



Financial Statements  
December 31, 2016 and 2015  
**Rivers of Recovery, Inc.**

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Financial Statements

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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 statements of financial position as of December 31, 2016 and 2015, 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 audits. We conducted our audits 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, 2016 and 2015, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Salt Lake City, Utah  
June 19, 2018

Rivers of Recovery, Inc.  
 Statements of Financial Position  
 December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 35,930	\$ 42,701
Promises to give	23,120	18,870
Prepaid insurance	1,432	1,150
Total current assets	60,482	62,721
Property and Equipment, net of accumulated depreciation of \$11,063 and \$9,416 respectively	1,290	1,776
	\$ 61,772	\$ 64,497
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 55,706	\$ 42,807
Total liabilities	55,706	42,807
Unrestricted Net Assets	6,066	21,690
	\$ 61,772	\$ 64,497

Rivers of Recovery, Inc.  
 Statements of Activities  
 Years Ended December 31, 2016 and 2015

	2016	2015
Revenue and Support		
Special event revenue	\$ 207,467	\$ 261,241
Less costs of direct benefits to donors	(45,889)	(49,850)
Net revenue from special events	161,578	211,391
Donations	162,609	122,192
In-kind support	42,375	3,608
Total revenue and support	366,562	337,191
Expenses and Losses		
Program services	219,658	180,983
Management and general	96,799	132,144
Fundraising	65,729	35,533
Loss on sale of assets	-	6,198
Total expenses and losses	382,186	354,858
Change in Net Assets	(15,624)	(17,667)
Unrestricted Net Assets, Beginning of Period	21,690	39,357
Unrestricted Net Assets, End of Period	\$ 6,066	\$ 21,690

Rivers of Recovery, Inc.  
Statements of Functional Expenses  
Years Ended December 31, 2016 and 2015

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Advertising and promotion	\$ -	\$ -	\$ 87,648	\$ 87,648	\$ 319	\$ -	\$ 64,518	\$ 64,837
Depreciation	-	1,646	-	1,646	-	2,926	-	2,926
Bank fees	-	8,648	-	8,648	-	8,037	-	8,037
Food	6,505	-	-	6,505	8,202	-	-	8,202
Transportation	3,648	-	1,639	5,287	3,402	-	1,724	5,126
Guiding fees and supplies	68,169	-	-	68,169	55,049	-	-	55,049
Insurance	-	15,615	-	15,615	-	19,166	-	19,166
Lobbying and consulting	42,145	28,387	-	70,532	23,215	38,206	-	61,421
Lodging and lease	23,446	-	-	23,446	11,481	-	-	11,481
Office supplies	9,613	932	7,771	18,316	5,874	973	4,282	11,129
Payroll and related taxes	57,841	4,338	10,122	72,301	58,624	4,397	10,259	73,280
Professional fees	-	37,233	-	37,233	-	58,439	-	58,439
Travel	8,291	-	4,438	12,729	14,817	-	4,600	19,417
<b>Total expenses by function</b>	<b>219,658</b>	<b>96,799</b>	<b>111,618</b>	<b>428,075</b>	<b>180,983</b>	<b>132,144</b>	<b>85,383</b>	<b>398,510</b>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	(45,889)	(45,889)	-	-	(49,850)	(49,850)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 219,658</b>	<b>\$ 96,799</b>	<b>\$ 65,729</b>	<b>\$ 382,186</b>	<b>\$ 180,983</b>	<b>\$ 132,144</b>	<b>\$ 35,533</b>	<b>\$ 348,660</b>

Rivers of Recovery, Inc.  
Statement of Cash Flows  
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ (15,624)	\$ (17,667)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	1,646	2,926
Loss on sale of equipment	-	6,198
Changes in operating assets and liabilities		
Promises to give	(4,250)	(6,976)
Prepaid insurance	(282)	2,244
Accounts payable	12,899	(41,520)
	(5,611)	(54,795)
Net Cash Flows used for Operating Activities		
Investing Activities		
Proceeds from sale of equipment	-	10,750
Purchase of equipment	(1,160)	-
	(1,160)	10,750
Net Cash Flows from (used for) Investing Activities		
Net Change in Cash and Cash Equivalents	(6,771)	(44,045)
Cash and Cash Equivalents, Beginning of Period	42,701	86,746
Cash and Cash Equivalents, End of Period	\$ 35,930	\$ 42,701

## Note 1 - Organization

Rivers of Recovery, Inc. (the “Organization”) was organized under laws of the State of Utah on February 21, 2008 as a nonprofit 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 program embraces 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 program provides 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.

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 nonprofit 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, 2016 and 2015, all net assets were unrestricted.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or the Organization’s actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by our Board of Directors.



The Organization reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Contributions related to special events are recognized in the period that the event occurs. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **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 \$42,375 and \$3,608 during the years ended December 31, 2016 and 2015, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Income Taxes**

The Organization is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. We have determined that the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We believe that the Organization 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. We 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 generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Cash and Cash Equivalents**

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, 2016 and 2015, the Organization did not hold any cash equivalents.

### **Promises to Give**

The Organization records unconditional promises to give expected to be collected within one year at net realizable value. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2016 and 2015, there was no allowance for promises to give.

### **Property and Equipment**

Individual property and equipment additions over \$1,000 are reported at cost, or if donated at fair value on the date of donation. Depreciation of property and equipment is computed using the straight-line basis over the estimated useful lives of the assets ranging from three to five years. Property and equipment consists, outdoor equipment as well as computer equipment. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

### **Advertising**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$87,648 and \$64,837, respectively.

### **Subsequent Events**

The Organization evaluated the accompanying financial statements for subsequent events through June 19, 2018, 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, 2016 and 2015:

	2016	2015
Equipment	\$ 7,596	\$ 7,596
Computers	4,756	3,596
	12,352	11,192
Less Accumulated Depreciation	(11,062)	(9,416)
	\$ 1,290	\$ 1,776

Depreciation expense for the years ended December 31, 2016 and 2015 was \$1,646 and \$2,926, respectively.

**Note 4 - In-kind Contributions**

The Organization received In-kind Contributions as follows during the years ended December 31, 2016 and 2015:

	Program Services	Management and General	Fundraising	Total
December 31, 2016				
Lodging	\$ 10,600	\$ -	\$ -	\$ 10,600
Donations for fundraising events	-	-	20,535	20,535
Professional/Guide fees	11,240	-	-	11,240
	\$ 21,840	\$ -	\$ 20,535	\$ 42,375
December 31, 2015				
Professional/Guide fees	\$ -	\$ 3,608	\$ -	\$ 3,608
	\$ -	\$ 3,608	\$ -	\$ 3,608