

AIDS FAMILY AND YOUTH FOUNDATION

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT*

September 30, 2013 and 2012

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James E. Raftery, CPA, PC

606 N. Stapley Drive
Mesa, Arizona 85203

(480) 835-1040
FAX (480) 835-8832

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Aids Family and Youth Foundation
Mesa, Arizona

I have audited the accompanying financial statements of Aids Family and Youth Foundation, an Arizona nonprofit organization, which comprise the statements of financial position as of September 30, 2013 and 2012, 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

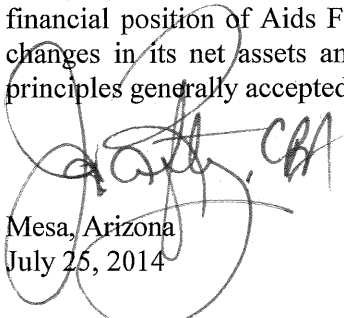
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aids Family and Youth Foundation, as of September 30, 2013 and 2012, 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.


Mesa, Arizona
July 25, 2014

AIDS FAMILY AND YOUTH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
September 30,

	2013	2012
ASSETS		
<i>Current Assets</i> - Cash	\$ 160	\$ 60
	\$ 160	\$ 60
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>	\$ -	\$ -
<i>Net Assets</i> - Unrestricted	160	60
	\$ 160	\$ 60

See accompanying notes to financial statements

AIDS FAMILY AND YOUTH FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended September 30,

	2013	2012
<i>Unrestricted Net Assets</i>		
Revenue and Other Support		
Gifts-in-kind	\$ 1,050,495	\$ 1,052,454
Contributions	27,100	18,450
Donated services	12,254	-
Total Unrestricted Revenue and Other Support	1,089,849	1,070,904
<i>Expenses</i>		
Program services	1,080,735	1,069,954
Management services	8,978	890
Fundraising services	36	-
Total Expenses	1,089,749	1,070,844
Increase in Unrestricted Net Assets	100	60
<i>Net Assets, Beginning of Year</i>	60	-
<i>Net Assets, End of Year</i>	\$ 160	\$ 60

See accompanying notes to financial statements

AIDS FAMILY AND YOUTH FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30,

	2013	2012
<i>Cash Flows from Operating Activities:</i>		
Cash received from donors and grantors	\$ 39,354	\$ 18,450
Cash paid to suppliers and grantees	(39,254)	(18,390)
Net Cash Provided By Operating Activities	100	60
Net Increase in Cash	100	60
<i>Beginning Cash</i>	60	-
<i>Ending Cash</i>	\$ 160	\$ 60
<i>Reconciliation of Changes in Net Assets to Net Cash Provided By Operating Activities:</i>		
Increase in net assets	\$ 100	\$ 60
<i>Net Cash Provided By Operating Activities</i>	\$ 100	\$ 60

See accompanying notes to financial statements

AIDS FAMILY AND YOUTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Aids Family and Youth Foundation, the Organization, reports in accordance with the American Institute of Certified Public Accountants Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations. The Organization reports adhere to the following accounting policies:

Corporate Organization

The Organization is a nonprofit organization incorporated [September 26, 2011](#) in the State of Arizona. The Organization mission is to provide worldwide relief and aid to reduce human suffering as a result of hunger, poverty, disease, war, natural disasters, and other circumstances creating widespread human need.

The Organization provided nourishment for families and individuals in need and supported feeding programs through direct contributions to like-minded Organizations in the United States and internationally.

The Organization provided nourishment through both direct client contact and by participation with other Organizations in Market on the Move events. Market on the Move is a food rescue program that networks with churches and other civic organizations and agents to host weekly events that provide semi-truck loads of nutritious produce to be distributed to help those in need. Without this distribution network, high quality, nutritious produce would be destined for the landfill. As of September 30, 2013 and 2012 our participation in these programs improved the quality of life of impoverished people and allowed us to provide approximately [700,330](#) and [701,636](#) pounds of food to feed an estimated [14,007](#) and [14,033](#) people, respectively.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its statement of Accounting Standards Codification (ASC). Under the Standards for the Financial Statements of Not-For-Profit Organizations, 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. The Organization had no temporarily or permanently restricted net assets at September 30, 2013 and 2012.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Revenue and Support Recognition

Support restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues of the current restricted fund when the Organization has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet expended are reported as temporarily or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. The Organization received no temporarily or permanently restricted funds during the years ended September 30, 2013 and 2012.

AIDS FAMILY AND YOUTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue and Support Recognition (Cont'd)

The Organization recognizes pledges as revenue under FASB ASC, Not-For-Profit Entities: Revenue Recognition. Under FASB ASC, the standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with initial maturity dates of less than three months.

Income Taxes

The Organization is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes.

Open Tax Years

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the year ended 2012 is subject to examination by the IRS.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Gifts-in-Kind

Gifts-in-kind (GIK) received through donations are recorded in accordance with fair value measurement and industry standards. GIK are valued and recorded as revenue at their estimated fair value based upon the Organizations estimate of the wholesale value that would be received for selling the goods in its principal exit market considering the goods condition and utility for use at the time they are contributed by the donor using Level 3 inputs (see Note B).

The Organization does not sell donated GIK and only distributes the goods for program use. GIK expenses are recorded when the goods are distributed for program use. While it is the Organizations policy to distribute GIK as promptly as possible, undistributed GIK is recorded as inventory.

AIDS FAMILY AND YOUTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Gifts-in-Kind (Cont'd)

GIK consisted of the following for the years ended September 30,:

	2013	2012
Produce	\$ 1,050,495	\$ 1,052,454
	\$ 1,050,495	\$ 1,052,454

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. As of September 30, 2013 the Organization received donated warehouse space and accounting services valued at \$12,254. The Organization did not receive any donated services for the year ended September 30, 2012.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited as estimated by the Organization's management.

Date of Management's Review

In preparing these financial statements, the Organization's management has evaluated events and transactions for potential recognition or disclosure through July 25, 2014, the date the financial statements were available for issuance.

NOTE B - FAIR VALUE MEASUREMENTS

Fair Values of Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- The carrying amount reported in the statements of financial position for the following approximates fair value because of the short maturity of this instrument: cash

Fair Value Hierarchy

The Organization follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and

AIDS FAMILY AND YOUTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE B – FAIR VALUE MEASUREMENTS (CONT'D)

Fair Value Hierarchy (Cont'd)

the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets include cash that comprises demand deposits with commercial banks, domestic and international equity securities, and money market funds that consist primarily of U.S. Treasury obligations.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include government and agency securities, corporate bonds, asset-backed securities, and a limited partnership fund. The Organization had no Level 2 assets at September 30, 2013 and 2012.
- Level 3 inputs are unobservable inputs for the asset or liability. The Organization had no Level 3 assets at September 30, 2013 and 2012.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2013:

	<u>Total</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>Assets:</i>				
Cash	\$ 160	\$ 160	\$ -	\$ -
Total Assets	<u>\$ 160</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ -</u>

AIDS FAMILY AND YOUTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE B – FAIR VALUE MEASUREMENTS (CONT'D)

Fair Value Hierarchy (Cont'd)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2012:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<i>Assets:</i>				
Cash	\$ 60	\$ 60	\$ -	\$ -
Total Assets	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE C – CONCENTRATIONS

The Organization received 99% of cash contributions for the year ended September 30, 2013 from one non-profit organizations totaling \$27,000. The Organization received 95% of cash contributions for the year ended September 30, 2012 from two non-profit organization totaling \$17,500.

The Organization received 100% of its gifts-in-kind, for the years ended September 30, 2013 and 2012 from a single non-profit organization. Total gifts-in-kind received from the organization were \$1,050,495 and \$1,052,454, respectively.

If this support does not continue in the future, there might be substantial doubt about the Organization's ability to continue as a going concern. Management believes this support will continue in the future, and if not, the support can be replaced from other sources.