

THE B TEAM HEADQUARTERS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2021 AND 2020

THE B TEAM HEADQUARTERS, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The B Team Headquarters, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The B Team Headquarters, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its 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 (GAAS). 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 The B Team Headquarters, Inc. 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 The B Team Headquarters, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 could reasonably be expected to influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, 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 The B Team Headquarters, Inc.'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 The B Team Headquarters, Inc.'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.

Skody Scot & Company, CPAs, P.C.

New York, NY
March 24, 2022

**THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 2,674,308	\$ 1,746,061
Contributions receivable	185,917	428,957
Prepaid expenses	61,756	39,780
Total assets	\$ 2,921,981	\$ 2,214,798

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 149,555	\$ 123,068
Deferred revenue	15,600	32,850
Refundable advances	444,738	280,589
Total liabilities	609,893	436,507
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	2,282,886	1,715,963
With donor restrictions	29,202	62,328
Total net assets	2,312,088	1,778,291
Total liabilities and net assets	\$ 2,921,981	\$ 2,214,798

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 4,333,221	\$ -	\$ 4,333,221	\$ 3,965,946	\$ 20,000	\$ 3,985,946
Contributions in-kind	45,000	-	45,000	1,300	-	1,300
Program service revenue	55,484	-	55,484	7,939	-	7,939
Interest income	351	-	351	329	-	329
Other income	573	-	573	2,539	-	2,539
Net assets released from restriction:						
Satisfaction of purpose restrictions	33,126	(33,126)	-	71,516	(71,516)	-
Total support and revenues	<u>4,467,755</u>	<u>(33,126)</u>	<u>4,434,629</u>	<u>4,049,569</u>	<u>(51,516)</u>	<u>3,998,053</u>
Expenses:						
Program services	2,928,321	-	2,928,321	2,714,678	-	2,714,678
Supporting services:						
Management and general	844,629	-	844,629	648,217	-	648,217
Fundraising	127,882	-	127,882	114,406	-	114,406
Total expenses	<u>3,900,832</u>	<u>-</u>	<u>3,900,832</u>	<u>3,477,301</u>	<u>-</u>	<u>3,477,301</u>
Increase/(decrease) in net assets	566,923	(33,126)	533,797	572,268	(51,516)	520,752
Net assets, beginning of year	1,715,963	62,328	1,778,291	1,143,695	113,844	1,257,539
Net assets, end of year	<u>\$ 2,282,886</u>	<u>\$ 29,202</u>	<u>\$ 2,312,088</u>	<u>\$ 1,715,963</u>	<u>\$ 62,328</u>	<u>\$ 1,778,291</u>

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Salaries	\$ 1,050,780	\$ 194,013	\$ 81,395	\$ 1,326,188
Payroll taxes and benefits	187,577	45,970	18,108	251,655
Communications - production & design	359,991	280	-	360,271
Consultants and contractors	369,414	54,734	5,000	429,148
Event venue, travel & production	59,524	28,549	-	88,073
Grants to affiliate	888,885	410,979	20,673	1,320,537
Insurance	-	20,011	-	20,011
Office supplies and expenses	3,777	33,547	110	37,434
Professional fees	-	21,975	-	21,975
Recruitment and training	446	15,987	1,493	17,926
Telephone and communications	4,619	1,172	1,103	6,894
Travel and meetings	3,308	17,412	-	20,720
Total expenses	\$ 2,928,321	\$ 844,629	\$ 127,882	\$ 3,900,832

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Salaries	\$ 951,514	\$ 144,017	\$ 75,130	\$ 1,170,661
Payroll taxes and benefits	170,207	38,410	10,207	218,824
Communications - production & design	219,525	3,176	-	222,701
Consultants and contractors	232,499	36,673	-	269,172
Event venue, travel & production	28,430	18,055	-	46,485
Grants to affiliate	1,059,987	294,948	20,325	1,375,260
Insurance	-	17,302	-	17,302
Office supplies and expenses	7,644	50,789	-	58,433
Professional fees	-	25,890	-	25,890
Recruitment and training	3,402	3,957	-	7,359
Rent and utilities	20,590	5,224	4,917	30,731
Telephone and communications	6,945	1,762	1,659	10,366
Travel and meetings	13,935	8,014	2,168	24,117
Total expenses	\$ 2,714,678	\$ 648,217	\$ 114,406	\$ 3,477,301

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 533,797	\$ 520,752
Adjustments for non-cash items included in operating activities	-	-
Changes in assets and liabilities:		
Program revenue receivables	-	15,282
Contributions receivable	243,040	(71,459)
Prepaid expenses	(21,976)	(29,498)
Security deposits and other assets	-	4,205
Accounts payable and accrued expenses	26,487	(33,633)
Deferred revenue	(17,250)	32,850
Refundable advances	164,149	(141,559)
Net cash provided/(used) by operating activities	<u>928,247</u>	<u>296,940</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	928,247	296,940
Cash and cash equivalents at beginning of year	<u>1,746,061</u>	<u>1,449,121</u>
Cash and cash equivalents at end of year	<u>\$ 2,674,308</u>	<u>\$ 1,746,061</u>

See accompanying notes to the financial statements.

THE B TEAM HEADQUARTERS, INC. NOTES TO FINANCIAL STATEMENTS

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. 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 contributions and program service revenue.

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. The Organization also acts as a fiscal sponsor to projects with a similar mission and program activities.

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.

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 statements of financial position and the statements 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 to the Organization of three months or less.

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.

THE B TEAM HEADQUARTERS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenue, 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. This classification includes net assets designated by the board or management for a specified purpose.

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 (endowment), where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting these conditions are reported as refundable advances in the statements of financial position. At December 31, 2021 and 2020, contributions totaling \$3,537,152 and \$3,571,047, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not been met. The recognition of these contributions is conditioned upon the Organization meeting certain program goals.

All 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 for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for research and consulting work and speaking engagements. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

During the year ended December 31, 2020, the Organization received \$180,900 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management determined that the correct model to follow was the grant model and that the purpose-related conditions imposed on the grant were met by year-end. Therefore, the full amount was recognized as revenue and included with contributions in the statement of activities for the year ended December 31, 2020.

**THE B TEAM HEADQUARTERS, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

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 statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes and benefits, and consultants and contractors based on estimated time and effort and rent and telephone based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Bank deposits and cash	\$1,424,059	\$ 710,259
Money market funds	<u>1,250,249</u>	<u>1,035,802</u>
	<u>\$2,674,308</u>	<u>\$1,746,061</u>

Note 3 - Concentrations

The Organization maintains its bank accounts with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the years ending December 31, 2021 and 2020.

Note 4 - Net Assets – Without and With Donor Restrictions

The Board of Directors of the Organization agreed to set aside net assets without donor restrictions for an operating reserve fund. At December 31, 2021 and 2020, the Organization had the following net assets without donor restrictions:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 782,886	\$ 465,963
Board designated – operating reserve	<u>1,500,000</u>	<u>1,250,000</u>
Total net assets without donor restrictions	<u>\$2,282,886</u>	<u>\$1,715,963</u>

As of December 31, 2021 and 2020, net assets with donor restrictions are available as follows:

	<u>2021</u>	<u>2020</u>
Net-Zero by 2050	<u>\$ 29,202</u>	<u>\$ 62,328</u>

**THE B TEAM HEADQUARTERS, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Research & consulting services	\$ 17,250	\$ 7,939
Speaking engagements	38,234	-

The following table provides information about significant changes in the contract liabilities for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred consulting fees, beginning of year	\$ 32,850	\$ -
Revenue recognized that was included in deferred revenue at beginning of year	(17,250)	-
Increases in deferred consulting fees due to cash received during the period	-	32,850
Deferred consulting fees, end of the year	<u>\$ 15,600</u>	<u>\$ 32,850</u>

Note 6 - Donated Services

Significant services 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 statements of activities for the years ended December 31, 2021 and 2020, amounted to \$45,000 and \$1,300, respectively. Contributions in-kind that are included in the financial statements consisted of video production work and free travel and accommodations.

Note 7 - Related Party - Affiliate

During the years ended December 31, 2021 and 2020, the Organization made payments to an affiliated registered company (affiliate) in the United Kingdom totaling \$1,320,537 and \$1,375,260, respectively. Grants to the affiliate are allocated by function on the statements of expenses based on information received from the affiliate.

Note 8 - Pension Plan

In 2014, the Organization adopted a qualified deferred compensation plan under section 403(b) of the Internal Revenue Code. Under the plan, employees may elect to defer up to twenty percent (20%) of their salary, subject to Internal Revenue Service limits. The plan calls for discretionary employer matching contributions and/or profit-sharing contributions. Employees are eligible for the plan on their first day of employment. Participants are automatically 100% vested in the salary reduction amounts contributed to the plan. Employer contributions to participant accounts vest over three years. During the years ended December 31, 2021 and 2020, the Organization contributed \$14,751 and \$9,791, respectively, to the pension plan.

**THE B TEAM HEADQUARTERS, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 9 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. As part of the Organization's liquidity plan, the Board of Directors has set aside an operating reserve fund (see Note 4) with the objective of having funds to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$2,674,308	\$1,746,061
Receivables	<u>185,917</u>	<u>428,957</u>
Total financial assets	2,860,225	2,175,018
Less those unavailable for general expenditures within one year:		
Board-designated operating reserves	<u>(1,500,000)</u>	<u>(1,250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,360,225</u>	<u>\$ 925,018</u>

Note 10 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through March 24, 2022, which is the date the financial statements were available to be issued.