



HANSEN, BARNETT & MAXWELL, P.C.  
Certified Public Accountants

**RIVERS OF RECOVERY, INC.**

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

**RIVERS OF RECOVERY, INC.**

**DECEMBER 31, 2012 FINANCIAL STATEMENTS**



Registered with the Public Company  
Accounting Oversight Board

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**RIVERS OF RECOVERY, INC.**

<b>Table of Contents</b>	<b>Page</b>
Independent Auditors' Report.....	1
Financial Statements	
Statements of Financial Position – December 31, 2012 and 2011 .....	3
Statements of Activities – For the years ended December 31, 2012 and 2011. ....	4
Statements of Functional Expenses – For the years ended December 31, 2012 and 2011.....	5
Statements of Cash Flow – For the years ended December 31, 2012 and 2011 .....	6
Notes to Financial Statements .....	7



## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Rivers of Recovery, Inc.

We have audited the accompanying financial statements of Rivers of Recovery, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years 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 Rivers of Recovery, Inc as of December 31, 2012 and 2011, and the changes in its

net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Salt Lake City, Utah  
July 12, 2013

**HANSEN, BARNETT & MAXWELL, P.C.**

**RIVERS OF RECOVERY, INC.**  
**Statements of Financial Position**  
**December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 162,790	\$ 75,170
Prepaid insurance	5,209	2,760
Total Current Assets	167,999	77,930
<b>Property and Equipment</b> , net of accumulated depreciation of \$7,900 and \$1,577, respectively	29,448	4,896
<b>Intangible assets</b> , net of accumulated amortization of \$7,875 and \$5,775, respectively	2,625	4,725
<b>Total Assets</b>	\$ 200,072	\$ 87,551
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 18,185	\$ 18,334
Total Liabilities	18,185	18,334
<b>Unrestricted Net Assets</b>	181,887	69,217
<b>Total Liabilities and Net Assets</b>	\$ 200,072	\$ 87,551

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

**RIVERS OF RECOVERY, INC.**  
**Statements of Activities**  
**For The Years Ended December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Revenue and Support</b>		
Special event revenue	\$ 284,650	\$ 204,087
Less costs of special events	(101,764)	(114,322)
Net revenue from special events	182,886	89,765
Donations	431,825	289,376
In-kind support	4,275	-
<b>Total Revenue and Support</b>	<b>618,986</b>	<b>379,141</b>
<b>Expenses</b>		
Program services	333,205	191,013
Management and general	123,435	106,925
Fundraising	49,676	43,001
<b>Total Expenses</b>	<b>506,316</b>	<b>340,939</b>
<b>Change in Net Assets</b>	<b>112,670</b>	<b>38,202</b>
<b>Unrestricted Net Assets - Beginning of Period</b>	<b>69,217</b>	<b>31,015</b>
<b>Unrestricted Net Assets - End of Period</b>	<b>\$ 181,887</b>	<b>\$ 69,217</b>

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

**RIVERS OF RECOVERY, INC.**  
**Statements of Functional Expenses**  
**For The Years Ended December 31, 2012 and 2011**

	2012				2011			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Advertising	\$ 8,209	1,787	\$ 9,649	\$ 19,645	\$ 7,172	\$ -	\$ 18,712	\$ 25,884
Amortization	-	2,100	-	2,100	-	2,100	-	2,100
Depreciation	-	4,909	-	4,909	-	1,577	-	1,577
Bank fees	-	4,487	-	4,487	-	2,091	-	2,091
Conferences	-	-	-	-	-	633	-	633
Food	33,075	-	3,075	36,150	6,848	-	5,109	11,957
Interest expense	-	1,846	-	1,846	-	2,115	-	2,115
Transportation	8,200	-	7,688	15,888	4,175	-	-	4,175
Guiding fees and supplies	111,264	-	-	111,264	62,865	-	-	62,865
Insurance	-	22,962	-	22,962	6,105	2,047	-	8,152
Lobbying and consulting	23,321	14,100	-	37,421	-	9,000	-	9,000
Lodging and lease	-	11,105	-	11,105	6,279	-	-	6,279
Medical study	1,375	-	-	1,375	13,661	-	-	13,661
Miscellaneous	-	3,712	-	3,712	-	22,106	-	22,106
Office supplies	1,763	1,774	1,763	5,300	-	14,618	-	14,618
Payroll and related taxes	62,505	42,584	20,221	125,310	19,570	39,368	-	58,938
Professional fees	-	12,069	-	12,069	25	11,270	79	11,374
Travel	83,493	-	7,280	90,773	64,313	-	19,101	83,414
<b>Total Expenses</b>	<b>\$ 333,205</b>	<b>\$ 123,435</b>	<b>\$ 49,676</b>	<b>\$ 506,316</b>	<b>\$ 191,013</b>	<b>\$ 106,925</b>	<b>\$ 43,001</b>	<b>\$ 340,939</b>

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

**RIVERS OF RECOVERY, INC.**  
**Statements of Cash Flows**  
**For The Years Ended December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 112,670	\$ 38,202
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization	2,100	2,100
Depreciation	4,909	1,577
Changes in operating assets and liabilities:		
Prepaid insurance	(2,449)	412
Accounts payable	(149)	15,312
<b>Net cash flows from operating activities</b>	<b>117,081</b>	<b>57,603</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(29,461)	-
<b>Net cash flows from investing activities</b>	<b>(29,461)</b>	<b>-</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from short-term advances	25,000	13,500
Payment of short-term advances	(25,000)	(13,500)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net Change in Cash</b>	<b>87,620</b>	<b>57,603</b>
<b>Cash-Beginning of Period</b>	<b>75,170</b>	<b>17,567</b>
<b>Cash-End of Period</b>	<b>\$ 162,790</b>	<b>\$ 75,170</b>
<b>Supplimental Information</b>		
Interest expense paid on credit card	\$ 1,846	\$ 2,115

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



**RIVERS OF RECOVERY, INC.**  
**Notes To Financial Statements**  
**December 31, 2012 and 2011**

**NOTE 1 — ORGANIZATION**

**Organization**—Rivers of Recovery, Inc. (the “Organization”) was organized under laws of the State of Utah on February 21, 2008 as a non-profit organization. Its mission is to provide unique and meaningful recreational trips for disabled military veterans affected by physical disabilities, such as Post-Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury (TBI), and their families and for the families of fallen soldiers at no cost to the participants. The Organization's main source of funding is contributions from donors.

The Organization’s programs embrace the following:

**Appreciation** – The Organization provides the means to demonstrate its appreciation for the dedication and sacrifice of veterans.

**Empowerment** – Learning new skills, embracing adventure, accomplishing goals. These values build self-esteem and self-confidence which can be reinforced and applied in everyday life.

**Reconnecting** – With nature, with fellow veterans, with oneself—The Organization’s programs provide opportunities to experience camaraderie while offering ample time for solitary activities.

**Fun** – A majestic setting, plenty of friends and a stress-free environment maximize enjoyment and relaxation.

**Innovation** – The Organization is constantly developing new programs which bring veterans and their families together with nature, appreciative new friends and extraordinary experiences.

Presently, the Organization uses the services and equipment of professional guides, as well as some of the Organization’s employees and equipment.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation** - The Organization follows the accrual basis of accounting and the accounting standards applicable to not-for-profit organizations. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2012 and 2011, all net assets were unrestricted.

**Revenue Recognition** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as temporarily or permanently restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or appropriate use of the assets.

All contributions are considered available for unrestricted use unless specifically restricted by the donor. For the years ended December 31, 2012 and 2011, none of the contributions were restricted.

Contributions related to special events are recognized in the period that the event occurs.

***Contributions and Donated Services*** - Contributions of donated assets and services are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization received donated supplies and services in the amount of \$1,850 and \$0 during the years ended December 31, 2012 and 2011, respectively.

***Functional Allocation of Expenses*** - The cost of providing the program and other activities is summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Income Taxes*** - The Organization is qualified as a non-profit organization under the Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal and state income taxes with respect to its exempt activities. There was no unrelated business income for the years ended December 31, 2012 and 2011. Tax filings of the organization for the prior three years are subject to examination by the Internal Revenue Service. The calendar years 2011, 2010 and 2009 are currently subject to potential examination.

***Estimates*** - The preparation of financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

***Cash and Cash Equivalents*** - As of December 31, 2012 and 2011, cash is comprised of cash and checking account balances. Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months. As of December 31, 2012 and 2011, the Organization did not hold any cash equivalents.

***Property and Equipment*** - Property and equipment are reported at cost. Depreciation of property and equipment is computed using the straight-line basis over the estimated useful lives of the assets. Property and equipment consists of vehicle, outdoor equipment as well as computer equipment. During the year ended December 31, 2012, the Organization acquired new equipment in the amount of \$29,461. These items are being depreciated over three to five years. Depreciation expense for the years ended December 31, 2012 and 2011 was \$4,909 and \$1,577, respectively.

***Intangible Assets*** - Amortization of intangible assets is provided on a straight-line basis over the economic lives of the respective assets, which are generally three to five years. During the year ended December 31, 2009, the Organization paid \$10,500 for developing its website. These costs are being amortized over five years. Amortization expense for the years ended December 31, 2012 and 2011 was \$2,100 and \$2,100, respectively.

***Advertising*** - The Organization follows the policy of charging the costs of advertising to expense as incurred.

***Subsequent Events*** - The Organization evaluated the accompanying financial statements for subsequent events through July 8, 2013, the date these financial statements were available to be issued.

**NOTE 3 — RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2012 and December 31, 2011, the Organization received short-term advances of \$25,000 and \$13,500, respectively, from an officer and an employee and fully repaid the advances by the end of the year with no interest charged.