

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

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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DECEMBER 31, 2021**

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

## **INDEPENDENT AUDITORS' REPORT**

### **Opinion**

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, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

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, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of My Stuff Bags Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about My Stuff Bag Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are

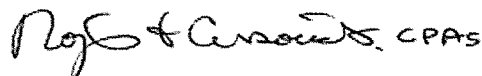
considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 My Stuff Bag Foundation's internal control. Accordingly, no opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about My Stuff Bags Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ROJAS & ASSOCIATES, CPAs



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Los Angeles, California  
July 28, 2022

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

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 707,296
Property held for donation, current portion	1,441,580
Prepaid expenses	<u>10,119</u>
Total current assets	<u>2,158,995</u>

Fixed assets:

Computer equipment	9,743
Accumulated depreciation	( 3,893)
Net fixed assets	<u>5,850</u>

**OTHER ASSETS**

Property held for donation, less current portion	1,787,749
Deposits	<u>8,198</u>
Total other assets	<u>1,795,947</u>
<b>TOTAL ASSETS</b>	<b><u>\$3,960,792</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable and accrued expenses	\$ 23,915
Accrued vacation and payroll	18,683
Accrued interest	<u>4,265</u>
Total current liabilities	<u>46,863</u>

Long-term liabilities:

Notes payable	<u>150,000</u>
Total long-term liabilities	<u>150,000</u>
Total liabilities	<u>196,863</u>

Net Assets:

Without donor restrictions	454,600
With donor restrictions	<u>3,309,329</u>
Total net assets	<u>3,763,929</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,960,792</u></b>
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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**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Cash contributions	\$ 635,096	\$ 187,000	\$ 822,096
Property contributions	<u>0</u>	<u>1,670,189</u>	<u>1,670,189</u>
Total public support	635,096	1,857,189	2,492,285
 Net assets released from restrictions	<u>1,845,764</u>	<u>( 1,845,764)</u>	<u>0</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,480,860</u>	<u>11,425</u>	<u>2,492,285</u>
 <b>EXPENSES</b>			
Program services			
My Stuff Bags	<u>2,145,102</u>	<u>0</u>	<u>2,145,102</u>
 Support Services:			
Management and general	68,651	0	68,651
Fundraising	<u>67,726</u>	<u>0</u>	<u>67,726</u>
Total support services	<u>136,377</u>	<u>0</u>	<u>136,377</u>
 TOTAL EXPENSES	<u>2,281,479</u>	<u>0</u>	<u>2,281,479</u>
 <b>CHANGE IN NET ASSETS</b>			
Change in net assets	199,381	11,425	210,806
Net assets, as of the beginning of the year	<u>255,219</u>	<u>3,297,904</u>	<u>3,553,123</u>
Net assets, as of the end of the year	<u>\$ 454,600</u>	<u>\$3,309,329</u>	<u>\$3,763,929</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 FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		
	<u>My Stuff Bags Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals 2021</u>
Facility related expenses	\$ 103,899	\$ 14,144	\$ 14,144	\$ 132,187
My Stuff Bags	1,702,145	0	0	1,702,145
Insurance	19,557	2,001	2,606	24,164
Office supplies	19,377	2,616	2,636	24,629
Postage and shipping	30,315	790	0	31,105
Printing	774	105	105	984
Professional fees	6,163	17,131	0	23,294
Promotion and marketing	0	0	13,162	13,162
Salaries	226,673	23,195	30,200	280,068
Taxes and licenses	18,984	1,960	2,529	23,473
Telephone	10,071	1,371	1,371	12,813
Travel and entertainment	3,396	462	462	4,320
Utilities	3,748	511	511	4,770
Interest expense	<u>0</u>	<u>4,365</u>	<u>0</u>	<u>4,365</u>
Total expenses	<u>\$2,145,102</u>	<u>\$ 68,651</u>	<u>\$ 67,726</u>	<u>\$2,281,479</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, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 210,806
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Contributions of property held for donation	( 1,670,189)
Distribution of contributed property held for donation	1,696,584
Depreciation	1,532
Paycheck Protection Program forgiveness	( 34,000)
(Increase)/decrease in operating assets:	
Property held for donation	( 92,705)
Prepaid expenses	( 9,401)
Increase/(decrease) in operating liabilities:	
Accounts payable and accrued expenses	( 3,911)
Accrued vacation and payroll	3,566
Accrued interest	<u>4,365</u>
Net cash provided by operating activities	<u>106,647</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of equipment	( <u>2,660</u> )
Net used in investing activities	( <u>2,660</u> )

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 103,987

**CASH AND CASH EQUIVALENTS, JANUARY 1** 603,309

**CASH AND CASH EQUIVALENTS, DECEMBER 31** \$ 707,296

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  
YEAR ENDED DECEMBER 31, 2021**

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**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.

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021**

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**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, 2021. 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, 2021.

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021**

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**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, 2021. 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.

***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.

***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. As of December 31, 2021, the Foundation had cash balances that exceeded the amount insured by the FDIC in the amount of \$149,937. 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.

**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>\$707,296</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.

See accompanying independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021**

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**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 \$117,750 for the year ended December 31, 2021.

Year Ending December 31,

	<u>Facility</u>
2022	\$114,823
2023	<u>19,230</u>
Total	<u>\$134,053</u>

**NOTE 4. NET ASSETS**

Assets with donor restrictions as of December 31, 2021, comprised the following:

Bag donations in future periods	\$ 80,000
Property held for donation	<u>3,229,329</u>
Total	<u>\$3,309,329</u>

**NOTE 5. NOTES PAYABLE**

The Foundation applied for and received a loan from the SBA on April 28, 2020, under the Paycheck Protection Program. The loan bears interest at a rate of 1% per annum and is scheduled to mature April 28, 2025. Loan payments are deferred to either the date that SBA remits the borrower's loan forgiveness amount to the lender, or if the borrower does not apply for loan forgiveness, ten months after the end of the borrower's loan forgiveness covered period. This program allows for full forgiveness of the loan and interest if the funds are used for payroll costs, interest on mortgage loans, rent, and utilities. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan was forgiven in 2021 and is included in contributions.

The Foundation also applied for and received a second loan for \$150,000 from the SBA on June 17, 2020, under the Economic Injury Disaster Loan advance program. The loan bears interest at a rate of 2.75% per annum and requires monthly payments of \$641 beginning twelve months from the date of the note. Substantially all assets of the Foundation serve as collateral for the loan. The principal and interest is payable in full by June 30, 2050.

See accompanying independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021**

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**NOTE 5. NOTES PAYABLE (CONTINUED)**

Following is a schedule by years of future minimum payments required under the terms of this loan as of December 31, 2021.

Year ended December 31,

2022	\$ 4,487
2023	7,692
2024	7,692
2025	7,692
2026	7,692
Thereafter	<u>192,568</u>
Total payment required	227,823
Less interest	<u>( 77,823)</u>
Total principal payment required	<u>\$150,000</u>

**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**

Management has evaluated subsequent events through July 28, 2022, 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.