

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

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DECEMBER 31, 2019**

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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, 2019, 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, 2019, 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

Rojas & Associates, CPAs

Los Angeles, California
April 15, 2020

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 394,527
Property held for donation, current portion	1,551,183
Prepaid expenses	<u>542</u>
Total current assets	<u>1,946,252</u>

Fixed assets:

Computer equipment	7,083
Accumulated depreciation	<u>(944)</u>
Net fixed assets	<u>6,139</u>

OTHER ASSETS

Property held for donation, less current portion	1,391,866
Deposits	<u>8,198</u>
Total other assets	<u>1,400,064</u>

TOTAL ASSETS \$3,352,455

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 47,527
Accrued vacation and payroll	19,318
Note payable	<u>11,406</u>
Total current liabilities	<u>78,251</u>

Total liabilities 78,251

Net Assets:

Without donor restrictions	155,155
With donor restrictions	<u>3,119,049</u>
Total net assets	<u>3,274,204</u>

TOTAL LIABILITIES AND NET ASSETS \$ 3,352,455

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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Cash contributions	\$ 507,045	\$ 229,166	\$ 736,211
Property contributions	<u>0</u>	<u>1,075,746</u>	<u>1,075,746</u>
Total public support	507,045	1,304,912	1,811,957
Net assets released from restrictions	<u>1,697,510</u>	<u>(1,697,510)</u>	<u>0</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,204,555</u>	<u>(392,598)</u>	<u>1,811,957</u>
EXPENSES			
Program services			
My Stuff Bags	<u>1,780,317</u>	<u>0</u>	<u>1,780,317</u>
Support Services:			
Management and general	62,835	0	62,835
Fundraising	<u>61,214</u>	<u>0</u>	<u>61,214</u>
Total support services	<u>124,049</u>	<u>0</u>	<u>124,049</u>
TOTAL EXPENSES	<u>1,904,366</u>	<u>0</u>	<u>1,904,366</u>
CHANGE IN NET ASSETS			
Change in net assets	300,189	(392,598)	(92,409)
Net assets, as of the beginning of the year	<u>(145,034)</u>	<u>3,511,647</u>	<u>3,366,613</u>
Net assets, as of the end of the year	<u>\$ 155,155</u>	<u>\$3,119,049</u>	<u>\$3,274,204</u>

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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, 2019**

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		
	<u>My Stuff Bags Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals 2019</u>
Facility related expenses	\$ 95,779	\$ 13,039	\$ 13,039	\$ 121,857
My Stuff Bags	1,406,537	0	0	1,406,537
Insurance	17,701	2,701	3,495	23,897
Office supplies	15,443	2,110	2,130	19,683
Postage and shipping	51,789	1,070	0	52,859
Printing	3,272	445	445	4,162
Professional fees	12,671	15,085	1,584	29,340
Promotion and marketing	0	0	5,044	5,044
Salaries	144,700	22,079	28,567	195,346
Taxes and licenses	13,920	2,117	2,721	18,758
Telephone	10,051	1,368	1,368	12,787
Travel and entertainment	3,298	449	449	4,196
Utilities	3,221	437	437	4,095
Interest expense	<u>1,935</u>	<u>1,935</u>	<u>1,935</u>	<u>5,805</u>
Total expenses	<u>\$1,780,317</u>	<u>\$ 62,835</u>	<u>\$ 61,214</u>	<u>\$1,904,366</u>

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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	(\$ 92,409)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Contributions of property held for donation	(1,075,746)
Distribution of contributed property held for donation	1,396,060
(Increase)/decrease in operating assets:	
Property held for donation	(57,801)
Prepaid expenses	8,842
Increase/(decrease) in operating liabilities:	
Accounts payable and accrued expenses	(733)
Accrued vacation and payroll	(3,789)
Net cash provided by operating activities	<u>137,002</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of computer equipment	(7,083)
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CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	(11,366)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	156,919
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CASH AND CASH EQUIVALENTS, JANUARY 1	<u>237,608</u>
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CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 394,527</u>
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SUPPLEMENTAL DISCLOSURE

Cash paid during the year for interest	<u>\$ 5,805</u>
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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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Gifts of property designated for use in “My Stuff” bags are reported as having donor restrictions.

Cash and Cash Equivalents – The Foundation considers all time deposits and securities with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and 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.

See accompanying independent auditors’ report.

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019. 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 Receivable – We record contributions receivable to give that are expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There were no contributions receivable as of December 31, 2019.

See accompanying independent auditors' report.

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements – In February 2016, FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Foundation is currently evaluating the effect the provisions of this ASU will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Donated Services and In-Kind Contributions – Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs – Advertising costs are expensed as incurred, and approximated \$180 during the year ended December 31, 2019.

Financial Instruments and Credit Risk – We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates.

See accompanying independent auditors' report.

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	<u>\$394,527</u>
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The Foundation receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity with the principle of maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The majority of the Foundation's expenses come in the form of items to be included in its My Stuff bags, which are predominantly donated and therefore actual liquid assets are required only to meet such expenditures such as payroll, rent, insurance, etc.... This results in less of a need to maintain significant liquid assets. The Foundation's monthly cash requirements typically fall between \$40,000 and \$60,000 per month and the Foundation strives to maintain current financial assets less current liabilities at a minimum of 30 days cash operating expenses.

NOTE 3. LEASE OBLIGATIONS

The Foundation leases office and warehouse space in Westlake Village under a five year term for \$8,543 per month, with annual increases. The lease is scheduled to expire February 28, 2023, and has no stated options to renew. Rent under the lease totaled \$104,894 for the year ended December 31, 2019. The Foundation leased a truck on March 15, 2018, for \$319.87 per month for 36 months. Total lease payments were \$3,719 for the year ended December 31, 2019. Future minimum payments are as follows:

Year Ending December 31,

	<u>Facility</u>	<u>Vehicle</u>	<u>Total</u>
2020	\$108,231	\$ 3,838	\$112,069
2021	111,478	640	112,118
2022	114,823	-	114,823
2023	<u>19,230</u>	<u>-</u>	<u>19,230</u>
Total	<u>\$353,762</u>	<u>\$ 4,478</u>	<u>\$358,260</u>

NOTE 4. NET ASSETS

Assets with donor restrictions as of December 31, 2019, comprised the following:

Bag donations in future periods	\$ 176,000
Property held for donation	<u>2,943,049</u>
Total	<u>\$3,119,049</u>

See accompanying independent auditors' report.

**MY STUFF BAGS FOUNDATION
WESTLAKE VILLAGE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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%.

NOTE 6. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 7. SUBSEQUENT EVENTS

In March of 2020, the World Health Organization declared COVID-19 to be a pandemic and an outbreak of the virus in the United States has caused most states to severely limit public gatherings and ask residents to shelter in place. The short-term and long-term impacts to both the United States and specifically to the Company are unknown at this time but could be severe.

Management has evaluated subsequent events through April 15, 2020, the date the financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosures in these financial statements.

See accompanying independent auditors' report.