



RAFFA

CONSULTING

ACCOUNTING

TECHNOLOGY

January 14, 2010

To the Board of Directors of
Student Veterans of America

Professional standards require us to advise those charged with governance of the following matters relating to our recently completed audit of Student Veterans of America (SVA) for the period January 23, 2008 (inception) to December 31, 2008. The matters discussed herein are those that we have noted as of January 14, 2010, and we have not updated our procedures regarding these matters since that date. This letter is solely for the internal use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

ITEMS TO BE COMMUNICATED

The Auditor's Responsibility under Auditing Standards Generally Accepted in the United States of America. The auditor is responsible for obtaining reasonable assurance about whether the financial statements that have been prepared by management with the oversight of those charged with governance are free of material misstatements, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards (GAAS) provides reasonable, rather than absolute, assurance or guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require the auditor to obtain a sufficient understanding of the organization's internal controls to plan the audit for the purpose of determining the auditor's procedures and not to provide any assurance concerning such internal controls.

Planned Scope and Timing of the Audit. The auditor should communicate with those charged with governance an overview of the planned scope and timing of the audit.

AUDITOR'S RESPONSE

Communicated in our engagement letter dated December 21, 2009, and our opinion on the financial statements. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

A discussion was held with Luke Scalcup, a member of the Board of Directors, regarding the planned scope and timing of the audit, the intention of which was to assist those charged with governance in understanding better the consequences of our audit work on their oversight responsibilities, along with assisting us in understanding SVA and its environment.

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Qualitative Aspects of Significant Accounting Practices. Management is responsible for the selection and use of appropriate accounting policies. The auditor should advise those charged with governance about the appropriateness of accounting policies and their application and disclosures.

The significant accounting policies are described in the notes to the financial statements. The application of significant existing policies was not changed during the year. We have reviewed the accounting policies and disclosures that management has identified to be the most critical and concur with management's assessment. We noted no significant transactions entered into by SVA during the period that were unusual or transactions for which there is a lack of authoritative guidance.

Management Judgments and Accounting Estimates. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We believe that SVA's depreciation expense represents a particularly sensitive accounting estimate. We have evaluated the key factors and assumptions used to develop these estimates and believe that they are reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered. The auditor should inform those charged with governance of any significant difficulties encountered in dealing with management related to the performance of the audit.

We are pleased to inform you that there were no significant difficulties encountered during the course of the audit. All records and information requested by RAFFA were freely available for inspection. Management and other personnel provided full cooperation.

Corrected and Uncorrected Misstatements and Financial Statement Disclosures. The auditor is required to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and to communicate such misstatements to the appropriate level of management. The auditor should also communicate with those charged with governance corrected and uncorrected misstatements and the effect that these misstatements have on the financial statements.

During our audit, one material adjustment was proposed by us and agreed to by management to correct the cash balance at December 31, 2008.

There were no waived adjustments.

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Disagreements with Management. The auditor should discuss with those charged with governance any disagreements with management, whether or not satisfactorily resolved, about matters that, individually or in the aggregate, could be significant to the Organization's financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. The auditor must inform those charged with governance of the representations required from management.

We have requested certain representations from management in the management representation letter. This letter was provided to those charged with governance (see attached).

Management's Consultation with Other Accountants. When the auditor is aware that management has consulted with other accountants about accounting and auditing matters, the auditor should discuss with those charged with governance his or her views about significant matters that were the subject of such consultation.

We are not aware of any consultations by management with other accountants on the application of generally accepted accounting principles.

Significant Issues Discussed with Management Prior to Our Retention. The auditor should communicate with those charged with governance any significant issues that were discussed or were the subject of correspondence with management prior to our retention.

There were no major accounting or other issues of concern discussed with management prior to our being retained as auditor for the audit for the period January 23, 2008 (inception) to December 31, 2008.

Independence. GAAS require independence for all audits. Relevant matters to consider in reaching a conclusion about independence includes circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

We are not aware of any circumstances or relationships that would impair our independence.

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Material Alternative Accounting Treatments Discussed with Management. The auditor must inform those charged with governance of discussions with management regarding alternative accounting treatments.

There were no discussions with management concerning material alternative accounting treatments.

Other Significant and Relevant Issues Arising from the Audit. The auditor must inform those charged with governance of findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.

There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.

Internal Control Matters. The auditor must communicate, in writing, to management and those charged with governance all significant deficiencies and material weaknesses identified during the audit.

We have communicated, in writing, to management and to those charged with governance that we did not identify any deficiencies in internal control that we consider to be material weakness.



Student Veterans of America
www.studentveterans.org

January 14, 2010

Raffa P.C.
1899 L. Street N.W.
Suite 900
Washington D.C. 20036

We are providing this letter in connection with your audit of the financial statements of Student Veterans of America as of December 31, 2008 and the related statements of activities and cash flow for the period January 23, 2008 to December 31, 2008 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Student Veterans of America in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, January 14, 2010 to the following representations made to you during your audit.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Organization's control.
- 2) We have made available to you all—
 - a) Financial records and related data.
 - b) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 5) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- 6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the Organization involving—
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 8) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.



- 9) The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- 10) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Organization is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
- 11) There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements.
- 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 13) Student Veterans of America is an exempt organization under Section 501(c) 3 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 14) There are no—
 - a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *Statement of Financial Accounting Standards No. 5, Accounting for Contingencies*.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by *Statement of Financial Accounting Standards No. 5*.
 - d) Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- 15) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
- 16) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.



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www.studentveterans.org

No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Signed: Derek Blumke
Derek Blumke 1/14/10
Title: Executive Director

Signed: David Inkellis
David Inkellis 1/14/10
Title: Office Director