

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

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DECEMBER 31, 2023**

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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, 2023, 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, 2023, 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

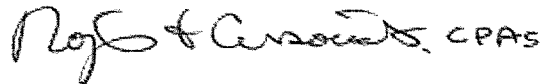
considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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



Rojas & Associates, CPAs

Newport Beach, California
March 8, 2024

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

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 681,155
Prepaid expenses	5,253
Property held for donation, current portion	<u>2,322,841</u>
Total current assets	<u>3,009,249</u>
Fixed assets:	
Equipment	20,243
Accumulated depreciation	<u>(7,550)</u>
Net fixed assets	<u>12,693</u>
 OTHER ASSETS	
Property held for donation, less current portion	1,619,631
Deposits	8,198
Operating lease right-of-use assets	597,123
Finance lease right-of-use assets	<u>1,729</u>
Total other assets	<u>2,226,681</u>
TOTAL ASSETS	<u>\$ 5,248,623</u>
 LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 11,348
Accrued vacation and payroll	20,414
Accrued interest	4,182
Operating lease right-of-use liabilities	118,167
Finance lease right-of-use liabilities	<u>1,665</u>
Total current liabilities	<u>155,776</u>
Long-term liabilities:	
Notes payable	150,000
Operating lease right-of-use liabilities	<u>485,591</u>
Total long-term liabilities	<u>635,591</u>
Total liabilities	<u>791,367</u>
Net Assets:	
Without donor restrictions	429,784
With donor restrictions	<u>4,027,472</u>
Total net assets	<u>4,457,256</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,248,623</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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

PUBLIC SUPPORT AND REVENUE	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support:			
Cash contributions	\$ 481,247	\$ 178,000	\$ 659,247
Property contributions	<u>10,500</u>	<u>1,963,206</u>	<u>1,973,706</u>
Total public support	491,747	2,141,206	2,622,453
 Net assets released from restrictions	<u>1,884,612</u>	<u>(1,884,612)</u>	<u>0</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,376,359</u>	<u>256,594</u>	<u>2,632,953</u>
 EXPENSES			
Program services			
My Stuff Bags	<u>2,256,747</u>	<u>0</u>	<u>2,256,747</u>
Support Services:			
Management and general	70,168	0	70,168
Fundraising	<u>70,158</u>	<u>0</u>	<u>70,158</u>
Total support services	<u>140,326</u>	<u>0</u>	<u>140,326</u>
 TOTAL EXPENSES	<u>2,397,073</u>	<u>0</u>	<u>2,397,073</u>
 CHANGE IN NET ASSETS			
Change in net assets	(20,714)	256,594	235,880
Net assets, as of the beginning of the year	<u>450,498</u>	<u>3,770,878</u>	<u>4,221,376</u>
Net assets, as of the end of the year	<u>\$ 429,784</u>	<u>\$ 4,027,472</u>	<u>\$ 4,457,256</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, 2023**

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		
	<u>My Stuff Bags Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals 2023</u>
Facility related expenses	\$ 114,623	\$ 15,604	\$ 15,604	\$ 145,831
My Stuff Bags	1,768,318	0	0	1,768,318
Insurance	25,650	3,317	3,631	32,598
Office supplies	18,154	2,467	2,475	23,096
Postage and shipping	34,905	503	0	35,408
Printing	1,016	138	138	1,292
Professional fees	33,018	14,182	0	47,200
Promotion and marketing	0	0	11,509	11,509
Salaries	215,664	27,890	30,530	274,084
Taxes and licenses	18,341	2,384	2,587	23,312
Telephone	8,755	1,192	1,192	11,139
Travel and entertainment	6,174	841	841	7,856
Utilities	4,639	630	631	5,900
Interest expense	7,490	1,020	1,020	9,530
Total expenses	<u>\$2,256,747</u>	<u>\$ 70,168</u>	<u>\$ 70,158</u>	<u>\$2,397,073</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, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 235,880
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Contributions of property held for donation	(1,963,206)
Distribution of contributed property held for donation	1,762,846
Contribution of equipment	(10,500)
Depreciation	2,124
Net change in operating lease right-of-use assets and liabilities	5,547
Net change in finance lease right-of-use assets	3,976
(Increase)/decrease in operating assets:	
Property held for donation	(106,234)
Prepaid expenses	(5,253)
Increase/(decrease) in operating liabilities:	
Accounts payable and accrued expenses	(7,830)
Accrued vacation and payroll	(1,869)
Accrued interest	(4,178)
Net cash used in operating activities	(88,697)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on principal portion of finance lease right-of-use liability	(3,822)
Net cash used in financing activities	(3,822)

NET DECREASE IN CASH AND CASH EQUIVALENTS (92,519)

CASH AND CASH EQUIVALENTS, JANUARY 1 773,674

CASH AND CASH EQUIVALENTS, DECEMBER 31 \$ 681,155

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ 13,707
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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
YEAR ENDED DECEMBER 31, 2023**

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, 2023**

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, 2023. 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, 2023.

See accompanying independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023, the Foundation had cash balances that exceeded the amount insured by the FDIC in the amount of \$173,958. 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>\$681,155</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 non-cancelable long-term lease agreement with a five-year term effective from June 2023 to May 2028. The foundation leases a vehicle under a non-cancelable long-term finance lease agreement which has a thirty-nine month term effective from March 2021 to June 2024.

See accompanying independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

NOTE 3. LEASE OBLIGATIONS (CONTINUED)

The weighted-average discount rate is based on the discount rate implicit in the lease. We have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. We have applied the risk-free rate option to the real estate class of assets.

We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. We elected the practical expedient to not separate lease and non-lease components for our vehicle leases.

The following table provides supplemental balance sheet classification information related to leases:

	Finance Leases	Operating Leases
	<u>December 31, 2023</u>	<u>December 31, 2023</u>
Assets		
Lease assets	\$ 1,729	\$ 597,123
Liabilities		
Current portion of lease liabilities	1,665	118,167
Noncurrent lease liabilities	<u>-</u>	<u>485,591</u>
Total lease liabilities	<u>\$ 1,665</u>	<u>\$ 603,758</u>

The following table provided components of lease cost:

	Year Ended	Year Ended
	<u>December 31, 2023</u>	<u>December 31, 2023</u>
Operating lease costs	\$ -	\$ 104,473
Finance lease amortization costs	3,976	-
Finance lease interest costs	<u>238</u>	<u>-</u>
Total lease costs	<u>4,214</u>	<u>104,473</u>

See accompanying independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

NOTE 3. LEASE OBLIGATIONS (CONTINUED)

Maturities of lease liabilities are listed below. Amounts in the table include options to extend lease terms that are reasonable certain of being exercised.

Fiscal Year		
2024	\$ 1,692	\$ 139,808
2025	-	145,400
2026	-	151,216
2027	-	157,265
2028	<u>-</u>	<u>66,594</u>
Total lease payments	1,692	660,283
Less amount representing interest	<u>27</u>	<u>56,525</u>
Present value of lease liabilities	<u>\$ 1,665</u>	<u>\$ 603,758</u>

The following table provides the weighted-average lease term and discount rate for leases:

	<u>December 31, 2023</u>	<u>December 31, 2023</u>
Weighted-average remaining lease term (years)	0.42	4.72
Weighted-average discount rate	6.3%	3.9%

NOTE 4. NET ASSETS

Assets with donor restrictions as of December 31, 2023, comprised the following:

Bag donations in future periods	\$ 85,000
Property held for donation	<u>3,942,472</u>
Total	<u>\$4,027,472</u>

NOTE 5. NOTES PAYABLE

The Foundation applied for and received a 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 twenty-four 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, 2023**

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, 2023.

Year ended December 31,

2024	\$ 7,692
2025	7,692
2026	7,692
2027	7,692
2028	7,692
Thereafter	<u>181,030</u>
Total payment required	219,490
Less interest	<u>69,490</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 March 8, 2024, 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.