THE B TEAM HEADQUARTERS, INC.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

DECEMBER 31, 2014
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To: The Board of Directors of  
The B Team Headquarters, Inc.

We have audited the accompanying financial statements of The B Team Headquarters, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses 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.

Auditor’s 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 of material misstatement.

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 The B Team Headquarters, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New York, NY
October 6, 2015

Skody Scot & Company, CPAs, P.C.
## ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$513,631</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>506,194</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>33,088</td>
</tr>
</tbody>
</table>

**Total assets**  
$1,052,913

## LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$32,363</td>
</tr>
</tbody>
</table>

**Total liabilities**  
32,363

Commitments and contingencies (see notes)

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>1,020,550</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>-</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total net assets**  
1,020,550

**Total liabilities and net assets**  
$1,052,913

See accompanying notes to financial statements.
### Support and Revenues:

Unrestricted:
- Program service revenue: $1,013,890
- Contributions: 1,407,239
- Contributions in-kind: 1,582,449

Total support and revenues: 4,003,578

### Expenses:

- Program services: 1,063,453
- Supporting services:
  - Management and general: 1,891,053
  - Fundraising: 74,292

Total expenses: 3,028,798

### Increase/(Decrease) In Net Assets:

- Unrestricted: 974,780
- Temporarily restricted: -
- Permanently restricted: -

Increase/(decrease) in net assets: 974,780

Net assets, beginning of year: 45,770

Net assets, end of year: $1,020,550

See accompanying notes to financial statements.
### THE B TEAM HEADQUARTERS, INC.
#### STATEMENT OF CASH FLOWS
#### YEAR ENDED DECEMBER 31, 2014

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase/(decrease) in net assets</td>
<td>$ 974,780</td>
</tr>
<tr>
<td>Adjustments for non-cash items included in operating activities</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(506,194)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(33,088)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>32,363</td>
</tr>
<tr>
<td>Net cash provided/(used) by operating activities</td>
<td>467,861</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>-</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash</td>
<td>467,861</td>
</tr>
<tr>
<td>Cash at beginning of year</td>
<td>45,770</td>
</tr>
<tr>
<td>Cash at end of year</td>
<td>$ 513,631</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
THE B TEAM HEADQUARTERS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014

See accompanying notes to financial statements.

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Note 1 - Summary of Significant Accounting Policies

The Organization

The B Team Headquarters, Inc. (Organization), a not-for-profit organization, was incorporated in the State of Delaware on January 18, 2013. A fiscal sponsor relationship initially existed and is disclosed in Note 3. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from program service revenue and contributions.

The Organization's primary purpose is to catalyze a movement of business leaders driving a better way of doing business, for the well-being of people and the planet. The Organization is a global group of leaders working together to redefine the role business leaders play in accelerating just and sustainable development by focusing on meeting ten systemic challenges that will create transformative shifts in not only how, but also why, we do business.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less. At December 31, 2014, the Organization did not have any resources that were considered cash equivalents.
Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Revenues received from the fiscal sponsor are recorded as program service revenue. Any revenue received which has not been earned is recorded as deferred income.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

Note 2 - Commitments and Contingencies

The Organization maintains its bank accounts with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the year ended December 31, 2014 as follows:

<table>
<thead>
<tr>
<th>Institution balances</th>
<th>$ 513,631</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Amounts covered</td>
<td>(250,000)</td>
</tr>
<tr>
<td>Uninsured amounts</td>
<td>$ 263,631</td>
</tr>
</tbody>
</table>
Note 3 - Related Party and Fiscal Sponsor

Beginning in 2013, Virgin Unite, which was founded by one of The B Team Headquarters, Inc.'s co-chair, acted as The B Team Headquarters, Inc.'s fiscal sponsor. The fiscal sponsorship ended during the year ended December 31, 2014. Revenue received from Virgin Unite through the fiscal sponsor relationship is recorded as program service revenue and amounted to $1,013,890 during 2014.

During the year ended December 31, 2014, a board member of the Organization's was paid $70,000 as an honorarium.

Note 4 - Donated Services and Facilities

Significant services and facilities were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statement of activities for the year ended December 31, 2014 amounted to $1,582,449. Contributions in-kind that are included in the financial statements consisted of pro-bono legal services, strategy development, fiscal sponsor staff time, and free travel.

Note 5 - Fundraising Expenses

The Organization conducted activities that included direct solicitations for sponsorships (fundraising). The costs of personnel conducting those sponsorship activities included fundraising, administrative and program expenses (collectively defined as joint costs). The total joint costs were allocated for the year ended December 31, 2014 as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program expenses</td>
<td>$ 68,100</td>
</tr>
<tr>
<td>Management and general</td>
<td>119,692</td>
</tr>
<tr>
<td>Fundraising</td>
<td>18,573</td>
</tr>
<tr>
<td><strong>Total joint costs</strong></td>
<td><strong>$206,365</strong></td>
</tr>
</tbody>
</table>

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through October 6, 2015, which is the date the financial statements were available to be issued.