



2020 ANNUAL REPORT



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.



2020 Letter from the Chair

In 2020, the global pandemic impacted every aspect of our lives. Businesses and consumers quickly pivoted to address life with COVID-19. Social distancing required everyone to conduct their personal and professional lives online, with many seeking hard-to-find products and work-from-home opportunities. The situation was a perfect scenario for scammers.

The BBB Institute for Marketplace Trust (BBB Institute) quickly shifted its research and outreach efforts to address the new reality. The *BBB Scam Tracker Risk Report* was published in early March, indicating the two riskiest scams were online purchase and employment scams. The risk of these two scam types was expected to increase following the outbreak of COVID-19, thanks to increased online shopping and many forced to seek new employment opportunities. During the following months, BBB Institute published the *2020 BBB Employment Scams Report* and the *2020 BBB Online Purchase Scams Report*. Consumer education materials based on the new research were created and distributed by BBBs across North America to empower the public to avoid losing money to fraudsters seeking to take advantage of the pandemic.

In 2020 alone, we estimate BBB Scam Tracker saved people \$21 million by allowing them to search other reports to determine if they were experiencing a scam. Reports submitted to BBB Scam Tracker enable BBB Institute to monitor and learn the latest scammer tactics and which demographic groups are most at risk of losing money. This year, we formed a task force to better understand the impact of the consumer reporting platform and to set goals for expanding BBB Scam Tracker's impact. This work will continue in 2021 as we seek partners to help us make improvements to the platform.

BBB Institute continued to expand its consumer education efforts through the Fighting Financial Fraud program, which is made possible thanks to the support of the FINRA Foundation, and the Military & Veterans Initiative, which helps military consumers prosper in a trusted marketplace.

This year we also continued development of our newest program, BBB4Good, which aims to empower consumers to connect with purpose-driven businesses doing good work in their communities. BBB Institute created the first version the BBB4Good Standards, which will be used to verify those businesses that have built social/environmental impact goals into their business models. BBB Institute will test these standards in 2021 with BBBs serving communities in the United States and Canada.

We thank our partners and the network of Better Business Bureaus for their unwavering support of our mission during these challenging times. We look forward to continuing our work to empower consumers, publish timely research, and help businesses be better in 2021.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Michael Warburton'.

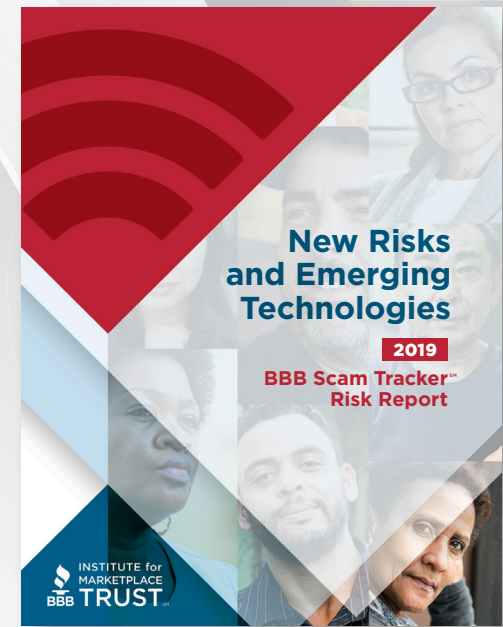
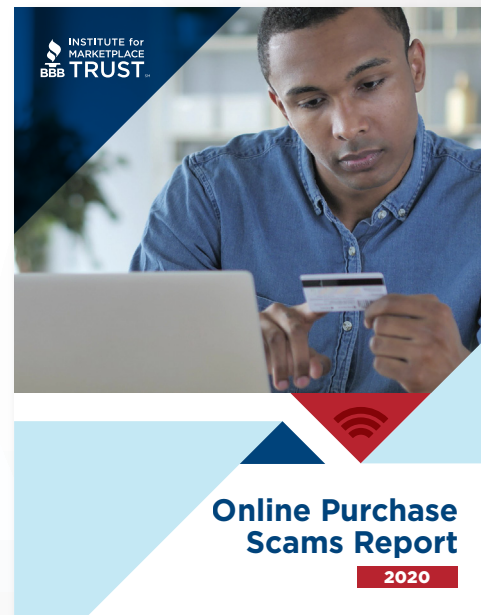
Michael Warburton
Chairman of the Board
BBB Institute for Marketplace Trust

2020 Research Highlights

Like many organizations, the outbreak of the global pandemic prompted BBB Institute to quickly refocus its activities to address the new reality of social distancing, remote work, and supply chain challenges—factors that scammers sought to exploit.

Timely research enabled BBB Institute to expand outreach efforts seeking to empower consumers to avoid scams during the early stages of the COVID-19 pandemic.

- BBB Institute published the *2019 BBB Scam Tracker Risk Report* to provide timely findings about the scam types posing the highest risk to specific demographic groups. The two riskiest scams—online purchase and employment—posed a significant ongoing concern in the marketplace due to more people moving online to fulfill their personal and professional needs.
- The first *Online Purchase Scams Report* was published to better understand the latest scammer tactics, the impact of online purchase scams and to provide consumers with tips on how to stay safe online.
- BBB Institute also published the *Employment Scams Report* to better understand how these scam types were being perpetrated, who was being targeted, and how we could help people avoid losing money to them.



Additional BBB Institute program updates

In addition to sharing research findings with our partners that are fighting fraud, BBB Institute created user-friendly educational materials that were distributed by the network of Better Business Bureaus to empower consumers to stay safe online.

- Findings from our research as related to military consumers were shared digitally as part of BBB Institute's Military & Veterans Initiative. According to our research, military consumers are more susceptible to scams. For this reason, we distributed updated information for active military, military spouses, and veterans.
- We provided digital Fighting Financial Fraud training to BBB professionals throughout North America who learned and shared best practices on how to avoid financial fraud. BBB Institute also translated program materials into Spanish to expand the reach of the program. Fighting Financial Fraud is made possible thanks to support from the FINRA Foundation.
- BBB Institute convened a group of BBB experts to discuss how to expand the impact of BBB Scam Tracker. The group met for several months to create high-level goals for a new-and-improved platform. In 2021, BBB Institute will seek partners to join our efforts.
- BBB Institute and Facebook partnered on a consumer education campaign during the 2020 holiday season. The purpose of the campaign was to spread critical information to help consumers avoid losing money to scams. The "Shop Safe. Shop Smart." campaign was delivered via online ads, earned media, and social media.
- This year, BBB Institute created the Corporate Trust Council, a coalition of companies that join with BBB Institute to build a trustworthy marketplace by providing their expertise, resources, and funding support. The Council will bring together partners to discuss new challenges facing the marketplace and how we can work together to address them.



BBB4Good Initiative

In 2020, BBB Institute continued development of our newest program, BBB4Good, which aims to empower consumers to connect with purpose-driven businesses doing social or environmental good in their communities as well as across the globe. BBB Institute created the first version of BBB4Good Standards, which will enable BBBs to determine which businesses have built social impact goals into their business models and can become "BBB Verified" *Purpose-driven Businesses*. BBBs throughout North America will pilot these standards in 2021. Once the program is launched in 2022, BBB will launch an online directory that will enable people to search and locate purpose-driven businesses.



FINANCIALS

Statement of Financial Position

Year ended December 31, 2020

Assets	
Assets	
Cash	\$ 542,787
Total assets	\$ 542,787
Liabilities and Net Assets	
Liabilities	
Due to affiliate	\$ 329,603
Total Liabilities	329,603
Commitments and contingencies	
Net Assets	
Without donor restrictions	\$ 95,247
With donor restrictions	\$ 117,937
Total net assets	\$ 213,184
Total liabilities and net assets	\$ 542,787

Statement of Activities and Changes in Net Assets

Year ended December 31, 2020

Revenue and support without donor restrictions	
Grants and contributions	\$ 636,879
Net assets released from restrictions	84,163
Total revenue and support without donor restrictions	721,042
Expenses	
Program Services:	
Marketplace Trust	567,463
Supporting Services:	
Management and general	72,772
Fundraising	85,045
Total supporting services	157,817
Total expenses	725,280
Change in net assets without donor restrictions	(4,238)
Net assets with donor restrictions	
Grants and contributions	80,000
Net assets released from donor restrictions	(84,163)
Change in net assets with donor restrictions	(4,163)
Change in net assets	(8,401)
Net assets, beginning of year	221,585
Net assets, end of year	\$ 213,184

Become a BBB Institute Partner – 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 for additional information.

OUR PARTNERS



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