

**STUDENT VETERANS OF AMERICA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**



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**STUDENT VETERANS OF AMERICA
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YEAR ENDED MARCH 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Student Veterans of America
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Student Veterans of America (SVA), which comprise the statement of financial position as of March 31, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVA as of March 31, 2023, and 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.

Changes in Accounting Principles

As discussed in Note 1 to the financial statements, in 2023, SVA adopted the new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

As also discussed in Note 1 to the financial statements, in 2023, SVA adopted the new accounting update on contributed nonfinancial assets. The update requires the improvement of the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendments in this update do not change the recognition and measurement of nonfinancial assets. Our opinion is not modified with respect to this matter.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SVA's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Student Veterans of America

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 27, 2023

**STUDENT VETERANS OF AMERICA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023**

ASSETS

Cash and Cash Equivalents	\$	9,052,206
Grants and Contributions Receivable, Net		3,427,502
Accounts Receivable		108,007
Investments		250,000
Prepaid Expenses and Other Assets		107,192
Property and Equipment, Net		204,350
Right-of-Use Asset - Operating, Net		<u>290,497</u>
Total Assets	\$	<u><u>13,439,754</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	47,953
Lease Liability - Operating		<u>402,292</u>
Total Liabilities		450,245

NET ASSETS

Without Donor Restrictions		
Undesignated		5,736,101
Board-Designated		<u>1,000,000</u>
Total Net Assets Without Donor Restrictions		6,736,101
With Donor Restrictions		<u>6,253,408</u>
Total Net Assets		<u>12,989,509</u>

Total Liabilities and Net Assets	\$	<u><u>13,439,754</u></u>
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See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED MARCH 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and Contributions	\$ 54,666	\$ 2,026,620	\$ 2,081,286
Conference Fees	1,130,262	-	1,130,262
Business and Industry Roundtable	20,000	-	20,000
Other Income	19,036	-	19,036
Donated Goods and Services	1,565,618	-	1,565,618
Investment Return, Net	11,842	-	11,842
Net Assets Released from Restrictions	<u>2,781,580</u>	<u>(2,781,580)</u>	<u>-</u>
Total Revenue and Support	5,583,004	(754,960)	4,828,044
EXPENSES			
Program Services			
Program and Chapter Services	5,246,875	-	5,246,875
Government Affairs	414,864	-	414,864
Research	375,890	-	375,890
Communications and Marketing	<u>621,521</u>	<u>-</u>	<u>621,521</u>
Total Program Services	6,659,150	-	6,659,150
Supporting Services			
General and Administrative	765,013	-	765,013
Fundraising	<u>380,335</u>	<u>-</u>	<u>380,335</u>
Total Supporting Services	<u>1,145,348</u>	<u>-</u>	<u>1,145,348</u>
Total Expenses	<u>7,804,498</u>	<u>-</u>	<u>7,804,498</u>
CHANGE IN NET ASSETS	(2,221,494)	(754,960)	(2,976,454)
Net Assets - Beginning of Year	<u>8,957,595</u>	<u>7,008,368</u>	<u>15,965,963</u>
NET ASSETS - END OF YEAR	<u>\$ 6,736,101</u>	<u>\$ 6,253,408</u>	<u>\$ 12,989,509</u>

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2023**

	Program Services				Supporting Services				Total
	Program and Chapter Services	Government Affairs	Research	Communications and Marketing	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and Benefits	\$ 1,199,256	\$ 253,271	\$ 170,808	\$ 52,777	\$ 1,676,112	\$ 430,934	\$ 243,784	\$ 674,718	\$ 2,350,830
Payroll Services	25,072	5,295	3,571	1,103	35,041	9,009	5,097	14,106	49,147
Consulting Fees	488,698	17,381	11,722	327,895	845,696	17,428	28,874	46,302	891,998
Accounting Fees	-	-	-	-	-	206,020	-	206,020	206,020
Audit Fees	19,584	4,136	2,789	862	27,371	7,037	3,981	11,018	38,389
Office Rent	108,275	22,867	15,421	4,765	151,328	38,907	22,010	60,917	212,245
Advertising and Marketing	12,026	327	221	18,194	30,768	(1,218)	2,090	872	31,640
Internet Expenses	6,246	1,319	890	275	8,730	2,244	1,270	3,514	12,244
IT Infrastructure	43,170	2,217	1,621	462	47,470	3,772	2,134	5,906	53,376
Meeting and Entertainment	1,027	-	-	-	1,027	-	-	-	1,027
Audio and Visual	118,613	13,756	9,277	2,867	144,513	23,406	13,241	36,647	181,160
Food and Facility	17,747	19	13	4	17,783	32	18	50	17,833
Conferences and Training	1,231,153	2,182	1,472	455	1,235,262	3,713	2,101	5,814	1,241,076
Depreciation and Amortization	47,600	10,053	6,780	2,095	66,528	17,104	9,676	26,780	93,308
Printing	23,720	431	291	90	24,532	733	415	1,148	25,680
Travel	256,483	22,615	2,497	839	282,434	(2,011)	11,754	9,743	292,177
Scholarships	144,000	-	-	-	144,000	-	-	-	144,000
Chapter Grants	6,121	46	32	10	6,209	80	45	125	6,334
Other Expense	172,483	50,714	142,931	4,537	370,665	(6,188)	25,919	19,731	390,396
Donated Goods and Services	1,325,601	8,235	5,554	204,291	1,543,681	14,011	7,926	21,937	1,565,618
Total Expenses	\$ 5,246,875	\$ 414,864	\$ 375,890	\$ 621,521	\$ 6,659,150	\$ 765,013	\$ 380,335	\$ 1,145,348	\$ 7,804,498

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (2,976,454)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	93,308
Amortization of Right-of-Use Asset - Operating	198,147
Changes in Assets and Liabilities:	
Grants and Contributions Receivable, Net	1,571,618
Accounts Receivable, Net	(63,193)
Prepaid Expenses and Other Assets	73,976
Accounts Payable	(335,849)
Lease Liability - Operating	(271,069)
Net Cash Used by Operating Activities	(1,709,516)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(256,099)
Sales of Investments	311,378
Purchases of Property and Equipment	(15,753)
Net Cash Provided by Investing Activities	39,526

CHANGE IN CASH AND CASH EQUIVALENTS

(1,669,990)

Cash and Cash Equivalents - Beginning of Year

10,722,196

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 9,052,206

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash Transactions Arising from the ASC 842 Adoption:

Recognition of Right-of-Use Asset - Operating	\$ 488,644
Recognition of Lease Liability - Operating	(673,361)
Write off of Deferred Rent	184,717
Total	\$ -

See accompanying Notes to Financial Statements.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

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.

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 March 31, 2023.

SVA has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification (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 March 31, 2023, 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 March 31, 2023, the statute of limitations for tax years 2018 through 2021 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
MARCH 31, 2023**

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 year 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 certificates of deposit. 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.

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.

Leases

SVA leases office space. SVA determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating on the statement of financial position.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The ROU asset represents the SVA's right to use an underlying asset for the lease term and the lease liability represents SVA's obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, SVA uses the risk-free rate based on information available at commencement date in determining the present value of lease payments. The ROU asset also includes the lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that SVA will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. SVA has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

SVA's lease agreement do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, SVA considers factors such as if SVA has obtained substantially all of the rights to the underlying asset through exclusivity, if SVA can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contract does not provide information about the discount rate implicit in the lease. Therefore, SVA has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liability.

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. The governing board has designated, from net assets without donor restrictions, certain amounts for an operating reserve fund.

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.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 year 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 grants and contributions receivable in the accompanying statement of financial position. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional contributions as of March 31, 2023.

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.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

For the year ended March 31, 2023, SVA recorded \$1,565,618 of contributed services. Of this amount, \$1,543,681 was utilized for programs and \$21,937 for general administrative and fundraising services as more fully described on the statement of functional expenses.

All donated goods and services received were classified as without donor restrictions.

Other details of the contributed nonfinancial assets received during the year ended March 31, 2023 are as follows:

<u>Contributed Nonfinancial Assets Received</u>	<u>Revenue Recognized</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Public Service Announcement Air Time ⁽¹⁾	\$ 1,261,608	None	Airtime Rate as Provided by Donor
Online Advertising	202,575	None	Advertising Rate as Provided by Donor
Printed Advertising	76,435	None	Advertising Rate as Provided by Donor
Printing Services	25,000	None	Estimates of Time and Materials Spent
Total	<u>\$ 1,565,618</u>		

(1) 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.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contract Asset Balances

Beginning and ending contract asset balances were as follows:

	March 31, 2023	March 31, 2022
Accounts Receivable	<u>\$ 108,007</u>	<u>\$ 44,814</u>

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 and change in net assets. 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.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

SVA adopted the requirements of the guidance effective April 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment.

SVA has elected to adopt the package of practical expedients available in the year of adoption. SVA has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the SVA's ROU assets.

As a result of the adoption of the new lease accounting guidance, SVA recognized on April 1, 2022 a lease liability of \$673,361, which represents the present value of the remaining operating lease payments of \$691,533 discounted using the risk free rate of 2.06%, and a right-of-use asset of \$488,644. The balance at April 1, 2022 of the deferred rent to \$184,717 was written off.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

The standard had a material impact on the 2023 statement of financial position and statement of cash flows but did not have an impact on the 2023 statement of activities. The most significant impact was the recognition of the ROU assets and lease liability for operating lease.

During the year ended March 31, 2023, SVA also adopted the requirements of FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profits to present contributed nonfinancial assets as a separate line in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. The adoption of this guidance did not have a significant impact on the financial statements.

Subsequent Events

In preparing these financial statements, SVA has evaluated subsequent events for potential recognition or disclosure through July 27, 2023, 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 during the year, 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. 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 March 31, 2023, grants and contributions from one funder accounted for 36% of the total revenue and support. At March 31, 2023, 97% of grants and contributions receivable was due from three funders.

**STUDENT VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

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	\$ 9,052,206
Grants, Contributions Receivable, Net	3,427,502
Accounts Receivable, Net	108,007
Investments	250,000
Total	<u>12,837,715</u>
Less: Donor-Restricted Funds	(6,253,408)
Less: Board-Designated Funds	<u>(1,000,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,584,307</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 March 31, 2023, grants and contributions receivable consists of the following due from corporations and foundations:

Due within One Year	\$ 2,157,500
Due One to Five Years	1,307,500
Total	<u>3,465,000</u>
Less: Present Value Discount	<u>(37,498)</u>
Total Net Grants and Contributions Receivable	<u>\$ 3,427,502</u>

Discount rates ranging from 0.43% to 3.46% were used as of March 31, 2023, representing the risk-free rate of return when each pledge was received.

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NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2023:

Leasehold Improvements	\$ 265,932
Furniture and Fixtures	140,635
Website Development Costs	283,193
Computer and Other Equipment	131,120
Total	820,880
Less: Accumulated Depreciation and Amortization	(616,530)
Property and Equipment, Net	\$ 204,350

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available with the following restrictions at March 31, 2023:

Subject to Passage of Time:	
Promises to Give Which are Unavailable for Expenditure Until Due	\$ 25,000
Subject to Expenditure for Specified Purpose:	
Chapter Services and Grants	5,586,566
Scholarships	641,842
Total Restrictions	\$ 6,253,408

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 March 31, 2023, net assets released from restrictions were as follows:

Satisfaction of Purpose Restrictions:	
Chapter Services and Grants	\$ 1,486,746
National Conference	519,920
Regional Summits	444,697
Scholarship	159,600
Strategic Support	145,617
Total Net Assets Released from Donor Restrictions	\$ 2,781,580

NOTE 7 COMMITMENTS AND CONTINGENCIES

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. In addition, SVA received rent concessions at the inception of the lease as well as concession for the first few months of the lease.

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NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The following table provide quantitative information concerning the SVA's lease as of and for the year ended March 31, 2023:

Operating Lease Cost	\$	209,516
Total Lease Cost		209,516
Other Information		
Operating Cash Flows from Operating Lease	\$	280,604
Remaining Lease Term - Operating Lease		1.4 Years
Discount Rate - Operating Lease		2.06%

A maturity analysis of annual undiscounted cash flows for the lease liability as of March 31, 2023, is as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2024	\$ 289,023
2025	121,906
Total	<u>\$ 410,929</u>

NOTE 8 RETIREMENT PLAN

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 contributed up to 4% of employee's eligible earnings from April 1, 2022 to March 31, 2023. The plan permits additional voluntary contributions by each employee up to annual Internal Revenue Service limits. Employer matching contribution expense totaled \$57,256 for the year ended March 31, 2023.