



Student Veterans of America

Financial Statements
Year Ended December 31, 2018

Student Veterans of America

Financial Statements
Year Ended December 31, 2018

Student Veterans of America

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Independent Auditor's 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, 2018, and 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.

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 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 **Student Veterans of America** as of December 31, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 21, 2019

Financial Statements

Student Veterans of America

Statement of Financial Position

As of December 31, 2018

Assets

Cash and cash equivalents	\$	2,587,992
Grants receivable, net		1,574,559
Accounts receivable, net		27,075
Investments		303,963
Prepaid expenses and other assets		416,449
Property and equipment, net		320,675

Total assets	\$	5,230,713
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Liabilities and net assets

Liabilities

Accounts payable	\$	84,723
Deferred revenue		736,015
Deferred rent		348,973

Total liabilities		1,169,711
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Commitments and contingencies

Net assets

Net assets (deficit) without donor restrictions	(175,380)
Net assets with donor restrictions	4,236,382

Total net assets	4,061,002
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Total liabilities and net assets	\$	5,230,713
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See accompanying notes to financial statements.

Student Veterans of America

Statement of Activities and Change in Net Assets

<i>Year ended December 31, 2018</i>	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support			
Grants and contributions	\$ 324,354	\$ 1,737,459	\$ 2,061,813
Conference fees	551,571	-	551,571
Business and industry roundtable	375,000	-	375,000
Other income	60,877	-	60,877
Donated goods and services	-	15,345	15,345
Investment return, net	1,434	-	1,434
Net assets released from restrictions	2,734,946	(2,734,946)	-
Total revenue and support	4,048,182	(982,142)	3,066,040
Expenses			
Program services:			
National conference	859,016	-	859,016
Research	651,467	-	651,467
Program support	547,644	-	547,644
Chapter services and grants	527,654	-	527,654
Leadership institute series	424,548	-	424,548
Scholarship	287,303	-	287,303
Alumni and veterans center initiatives	2,677	-	2,677
Total program services	3,300,309	-	3,300,309
Supporting services:			
General and administrative	409,901	-	409,901
Fundraising	114,945	-	114,945
Total supporting services	524,846	-	524,846
Total expenses	3,825,155	-	3,825,155
Change in net assets	223,027	(982,142)	(759,115)
Net assets (deficit), beginning of year, as previously reported	(398,407)	5,632,324	5,233,917
Revision of net assets (see Note 13)	-	(413,800)	(413,800)
Net assets (deficit), beginning of year	(398,407)	5,218,524	4,820,117
Net assets (deficit), end of year	\$ (175,380)	\$ 4,236,382	\$ 4,061,002

See accompanying notes to financial statements.

Student Veterans of America

Statement of Functional Expenses

<i>Year ended December 31, 2018</i>	Program Services							Supporting Services			2018 Total	
	National Conference	Research	Program Support	Chapter Services and Grants	Leadership Institute Services	Scholarship	Alumni and Veteran Center Initiatives	Total Program Services	General and Administrative	Fundraising		Total Supporting Services
Salaries & benefits	\$ 83,485	\$ 325,449	\$ 398,393	\$ 282,026	\$ 136,141	\$ 27,111	\$ -	\$ 1,252,605	\$ 108,109	\$ 56,144	\$ 164,253	\$ 1,416,858
Conference and meetings	611,025	11,610	107	1,673	13,746	7	-	638,168	28	96	124	638,292
Professional fees	63,992	108,700	20,000	1,077	20,000	-	-	213,769	271,732	35,802	307,534	521,303
Scholarships and grants	6,233	3,743	-	56,295	6,200	250,000	-	322,471	-	-	-	322,471
Travel	39,507	64,678	689	7,352	199,424	980	180	312,810	186	4,138	4,324	317,134
Occupancy	13,092	51,035	62,474	44,226	18,949	6,651	-	196,427	16,974	8,804	25,778	222,205
Information technology	3,656	12,443	21,607	99,153	3,335	310	2,247	142,751	1,241	2,139	3,380	146,131
Advertising and marketing	2,031	35,502	10,606	3,009	12,439	211	250	64,048	843	2,142	2,985	67,033
Depreciation and amortization	3,936	15,342	18,780	13,295	6,418	1,278	-	59,049	5,101	2,647	7,748	66,797
Other expenses	5,364	5,841	6,910	4,914	3,861	470	-	27,360	1,877	983	2,860	30,220
Office expenses	1,406	9,850	6,385	2,256	3,563	191	-	23,651	3,435	556	3,991	27,642
Donated Goods and Services	25,000	-	-	-	-	-	-	25,000	-	-	-	25,000
Dues and subscriptions	289	7,274	1,693	12,378	472	94	-	22,200	375	1,494	1,869	24,069
Total expenses	\$ 859,016	\$ 651,467	\$ 547,644	\$ 527,654	\$ 424,548	\$ 287,303	\$ 2,677	\$ 3,300,309	\$ 409,901	\$ 114,945	\$ 524,846	\$ 3,825,155

See accompanying notes to financial statements.

Student Veterans of America

Statement of Cash Flows

Year ended December 31, 2018

Cash flows from operating activities:

Change in net assets	\$	(759,115)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		66,797
Decrease in discount to present value		(67,511)
Net realized and unrealized losses		646
Loss on disposal of property and equipment		2,674
Changes in assets and liabilities:		
Grants receivable, net		1,697,309
Accounts receivable, net		158,435
Prepaid expenses and other assets		(233,473)
Accounts payable		26,513
Deferred revenue		103,019
Deferred rent		(35,821)

Net cash provided by operating activities	959,473
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Cash flows from investing activities:

Purchase of investments	(2,255)
Sales of investments	175
Purchase of property and equipment	(23,456)

Net cash used in investing activities	(25,536)
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Net increase in cash	933,937
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Cash and cash equivalents, beginning of the year	1,654,055
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Cash and cash equivalents, end of the year	\$ 2,587,992
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See accompanying notes to financial statements.

Student Veterans of America

Notes to the Financial Statements

1. Organization and Summary of Significant Accounting Policies

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 US military into campus life and the civilian community; to offer financial and educational assistance to student veterans attending colleges and universities in the US; 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 donations and grants.

The following is a summary of the significant accounting policies of SVA.

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.

Cash and 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.

Contributions Receivable

Unconditional promises to give are recognized as revenue 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 contribution 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.

Student Veterans of America

Notes to the Financial Statements

Investments

Investments consist of fixed-income mutual funds and cash held for investment purposes. These investments are recorded in the accompanying financial statements at fair market value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Prepaid Expenses

Prepaid expenses consist of software and equipment maintenance, conference and other expenses that benefit future periods.

Property and Equipment and Related Accumulated Depreciation

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.

Deferred Revenue

Payments for conference registrations and exhibitor fees received in advance are deferred to the appropriate year in which the conference is held.

Net Assets

The net assets of SVA are classified as follows:

Net assets without donor restrictions represent funds that are available for support of SVA's operations.

Net assets with donor restrictions 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 the Financial Statements

Revenue Recognition

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 support with donor restrictions. 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Revenue from the annual conference, meetings and workshops, which includes sponsorship, exhibit, and registration revenue, is recognized in the year in which the conference, meeting or workshop is held. Accordingly, amounts received but not yet earned of the related conference or meetings are reflected as deferred revenue in the accompanying statement of financial position.

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 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. 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.

Concentrations of Risk

SVA's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, 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 this institution and has not experienced any historical credit losses on its cash and cash equivalents. Amounts on deposit in excess of federally insured limits at December 31, 2018 approximate \$2.3 million. Investments are subject to market fluctuations that may materially affect the investment balance. The accounts receivable balances consist primarily of amounts due from organizations for conference fees. Management reviews the accounts receivable balances as a whole to determine the necessity for an allowance for doubtful accounts.

Student Veterans of America

Notes to the Financial Statements

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.

Recently Adopted Authoritative Guidance

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. SVA has adopted this standard during the year ended December 31, 2018 and adjusted the presentation of the financial statements accordingly.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update supersedes previously issued guidance on revenue recognition and will apply to virtually all industries. The core principle of this new guidance is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation. The ASU is effective for SVA's year beginning on January 1, 2019. Management is currently evaluating the impact of this ASU on their financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard relates to leasing for both lessees and lessors. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The ASU is effective for SVA's year beginning on January 1, 2020. Management is currently evaluating the impact of this ASU on their financial statements.

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Notes to the Financial Statements

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which SVA serves as the resource recipient beginning on January 1, 2019 transactions in which SVA serves as the resource provider beginning on January 1, 2020. Management is currently evaluating the impact of this ASU on their financial statements.

2. 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.

	2018
Cash and cash equivalents	\$ 2,587,992
Grants receivable, net	1,574,559
Accounts receivable, net	27,075
Investments	303,963
Total	4,493,589
Less donor-imposed restrictions	(4,236,382)
Financial assets available to meet cash needs for general expenditures within one year	\$ 257,207

*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.

3. Grants Receivable

As of December 31, 2018, grants receivable of \$1,574,559 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.

Student Veterans of America

Notes to the Financial Statements

4. Investments

The composition of investment return, net is as follows for the year ended December 31:

	2018
Interest and dividends	\$ 2,255
Net realized and unrealized losses	(646)
Investment management fees	(175)
Total investment return, net	\$ 1,434

5. Property and Equipment

Property and equipment consists of the following at December 31:

	2018
Leasehold improvements	\$ 265,932
Furniture and fixtures	140,635
Computer and other equipment	102,628
Website development costs	78,093
Total property and equipment	587,288
Less: accumulated depreciation and amortization	(266,613)
Property and equipment, net	\$ 320,675

Depreciation and amortization expense was \$66,797 for the year ended December 31, 2018.

6. Net Assets With Donor Restrictions

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

	2018
Subject to the passage of time:	
Promises to give which are unavailable for expenditure until due	\$ 1,574,559
Subject to expenditure for specified purpose:	
Chapter services and grants	554,217
Research	1,191,729
National conference	291,831
Scholarship	283,613
Program support	319,749
Leadership institute services	20,684
	\$ 4,236,382

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Notes to the Financial Statements

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, 2018, net assets released from restrictions were as follows:

	2018
Satisfaction of purpose restrictions:	
National conference	\$ 476,100
Chapter services and grants	421,406
Scholarship	269,887
Leadership institute services	362,615
Research	357,176
Program support	547,762
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Total satisfaction of purpose restrictions	2,434,946
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Total satisfaction of time restrictions	300,000
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Total satisfaction of purpose and time restrictions	\$ 2,734,946

7. Fair Value Measurement

The FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, SVA has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 - Unobservable inputs for the asset or liability, including SVA's own assumptions in determining the fair value measurement.

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Notes to the Financial Statements

The following table summarizes SVA 's investments measured at fair value on a recurring basis as of December 31, 2018:

	As of December 31, 2018			
	Total	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Investments at fair value:				
Mutual funds				
Fixed income	\$ 68,673	\$ 68,673	\$ -	\$ -
Total investments at fair value level	\$ 68,673	\$ 68,673	\$ -	\$ -
Investments at cost*				
Cash	235,290			
Total investments	\$ 303,963			

* Cash included in the investment portfolio is not subject to the provisions of fair value measurements as they are recorded at cost and are only shown here to reconcile to the accompanying statements of financial position.

Mutual funds are valued at readily available quoted market prices from an active market where there is significant transparency in the executed/quoted market price.

8. Commitments and Contingencies

Hotel Commitments

SVA has entered into several agreements with hotels providing for room accommodations for its meetings and conferences through 2020. These agreements contain clauses whereby SVA is liable for liquidated damages in the event of cancellation. Management is of the opinion that no material liability is likely. The maximum possible amount of liquidated damages was approximately \$815,000 as of December 31, 2018.

Operating Leases

SVA entered into a 108-month noncancelable operating lease for its headquarters in Washington, DC, which expires on August 31, 2024. Under the terms of the lease, 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.

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Notes to the Financial Statements

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

Years ending December 31,

2019	\$	255,000
2020		263,000
2021		270,000
2022		279,000
2023		287,000
Thereafter		195,000
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Total	\$	1,549,000

Rent expense totaled \$222,205 for the year ended December 31, 2018.

9. 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 (the IRC). SVA is subject to tax only on its net unrelated business income. Additionally, beginning January 1, 2018, qualified transportation benefits provided by SVA are subject to unrelated business income taxes. Federal and District of Columbia income tax related to this totaled \$4,800 for the year ended December 31, 2018.

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, 2018, 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, 2018, the statute of limitations for tax years 2015 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.

10. Deficit in Net Assets Without Donor Restrictions

SVA has a deficit balance in net assets without donor restrictions as of December 31, 2018 of \$165,725. The deficit principally resulted from net decreases in net assets without donor restrictions that occurred since 2014, due principally to program and supporting services support exceeding support without donor restrictions. Management of SVA has analyzed the cost of its programs and has reduced expenses in a way that will not hinder the effective outcome of its programs. As a result, during the year ended December 31, 2018, SVA experienced an increase in net assets without donor restrictions of \$232,682. In addition, management and the Board of Directors of SVA are currently exploring other ways that additional support that can be raised in the future years.

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Notes to the Financial Statements

11. 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 3% 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 \$576 for the year ended December 31, 2018.

12. Related Parties

In 2016, SVA entered into an agreement with a member of the Board of Directors to perform professional services. The Board member's professional services firm was paid \$40,581 during the year ended December 31, 2018. As of December 31, 2018, amounts due to the Board member totaled \$500.

13. Revision of Deferred Revenue and Net Assets

As of January 1, 2018, the balance of net assets with donor restrictions has been revised to reflect an adjustment between deferred revenue and the classes of net assets due to timing of recognizing revenue in prior periods. The impact of this revision to the beginning balance is as follows:

	Previously Presented at January 1, 2018	Revision	Adjusted Balances as of January 1, 2018
Total liabilities	\$ 662,200	\$ 413,800	\$ 1,076,000
Net assets (deficit) without donor restrictions	\$ (398,407)	-	\$ (398,407)
Net assets with donor restrictions	5,632,324	(413,800)	5,218,524
Total net assets	\$ 5,233,917	\$ (413,800)	\$ 4,820,117

14. Subsequent Events

SVA has evaluated its December 31, 2018 financial statements for subsequent events through October 21, 2019 the date the financial statements were available to be issued. SVA is not aware of any subsequent events which would require recognition or disclosure in the financial statements.