



REGINALD DEWAYNE SHERMAN, CPA
Meeting Your Business Needs

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
A.F.F.E.C.T., Inc.

We have audited the accompanying financial statements of A.F.F.E.C.T., Inc. (a nonprofit organization), which comprise the statement of financial position as of October 31, 2013 and the related statements of activities 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 A.F.F.E.C.T., Inc. as of October 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.

Reginald Dewayne Sherman, CPA

Desoto, TX
April 7, 2014

A.F.F.E.C.T., INC.
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2013

Note 1 – FINANCIAL STATEMENT PRESENTATION

A.F.F.E.C.T., Inc. elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-for-Profit Organizations," early. Under SFAS No. 117, 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. In addition, the organization is required to present a statement of cash flows.

These financial statements were prepared in conformity with GAAP, which requires the use of estimates provided by management.

Note 2 – ORGANIZATION:

A.F.F.E.C.T., Inc., was organized in Texas, November 11, 2011 as a non-profit corporation for the purpose of providing quality nutritional meals.

Note 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash, Cash Equivalents and Investments

The amounts shown on this line is an accumulation of cash closing balances for the operating account and food program account, payroll accounts and long-term investments held at Chase Bank.

Accounts /Pledges Receivable

Pledges receivable total \$1,500.00

Property and Equipment

Land, Furniture, fixtures, and Leasehold Improvements are stated at cost. Depreciation is computed on the straight-line basis over a five-year period for Leasehold Improvements and ten-year for furniture and fixtures. There are no restrictions on the use or disposition of these assets. The organization capitalizes assets costing \$500.00 dollars or more.

Notes Payable

Notes payable total \$9,826.16

Notes to the Financial Statements

For A.F.F.E.C.T., Inc.

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Taxes

Income taxes: A.F.F.E.C.T., Inc., is exempt from Federal Income Taxes under Section 501 (c) (3) of the Internal Revenue Code. A.F.F.E.C.T., Inc. is a not for profit foundation within the meaning of Section 5098 (a) of the Internal Revenue Service Code.

Long Term Investment

No Long term investments.

Building

A.F.F.E.C.T., Inc. currently receives free space use from the Avenue F Church of Christ in Plano, TX.

Note 4 – COMMITMENTS AND CONTINGENCY:

The corporation does not have a retirement or deferred compensation program.

Note 5 – STATEMENT OF CASH FLOWS:

The statement of Cash Flows was prepared using the indirect method.

DESCRIPTIONS OF PROGRAMS

Summer Camps

Provide a safe christian environment for low and moderate income families with children at little to no costs for programs and events.

Free Clinic

Provides free medical checkups for those same targeted population at no cost to participants.

Fresh Food Network

Provide very low cost fresh/organic fruits and vegetables to the community three (3) days per week.

Holiday Meal Pantry

Provides hot Thanksgiving, Christmas and other major holiday meals for free to the community at large, it also includes prepackaged uncooked meals for families to take, prepare and enjoy at home.

A.F.F.E.C.T., INC.
Statement of Financial Position
October 31, 2013

Assets

Current assets

| | | |
|-----------------------------|--|-----------------|
| Cash | | \$ 3,097.02 |
| Pledges Receivable | | 1,500.00 |
| Total current assets | | <u>4,597.02</u> |

Property plant and equipment

| | | |
|-------------------------------|-----------------|----------|
| Equipment | 10,008.60 | |
| Less Accumulated Depreciation | <u>(689.39)</u> | 9,319.21 |

| | | |
|---------------------|--|----------------------------|
| Total Assets | | <u><u>\$ 13,916.23</u></u> |
|---------------------|--|----------------------------|

Liabilities and Net Assets

Current liabilities

| | | |
|----------------------------------|--|--------------------|
| Notes Payable Executive Director | | \$ 9,826.16 |
| | | <u> -</u> |

| | | |
|--------------------------|--|----------|
| Total Liabilities | | 9,826.16 |
|--------------------------|--|----------|

Net Assets:

| | | |
|--------------|--|-----------------|
| Unrestricted | | <u>4,090.07</u> |
|--------------|--|-----------------|

| | | |
|---|--|----------------------------|
| Total Liabilities and Net Assets | | <u><u>\$ 13,916.23</u></u> |
|---|--|----------------------------|

The Accompanying notes are and integral part of the financial statements.

A.F.F.E.C.T., INC.
Statement of Change in Net Assets
October 31, 2013

| | |
|-------------------------------------|--------------------|
| Balance at November 1, 2012 | \$ (3,933.40) |
| Increase in Net Assets for the Year | 8,023.47 |
| Balance at October 31, 2013 | <u>\$ 4,090.07</u> |

The Accompanying notes are and integral part of the financial statements

A.F.F.E.C.T., INC.
Statement of Activities
October 31, 2013

Unrestricted Net Assets:

| | | |
|---|----|-----------|
| Program Service Income & Public Support | \$ | 31,070.03 |
| Interest Income | | - |
| Total Unrestricted Revenues | | 31,070.03 |

Administrative Expenses:

| | |
|--|------------------|
| Advertising | 1,746.00 |
| Automobile Expense | 212.08 |
| Conferences, Conventions & Meetings | 1,000.00 |
| Depreciation Expense | 539.45 |
| Equipment Rental | 1,272.89 |
| Food Expense | 3,174.53 |
| Insurance | 1,389.91 |
| Legal and Professional | 1,203.23 |
| Meals & Entertainment | 2,130.74 |
| Occupancy Expense | 300.00 |
| Office Supplies | 1,227.99 |
| Permits/Fees | 331.50 |
| Program Services | 2,422.00 |
| Repair and Maintenance | 2,198.48 |
| Supplies | 3,312.48 |
| Travel | 285.28 |
| Utilities | 300.00 |
| Total Allowable Administrative Expenses | 23,046.56 |

Increase in Unrestricted Net Assets 8,023.47

Temporarily Restricted Net Assets:

| | | |
|--|--|---|
| Federal financial assistance - Providers | | - |
| Net assets released from restrictions: | | - |
| Restrictions satisfied by payments | | - |

Decrease in Temporarily Restricted Net Assets -

Increase in Net Assets \$ 8,023.47

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

A.F.F.E.C.T., INC.
Statement of Cash Flows
October 31, 2013

Cash flows from operating activities:

| | |
|---------------------------|-------------|
| Increase in Net Assets | \$ 8,023.47 |
| Items not requiring cash: | |
| Depreciation | (539.45) |

Change in:

| | |
|------------------------|------------|
| Pledge Receivables | 1,500.00 |
| Other accounts payable | (5,653.20) |

| | |
|--|-----------------|
| Net cash used by operating activities | 3,330.82 |
|--|-----------------|

Cash flows from investing activities:

| | |
|---|----------|
| Change in equity due to prior year adjustment | (123.30) |
|---|----------|

| | |
|--|-----------------|
| Net cash used by investing activities | (123.30) |
|--|-----------------|

Cash flows from financing activities:

| | |
|--|----------|
| Net cash used by investing activities | - |
|--|----------|

| | |
|--|-----------------|
| Net Increase in Cash and Cash Equivalents | 3,207.52 |
|--|-----------------|

| | |
|---|-----------------|
| Cash and Cash Equivalents at Beginning of Year | (110.50) |
|---|-----------------|

| | |
|---|--------------------|
| Cash and Cash Equivalents at End of Year | \$ 3,097.02 |
|---|--------------------|

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