



Foundation for SELF Leadership

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

**Foundation for SELF Leadership
Audit Report
For the Year Ended December 31, 2022**

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619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foundation for SELF Leadership
Oak Park, Illinois

Opinion

We have audited the accompanying financial statements of **Foundation for SELF Leadership** which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Foundation for SELF Leadership as of December 31, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Foundation for SELF Leadership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that 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 Foundation Financial Officers Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 Foundation for SELF Leadership's internal control. Accordingly, no such 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 Foundation for SELF Leadership'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.

Selden Fox, Ltd.

May 30, 2023

**Foundation for SELF Leadership
Statement of Financial Position
December 31,**

	2022	2021
Assets		
Cash	\$ 416,093	\$ 551,886
Investments - money market fund	31,702	26,625
Accounts receivable	18	95
Contributions receivable	6,083	11,134
	\$ 453,896	\$ 589,740
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 19,719	\$ 21,087
	19,719	21,087
Net assets:		
Without donor restrictions	110,846	140,506
With donor restrictions	323,331	428,147
	434,177	568,653
	\$ 453,896	\$ 589,740

See independent auditor's report and accompanying notes.

Foundation for SELF Leadership
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 205,853	\$ 110,774	\$ 316,627
Sales	686	-	686
Interest income	378	-	378
Realized loss on investments	(1,184)	-	(1,184)
Other income	1,564	-	1,564
Net assets released from restrictions	215,590	(215,590)	-
Total revenues	422,887	(104,816)	318,071
Expenses:			
Program services:			
Research advancement	229,189	-	229,189
Communication support	53,128	-	53,128
Development	90,874	-	90,874
Total program services	373,191	-	373,191
Supporting services:			
Operations management	57,413	-	57,413
Governance	21,943	-	21,943
Total supporting services	79,356	-	79,356
Total expenses	452,547	-	452,547
Change in net assets	(29,660)	(104,816)	(134,476)
Net assets:			
Beginning of the year	140,506	428,147	568,653
End of the year	\$ 110,846	\$ 323,331	\$ 434,177

See independent auditor's report and accompanying notes.

Foundation for SELF Leadership
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 246,717	\$ 320,021	\$ 566,738
Sales	484	-	484
Interest income	128	-	128
Realized loss on investments	(339)	-	(339)
Other income	68	-	68
Net assets released from restrictions	73,655	(73,655)	-
Total revenues	320,713	246,366	567,079
Expenses:			
Program services:			
Research advancement	120,623	-	120,623
Communication support	54,408	-	54,408
Development	55,288	-	55,288
Total program services	230,319	-	230,319
Supporting services:			
Operations management	31,662	-	31,662
Governance	12,827	-	12,827
Total supporting services	44,489	-	44,489
Total expenses	274,808	-	274,808
Change in net assets	45,905	246,366	292,271
Net assets:			
Beginning of the year	94,601	181,781	276,382
End of the year	\$ 140,506	\$ 428,147	\$ 568,653

See independent auditor's report and accompanying notes.

**Foundation for SELF Leadership
Statement of Functional Expenses
For the Year Ended December 31, 2022**

	Program Services			Subtotal
	<u>Research Advancement</u>	<u>Communication Support</u>	<u>Development</u>	
Bank fees	\$ -	\$ -	\$ -	\$ -
Conferences and meetings	-	533	552	1,085
Consulting fees	39,575	34,612	57,712	131,899
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Postage and shipping	-	-	-	-
Productions and publications	-	9,088	-	9,088
Professional fees	-	210	-	210
Research grants	168,915	-	32,430	201,345
Subscription	-	-	180	180
Supplies	-	-	-	-
Support staff	20,699	-	-	20,699
Website hosting	-	8,685	-	8,685
	\$ 229,189	\$ 53,128	\$ 90,874	\$ 373,191

**Foundation for SELF Leadership
Statement of Functional Expenses
For the Year Ended December 31, 2021**

	Program Services			Subtotal
	<u>Research Advancement</u>	<u>Communication Support</u>	<u>Development</u>	
Bank fees	\$ -	\$ -	\$ -	\$ -
Conferences and meetings	-	128	1,023	1,151
Consulting fees	22,494	22,571	53,790	98,855
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Postage and shipping	-	-	-	-
Productions and publications	-	27,473	-	27,473
Professional fees	-	-	-	-
Research grants	78,005	-	-	78,005
Subscription	-	-	475	475
Supplies	-	-	-	-
Support staff	20,124	-	-	20,124
Website hosting	-	4,236	-	4,236
	\$ 120,623	\$ 54,408	\$ 55,288	\$ 230,319

See independent auditor's report and accompanying notes.

Supporting Services			
Operational Management	Governance	Subtotal	Total
\$ 2,679	\$ -	\$ 2,679	\$ 2,679
-	-	-	1,085
15,000	-	15,000	146,899
-	1,430	1,430	1,430
3,750	-	3,750	3,750
554	-	554	554
-	-	-	9,088
16,478	5,513	21,991	22,201
-	-	-	201,345
6,896	-	6,896	7,076
369	-	369	369
11,687	15,000	26,687	47,386
-	-	-	8,685
\$ 57,413	\$ 21,943	\$ 79,356	\$ 452,547

Supporting Services			
Operational Management	Governance	Subtotal	Total
\$ 2,017	\$ -	\$ 2,017	\$ 2,017
-	-	-	1,151
16,265	-	16,265	115,120
-	1,430	1,430	1,430
298	-	298	298
1,471	-	1,471	1,471
-	-	-	27,473
7,505	150	7,655	7,655
-	-	-	78,005
2,101	-	2,101	2,576
1,735	-	1,735	1,735
270	11,247	11,517	31,641
-	-	-	4,236
\$ 31,662	\$ 12,827	\$ 44,489	\$ 274,808

**Foundation for SELF Leadership
Statement of Cash Flows
For the Year Ended December 31,**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Contribution revenue	\$ 288,817	519,669
Sales	763	461
Interest income	378	128
Other income	1,564	68
Research advancement expense	(230,147)	(126,615)
Communication support expense	(52,786)	(54,902)
Development expense	(93,011)	(54,657)
Operational management expense	(59,808)	(26,149)
Governance expense	(18,163)	(13,992)
	<u>(162,393)</u>	<u>244,011</u>
Net cash provided by operating activities	(162,393)	244,011
Cash flows from investing activities - proceeds from sale of investments	<u>26,600</u>	<u>27,033</u>
	<u>(135,793)</u>	<u>271,044</u>
Net change in cash	(135,793)	271,044
Cash, beginning of the year	<u>551,886</u>	<u>280,842</u>
Cash, end of the year	\$ 416,093	\$ 551,886
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	\$ (134,476)	292,271
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donations of common stock and mutual funds	(32,861)	(53,985)
Realized loss on investments	1,184	339
Cash provided by other operating activities:		
Accounts receivable	77	(23)
Contributions receivable	5,051	6,916
Accounts payable and accrued expenses	(1,368)	(1,507)
	<u>(162,393)</u>	<u>244,011</u>
Net cash provided by operating activities	\$ (162,393)	\$ 244,011

See independent auditor's report and accompanying notes.

Foundation for SELF Leadership Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Organization – The Foundation for Self Leadership’s purpose is to foster greater emotional and relational healing and well-being leading to a more peaceful world through the practice of self-leadership as identified by IFS. The Foundation funds independent, scientific research of the efficacy of IFS for PTSD, substance abuse and other conditions, and in different settings. The Foundation incubates innovative applications of the IFS model in various societal contexts (e.g., K12 schools, active-duty military and veterans, marginalized communities) and professional settings (e.g., law, medicine, business, finance). The Foundation’s operation and programs are entirely funded by charitable giving from members of the extended IFS community.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting and are designed to focus on the Foundation as a whole, with balances and transactions presented according to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets which are available for fulfillment of the Foundation’s mission and which may be expended at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets which are subject to donor-imposed restrictions. Some restrictions could be temporary in nature, such as those that will be met by the actions of the Foundation or the passage of time, while some restrictions could be perpetual in nature, in that a donor has stipulated the funds be maintained in perpetuity. Contributions received with donor restrictions that are met in the same year as received are reported as being received with donor restrictions and subsequently released from restriction.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment earnings, and gains and losses on investments and other assets or liabilities, are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions With Restrictions Met in the Same Year – Contributions received with donor-imposed restrictions that are met in the same year received are reported as revenues in the net assets with donor restrictions class, and the reclassification to net assets without donor restrictions is made to reflect the expiration of such restriction.

Foundation for SELF Leadership
Notes to the Financial Statements (cont'd)

1. **Summary of Significant Accounting Policies (cont'd)**

Use of Estimates – The preparation of financial statements in accordance 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, liabilities, operations and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Concentration of Deposits – From time to time, the Foundation maintains cash on deposit with a financial institution in excess of FDIC insurance limits. At December 31, 2022, such uninsured deposits totaled \$159,945.

Contributions Receivable – The balance represents contributions received for 2022 that were in transit at December 31, 2022. All amounts were received subsequent to year end.

Functional Allocation of Expenses – The costs of program and supporting services have been summarized on a functional basis in the statement of activities but are detailed by their natural classification in the statement of functional expenses. In determining the functional allocation of expenses, direct expenses are charged to the program or supporting service benefited. All other expenses are considered to be supporting services, allocated between operational management and governance. Expenses incurred for the Executive Director's services are allocated across the major functions based on estimates of how time is spent.

Income Taxes – The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income in excess of a \$1,000 specific deduction. The Foundation reported no such income for the years ended December 31, 2022 and 2021. Although the Foundation has determined it is not required to record a liability for any uncertain tax positions as of December 31, 2022, and has received no notice of exam, the Foundation's tax returns for the years ended December 31, 2019, 2020 and 2021, remain subject to examination.

Subsequent Events – Subsequent events have been evaluated through May 30, 2023, which is the date the financial statements were available to be issued.

Foundation for SELF Leadership
Notes to the Financial Statements (cont'd)

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 at December 31, are comprised of the following:

	2022	2021
Cash	\$ 416,093	\$ 551,886
Investments	31,702	26,625
Accounts receivable	18	95
Contributions receivable	6,083	11,134
Less amount with donor restrictions	(323,331)	(428,147)
	\$ 130,565	\$ 161,593

The Foundation invests idle funds in a money market fund to generate better earnings. Based on the accompanying statement of activities, on average, these financial assets would be sufficient to meet approximately 3 months of expenses at December 31, 2022.

3. Investments

Investments at December 31, 2022, consist of a government money market fund held with an investment management company. The Foundation will periodically receive investment contributions which are then sold immediately with the proceeds deposited in the government money market fund.

Fair Value – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is categorized in three levels based on the reliability of observable inputs as follows:

Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access at the measurement date.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-derived valuations whose significant inputs are observable.

Level 3 – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Foundation for SELF Leadership
Notes to the Financial Statements (cont'd)

3. Investments (cont'd)

Following is a description of the valuation methodologies used for investments measured at fair value, including the assets of the defined benefit plan, as well as the general classification of such investments pursuant to the valuation hierarchy.

Money market mutual funds are valued using quoted market prices in active markets for identical assets. Accordingly, these assets are categorized in Level 1 of the fair value hierarchy.

Investments measured at fair value are subject to various risks, including interest rate, market, and credit risks. Due to these risks, it is at least reasonably possible that subsequent changes to the value of individual investments may occur and materially affect the fair value of investments and net assets reported on the statement of financial position.

4. Restrictions and Limitations on Net Assets

Net assets with donor restrictions consist of net assets restricted for the following purposes:

- **IFS in Schools Projects Fund** – Gifts to support the Foundation’s efforts to support self-leadership-oriented workshops for school administrators and comprehensive and immersive self-leadership projects for school districts, to facilitate greater harmony and wellbeing in schools.
- **IFS Research Fund** – Funds designated for scientific research into the efficacy of IFS, including funding for the CHA-PARTS Study
- **IFS for Veterans Fund** – Gifts designated to programs that bring IFS to veterans, active-duty military and support to therapists who work with this population.
- **IFS Leadership Fellows** – Funds for yearlong IFS-informed experience designed for 24 emerging leaders, identified and selected through an extensive and rigorous recruitment process. These Fellows take part in an extensive IFS training and engage in an interactive leadership-deepening activity that helps prepare them for their role as facilitators of collective healing and wellbeing in their spaces.
- **Deland research Fund** – Funds to support any Foundation efforts to stimulate independent IFS-based clinical research.
- **Richard C. Schwartz Research Fellowship** – Foundation grant to support through a yearly stipend and research-related travel fund a qualified postdoctoral fellow to engage in IFS-oriented clinical research.
- **Ukrainian Relief Initiative** – Funds to support the Foundation effort to serve Ukrainian therapists through an IFS-oriented peer-to-peer counsel and support arrangement during a devastating time of war on their homeland.

Foundation for SELF Leadership
Notes to the Financial Statements (cont'd)

4. Restrictions and Limitations on Net Assets (cont'd)

Net assets with donor restrictions consist of net assets restricted for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
IFS in Schools Projects	\$ 7,326	\$ -
IFS Research: CHA–PARTS Study	102,419	261,725
IFS for Veterans	7,610	3,921
Leadership Fellows	180,528	161,501
Communities in Need Training Scholarships	1,000	1,000
Deland Research Fund	834	-
Richard C. Schwartz Research Fellowship	10,794	-
Ukrainian Relief Initiatives	3,008	-
Other	9,812	-
	<u>\$ 323,331</u>	<u>\$ 428,147</u>

The source of net assets released from donor restrictions by incurring expense satisfying the restriction, or by the occurrence of events specified by the donor, was as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
IFS School Pilot Program	\$ 1,067	\$ 17,350
CHA–PARTS Study	175,782	56,305
IFS for Veterans	145	-
Leadership Fellows	37,798	-
Deland Research Fund	16	-
Richard C. Schwartz Research Fellowship	206	-
Ukrainian Relief Initiatives	389	-
Other	187	-
	<u>\$ 215,590</u>	<u>\$ 73,655</u>