Financial Statements
December 31, 2013 and 2012
Rivers of Recovery, Inc.



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Independent Auditor's Report

The Board of Directors Rivers of Recovery, Inc. Eagan, MN

Report on the Financial Statements

We have audited the accompanying financial statements of Rivers of Recovery, Inc. (the Organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, 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 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, 2013, 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.

Other Matter

The financial statements of Rivers of Recovery, Inc. as of and for the year ended December 31, 2012, were audited by Hansen Barnett & Maxwell, P.C. who joined Eide Bailly LLP on September 1, 2013, and whose report dated July 12, 2013, expressed an unmodified opinion on those statements.

Salt Lake City, Utah August 04, 2014

Este Saelly LLP

	2013	2012		
Assets				
Current Assets Cash Prepaid insurance	\$ 124,443 4,359	\$ 162,790 5,209		
Total current assets	128,802	167,999		
Property and Equipment, net of accumulated depreciation of \$16,264 and \$7,900, respectively	21,084	29,448		
Intangible assets, net of accumulated amortization of \$9,975 and \$7,875, respectively	525_	2,625		
Total Assets	\$ 150,411	\$ 200,072		
Liabilities and Net Assets				
Current Liabilities Accounts payable	\$ 20,666	\$ 18,185		
Total Liabilities	20,666	18,185		
Unrestricted Net Assets	129,745	181,887		
Total Liabilities and Net Assets	\$ 150,411	\$ 200,072		

	2013	2012		
Revenue and Support Special event revenue Less costs of direct benefits to donors	\$ 109,516 (55,855)	\$ 284,650 (101,764)		
Net revenue from special events	53,661	182,886		
Donations In-kind support	470,538 4,864	431,825 4,275		
Total Revenue and Support	529,063	618,986		
Expenses Program services Management and general Fundraising	398,550 125,193 57,462	333,205 123,435 49,676		
Total Expenses	581,205	506,316		
Change in Net Assets	(52,142)	112,670		
Unrestricted Net Assets, Beginning of Period	181,887	69,217		
Unrestricted Net Assets, End of Period	\$ 129,745	\$ 181,887		

Rivers of Recovery, Inc.
Statements of Functional Expenses
Years Ended December 31, 2013 and 2012

	2013					2012										
		ogram ervices		nagement General		draising	_	Total		ogram rvices		agement General	Fun	draising		Total
Advertising	\$	12,754	\$		\$	19,822	\$	32,576	\$	8,209	\$	1,787	\$	9,649	\$	19,645
Amortization	*	,		2,100				2,100		-		2,100		-		2,100
Depreciation				8,364		-		8,364		-		4,909		-		4,909
Bank fees		_		3,707		=		3,707		-		4,487		•		4,487
Food		20,453		•				20,453		33,075				3,075		36,150
Interest expense				_		-		_		-		1,846		-		1 ,84 6
Transportation		8,779		-		10,587		19,366		8,200				7,688		15,888
Guiding fees and supplies		116,747		=		-		116,747		11,264		-		-		111,264
Insurance		-		30,581		-		30,581				22,962		-		22,962
Lobbying and consulting		37,515		17,209		_		54,724		23,321		14,100		-		37,421
Lodging and lease		39,864		17,207		_		39,864				11,105		-		11,105
Medical study		JJ,007 -		_		_		_		1,375		-				1,375
Miscellaneous		_		3,084		_		3,084		_		3,712		-		3,712
		10,066		2,438		3,297		15,800		1,763		1,774		1,763		5,299
Office supplies Payroll and related taxes		99,860		14,980		7,490		122,329		62,505		42,584		20,221		125,310
		77,000		42,730		7,470		42,730		-		12,069				12,069
Professional fees		52,513		42,730		16,267		68,780		83,493		-		7,280		90,774
Travel		32,313		<u>-</u>		10,207	_	00,700		00,100			-			
Total Expenses	_\$_	398,550	\$_	125,193	_\$_	57,462	_\$_	581,205	_\$	333,205	\$	123,435	\$	49,676		506,316

	 2013	2012		
Operating Activities Change in net assets Adjustments to reconcile change in net assets to net cash from (used for) operating activities:	\$ (52,142)	\$	112,670	
Amortization Depreciation Changes in operating assets and liabilities:	2,100 8,364		2,100 4,909	
Prepaid insurance Accounts payable	 850 2,481		(2,449) (149)	
Net Cash Flows from (used for) Operating Activities	 (38,347)		117,081	
Investing Activities Purchase of property and equipment	 		(29,461)	
Net Cash Flows from (used for) Investing Activities	 -		(29,461)	
Financing Activities Proceeds from short-term advances Payment of short-term advances	-		25,000 (25,000)	
Net Cash Flows from (used for) Financing Activities	 	(<u> </u>		
Net Change in Cash	(38,347)		87,620	
Cash, Beginning of Period	 162,790		75,170	
Cash, End of Period	\$ 124,443	\$	162,790	
Supplimental Information Interest expense paid on credit card	\$ -	\$	1,846	

Note 1 - 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, 2013 and 2012, 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. When contributions are received with restrictions and those restrictions are met during the same year, the contributions are reported as unrestricted.

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

In-kind 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 \$4,864 and \$4,275 during the years ended December 31, 2013 and 2012, 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, 2013 and 2012. Tax filings of the Organization for the prior three years are subject to examination by the Internal Revenue Service. The calendar years 2012, 2011, and 2010 are currently subject to potential examination.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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, 2013, 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, 2013 and 2012, the Organization did not hold any cash equivalents.

Property and Equipment

Individual property and equipment additions over \$1,000 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. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Intangible Assets

Amortization of intangible assets is provided on a straight-line basis over the economic lives of the respective assets.

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 August 04, 2014, the date these financial statements were available to be issued.

Note 3 - Property and Equipment

Property and equipment consisted of the following as of December 31, 2013 and 2012:

		2013		
Equipment	\$	11,430	\$	11,430
Computers		7,668		7,668
Vehicle		18,250		18,250
		37,348	3	37,348
Less Accumulated Depreciation		(16,264)		(7,900)
	<u> </u>	21,084	\$	29,448

Depreciation expense for the years ended December 31, 2013 and 2012 was \$8,364 and \$4,909, respectively.

Note 4 - Intangible Asset

The Organization's intangible asset consists of the creation of its website in 2010 at a cost of \$10,500. It is being amortized on a straight-line basis over five years. Amortization expense for the years ended December 31, 2013 and 2012 was \$2,100 and \$2,100, respectively. The asset will be fully amortized in 2014.

Note 5 - Related Party Transactions

During the year ended December 31, 2013, the Organization rented a lodge used during the year's recreational trips from the executive director of the organization totaling the amount of \$26,310. During the year ended December 31, 2012, the Organization received short-term advances totaling \$25,000, from an officer and an employee and fully repaid the advances by the end of the year with no interest charged.

