

**RIVERS OF RECOVERY, INC.**  
**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**

**December 31, 2008**

**HANSEN, BARNETT & MAXWELL, P.C.**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

# **RIVERS OF RECOVERY, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Rivers of Recovery, Inc.

We have audited the accompanying statement of financial position of Rivers of Recovery, Inc. (a non-profit organization) as of December 31, 2008 and the related statements of activities, functional expenses, and cash flows for the period February 21, 2008 (date of inception) to December 31, 2008. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the results of operations and cash flows for the period February 21, 2008 (date of inception) to December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

*Hansen, Barnett & Maxwell, P.C.*

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

Salt Lake City, Utah  
March 19, 2009

**RIVERS OF RECOVERY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2008**

**ASSETS**

|                       |                  |
|-----------------------|------------------|
| <b>Current Assets</b> |                  |
| Cash                  | \$ 17,037        |
| <b>Total Assets</b>   | <b>\$ 17,037</b> |

**LIABILITIES AND NET ASSETS**

|   |                  |
|---|------------------|
| <b>Current Liabilities</b>              |                  |
| Accounts payable                        | \$ 2,865         |
| <b>Total Liabilities</b>                | <b>2,865</b>     |
| <b>Unrestricted Net Assets</b>          | <b>14,172</b>    |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 17,037</b> |

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

**RIVERS OF RECOVERY, INC.**  
**STATEMENT OF ACTIVITIES**  
**For The Period February 21, 2008**  
**(Date of Inception) to December 31, 2008**

|                                  |                  |
|----------------------------------|------------------|
| <b>Revenue and Support</b>       |                  |
| Donations                        | \$ 74,854        |
| In-Kind Support                  | 15,560           |
| <b>Total Revenue and Support</b> | <b>90,414</b>    |
| <br>                             |                  |
| <b>Expenses</b>                  |                  |
| Program services                 | 54,475           |
| Management and general           | 5,269            |
| Fundraising                      | 16,498           |
| <b>Total Expenses</b>            | <b>76,242</b>    |
| <br>                             |                  |
| <b>Change in Net Assets</b>      | <b>14,172</b>    |
| <br>                             |                  |
| <b>Unrestricted Net Assets</b>   |                  |
| <b>Beginning of Period</b>       | <b>-</b>         |
| <b>End of Period</b>             | <b>\$ 14,172</b> |

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

**RIVERS OF RECOVERY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Period February 21, 2008**  
**(Date of Inception) to December 31, 2008**

|                           | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>     |
|---------------------------|-----------------------------|-----------------------------------|--------------------|------------------|
| Advertising               | \$ 3,507                    | \$ -                              | \$ 6,026           | \$ 9,533         |
| Bank fees                 | -                           | 352                               | -                  | 352              |
| Conferences               | 896                         | 895                               | -                  | 1,791            |
| Food                      | 2,246                       | -                                 | -                  | 2,246            |
| Fuel                      | 2,338                       | -                                 | -                  | 2,338            |
| Guiding fees and supplies | 15,962                      | -                                 | -                  | 15,962           |
| Lodging                   | 6,049                       | -                                 | -                  | 6,049            |
| Office supplies           | -                           | 391                               | -                  | 391              |
| Professional fees, legal  | 972                         | 3,631                             | 6,722              | 11,325           |
| Travel                    | 10,695                      | -                                 | -                  | 10,695           |
| In-kind                   |                             |                                   |                    |                  |
| Advertising               | 11,250                      | -                                 | 3,750              | 15,000           |
| Supplies                  | 560                         | -                                 | -                  | 560              |
| <b>Total Expenses</b>     | <b>\$ 54,475</b>            | <b>\$ 5,269</b>                   | <b>\$ 16,498</b>   | <b>\$ 76,242</b> |

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

**RIVERS OF RECOVERY, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Period February 21, 2008**  
**(Date of Inception) to December 31, 2008**

|   |                  |
|---|------------------|
| <b>Cash Flows From Operating Activities</b>     |                  |
| Change in net assets                            | \$ 14,172        |
| Increase in accounts payable                    | 2,865            |
| <b>Net cash flows from operating activities</b> | <b>17,037</b>    |
| <hr/>   |                  |
| <b>Cash Flows From Investing Activities</b>     |                  |
|   | -                |
| <hr/>   |                  |
| <b>Cash Flows From Financing Activities</b>     |                  |
|   | -                |
| <hr/>   |                  |
| <b>Net Change in Cash</b>                       | <b>17,037</b>    |
| <b>Cash-Beginning of Period</b>                 | <b>-</b>         |
| <hr/>   |                  |
| <b>Cash-End of Period</b>                       | <b>\$ 17,037</b> |
| <hr/>   |                  |

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

**RIVERS OF RECOVERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 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 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, and does not own its own equipment.

**Financial Statement Presentation**—The Organization is required to report 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, 2008 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 to be available for unrestricted use unless specifically restricted by the donor. During the year, none of the contributions were restricted.

***Contributions and Donated Services***—Contributions of donated cash, 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 \$15,000 in donated photography services from Andrew Geiger, Inc. and \$560 in donated supplies during the period ended December 31, 2008.

***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 period ended December 31, 2008.

***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, 2008, cash is comprised of cash, checking accounts, and savings accounts. Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months. As of December 31, 2008 the Organization did not hold any cash equivalents.

***Profession Fess-Legal***— Professional fees are expensed and allocated to the programs and support services benefited as incurred. During the year ended December 31, 2008 the Organization incurred and allocated \$6,722 in legal expenses to fundraising. Of this amount, \$6,237 was incurred to meet registration requirements in the various states in which fundraising activities occur.