

**THE B TEAM HEADQUARTERS, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**DECEMBER 31, 2020 AND 2019**

# THE B TEAM HEADQUARTERS, INC.

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## INDEPENDENT AUDITORS' REPORT

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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2020 and 2019, 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.

New York, NY  
April 8, 2021

*Skody Scot & Company, CPAs, P.C.*

**THE B TEAM HEADQUARTERS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,746,061	\$ 1,449,121
Program revenue and other receivables	-	15,282
Contributions receivable	428,957	357,498
Prepaid expenses	39,761	10,263
Security deposits and other assets	19	4,224
	\$ 2,214,798	\$ 1,836,388

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 123,068	\$ 156,701
Deferred revenue	313,439	422,148
Total liabilities	436,507	578,849
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	1,715,963	1,143,695
With donor restrictions	62,328	113,844
Total net assets	1,778,291	1,257,539
Total liabilities and net assets	\$ 2,214,798	\$ 1,836,388

**See accompanying notes to the financial statements.**

**THE B TEAM HEADQUARTERS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues:</b>						
Contributions	\$ 3,965,946	\$ 20,000	\$ 3,985,946	\$ 4,158,685	\$ 106,308	\$ 4,264,993
Contributions in-kind	1,300	-	1,300	277,233	-	277,233
Program service revenue	7,939	-	7,939	116,707	-	116,707
Interest income	329	-	329	592	-	592
Other income	2,539	-	2,539	754	-	754
Net assets released from restriction:						
Satisfaction of purpose restrictions	71,516	(71,516)	-	246,568	(246,568)	-
Total support and revenues	<u>4,049,569</u>	<u>(51,516)</u>	<u>3,998,053</u>	<u>4,800,539</u>	<u>(140,260)</u>	<u>4,660,279</u>
<b>Expenses:</b>						
Program services	2,714,678	-	2,714,678	3,232,941	-	3,232,941
Supporting services:						
Management and general	648,217	-	648,217	888,076	-	888,076
Fundraising	114,406	-	114,406	150,033	-	150,033
Total expenses	<u>3,477,301</u>	<u>-</u>	<u>3,477,301</u>	<u>4,271,050</u>	<u>-</u>	<u>4,271,050</u>
<b>Increase/(decrease) in net assets</b>	572,268	(51,516)	520,752	529,489	(140,260)	389,229
Net assets, beginning of year	1,143,695	113,844	1,257,539	614,206	254,104	868,310
Net assets, end of year	<u>\$ 1,715,963</u>	<u>\$ 62,328</u>	<u>\$ 1,778,291</u>	<u>\$ 1,143,695</u>	<u>\$ 113,844</u>	<u>\$ 1,257,539</u>

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 & 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
<b>Total expenses</b>	<b>\$ 2,714,678</b>	<b>\$ 648,217</b>	<b>\$ 114,406</b>	<b>\$ 3,477,301</b>

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.  
STATEMENT OF EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Salaries	\$ 882,709	\$ 268,394	\$ 84,937	\$ 1,236,040
Payroll taxes and benefits	186,351	47,364	21,622	255,337
Communications - advertising	85,000	-	-	85,000
Communications - production & design	66,342	3,578	-	69,920
Consultants & contractors	496,317	41,234	18,850	556,401
Event venue, travel & production	175,911	178,580	1,987	356,478
Grants to affiliate	1,209,023	192,547	2,363	1,403,933
Insurance	-	6,680	-	6,680
Office supplies and expenses	5,326	58,831	228	64,385
Professional fees	-	21,895	-	21,895
Recruitment and training	4,653	25,926	750	31,329
Rent and utilities	53,877	13,644	12,644	80,165
Telephone and communications	7,198	1,525	1,743	10,466
Travel and meetings	60,234	27,878	4,909	93,021
<b>Total expenses</b>	<b>\$ 3,232,941</b>	<b>\$ 888,076</b>	<b>\$ 150,033</b>	<b>\$ 4,271,050</b>

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 520,752	\$ 389,229
Adjustments for non-cash items included in operating activities	-	-
Changes in assets and liabilities:		
Program revenue and other receivables	15,282	1,762
Contributions receivable	(71,459)	(333,805)
Prepaid expenses	(29,498)	7,353
Security deposits and other assets	4,205	-
Accounts payable & accrued expenses	(33,633)	(3,060)
Deferred revenue	(108,709)	(292,687)
Net cash provided/(used) by operating activities	<u>296,940</u>	<u>(231,208)</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	296,940	(231,208)
Cash and cash equivalents at beginning of year	<u>1,449,121</u>	<u>1,680,329</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,746,061</u></u>	<u><u>\$ 1,449,121</u></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 smaller projects with a similar mission.

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 deferred revenue in the statements of financial position. At December 31, 2020 and 2019, contributions totaling \$3,571,047 and \$2,963,981, 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 by the donor are reported as revenue 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 revenue 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 has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were met by year-end. Therefore, the full amount has been recognized as revenue. The amount is 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 & related expenses and consultants & contractors based on estimated time and effort and rent & utilities and telephone & communications 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bank deposits and cash	\$ 710,259	\$ 713,648
Money market funds	<u>1,035,802</u>	<u>735,473</u>
	<u>\$1,746,061</u>	<u>\$1,449,121</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, 2020 and 2019.

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, 2020 and 2019, the Organization had the following net assets without donor restrictions:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 465,963	\$ 143,695
Board designated – operating reserve	<u>1,250,000</u>	<u>1,000,000</u>
Total net assets without donor restrictions	<u>\$1,715,963</u>	<u>\$1,143,695</u>

As of December 31, 2020 and 2019, net assets with donor restrictions are available as follows:

	<u>2020</u>	<u>2019</u>
Net-Zero by 2050	\$ 62,328	\$ 106,308
100% Human Network	<u>-</u>	<u>7,536</u>
Total net assets with donor restrictions	<u>\$ 62,328</u>	<u>\$ 113,844</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, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Research & consulting services	\$ 7,939	\$ 60,707
Speaking engagements	-	56,000

The following table provides information about significant changes in the contract liabilities for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred consulting fees, beginning of year	\$ -	\$ -
Revenue recognized that was included in deferred revenue at beginning of year	-	-
Increases in deferred consulting fees due to cash received during the period	<u>32,850</u>	<u>-</u>
Deferred consulting fees, end of the year	<u>\$ 32,850</u>	<u>\$ -</u>

**Note 6 - 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 statements of activities for the years ended December 31, 2020 and 2019, amounted to \$1,300 and \$277,233, respectively. Contributions in-kind that are included in the financial statements consisted of various programmatic consulting work, free travel and accommodations, event space, and catering.

**Note 7 - Related Party**

During the years ended December 31, 2020 and 2019, the Organization made payments to or on behalf of an affiliated registered company in the United Kingdom totaling \$1,375,260 and \$1,403,933, respectively.

**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, 2020 and 2019, the Organization contributed \$9,791 and \$33,105, 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, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$1,746,061	\$1,449,121
Receivables	<u>428,957</u>	<u>372,780</u>
Total financial assets	2,175,018	1,821,901
Less those unavailable for general expenditures within one year:		
Board-designated operating reserves	<u>(1,250,000)</u>	<u>(1,000,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 925,018</u>	<u>\$ 821,901</u>

Note 10 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through April 8, 2021, which is the date the financial statements were available to be issued.