



2019 ANNUAL REPORT





A smiling man and woman in business attire looking out a window. The man is in the foreground, wearing a dark suit jacket over a white shirt, and the woman is partially visible behind him, also smiling. They are both looking towards the right side of the frame, where a large window is visible. The background is bright and out of focus, suggesting an office or business environment.

## OUR VISION

A trusted marketplace where consumers and businesses prosper.

## OUR MISSION

To educate and protect consumers, promote best practices for businesses, and solve complex marketplace problems.

### WE DO THIS BY:

- › Creating and delivering consumer protection programs that address scams, deceptive advertising, and subpar marketplace behavior.
- › Developing financial and digital literacy initiatives for the general public and the military community.
- › Convening experts and multiple stakeholders to establish guidelines and best practices.
- › Providing ethics education for students, adults, businesses, and industry associations.
- › Honoring outstanding businesses as marketplace role models.
- › Conducting research that challenges assumptions and delivers new insights about how to address marketplace problems.



## Letter from the Chair

In 2019, the Better Business Bureau Institute for Marketplace Trust (BBB Institute) continued to expand its work to foster a trustworthy marketplace for both consumers and businesses. With the help and support of our partners, BBB Institute expanded our programmatic offerings, re-invigorated existing educational initiatives to address the needs of businesses and consumers, and released timely research to help us effectively reach and inform those who are most vulnerable to fraud in the marketplace.

This year BBB Institute released three timely research reports that provided critical findings to help us and our partners more effectively target our educational campaigns. Those research reports included the *2018 BBB Scam Tracker Annual Report*; *Military Consumers & Marketplace Trust*, a new report that examined the marketplace challenges facing military consumers in partnership with the Association of Military Banks of America (AMBA); and *Exposed to Scams: What Separates Victims from Non-Victims*, a report that explores the cognitive, behavioral, and attitudinal differences between victims and non-victims in partnership with the FINRA Foundation and the Stanford Center for Longevity.

### **The BBB Network**

BBB Institute delivers both community-specific programs and national initiatives thanks to our ability to partner with a large network of BBBs serving communities across North America. BBBs are experts on how to talk to consumers and businesses about both honest and untrustworthy practices and they understand the specific challenges facing their unique communities; in addition, because they work, live, and interact with businesses in the local marketplace, they are committed to ensuring it is trustworthy. BBBs also build and maintain long-term relationships in their communities that allow them to build trust with other local organizations and unite with

government agencies, corporate partners, and other like-minded groups.

We continue to expand the impact of our educational programs and consumer outreach efforts. In 2019 alone, we estimate BBB Scam Tracker saved people \$42 million by helping them determine if they were experiencing a scam. Scam reports submitted to BBB Scam Tracker enable BBB Institute to identify new scammer tactics and trends so we can warn people with timely information they can use to avoid scams. The Fighting Financial Fraud program, made possible thanks to the support of FINRA Foundation, expanded train-the-trainer opportunities to help people avoid investment fraud and brought BBB Institute and FINRA experts together to create new consumer educational resources on cryptocurrency.

BBB Institute's BBB4Good program, which aims to empower consumers to connect with purpose-driven businesses doing good work in their communities, provided trainings to BBBs throughout North America. These BBBs will serve as BBB4Good pilots, collecting important data that will help us better understand this growing segment of businesses and create an online directory of purpose-driven businesses for consumers.

We thank our partners for their unwavering support of our mission and the network of Better Business Bureaus for the important work they do every day in their own communities to foster a trustworthy marketplace. We look forward to continuing our work to empower consumers and help businesses be better in 2020.

Sincerely,

Michael Warburton  
*Chairman of the Board*  
*BBB Institute for Marketplace Trust*

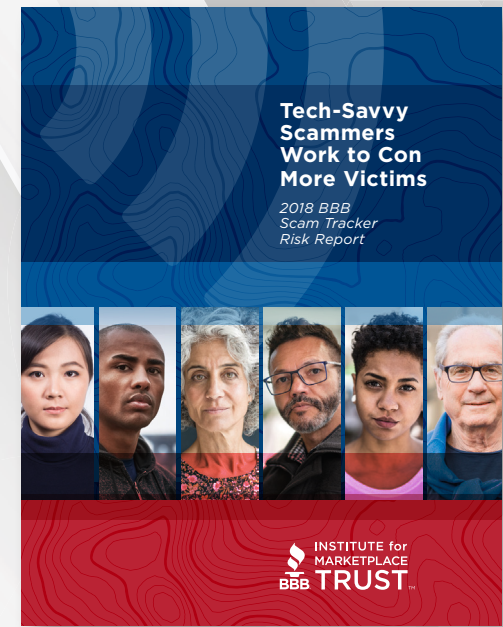


# 2019 Highlights

BBB Institute continues to expand its programs and initiatives promoting ethical business behavior and empowering consumers to protect themselves from fraud, particularly those who are most vulnerable.

## Leveraged crowdsourced data from consumers and businesses to publish new marketplace research

- BBB Institute published the *2018 BBB Scam Tracker Risk Report* to provide timely findings about the scam types posing the most risk to specific demographic groups. Every year this report enables us to effectively target our consumer educational campaigns.
- We partnered with the Association of Military Banks of America (AMBA) to release *Military Consumers & Marketplace Trust: An Analysis of Marketplace Challenges Facing the Military Community*. This report analyzed both scams reported to BBB Scam Tracker and business complaints submitted to BBB.
- We joined with the FINRA Foundation, the Stanford Center on Longevity, and the Federal Trade Commission to launch *Exposed to Scams: What Separates Victims from Non-Victims*. The report provides new insights on how to better understand the fraud victimization process and craft better interventions to reduce fraud.



## Expanded outreach efforts to empower all consumers

- According to our research, military consumers are more susceptible to scams. For this reason, we redesigned and expanded our offerings for military families. Findings from the *Military Consumers & Marketplace Trust* report were used to launch a fresh consumer outreach campaign in partnership with BBBs.
- We provided an interactive in-person Fighting Financial Fraud training to 19 BBB professionals from throughout North America who learned and shared best practices on how to avoid financial fraud. This program is made possible thanks to support from the FINRA Foundation.
- BBB Institute partnered with FINRA Foundation to create fresh consumer education materials about cryptocurrency. Virtual “Cryptocurrency Basics” train-the-trainer workshops were provided for BBBs, who followed up by engaging both consumers and small business owners with the new resources.
- We hosted a strategy session to advance business ethics and K-12 ethics programs being delivered throughout North America. Two teams of BBB representative are working together to reimagine a system-wide ethics program with the goal of enabling all BBBs to deliver effective training in their communities.
- BBB Institute created new promotional resources to raise awareness about the BBB AdTruth program, which includes both educational resources and an online reporting tool that enables consumers to report confusing or misleading advertisements.



## Established new programs to recognize ethical and purpose-driven businesses

Uplifting businesses that demonstrate integrity and performance has long been a goal of Better Business Bureau. In 2019, BBB Institute expanded our efforts to help businesses be better and to help consumers identify trustworthy businesses.

### BBB4Good Initiative

BBB Institute partnered with local BBBs to develop the newest BBB Institute program, BBB4Good, which supports and elevates purpose-driven businesses. In 2019, we delivered in-person trainings to BBBs located throughout North America. Pilot BBB4Good BBBs are engaging with purpose-driven businesses in their communities and are collecting data about these organizations. These findings will be used to create an online directory that will enable people to search and locate purpose-driven businesses.



### BBB Spark Award

BBBs have recognized ethical businesses for many years with the International Torch Award for Ethics. This year, we launched the BBB Spark Award, which recognizes business owners 35 and under or business owners of any age operating for less than three years who demonstrate a higher level of character, a culture that is authentic about its mission, and a deep connection with their community.



# FINANCIALS

## Statement of Financial Position

Year ended December 31,

	2019	2018
<b>Assets</b>		
<b>Assets</b>		
Cash	\$ 599,758	\$ 69,987
Accounts receivable	92,500	-
Due from affiliate, net	-	18,250
<b>Total Assets</b>	<b>\$ 692,258</b>	<b>\$ 88,237</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Due to affiliate	470,673	\$ -
<b>Total Liabilities</b>	<b>\$ 470,673</b>	<b>\$ -</b>
<b>Net (deficit) Assets</b>		
Without donor restrictions	99,485	(50,946)
With donor restrictions	122,100	139,183
Total net assets	221,585	88,237
<b>Total Liabilities and Net Assets</b>	<b>\$ 692,258</b>	<b>\$ 88,237</b>

## Statement of Activities

Year ended December 31,

	2019	2018
<b>Revenue and support without donor restrictions</b>		
Grants and contributions	\$ 601,398	\$ 699,890
In-kind services	-	374,360
Net assets released from restrictions	142,083	248,393
<b>Total revenue and support without donor restrictions</b>	<b>743,481</b>	<b>1,322,643</b>
<b>Expenses</b>		
Program Services		
Marketplace Trust	369,710	936,802
Supporting Services:		
Management and general	182,501	201,822
Fundraising	40,839	54,026
<b>Total supporting services</b>	<b>223,340</b>	<b>255,848</b>
<b>Total expenses</b>	<b>593,050</b>	<b>1,192,650</b>
Change in net assets without donor restrictions	150,431	129,993
<b>Net assets with donor restrictions</b>		
Grants and contributions	125,000	118,400
Net assets released from donor restrictions	(142,083)	(248,393)
Change in net assets with donor restrictions	(17,083)	(129,993)
Change in net assets	133,348	-
Net assets, beginning of year	88,237	88,237
<b>Net assets, end of year</b>	<b>\$ 221,585</b>	<b>\$ 88,237</b>

## Become a BBB Institute Partner – Find Out How You Can Help Us Build a Trustworthy Marketplace for Consumers AND Businesses

BBB Institute works with partners to empower all consumers, especially those most vulnerable. Join forces with BBB Institute to foster a trustworthy marketplace for all. Together, we'll give consumers the knowledge and tools they need to make educated decisions about their money and avoid losing it to fraudsters.

We also promote better business practices and provide research, insights and education materials to help small business owners and entrepreneurs foster trust in their communities.

BBB Institute offers a wide array of partnership opportunities. Contact [Institute@IABBB.org](mailto:Institute@IABBB.org) for additional information.

### OUR PARTNERS





## OFFICERS

**Michael Warburton, Chair**  
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Balboa Park Cultural Partnership*

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*Strategy Executive,  
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**Frank Navratil, Treasurer**  
*Professor, Economics & Finance,  
Boiler School of Business  
John Carroll University*

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BBB Serving Southern Colorado  
& Founder, Colorado Institute  
for Social Impact*

**Kip Morse**  
*President and CEO  
BBB Serving Central Ohio*

## EX OFFICIO REPRESENTATIVES

**Colleen Rudio**  
*Interim Executive Director,  
International Association of  
Better Business Bureaus*

**Melissa Trumpower**  
*Executive Director,  
BBB Institute for Marketplace Trust*

*\* These board members joined BBB Institute in 2020.*

