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**MY STUFF BAGS FOUNDATION**  
**WESTLAKE VILLAGE, CALIFORNIA**  
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**DECEMBER 31, 2017**

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To the Board of Directors  
My Stuff Bags Foundation  
5347 Sterling Center Drive  
Westlake Village, California

INDEPENDENT AUDITORS’ REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of My Stuff Bags Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors’ 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 misstatements.

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 My Stuff Bags Foundation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

ROJAS & ASSOCIATES, CPAs

Los Angeles, California
March 9, 2018
ASSETS
Current Assets:
  Cash and cash equivalents $ 111,349
  Property held for donation, current portion 1,682,198
  Prepaid expenses 12,798
  Total current assets 1,806,345
  Property held for donation, less current portion 1,492,051
  Property and equipment, net 0
  Deposits 8,198
  TOTAL ASSETS $3,306,594

LIABILITIES AND NET ASSETS
Current Liabilities:
  Accounts payable and accrued expenses $ 38,694
  Accrued vacation and payroll 14,636
  Note payable, current portion 10,659
  Total current liabilities 63,989

LONG-TERM LIABILITIES
  Note payable, less current portion 22,856
  Total liabilities 86,845

Net Assets:
  Unrestricted 31,327
  Temporarily restricted 3,188,422
  Total net assets 3,219,749
  TOTAL LIABILITIES AND NET ASSETS $3,306,594

This statement is to be considered in conjunction with the accompanying independent auditors' report. The accompanying notes are an integral part of this statement.
### MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>PUBLIC SUPPORT AND REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Support:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash contributions</td>
<td>$ 264,501</td>
<td>$ 227,770</td>
<td>$ 492,271</td>
</tr>
<tr>
<td>Property contributions</td>
<td>0</td>
<td>2,481,180</td>
<td>2,481,180</td>
</tr>
<tr>
<td>Total public support</td>
<td>264,501</td>
<td>2,708,950</td>
<td>2,973,451</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,261,009</td>
<td>(2,261,009)</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL PUBLIC SUPPORT AND REVENUE</td>
<td>2,525,510</td>
<td>447,941</td>
<td>2,973,451</td>
</tr>
</tbody>
</table>

### EXPENSES

Program services

| My Stuff Bags                     | 2,501,251 | 0 | 2,501,251 |

Support Services:

| Management and general       | 64,940    | 0  | 64,940    |
| Fundraising                  | 106,809   | 0  | 106,809   |
| Total support services       | 171,749   | 0  | 171,749   |
| TOTAL EXPENSES               | 2,673,000 | 0  | 2,673,000 |

### CHANGE IN NET ASSETS

| Change in net assets | (147,490) | 447,941 | 300,451 |
| Net assets, as of the beginning of the year | 178,817 | 2,740,481 | 2,919,298 |
| Net assets, as of the end of the year | $31,327 | $3,188,422 | $3,219,749 |

This statement is to be considered in conjunction with the accompanying independent auditors' report. The accompanying notes are an integral part of this statement.
## MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA

### STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>PROGRAM SERVICES</th>
<th>SUPPORT SERVICES</th>
<th>Fundraising</th>
<th>Totals 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>My Stuff Bags</td>
<td>Management and General</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facility related expenses</td>
<td>$ 89,776</td>
<td>$ 10,359</td>
<td>$ 14,963</td>
<td>$ 115,098</td>
</tr>
<tr>
<td>My Stuff Bags</td>
<td>2,037,744</td>
<td>0</td>
<td>0</td>
<td>2,037,744</td>
</tr>
<tr>
<td>Insurance</td>
<td>24,352</td>
<td>2,774</td>
<td>3,699</td>
<td>30,825</td>
</tr>
<tr>
<td>Office supplies</td>
<td>16,613</td>
<td>1,917</td>
<td>2,769</td>
<td>21,299</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>37,224</td>
<td>874</td>
<td>21</td>
<td>38,119</td>
</tr>
<tr>
<td>Printing</td>
<td>1,845</td>
<td>213</td>
<td>308</td>
<td>2,366</td>
</tr>
<tr>
<td>Professional fees</td>
<td>0</td>
<td>13,500</td>
<td>0</td>
<td>13,500</td>
</tr>
<tr>
<td>Promotion and marketing</td>
<td>0</td>
<td>0</td>
<td>38,546</td>
<td>38,546</td>
</tr>
<tr>
<td>Salaries</td>
<td>254,686</td>
<td>29,015</td>
<td>38,686</td>
<td>322,387</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>22,973</td>
<td>2,617</td>
<td>3,490</td>
<td>29,080</td>
</tr>
<tr>
<td>Telephone</td>
<td>5,848</td>
<td>790</td>
<td>1,264</td>
<td>7,902</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>4,159</td>
<td>0</td>
<td>0</td>
<td>4,159</td>
</tr>
<tr>
<td>Utilities</td>
<td>3,561</td>
<td>411</td>
<td>593</td>
<td>4,565</td>
</tr>
<tr>
<td>Interest expense</td>
<td>2,470</td>
<td>2,470</td>
<td>2,470</td>
<td>7,410</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$2,501,251</td>
<td>$64,940</td>
<td>$106,809</td>
<td>$2,673,000</td>
</tr>
</tbody>
</table>

This statement is to be considered in conjunction with the accompanying independent auditors' report. The accompanying notes are an integral part of this statement.

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MY STUFF BAGS FOUNDATION  
WESTLAKE VILLAGE, CALIFORNIA  

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES  
Change in net assets  
Adjustments to reconcile change in net assets to net cash  
used in operating activities:  
Contributions of property held for donation  
Distribution of contributed property held for donation  
(Increase)/decrease in operating assets:  
    Property held for donation  
    Prepaid expenses  
    Grant receivable  
Increase/(decrease) in operating liabilities:  
    Accounts payable and accrued expenses  
    Accrued vacation and payroll  
    Net cash used in operating activities

$ 300,451
( 2,481,180)
2,033,239
( 73,827)
( 3,960)
70,470
10,292
651
( 143,864)

CASH FLOWS FROM FINANCING ACTIVITIES  
Principal payments on note payable

( 10,020)

NET DECREASE IN CASH AND CASH EQUIVALENTS

( 153,884)

CASH AND CASH EQUIVALENTS, JANUARY 1  

265,233

CASH AND CASH EQUIVALENTS, DECEMBER 31

$ 111,349

SUPPLEMENTAL DISCLOSURES  
Cash paid during the year for interest

$ 7,410

This statement is to be considered in conjunction with the accompanying independent auditors' report. The accompanying notes are an integral part of this statement.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – My Stuff Bags Foundation (the “Foundation”) was formed in 1998 to serve the needs of children in the United States. The Foundation provides in-kind gifts to tax exempt organizations that meet the special needs of children. The Foundation, through its My Stuff Bags program, supports groups that help abused and neglected children. The Foundation’s primary source of revenue is contributions of cash and property from the general public.

Basis of Presentation – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment – Property and equipment purchases over $1,000 are capitalized and are stated at cost, and are depreciated using the straight-line method over their estimated useful lives of five to seven years. Expenditures for maintenance and repairs or minor renewals are charged to expense when incurred.

Contributions – Contributions of cash and property received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor stipulations. Gifts of property designated for use in “My Stuff” bags are reported as temporarily restricted contributions. Restricted contributions of cash whose restrictions are met in the same reporting period are shown as unrestricted.

Cash and Cash Equivalents – The Foundation considers all time deposits and securities with original maturities of three months or less to be cash equivalents. In addition, demand deposits in banks and money market accounts are included in cash and cash equivalents.

Tax-Exempt Status – No provision for federal or state income tax is made. The Foundation has received tax-exempt status from the federal government under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code section 23701d.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Allocation of Expenses – The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See accompanying independent auditors’ report.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Property Held for Donation — The Foundation receives donated property from third parties, which is recorded as contributions at estimated fair value when received and as program expense when used in My Stuff Bags. Some of the items received do not have readily available market values. Management believes that it would be misleading to the reader of these financial statements not to include these items; therefore, their value is estimated based on amounts paid for similar items or prices observed for similar items.

Donated property held in inventory at year end is reported at estimated fair value based upon the prices that would be received to sell individual items in orderly market transactions without considering discounts for volume. Management evaluates the reasonableness of its valuation annually. If the Foundation were required to liquidate its assets, the amount received for property held for donation would likely result in proceeds less than the values reported as of December 31, 2017. Property expected to be used in My Stuff Bags within one year of the date of Foundation’s statements of financial position is classified as current.

Contributions and Contributions Receivable — Contributions are recognized when the donor makes an unconditional promise to give. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were no contributions receivable as of December 31, 2017.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017, consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>$ 7,104</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>14,839</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>24,681</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>28,569</td>
</tr>
<tr>
<td></td>
<td>75,193</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>75,193</td>
</tr>
<tr>
<td></td>
<td>$ 0</td>
</tr>
</tbody>
</table>

See accompanying independent auditors’ report.
NOTE 3. LEASE OBLIGATIONS

The Foundation leases office and warehouse space in Westlake Village under a five year term for $7,000 per month, with annual increases. The lease expired February 28, 2018, and was renewed for an additional five years. Rent under the lease totaled $107,540 for the year ended December 31, 2017. The Foundation leased a truck on March 22, 2015, for $283 per month, for 36 months. Total lease payments were $3,399 for the year ended December 31, 2017. Future minimum payments are as follows:

Year Ending December 31, 2018 $17,561

NOTE 4. NET ASSETS

Temporarily restricted net assets as of December 31, 2017, comprised the following:

Future periods $ 14,173
Property held for donation 3,174,249
Total $3,188,422

There were no permanently restricted net assets as of December 31, 2017.

NOTE 5. NOTE PAYABLE

On September 31, 2010, the Foundation converted its existing line of credit with Boston Private Bank & Trust Company to a note payable. The note is secured by assets of the Foundation. It is due December 20, 2020, and bears interest at 6%.

Future minimum loan payments are as follows:

Year Ending December 31,
2018 $10,659
2019 11,339
2020 11,517
Total $33,515

See accompanying independent auditors’ report.
NOTE 6. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

In August 2016, the FASB passed ASU 2016-14, *Not-for-Profit Entities* (*Topic 958*). The main provisions of this update, which amend the requirements for financial statements and notes in *Topic 958*, Not-for-Profit entities, which are anticipated to impact the Foundation require a not-for-profit to:

1) Present net assets and the changes in net assets for two classes of net assets, net assets with donor restrictions and net assets without donor restrictions, rather than for the currently required three classes.

2) Provide enhanced disclosures regarding: the amounts and purposes of governing board designations that result in self-imposed limits on the use of resources, the composition of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative information that communicates how the not-for-profit manages its liquid resources available to meet cash needs within one year of the balance sheet date, and the methods used to allocate costs among program and support functions.

This amendment is effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early application of the amendments in this update is permitted. The amendments in this update should be applied on a retrospective basis in the year that the update is first applied. The Foundation is currently evaluating the impact of this new accounting standard on the financial statements.

NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2018, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements other than previously noted in Note 3.

See accompanying independent auditors’ report.