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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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**FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: American Funds and Trusts, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3030 South Main Street, Suite #100

(No. and Street)

Salt Lake City  
(City)

Utah  
(State)

84115  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard M. Taggart

(801) 466-8701

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Haynie & Company

(Name - if individual, state last, first, middle name)

50 West Broadway, Suite #600  
(Address)

Salt Lake City  
(City)

Utah  
(State)

84101  
(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

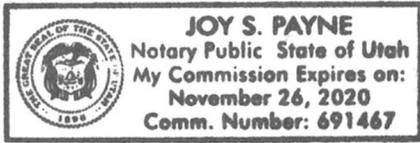
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

BW

OATH OR AFFIRMATION

I, Richard M. Taggart, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Funds and Trusts, Inc., as of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature: [Handwritten Signature]
President
Title

Notary Public: [Handwritten Signature]

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**AMERICAN FUNDS AND TRUSTS, INC.**

**FORM X-17A-5**

**WITH**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

AMERICAN FUNDS AND TRUSTS, INC.

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

50 West Broadway, Suite 600 Salt Lake City, UT 84101 (801) 532-7800 Fax (801) 328-4461

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
of American Funds & Trusts, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of American Funds & Trusts, Inc. as of December 31, 2017, the related statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of American Funds & Trusts, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of American Funds & Trusts, Inc.'s management. Our responsibility is to express an opinion on American Funds & Trusts, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to American Funds & Trusts, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Supplemental Information**

The information contained in Schedules I through IV has been subjected to audit procedures performed in conjunction with the audit of American Funds & Trusts, Inc.'s financial statements. The supplemental information is the responsibility of American Funds & Trusts, Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the

completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedule I through IV is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Haynie & Company*

Haynie & Company

We have served as American Funds & Trusts, Inc.'s auditor since 2016.

Salt Lake City, Utah

February 28, 2018

**AMERICAN FUNDS AND TRUSTS, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2017**

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 367,315
Commissions receivable	31,568
Deferred income taxes - current	10,400
Prepaid expense	2,987
Deposits	<u>216</u>
<b>Total current assets</b>	<b>412,486</b>
<b>Furniture, equipment and leasehold improvements,</b> at cost, less accumulated depreciation of \$33,369	<b>5,807</b>
<b>Other assets</b>	
Investment securities available-for-sale, at market value	<u>61,473</u>
<b>Total Assets</b>	<b><u>\$ 479,766</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current liabilities:</b>	
Accrued commissions to officers and directors	\$ 227,424
Accrued commissions to registered representatives	29,301
Accrued expenses and other payables	13,766
Income taxes payable	<u>2,634</u>
<b>Total current liabilities</b>	<b><u>273,125</u></b>
<b>Long-term liabilities:</b>	
Deferred income tax – long term	<u>4,700</u>
<b>Total long-term liabilities</b>	<b><u>4,700</u></b>
<b>Total liabilities</b>	<b><u>277,825</u></b>
<b>Stockholders' equity:</b>	
Common stock, \$1 par value, 150,000 shares authorized and 122,168 shares issued and outstanding	122,168
Additional paid-in capital	44,409
Retained earnings	25,223
Accumulated other comprehensive income	<u>10,141</u>
<b>Total stockholders' equity</b>	<b><u>201,941</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 479,766</u></b>

See independent registered public accounting firm's audit report and notes to financial statements.

**AMERICAN FUNDS AND TRUSTS, INC.**  
**STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Revenues:</b>	
Commissions	\$ 690,148
Estate administration fees	4,191
Interest and dividend income	<u>1,129</u>
<b>Total revenue</b>	<u>695,468</u>
<b>Expenses:</b>	
Commissions, salaries and payroll taxes	562,023
Occupancy and equipment	47,973
Communications & office expense	4,318
Professional fees	37,847
Regulatory and membership fees	5,156
Other	<u>9,057</u>
<b>Total expenses</b>	<u>666,374</u>
Income before income tax expense	29,094
Income tax expense	<u>3,761</u>
<b>Net income</b>	25,333
<b>Other comprehensive income</b>	
Unrealized gain on marketable securities, net of taxes	<u>8,113</u>
<b>Total other comprehensive income</b>	<u>8,113</u>
<b>Total comprehensive income</b>	<u>\$ 33,446</u>

See independent registered public accounting firm's audit report and notes to financial statements.

**AMERICAN FUNDS AND TRUSTS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Common <u>Stock</u>	Additional Paid <u>In Capital</u>	Retained Earnings <u>(Deficit)</u>	Accumulated Other Comprehensive <u>Income</u>	<u>Total</u>
Balances, December 31, 2016	<u>\$ 122,168</u>	<u>\$ 44,409</u>	<u>\$ (110)</u>	<u>\$ 2,028</u>	<u>\$ 168,495</u>
Net income	--	--	25,333	--	25,333
Unrealized gain on marketable securities	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>  8,113</u>	<u>  8,113</u>
Balances, December 31, 2017	<u>\$ 122,168</u>	<u>\$ 44,409</u>	<u>\$ 25,223</u>	<u>\$ 10,141</u>	<u>\$ 201,941</u>

See independent registered public accounting firm's audit report and notes to financial statements.

**AMERICAN FUNDS AND TRUSTS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Cash flows from operating activities:</b>	
Net income	\$ 25,333
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	2,574
Dividends reinvested in securities available-for-sale	(1,054)
Change in deferred income taxes	1,100
(Increase) decrease in assets:	
Commissions receivable	(6,134)
Prepaid expense	(2,012)
Increase (decrease) in liabilities:	
Commissions due to officers and directors	47,147
Commissions due to registered representatives	(2,232)
Income tax payable	2,534
Accounts payable and accrued expenses	<u>(588)</u>
<b>Net cash provided by operating activities</b>	<u>66,668</u>
 <b>Cash flows from investing activities:</b>	
Purchase of equipment	<u>(1,154)</u>
<b>Net cash (used) in investing activities</b>	<u>(1,154)</u>
 <b>Cash flows from financing activities:</b>	
<b>Net cash provided by financing activities</b>	<u>    --</u>
 <b>Net increase in cash</b>	 65,514
Cash and cash equivalents, beginning of year	<u>301,801</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 367,315</u></b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:	
Income taxes	\$ <u>    100</u>
Interest	<u>    --</u>

See independent registered public accounting firm's audit report and notes to financial statements.

**AMERICAN FUNDS AND TRUSTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. Summary of Significant Accounting Policies**

**a. Business**

The Company was incorporated under the laws of the State of Utah in 1958, generally to engage in the business of a securities broker dealer. The Company's business is principally limited to the sale of mutual fund investments for customers living in Utah. In addition to Utah, the Company is licensed to do business in Arizona, California and Nevada. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

**b. Revenue Recognition**

Securities transactions and the related commission revenue are recorded in the accounts on a trade date basis, which is the day the transaction is executed.

**c. Customer Security Transactions**

The Company does not handle customer funds or securities and is exempt from the provisions of the Customer Protection Rule (Rule 15c3-3).

**d. Cash and Cash Equivalents**

For purposes of reporting cash flows, the Company considers all highly liquid cash investments with a maturity of three months or less to be cash equivalents. The carrying amount reflected in the statement of financial condition for cash and cash equivalents approximate fair value due to the short maturities of those investments.

**e. Furniture, Equipment and Depreciation**

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation on office furniture, equipment and leasehold improvements is provided using the straight-line method over expected useful lives of 5 to 7 years. Normal repair and maintenance items are expensed as incurred.

**f. Investments**

The Company's investments consist of mutual funds that have a readily determinable fair market value. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such determinations at year-end. The securities are classified as "available for sale" and accordingly, are carried at fair value, with unrealized gains and losses, net of tax, reported as a separate component within the stockholders' equity section of the statement of financial condition. Realized gains and losses on all marketable securities are determined by specific identification and are reflected in current earnings.

**g. Fair Value of Financial Instruments**

FASB ASC 825-10, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. FASB ASC 825-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

## Notes to the Financial Statements - continued

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, commissions receivable, commissions payable and accrued expenses approximate carrying value, principally because of the short maturity of those items. Investments in marketable equity securities are carried at their estimated fair value, as described in note 4.

### h. Income Taxes

The Company utilizes the asset and liability method to account for income taxes. The objective of this method is to establish deferred tax assets and liabilities for the temporary differences between net income for financial reporting basis and tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Tax Cuts and Jobs Act was enacted on December 22, 2017 which changed the U.S. corporate statutory tax rate to 21% beginning on January 1, 2018. As a result of this change, the Company used 26% as an effective rate to calculate deferred income taxes.

Income tax expense or benefit is provided based upon the financial statement earnings of the Company. Depreciation expense, charitable contributions, commission expense, unrealized gains on securities available-for-sale and the effect of net operating losses are recognized in different periods for tax and financial accounting purposes. The tax effect of these differences is reported as deferred income taxes in the financial statements.

### i. Comprehensive Income

The Company has adopted accounting standards that address the reporting of comprehensive income. These standards require the Company to report the change in other financial activities affecting financial position, that are not included in the statement of operations, as adjustments to net income to arrive at comprehensive income which is an additional measure of operating performance. Additionally, the standards require the Company to include the cumulative items comprising comprehensive income as a component of equity titled Accumulated Other Comprehensive Income. The Company's only element of Other Comprehensive Income relates to unrealized gain on available for sale investment securities.

### j. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles and prevailing industry practices requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

## 2. Commissions Receivable

Commissions receivable represent amounts due from mutual fund companies for commissions earned through December 31, 2017. Amounts due are received in the subsequent month, therefore, an allowance for doubtful accounts is not considered necessary.

## Notes to the Financial Statements - continued

### 3. Furniture, Equipment and Leasehold Improvements

The major classes of depreciable assets are as follows:

Furniture and equipment	\$ 38,756
Leasehold improvements	<u>420</u>
Total	39,176
Less accumulated depreciation	<u>(33,369)</u>
Fixed assets, net	<u>\$ 5,807</u>

Depreciation expense for the year ended December 31, 2017 was \$2,574.

### 4. Investment Securities Available-for-Sale

Investment securities available-for-sale consist of mutual funds and are recorded at market value at December 31, 2017 as follows:

Mutual funds, at cost	\$ 47,832
Unrealized gains	<u>13,641</u>
Investment securities available-for-sale, at market value	<u>\$ 61,473</u>

The following is a summary of the unrealized gains included in accumulated other comprehensive income as of December 31, 2017:

Unrealized gains	\$ 13,641
Income tax effect	<u>(3,500)</u>
Unrealized gains, net of income taxes	<u>\$ 10,141</u>

### 5. Accumulated Other Comprehensive Income

Changes in accumulated other comprehensive income during the year ended December 31, 2017 were as follows:

	Before-Tax <u>Amount</u>	Tax <u>(Expense)</u>	Net-of-Tax <u>Amount</u>
Unrealized gains on marketable securities	<u>\$ 11,113</u>	<u>\$ (3,000)</u>	<u>\$ 8,113</u>
Total change in accumulated other comprehensive income	<u>\$ 11,113</u>	<u>\$ (3,000)</u>	<u>\$ 8,113</u>

### 6. Fair Value Measurement

FASB ASC 820 establishes a framework for measuring fair value. That framework provides 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 the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

**Notes to the Financial Statements - continued**

*Level 2:* Observable inputs other than quoted prices included in level 1 which are observable for asset or liability either directly or indirectly. These inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Unobservable inputs for the asset or liability to the extent relevant observable inputs are not available, representing the Company’s own assumption about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual Funds* - Valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company’s assets at fair value as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 61,473	\$ --	\$ --	\$ 61,473
Total assets at fair value	<u>\$ 61,473</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 61,473</u>

**7. Income Taxes**

Income taxes are provided at statutory rates for the tax effects of transactions reported in the financial statements and consist of taxes currently due and for deferred taxes which relate to timing differences for the expense recognition of charitable contributions, depreciation, unrealized gains on securities available-for-sale, net operating loss carryovers and the timing of commissions being paid.

**Notes to the Financial Statements - continued**

FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2017, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction and Utah. The Company's tax returns are subject to possible examination by the taxing authorities. For income tax purposes the returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2014.

Tax laws enacted in 2017 established a single flat tax rate of 21% beginning in 2018. The deferred income tax asset and liability have been adjusted to reflect the newly enacted rates.

Income tax expense consists of the following:

Current year income taxes due:	
Federal	\$ 1,871
State	715
Foreign countries	<u>75</u>
Total	2,661
Deferred tax expense for current year timing differences:	
Federal	800
State	<u>300</u>
Total	<u>1,100</u>
Total income tax expense	<u>\$ 3,761</u>

The actual tax benefit differs from the "expected" tax benefit computed by applying the U.S. corporate rate of 15 percent as follows:

Computed "expected" federal tax expense	\$ 4,364
Computed "expected" state tax expense	1,455
Impact of state income tax deductibility	(107)
Impact of non-deductible penalties	219
Impact of enacted change in U.S. tax law on deferred items	(2,100)
Corporate dividend deduction	(43)
Foreign taxes	75
Other	<u>(102)</u>
Total income tax expense	<u>\$ 3,761</u>

Using the applicable combined federal and state tax rate of 26%, the deferred tax assets, net of liabilities are as follows:

Deferred tax assets:	<u>Amount</u>	<u>Rate</u>	<u>Tax</u>
Timing of commissions being paid	\$ 40,000	26%	\$ 10,400
Unrealized gain on securities available-for-sale	(13,641)	26%	(3,547)
Tax depreciation in excess of book depreciation	(4,738)	26%	(1,232)
Rounding			<u>79</u>
Net deferred tax assets			<u>\$ 5,700</u>

Notes to the Financial Statements - continued

8. **Lease Commitment for Office Space**

The Company renewed a five year operating lease for office space in August 2017, which will expire July 31, 2022. Rent expense under this agreement for 2017 was \$35,300. Future minimum lease commitments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Lease</u> <u>Commitments</u>
2018	\$ 36,000
2019	36,500
2020	37,200
2021	37,700
2022	<u>22,400</u>
Total	<u>\$ 169,800</u>

9. **Net Capital Requirements**

As a broker dealer, the Company is subject to the uniform net capital rule adopted and administered by the Securities and Exchange Commission. The rule requires maintenance of minimum net capital and prohibits a broker dealer from engaging in securities transactions at a time when its net capital falls below minimum requirements, as those terms are defined by the rule. At December 31, 2017, the Company's net capital was \$163,958 which was \$138,958 in excess of the \$25,000 minimum required.

10. **Risk Management**

Transactions involving financial instruments involve varying degrees of market, credit and operating risk. The Company monitors its exposure to risk on a regular basis.

**Credit Risk**

The Company's transactions with customers are recorded on a trade date basis and are collateralized by the underlying securities. The Company's exposure to credit risk associated with nonperformance by customers is impacted by volatile or illiquid trading markets. Should customers fail to perform, the Company may be required to complete the transaction at prevailing market prices. The Company manages credit risk by principally requiring funds to be on deposit at the time of purchase. Also, management has determined that investing in mutual funds helps mitigate volatility and illiquidity and has limited its business primarily to investing in major mutual funds for customers.

**Market Risk**

Market risk is the potential change in value of the financial instrument caused by unfavorable changes in the underlying net asset value. The Company has an investment in a mutual fund which is susceptible to market risk.

**Operating Risk**

Operating risk focuses on the Company's ability to accumulate, process, and communicate information necessary to conduct its daily operations. Deficiencies in technology, financial systems and controls, and losses attributed to operational problems all pose potential operating risks. In order to mitigate these risks, the Company has established and maintains an internal control environment which incorporates various control mechanisms throughout the organization. In addition, the Company periodically monitors its technological needs and makes changes as deemed appropriate.

**Notes to the Financial Statements - continued**

**Concentration of Credit Risk**

The Company's cash is deposited at one financial institution. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At December 31, 2017 the Company had approximately \$123,469 in excess of the FDIC limit.

**11. Subsequent Events**

Management has evaluated subsequent events through February 28, 2018, the date which the financial statements were available to be issued, and has determined there are no additional subsequent events to be reported.

**AMERICAN FUNDS AND TRUSTS, INC.**

**SUPPLEMENTARY INFORMATION**

**AS OF DECEMBER 31, 2017**

**AMERICAN FUNDS AND TRUSTS, INC**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL**  
**DECEMBER 31, 2017**

Stockholders' equity		\$ 201,941
Non-allowable assets:		
Furniture, equipment and leasehold improvements, net	\$ (5,807)	
Deferred income taxes	(10,400)	
Commissions receivable in excess of commissions payable	(9,352)	
Prepaid expense	(2,987)	
Other receivables	<u>(216)</u>	<u>(28,762)</u>
Net capital before haircuts on securities' positions		173,179
Haircuts on securities:		
Mutual funds	<u>(9,221)</u>	<u>(9,221)</u>
Net capital per audit		<u>\$ 163,958</u>

See report of independent registered public accounting firm.

**AMERICAN FUNDS AND TRUSTS, INC**  
**SCHEDULE II**  
**RECONCILIATION TO RESPONDENT'S UNAUDITED COMPUTATION OF NET CAPITAL**  
**DECEMBER 31, 2017**

**RECONCILIATION TO RESPONDENT'S UNAUDITED COMPUTATION**

Net capital per respondent's Focus report	\$ 163,958
Net increase in stockholders' equity	--
Net (increase) in nonallowable assets	--
Net increase in haircut on securities' positions	<u>    --</u>
Net capital per audit	<u>\$ 163,958</u>

See report of independent registered public accounting firm.

**AMERICAN FUNDS AND TRUSTS, INC.**  
**SCHEDULE III**  
**COMPUTATION OF AGGREGATE INDEBTEDNESS**  
**DECEMBER 31, 2017**

Accrued commissions to officers and directors	\$ 227,424
Accrued commissions to registered representatives	29,301
Accrued expenses and other payables	13,766
Income taxes payable	<u>2,634</u>
Total aggregate indebtedness	<u>\$ 273,125</u>
Ratio of aggregate indebtedness to net capital	<u>1.67:1</u>

See report of independent registered public accounting firm.

**AMERICAN FUNDS AND TRUSTS, INC.**  
**SCHEDULE IV**  
**EXEMPTIVE PROVISION UNDER RULE 15c3-3**  
**DECEMBER 31, 2017**

If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. \$2,500 capital category; as per Rule 15c3-1 \_\_\_\_\_
- B. "Special Account for the Exclusive Benefit of Customers" maintained       X
- C. All customer transactions cleared through another broker-dealer on a fully disclosed basis: Name of clearing firm \_\_\_\_\_
- D. Exempted by order of the Commission \_\_\_\_\_

See report of independent registered public accounting firm.



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

50 West Broadway, Suite 600 Salt Lake City, UT 84101 (801) 532-7800 Fax (801) 328-4461

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
EXEMPTION REVIEW REPORT**

To the Board of Directors and Stockholders  
American Funds & Trusts, Inc.

We have reviewed management's statements, included in the accompanying American Funds & Trusts, Inc. Exemption Report in which (1) American Funds & Trusts, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which American Funds & Trusts, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3:(2)(i) (the "exemption provisions") and (2) American Funds & Trusts, Inc. stated that American Funds & Trusts, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. American Funds & Trusts, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about American Funds & Trusts, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Haynie & Company*  
Haynie & Company  
Salt Lake City, Utah  
February 28, 2018

# American Funds and Trusts, Inc.

Financial Advisors Specializing in Mutual Funds, Personal & Corporate Retirement Plans

3030 SOUTH MAIN STREET, SUITE 100  
SALT LAKE CITY, UTAH 84115  
(801) 466-8701  
FAX (801) 466-8780

## EXEMPTION REPORT

RICHARD M. TAGGART, Pres.  
RICHARD P. TAGGART, Vice Pres.

American Funds & Trusts, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. § 240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

1. The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provision of 17 C.F.R. § 240.15c3-3(k): (2)(i).
2. The Company met the identified exemption provision in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

I, Richard M. Taggart, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

  
Richard M. Taggart  
President  
American Funds & Trusts, Inc.  
February 28, 2018