



Financial Statements

For the Year Ended December 31, 2012

(With Summarized Financial Information for the Year Ended December 31, 2011)



**and
Report Thereon**





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, 2012, 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, 2012, 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.

Report on Summarized Comparative Information

We have previously audited SVA's December 31, 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 6, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read 'Raffa, P.C.', with a stylized flourish.

Raffa, P.C.

Washington, DC
June 11, 2013

STUDENT VETERANS OF AMERICA
STATEMENT OF FINANCIAL POSITION
December 31, 2012
(With Summarized Financial Information as of December 31, 2011)

	2012	2011
ASSETS		
Cash	\$ 515,706	\$ 689,267
Grants receivable	654,085	225,000
Prepaid expenses and other assets	7,218	268
Property and equipment, net	7,371	467
TOTAL ASSETS	\$ 1,184,380	\$ 915,002
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 18,994	\$ 210,000
Deferred income	20,574	-
Deferred rent	14,686	-
TOTAL LIABILITIES	54,254	210,000
Net Assets		
Unrestricted	361,876	393,364
Temporarily restricted	768,250	311,638
TOTAL NET ASSETS	1,130,126	705,002
TOTAL LIABILITIES AND NET ASSETS	\$ 1,184,380	\$ 915,002

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

STUDENT VETERANS OF AMERICA

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

(With Summarized Financial Information for the Year Ended December 31, 2011)

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 388,507	\$ 892,000	\$ 1,280,507	\$ 1,105,446
Donated goods and services	69,617	-	69,617	42,305
Conference fees	4,478	-	4,478	56,239
Other	2,925	-	2,925	12,609
Net assets released from restrictions:				
Satisfaction of time restrictions	193,750	(193,750)	-	-
Satisfaction of program restrictions	241,638	(241,638)	-	-
	900,915	456,612	1,357,527	1,216,599
EXPENSES				
Program Services:				
National conference	140,101	-	140,101	131,975
Scholarship	121,322	-	121,322	37,203
Chapter services	113,741	-	113,741	195,535
Leadership institute	82,451	-	82,451	84,499
Partnerships	68,256	-	68,256	-
Employment initiative	65,504	-	65,504	61,397
Learning and measurement	60,876	-	60,876	-
Advocacy	60,055	-	60,055	-
Chapter grants	55,629	-	55,629	12,486
Leadership summits	22,834	-	22,834	-
Veteran Educational Transition program	-	-	-	16,539
	790,769	-	790,769	539,634
Supporting Services:				
General and administrative	47,381	-	47,381	65,532
Fundraising	94,253	-	94,253	57,235
	141,634	-	141,634	122,767
	932,403	-	932,403	662,401
CHANGE IN NET ASSETS	(31,488)	456,612	425,124	554,198
NET ASSETS, BEGINNING OF YEAR	393,364	311,638	705,002	150,804
NET ASSETS, END OF YEAR	\$ 361,876	\$ 768,250	\$ 1,130,126	\$ 705,002

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, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)
Increase (Decrease) in Cash

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 425,124	\$ 554,198
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,778	306
Changes in assets and liabilities:		
Grants receivable	(429,085)	(204,000)
Prepaid expenses and other assets	(6,950)	-
Accounts payable and grants payable	(191,006)	208,320
Deferred income	20,574	-
Deferred rent	14,686	-
	(164,879)	558,824
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,682)	-
	(8,682)	-
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(173,561)	558,824
CASH, BEGINNING OF YEAR	689,267	130,443
CASH, END OF YEAR	\$ 515,706	\$ 689,267

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, 2012

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

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 established 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 computers, furniture, fixtures and equipment 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 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, 2012

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 clothing and services including rent 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 direct costs.

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, 2012

2. Grants Receivable

As of December 31, 2012, grants receivable consist of amounts due from foundations, corporations and individuals. 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, 2012:

Furniture, fixtures and other equipment	\$ 6,923
Computer equipment	<u>3,136</u>
Total Property and Equipment	10,059
Less: Accumulated Depreciation	<u>(2,688)</u>
Property and Equipment, Net	<u>\$ 7,371</u>

Depreciation expense was \$1,778 for the year ended December 31, 2012.

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, 2012, net assets released from restrictions were as follows:

Satisfaction of time restrictions	\$ 193,750
Satisfaction of purpose restrictions:	
Chapter grants	25,000
Leadership institute and summit	100,000
Employment initiative	28,138
Scholarship	<u>88,500</u>
Total Satisfaction of Purpose Restrictions	<u>241,638</u>
Total	<u>\$ 435,388</u>

STUDENT VETERANS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2012**

4. Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets were available for the following purposes at December 31, 2012:

Time restriction	\$ <u>196,250</u>
Purpose restrictions:	
Chapter services	300,000
Chapter grants	87,000
Leadership institute and summit	115,000
Scholarship	<u>70,000</u>
Total Purpose Restrictions	<u>572,000</u>
Total	<u>\$ 768,250</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, 2012, the entity had \$491,899 comprised of demand deposits (excluding noninterest-bearing transaction accounts, which were fully insured regardless of their balance as of December 31, 2012) exceeded the maximum limit insured by the FDIC by approximately \$242,000.

On January 1, 2013, as a result of the expiration of the temporary provision of The Dodd-Frank Act for unlimited deposit insurance coverage for noninterest-bearing transaction accounts, the balance exceeded the maximum limit insured by the FDIC by approximately \$368,000. SVA monitors the credit worthiness of this institution and has not experienced any historical credit losses on its cash and cash equivalents.

Operating Lease

In April 2012, SVA entered into a five-year operating lease agreement for office space. The operating lease agreement commenced on June 1, 2012. 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.

STUDENT VETERANS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2012**

5. Commitments and Risks (continued)

Operating Lease (continued)

In addition, in January 2013, SVA entered into a one-year operating lease agreement for the National Veterans Center program, which commenced on January 7, 2013. The annual rent amount is approximately \$50,000 and no security deposit is required.

Future minimum lease payments required under this operating lease agreement are as follows:

<u>Year Ending December 31,</u>	
2013	\$ 95,194
2014	46,324
2015	47,482
2016	48,669
2017	<u>37,286</u>
Total	<u>\$ 274,955</u>

6. Donated Rent

SVA received donated rent of \$21,600 for the office space it occupied during the five month period ended May 31, 2012, before the five-year operating lease for office space was executed (See Note 5). Donated rent has been recognized as donated goods and services and recorded as rent expense in the accompanying statement of activities.

7. 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, 2012, no provision for income taxes is required, as SVA had no significant net 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, 2012, 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

STUDENT VETERANS OF AMERICA

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2012

7. Income Taxes (continued)

status. As of December 31, 2012, the statute of limitations for tax years 2009 through 2011 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, 2012, SVA had no accruals for interest and/or penalties.

8. 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, 2011, from which the summarized information was derived.

9. Reclassifications

Certain reclassifications to the 2011 financial statements have been made to conform to the 2012 presentation.

10. Subsequent Events

In January 2013, SVA entered into a one-year operating lease agreement for the National Veterans Center program (see Note 5).

In preparing the financial statements, SVA has evaluated events and transactions for potential recognition or disclosure through June 11, 2013, the date the financial statements were available to be issued. There were no other subsequent events identified that require recognition of, or disclosure in, these financial statements.