

**THE B TEAM HEADQUARTERS, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**DECEMBER 31, 2022 AND 2021**

# THE B TEAM HEADQUARTERS, INC.

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

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

[www.skodyscot.com](http://www.skodyscot.com)

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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, 2022 and 2021, 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, 2022 and 2021, 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.

New York, NY  
April 27, 2023

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

**THE B TEAM HEADQUARTERS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 965,292	\$ 2,674,308
Certificate of deposit	2,000,000	-
Contributions receivable	-	185,917
Forward contract - foreign currency receivable	875,700	-
Prepaid expenses	104,487	61,756
	\$ 3,945,479	\$ 2,921,981
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 154,084	\$ 149,555
Forward contract - foreign currency payable	873,110	-
Deferred revenue	15,600	15,600
Refundable advances	415,622	444,738
	1,458,416	609,893
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	2,487,063	2,282,886
With donor restrictions	-	29,202
	2,487,063	2,312,088
	\$ 3,945,479	\$ 2,921,981

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

**THE B TEAM HEADQUARTERS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues:</b>						
Contributions	\$ 4,100,861	\$ -	\$ 4,100,861	\$ 4,333,221	\$ -	\$ 4,333,221
Contributions in-kind	38,798	-	38,798	45,000	-	45,000
Program service revenue	102,586	-	102,586	55,484	-	55,484
Interest income	6,479	-	6,479	351	-	351
Other income	5,134	-	5,134	573	-	573
Net assets released from restriction:						
Satisfaction of purpose restrictions	29,202	(29,202)	-	33,126	(33,126)	-
Total support and revenues	<u>4,283,060</u>	<u>(29,202)</u>	<u>4,253,858</u>	<u>4,467,755</u>	<u>(33,126)</u>	<u>4,434,629</u>
<b>Expenses:</b>						
Program services	2,804,379	-	2,804,379	2,928,321	-	2,928,321
Supporting services:						
Management and general	1,114,877	-	1,114,877	844,629	-	844,629
Fundraising	159,627	-	159,627	127,882	-	127,882
Total expenses	<u>4,078,883</u>	<u>-</u>	<u>4,078,883</u>	<u>3,900,832</u>	<u>-</u>	<u>3,900,832</u>
<b>Increase/(decrease) in net assets</b>	204,177	(29,202)	174,975	566,923	(33,126)	533,797
Net assets, beginning of year	2,282,886	29,202	2,312,088	1,715,963	62,328	1,778,291
Net assets, end of year	<u>\$ 2,487,063</u>	<u>\$ -</u>	<u>\$ 2,487,063</u>	<u>\$ 2,282,886</u>	<u>\$ 29,202</u>	<u>\$ 2,312,088</u>

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.  
STATEMENT OF EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Salaries	\$ 867,569	\$ 406,323	\$ 78,152	\$ 1,352,044
Payroll taxes and benefits	188,043	57,411	20,559	266,013
Communications - production & design	84,226	12,000	-	96,226
Consultants and contractors	649,741	64,168	-	713,909
Event venue, travel & production	104,013	25,198	-	129,211
Grants to affiliate	855,893	385,864	58,026	1,299,783
Insurance	-	20,986	-	20,986
Office supplies and expenses	5,758	48,900	170	54,828
Professional fees	-	33,221	-	33,221
Recruitment and training	149	21,861	-	22,010
Rent	-	5,715	-	5,715
Telephone and communications	347	4,948	-	5,295
Travel and meetings	48,640	28,282	2,720	79,642
<b>Total expenses</b>	<b>\$ 2,804,379</b>	<b>\$ 1,114,877</b>	<b>\$ 159,627</b>	<b>\$ 4,078,883</b>

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
<b>Total expenses</b>	<b>\$ 2,928,321</b>	<b>\$ 844,629</b>	<b>\$ 127,882</b>	<b>\$ 3,900,832</b>

See accompanying notes to the financial statements.



**THE B TEAM HEADQUARTERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 174,975	\$ 533,797
Adjustments for non-cash items included in operating activities:		
Gain on forward contract	(2,590)	-
Changes in assets and liabilities:		
Contributions receivable	185,917	243,040
Prepaid expenses	(42,731)	(21,976)
Accounts payable and accrued expenses	4,529	26,487
Deferred revenue	-	(17,250)
Refundable advances	(29,116)	164,149
Net cash provided/(used) by operating activities	<u>290,984</u>	<u>928,247</u>
Cash flows from investing activities:		
Certificate of deposit purchase	(2,000,000)	-
Net cash provided/(used) by investing activities	<u>(2,000,000)</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(1,709,016)	928,247
Cash and cash equivalents at beginning of year	<u>2,674,308</u>	<u>1,746,061</u>
Cash and cash equivalents at end of year	<u><u>\$ 965,292</u></u>	<u><u>\$ 2,674,308</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 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, 2022 and 2021, contributions totaling approximately \$1,600,000 and \$3,500,000, 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. The Organization's program service revenue generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risk and rewards transfer, and all performance obligations are considered to be satisfied. Any revenue received which has not been earned is recorded as deferred revenue.

**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 grants to affiliate 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, 2022 and 2021:

	2022	2021
Bank deposits and cash	\$ 808,905	\$ 1,424,059
Money market funds	156,387	1,250,249
	\$ 965,292	\$ 2,674,308

Note 3 - Foreign Currency Forward Contract

In December 2022, the Organization entered into a forward contract to mitigate foreign-exchange rate risks associated with commitments to grants funds to a foreign affiliate to cover the affiliate's operating expenses. The derivative is not accounted for under hedge accounting and is recorded on the statement of financial position at fair value. Changes in the fair value of the derivative instrument is recognized as a component of other income in the statements of activities. The Organization contracted for the purchase of £700,000 for \$873,110, with payment and receipt being due in May 2023. The difference between the forward rate on the date of the contract and December 31, 2022 resulted in a gain to the Organization of \$2,590. As of December 31, 2022, the forward contract receivable and forward contract payable are stated at values of \$875,000 and \$873,110, respectively, on the statement of financial position.

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, 2022 and 2021, the Organization had the following net assets without donor restrictions:

	2022	2021
Undesignated	\$ 987,063	\$ 782,886
Board designated – operating reserve	1,500,000	1,500,000
Total net assets without donor restrictions	\$2,487,063	\$2,282,886

As of December 31, 2022 and 2021, net assets with donor restrictions are available as follows:

	2022	2021
Net-Zero by 2050	\$ -	\$ 29,202

**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, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Research & consulting services	\$ 35,000	\$ 17,250
Speaking engagements	67,586	38,234

The following table provides information about significant changes in the contract liabilities for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred consulting fees, beginning of year	\$ 15,600	\$ 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	-	-
Deferred consulting fees, end of the year	<u>\$ 15,600</u>	<u>\$ 15,600</u>

**Note 6 - Donated Services**

The Organization received in-kind contributions that meet the criteria for being recognized in accordance with GAAP. For the years ended December 31, 2022 and 2021, amounts recognized in the statements of activities are as follows:

	<u>2022</u>	<u>2021</u>
Video production – used for program conference	\$ -	\$ 45,000
Free use of venue – used for program conference	38,798	-

The in-kind contributions received during the years ended December 31, 2022 and 2021, did not have any donor-imposed restrictions.

The valuation techniques used by the Organization for each in-kind contribution received are as follows:

- Video production - the fair value is based on the cost to the Organization if the services were purchased
- Free use of venue - the fair value is based on the cost to the Organization if rented

**Note 7 - Related Party - Affiliate**

During the years ended December 31, 2022 and 2021, the Organization incurred grant expenses to an affiliated registered company (affiliate) in the United Kingdom totaling \$1,299,783 and \$1,320,537, respectively. Grants to the affiliate are allocated by function on the statements of expenses based on information received from the affiliate.

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

**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, 2022 and 2021, the Organization contributed \$12,754 and \$14,751, respectively, to the pension plan.

**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, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 965,292	\$ 2,674,308
Certificate of deposit	2,000,000	-
Forward contract receivable	875,700	-
Contributions receivables	<u>-</u>	<u>185,917</u>
Total financial assets	3,840,992	2,860,225
Less those unavailable for general expenditures within one year:		
Forward contract payable	( 873,110)	( - )
Board-designated operating reserves	<u>( 1,500,000)</u>	<u>( 1,500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,467,882</u>	<u>\$ 1,360,225</u>

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

Note 10 - Concentrations

The Organization maintains its bank accounts and certificate of deposit 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 bank accounts and certificate of deposit exceeded the insured limits during the years ending December 31, 2022 and 2021.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through April 27, 2023, which is the date the financial statements were available to be issued.