted	2,870,470	768,250
<b>TOTAL NET ASSETS</b>	3,634,323	1,130,126
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,821,196</b>	<b>\$ 1,184,380</b>

The accompanying notes are an integral part of these financial statements.

# STUDENT VETERANS OF AMERICA

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 779,192	\$ 3,200,131	\$ 3,979,323	\$ 1,280,507
Donated goods and services	34,193	-	34,193	69,617
Conference fees	22,874	-	22,874	4,478
Other	7,752	-	7,752	2,925
Net assets released from restrictions:				
Satisfaction of program restrictions	900,230	(900,230)	-	-
Satisfaction of time restrictions	197,681	(197,681)	-	-
	<b>1,941,922</b>	<b>2,102,220</b>	<b>4,044,142</b>	<b>1,357,527</b>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program Services:				
Learning and measurement	541,887	-	541,887	189,187
National conference	161,162	-	161,162	140,101
Scholarship	147,667	-	147,667	121,322
National Veterans Center	144,599	-	144,599	-
Chapter services	130,697	-	130,697	113,741
Leadership summits	79,236	-	79,236	22,834
Chapter grants	65,198	-	65,198	55,629
PAL program	63,268	-	63,268	-
Leadership institute	41,579	-	41,579	82,451
Employment Initiative	6,145	-	6,145	65,504
Alumni initiative	3,581	-	3,581	-
	<b>1,385,019</b>	<b>-</b>	<b>1,385,019</b>	<b>790,769</b>
Supporting Services:				
General and administrative	79,686	-	79,686	47,381
Fundraising	75,240	-	75,240	94,253
	<b>154,926</b>	<b>-</b>	<b>154,926</b>	<b>141,634</b>
<b>TOTAL EXPENSES</b>	<b>1,539,945</b>	<b>-</b>	<b>1,539,945</b>	<b>932,403</b>
<b>CHANGE IN NET ASSETS</b>	<b>401,977</b>	<b>2,102,220</b>	<b>2,504,197</b>	<b>425,124</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>361,876</b>	<b>768,250</b>	<b>1,130,126</b>	<b>705,002</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 763,853</b>	<b>\$ 2,870,470</b>	<b>\$ 3,634,323</b>	<b>\$ 1,130,126</b>

The accompanying notes are an integral part of these financial statements.

**STUDENT VETERANS OF AMERICA**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2013**  
**(With Summarized Financial Information for the Year Ended December 31, 2012)**  
**Increase (Decrease) in Cash**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,504,197	\$ 425,124
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,838	1,778
Changes in assets and liabilities:		
Grants receivable	(1,059,682)	(429,085)
Prepaid expenses and other assets	(182,967)	(6,950)
Accounts payable and grants payable	127,244	(191,006)
Deferred income	6,350	20,574
Deferred rent	(975)	14,686
	<b>1,397,005</b>	<b>(164,879)</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(10,388)	(8,682)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10,388)</b>	<b>(8,682)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,386,617</b>	<b>(173,561)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>515,706</b>	<b>689,267</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,902,323</b>	<b>\$ 515,706</b>

The accompanying notes are an integral part of these financial statements.

# STUDENT VETERANS OF AMERICA

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### 1. Organization and 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 for the purpose of assisting student veterans in social settings, acquiring guaranteed benefits and educating the general public regarding veterans' issues – specifically, those issues involving student veterans. These activities are primarily funded from donations and grants.

#### **Cash and Cash Equivalents**

Cash includes noninterest-bearing demand deposit accounts and an interest-bearing savings account.

#### **Fair Value Measurements**

Accounting standards define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expand disclosures about fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis. Accounting standards determine fair value by using assumptions that market participants would use to determine the price of an asset or liability, as opposed to measurements that are determined based upon information specific to the entity holding those assets and liabilities. To determine those market participant assumptions, accounting standards establish a fair value hierarchy of inputs that the entity must consider, including both independent market data inputs and the entity's own assumptions about the market participant assumptions. SVA's cash include only Level 1 inputs under this fair value hierarchy. Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities.

#### **Property and Equipment and Related Accumulated Depreciation**

Property and equipment are recorded at cost. 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.

#### **Net Assets**

The net assets of SVA are classified as follows:

- Unrestricted net assets represent funds that are available for support of SVA's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

# STUDENT VETERANS OF AMERICA

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Revenue Recognition**

Grants and contributions are considered available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Grants and contracts treated as exchange transactions are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and contracts for which billings have not been presented to, or collected from, the awarding agency is included in grants receivable in the accompanying statement of financial position.

Revenue and the related costs of the annual conference, meetings and workshops are recognized in the year in which the conference, meetings and workshops are held. Accordingly, registration and related fees received in advance of the related conference or meetings are reflected as deferred income in the accompanying statement of financial position.

#### **Donated Goods and Services**

Donated goods and services consist primarily of donated equipment and conference space that are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor at the date of receipt.

#### **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. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate on the basis of salaries.

#### **Estimates**

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



**STUDENT VETERANS OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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2. Grants Receivable

As of December 31, 2013, grants receivable consist of amounts due from corporations, foundations, and individuals as follows:

Corporations	\$ 1,198,900
Foundations	497,500
Individuals	<u>17,367</u>
Total	<u>\$ 1,713,767</u>

All amounts are deemed fully collectible and are due within the year.

3. Property and Equipment

Property and equipment were composed of the following at December 31, 2013:

Furniture, fixtures and equipment	\$ 12,129
Computer equipment	<u>8,317</u>
Total Property and Equipment	20,446
Less: Accumulated Depreciation	<u>(5,525)</u>
Property and Equipment, Net	<u>\$ 14,921</u>

Depreciation expense was \$2,838 for the year ended December 31, 2013.

4. Temporarily Restricted Net Assets

Net assets were released from donor-imposed restrictions by incurring expenses that satisfied restricted purposes. For the year ended December 31, 2013, net assets released from restrictions were as follows:

Satisfaction of time restrictions	\$ 197,681
Satisfaction of purpose restrictions:	
Learning and measurement	287,000
Chapter services	283,230
Leadership institute	180,000
Chapter grants	90,000
Scholarship	<u>60,000</u>
Total Satisfaction of Purpose Restrictions	<u>900,230</u>
Total	<u>\$ 1,097,911</u>

**STUDENT VETERANS OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

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4. Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets were available for the following purposes at December 31, 2013:

Time restriction	<u>\$ 350,000</u>
Purpose restrictions:	
Chapter services	1,323,970
Learning and measurement	982,500
Scholarship	124,000
Leadership institute	50,000
Chapter grants	<u>40,000</u>
Total Purpose Restrictions	<u>2,520,470</u>
Total	<u>\$ 2,870,470</u>

5. Commitments and Risks

**Concentration of Credit Risk**

SVA maintains its cash and cash equivalents with a commercial financial institution which aggregate balance may exceed at times the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2013, the entity had \$1,902,323 comprised of demand deposits exceeded the maximum limit insured by the FDIC by approximately \$1,601,000. SVA monitors the credit worthiness of this institution and has not experienced any historical credit losses on its cash and cash equivalents.

**Operating Leases**

In April 2012, SVA entered into a five-year operating lease agreement for office space. The operating lease agreement commenced on June 1, 2012. An amendment was signed in November 2013 to lease additional space beginning on January 1, 2014. The operating lease agreement contains a four month rent abatement and a provision for increases in operating expenses and tax expenses. A security deposit of \$4,200 was paid upon the execution of the operating lease agreement.

Under accounting principles generally accepted in the United States of America, 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 statements of financial position.

In addition, in September 2013, SVA entered into a one-year operating lease agreement for the National Veterans Center program, which commenced on October 1, 2013. The annual rent amount is approximately \$73,000. A security deposit of \$1,900 was paid upon execution of the operating lease agreement.

**STUDENT VETERANS OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

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5. Commitments and Risks (continued)

**Operating Leases (continued)**

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

<u>Year Ending December 31,</u>	
2014	\$ 112,614
2015	59,466
2016	60,955
2017	<u>46,699</u>
Total	<u>\$ 279,734</u>

6. 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. For the year ended December 31, 2013, no provision for income taxes is required, as SVA had no unrelated business income.

SVA adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic *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 performed an evaluation of uncertain tax positions for the year ended December 31, 2013, 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, 2013, the statute of limitations for tax years 2010 through 2012 remains open with the U.S. federal jurisdiction and the various state jurisdictions in which SVA files tax returns. It is SVA's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2013, SVA had no accruals for interest and/or penalties.

7. Summarized Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SVA's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

**STUDENT VETERANS OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

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8. Subsequent Events

In preparing the financial statements, SVA has evaluated events and transactions for potential recognition or disclosure through July 15, 2014, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition of, or disclosure in, these financial statements.