

THE B TEAM HEADQUARTERS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2024 AND 2023

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, 2024 and 2023, 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, 2024 and 2023, 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 available to be 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
May 19, 2025

Skody Scot & Company, CPAs, P.C.

THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,594,969	\$ 959,605
Certificates of deposit	-	613,382
Contributions receivable	-	203,586
Accounts and other receivables	3,773	606
Prepaid expenses and other asset	44,569	25,869
Forward contracts - foreign currency receivable	-	591,000
Advances to affiliates	713,908	544,987
Total assets	<u>\$ 2,357,219</u>	<u>\$ 2,939,035</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 28,531	\$ 132,350
Deferred revenue	-	15,600
Refundable advances	167,000	85,000
Forward contracts - foreign currency payable	-	578,310
Total liabilities	<u>195,531</u>	<u>811,260</u>
Net Assets:		
Without donor restrictions	2,161,688	2,127,775
With donor restrictions	-	-
Total net assets	<u>2,161,688</u>	<u>2,127,775</u>
Total liabilities and net assets	<u>\$ 2,357,219</u>	<u>\$ 2,939,035</u>

See accompanying notes to the financial statements.

THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Support and Revenues:		
Without donor restrictions:		
Contributions	\$ 3,546,103	\$ 3,506,776
Contributions in-kind	-	37,350
Program service revenue	5,200	-
Interest income	48,546	50,522
Other income	1,650	4,609
Total support and revenues	<u>3,601,499</u>	<u>3,599,257</u>
Expenses:		
Program services	2,830,641	2,856,682
Supporting services:		
Management and general	591,303	896,252
Fundraising	145,642	205,611
Total expenses	<u>3,567,586</u>	<u>3,958,545</u>
Increase/(decrease) in net assets	33,913	(359,288)
Net assets, beginning of year	<u>2,127,775</u>	<u>2,487,063</u>
Net assets, end of year	<u><u>\$ 2,161,688</u></u>	<u><u>\$ 2,127,775</u></u>

See accompanying notes to the financial statements.

THE B TEAM HEADQUARTERS, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2024

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 932,971	\$ 106,065	\$ 45,405	\$ 1,084,441
Payroll taxes and benefits	255,949	29,097	12,456	297,502
Communications - production and design	170,752	753	-	171,505
Consultants and contractors	38,461	3,870	-	42,331
Events and conferences	100,546	1,019	575	102,140
Grants to affiliates	1,303,435	337,736	84,353	1,725,524
Insurance	-	23,904	-	23,904
Office supplies and expenses	1,746	33,973	397	36,116
Professional fees	-	3,564	-	3,564
Recruitment and staff development	-	44,099	861	44,960
Rent	-	2,859	-	2,859
Telephone and communications	-	1,656	-	1,656
Travel and meetings	26,781	2,708	1,595	31,084
Total expenses	<u>\$ 2,830,641</u>	<u>\$ 591,303</u>	<u>\$ 145,642</u>	<u>\$ 3,567,586</u>

See accompanying notes to the financial statements.

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

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
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 and design	54,081	293	-	54,374
Consultants and contractors	150,284	2,604	-	152,888
Events and conferences	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 staff development	-	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	<u>\$ 2,856,682</u>	<u>\$ 896,252</u>	<u>\$ 205,611</u>	<u>\$ 3,958,545</u>

See accompanying notes to the financial statements.

THE B TEAM HEADQUARTERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 33,913	\$ (359,288)
Adjustments for non-cash items included in operating activities:		
Accrued interest on certificates of deposit	-	(13,382)
Loss/(gain) on forward contracts	-	(12,690)
(Increases)/decreases in assets:		
Contributions receivable	203,586	(203,586)
Accounts and other receivables	(3,167)	(606)
Prepaid expenses and other asset	(18,700)	22,406
Advances to affiliates	(168,921)	(488,775)
Receipt of funds from forward contracts	591,000	875,700
Increases/(decreases) in liabilities:		
Accounts payable and accrued expenses	(103,819)	(21,734)
Deferred revenue	(15,600)	-
Refundable advances	82,000	(330,622)
Payment of forward contracts	(578,310)	(873,110)
Net cash provided/(used) by operating activities	<u>21,982</u>	<u>(1,405,687)</u>
Cash flows from investing activities:		
Certificates of deposit purchases	(1,450,000)	(600,000)
Certificates of deposit maturities	2,063,382	2,000,000
Net cash provided/(used) by investing activities	<u>613,382</u>	<u>1,400,000</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	635,364	(5,687)
Cash, beginning of year	959,605	965,292
Cash, end of year	<u>\$ 1,594,969</u>	<u>\$ 959,605</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. There was no fiscal sponsorship during the years ended December 31, 2024 and 2023.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) 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 the 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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Certificates of Deposit

The Organization reports investments in certificates of deposit with an original maturity to the Organization at the date of purchase of greater than three months at cost, which approximates fair market value. Investments carried at cost are not required to be classified in one of the levels prescribed by the US GAAP fair value hierarchy. The certificates of deposit balance on the statement of financial position includes accrued interest.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

The Organization recognizes receivables primarily from contributions. Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Uncollectible pledges are written off in the period in which the amount is determined uncollectible. As of December 31, 2024 and 2023, all contributions receivable are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectible receivables.

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 of directors 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.

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 and communications based on usage. The Organization classifies expenses which are not directly related to a specific program as management and general expenses.

Grants to Affiliates

The Organization makes grant payments to affiliated registered companies (Affiliates) located in the United Kingdom and Germany. The amounts are recognized as an expense by the Organization when the amounts are expended by the Affiliates. Any grant payments made to the Affiliates in excess of the expenses incurred by the Affiliates are considered conditional and are reported as advances to affiliates in the statements of financial position.

THE B TEAM HEADQUARTERS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are received. Nonfinancial contributions and services are valued based on the type of asset or service 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, 2024 and 2023, contributions totaling approximately \$5,300,000 and \$2,200,000, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not been met. At December 31, 2024 and 2023, conditional contributions totaling \$167,000 and \$85,000, respectively, were received but not recognized and are reported as refundable advances in the statements of financial position. 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 project consulting. The Organization's program service is recognized as the contract obligations are fulfilled. Program service fees are based on the corresponding standalone prices, and payments are typically made in advance of the service being provided. Any program service revenue received which has not been earned is recorded as deferred revenue.

Note 2 - Foreign Currency Forward Contracts

During the year ended December 31, 2023, the Organization entered into forward contracts to mitigate foreign-exchange rate risks associated with commitments to grant funds to the Affiliate's used to cover the Affiliate's operating expenses. The forward contracts are not accounted for under hedge accounting and are recorded in the statements of financial position at fair value. Changes in the fair value of the forward contracts are recognized as 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 payments and receipts occurring 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. As of December 31, 2023, the forward contract receivable balance is \$591,000, and the forward contract payable balance is \$578,310. During the year ended December 31, 2024, all payments were made and amounts were received for the forward contracts.

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

Note 3 - Net Assets Without Donor Restrictions

The board of directors of the Organization has aside net assets without donor restrictions for an operating reserve fund. At December 31, 2024 and 2023, net assets without donor restrictions are as follows:

	2024	2023
Undesignated	\$ 661,688	\$ 627,775
Board designated – operating reserve	1,500,000	1,500,000
	<u>\$ 2,161,688</u>	<u>\$ 2,127,775</u>

Note 4 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the year ended December 31, 2024, is as follows:

Project consulting	<u>\$ 5,200</u>
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As of December 31, 2023, the contract liability balance consists of \$15,600 relating to deferred consulting fees. During the year ended December 31, 2024, \$5,200 of this consulting work was completed by the Organization and recognized as revenue, and the remaining \$10,400 was returned to the funder.

Note 5 - Contributions In-Kind

The Organization received in-kind contributions that meet the criteria for being recognized in accordance with US GAAP. For the year ended December 31, 2023, the amount recognized in the statement of activities is as follows:

Free use of venue – used for program conference	<u>\$ 37,350</u>
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The in-kind contributions received during the year ended December 31, 2023, 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 - Affiliate Transactions

During the years ended December 31, 2024 and 2023, the Organization incurred grant expenses totaling \$1,725,524 and \$1,577,573, respectively, to the Affiliates. During the years ended December 31, 2024 and 2023, the Organization made payments totaling \$1,894,445 and \$2,066,348, respectively, to the Affiliates. As of December 31, 2024 and 2023, the advances to affiliates balance is \$713,908 and \$544,987, respectively.

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

Note 7 - Retirement Plan

In 2014, the Organization adopted a qualified deferred compensation plan (Plan) under section 403(b) of the Internal Revenue Code (IRC). Under the Plan, employees may elect to defer up to one-hundred percent (100%) of their salary, subject to IRC limits. The Plan calls for discretionary employer matching contributions and/or profit-sharing contributions. Employees are eligible to participate in the Plan on their first day of employment with the Organization. During the years ended December 31, 2024 and 2023, the Organization contributed \$51,030 and \$25,628, respectively, to the 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, 2024 and 2023, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 1,594,969	\$ 959,605
Certificates of deposit	-	613,382
Contributions and other receivables	3,773	204,192
Forward contracts receivable	-	591,000
Total financial assets	<u>1,598,742</u>	<u>2,368,179</u>
Less those unavailable for general expenditures within one year:		
Forward contracts payable	(-)	(578,310)
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>\$ 98,742</u>	<u>\$ 289,869</u>

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

Note 9 - Concentrations

The Organization maintains its bank accounts and certificates of deposit with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits and certificates of deposit balances up to \$250,000 per financial institution. At times, the balances of the bank and certificates of deposit accounts have exceeded the insured limits during the years ending December 31, 2024 and 2023.

For the year ended December 31, 2024, approximately 44% of the Organization's total revenue was provided by two major contributors. It is always possible that grantors or contributors might be lost in the near term. In the event funding is terminated or significantly reduced, the Organization's ability to continue providing services at the same level could be greatly diminished.

Note 10 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through May 19, 2025, which is the date the financial statements were available to be issued.