

THE B TEAM HEADQUARTERS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2023 AND 2022

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

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, 2023 and 2022, 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, 2023 and 2022, 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 judgment 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 24, 2024

Skody Scot & Company, CPAs, P.C.

**THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash	\$ 959,605	\$ 965,292
Certificates of deposit	613,382	2,000,000
Contributions receivable	203,586	-
Accounts and other receivables	606	-
Forward contract - foreign currency receivable	591,000	875,700
Prepaid expenses and advances to affiliates	570,856	104,487
	\$ 2,939,035	\$ 3,945,479
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 132,350	\$ 154,084
Forward contract - foreign currency payable	578,310	873,110
Deferred revenue	15,600	15,600
Refundable advances	85,000	415,622
	811,260	1,458,416
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	2,127,775	2,487,063
With donor restrictions	-	-
	2,127,775	2,487,063
	\$ 2,939,035	\$ 3,945,479

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 3,506,776	\$ -	\$ 3,506,776	\$ 4,100,861	\$ -	\$ 4,100,861
Contributions in-kind	37,350	-	37,350	38,798	-	38,798
Program service revenue	-	-	-	102,586	-	102,586
Interest income	50,522	-	50,522	6,479	-	6,479
Other income	4,609	-	4,609	5,134	-	5,134
Net assets released from restriction:						
Satisfaction of purpose restrictions	-	-	-	29,202	(29,202)	-
Total support and revenues	<u>3,599,257</u>	<u>-</u>	<u>3,599,257</u>	<u>4,283,060</u>	<u>(29,202)</u>	<u>4,253,858</u>
Expenses:						
Program services	2,856,682	-	2,856,682	2,804,379	-	2,804,379
Supporting services:						
Management and general	896,252	-	896,252	1,114,877	-	1,114,877
Fundraising	205,611	-	205,611	159,627	-	159,627
Total expenses	<u>3,958,545</u>	<u>-</u>	<u>3,958,545</u>	<u>4,078,883</u>	<u>-</u>	<u>4,078,883</u>
Increase/(decrease) in net assets	(359,288)	-	(359,288)	204,177	(29,202)	174,975
Net assets, beginning 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>
Net assets, end of year	<u>\$ 2,127,775</u>	<u>\$ -</u>	<u>\$ 2,127,775</u>	<u>\$ 2,487,063</u>	<u>\$ -</u>	<u>\$ 2,487,063</u>

See accompanying notes to the financial statements.

**THE B TEAM HEADQUARTERS, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Salaries	\$ 1,096,214	\$ 256,780	\$ 80,240	\$ 1,433,234
Payroll taxes and benefits	245,432	53,031	16,406	314,869
Communications - production & design	54,081	293	-	54,374
Consultants and contractors	150,284	2,604	-	152,888
Event venue, travel & production	219,859	17,021	460	237,340
Grants to affiliates	1,044,239	436,860	96,474	1,577,573
Insurance	-	19,204	-	19,204
Office supplies and expenses	10,928	43,491	7,675	62,094
Professional fees	4,320	26,936	-	31,256
Recruitment and training	-	7,572	-	7,572
Rent	-	4,541	-	4,541
Telephone and communications	56	1,825	490	2,371
Travel and meetings	31,269	26,094	3,866	61,229
Total expenses	\$ 2,856,682	\$ 896,252	\$ 205,611	\$ 3,958,545

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 affiliates	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
Total expenses	\$ 2,804,379	\$ 1,114,877	\$ 159,627	\$ 4,078,883

See accompanying notes to the financial statements.

THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (359,288)	\$ 174,975
Adjustments for non-cash items included in operating activities:		
Loss/(gain) on forward contracts	(10,100)	(2,590)
Changes in assets and liabilities:		
Contributions receivable	(203,586)	185,917
Accounts and other receivables	(606)	-
Prepaid expenses	(466,369)	(42,731)
Accounts payable and accrued expenses	(21,734)	4,529
Refundable advances	(330,622)	(29,116)
Net cash provided/(used) by operating activities	<u>(1,392,305)</u>	<u>290,984</u>
Cash flows from investing activities:		
Certificate of deposit purchase	(613,382)	(2,000,000)
Certificate of deposit maturity	2,000,000	-
Net cash provided/(used) by investing activities	<u>1,386,618</u>	<u>(2,000,000)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	(5,687)	(1,709,016)
Cash at beginning of year	965,292	2,674,308
Cash at end of year	<u>\$ 959,605</u>	<u>\$ 965,292</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.

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 and financial assets, nonfinancial assets/services, 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, 2023 and 2022, contributions totaling approximately \$2,200,000 and \$1,600,000, 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 affiliates 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 - Foreign Currency Forward Contracts

During the years ended December 31, 2023 and 2022, the Organization entered into forward contracts to mitigate foreign-exchange rate risks associated with commitments to grants funds to a foreign affiliate used to cover the affiliate's operating expenses. The derivatives are not accounted for under hedge accounting and are recorded on the statements of financial position at fair value. Changes in the fair value of the derivative instruments are recognized as a component of other income in the statements of activities. During the year ended December 31, 2023, the Organization contracted for the purchase of £450,000 for \$578,310, with payment and receipt being due in January and March 2024. The difference between the forward rate on the date of the contract and at December 31, 2023, resulted in a gain to the Organization of \$12,690. During the year ended December 31, 2022, 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 at December 31, 2022, resulted in a gain to the Organization of \$2,590. As of December 31, 2023 and 2022, the forward contract receivables are stated at values of \$591,000 and \$875,700, and the forward contract payables are stated at values of \$578,310 and \$873,110, respectively, on the statements of financial position.

Note 3 - Net Assets – Without 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, 2023 and 2022, net assets without donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 627,775	\$ 987,063
Board designated – operating reserve	<u>1,500,000</u>	<u>1,500,000</u>
Total net assets without donor restrictions	<u>\$ 2,127,775</u>	<u>\$ 2,487,063</u>

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

Note 4 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the year ended December 31, 2022, is as follows:

Research & consulting services	\$ 35,000
Speaking engagements	67,586

The Organization did not recognize any revenue from contracts with customers during the year ended December 31, 2023.

As of December 31, 2023 and 2022, the contract liability balance consists of \$15,600, relating to deferred consulting fees.

Note 5 - 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, 2023 and 2022, amounts recognized in the statements of activities are as follows:

	<u>2023</u>	<u>2022</u>
Free use of venue – used for program conference	\$ 37,350	\$ 38,798

The in-kind contributions received during the years ended December 31, 2023 and 2022, did not have any donor-imposed restrictions.

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

- Free use of venue - the fair value is based on the cost to the Organization if rented

Note 6 - Related Party - Affiliates

During the years ended December 31, 2023 and 2022, the Organization incurred grant expenses to affiliated registered companies (affiliates) in the United Kingdom and Germany totaling \$1,577,573 and \$1,299,783, respectively. Grants to the affiliates 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 7 - 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 Code 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, 2023 and 2022, the Organization contributed \$25,628 and \$12,754, respectively, to the pension plan.

Note 8 - 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 3) 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, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 959,605	\$ 965,292
Certificate of deposit	613,382	2,000,000
Contributions and other receivables	204,192	-
Forward contract receivable	<u>591,000</u>	<u>875,700</u>
Total financial assets	2,368,179	3,840,992
Less those unavailable for general expenditures within one year:		
Forward contract payable	(578,310)	(873,110)
Board-designated operating reserve	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 289,869</u>	<u>\$ 1,467,882</u>

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

Note 9 - Concentrations

The Organization maintains its bank accounts and certificate of deposits with major 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, 2023 and 2022.

Note 10 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through April 24, 2024, which is the date the financial statements were available to be issued.