

May 10, 2024

To the Board of Directors
Entrepreneurs' Organization and Subsidiary
500 Montgomery Avenue, Suite 600
Alexandria, Virginia 22314

In planning and performing our audit of the consolidated financial statements of Entrepreneurs' Organization and Subsidiary (collectively, "EO") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered EO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of EO's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The following are Other Matter comments for your consideration:

Cybersecurity

As EO has experienced, we continue to see an increase in cyber security incidents at not-for-profit organizations, particularly involving data breaches, fraud through phishing attempts, and malware attacks. Most recently, we are seeing fraud occur by fraudsters emailing organizations purporting to be a customer, vendor, or employee, and requesting changes to their banking information on file. Such changes should always be verbally confirmed before making the requested changes. We would also like to emphasize the importance of continuing to perform software and security upgrades regularly, and conducting robust employee cybersecurity awareness and education training. We also recommend conducting cyber risk assessments and cyber testing. The need for heightened risk awareness cannot be understated, especially as tools such as AI become more prevalent in use.

Management Response:

In response to the management note on our recent audit report, we have taken significant steps to enhance our cybersecurity framework to address the increased threats faced by not-for-profit organizations such as EO. Here are the critical actions implemented:

Verification Enhancements: We audited our MFA (multifactor authentication) and SSO (single sign-on) implementation and usage. We have made critical improvements and expanded its use to additional mission-critical platforms, including HR. In areas where we cannot implement SSO, we have ensured that the access configuration of those systems adheres to the standards we have set.

Financial Control Strengthening: We have instituted a policy on all operating accounts requiring dual administrator approval, one of which is verbal, for transactions exceeding USD 500K and any updates to account information. Verbal authorization has also been added to our investment account.

Advanced Training Programs: A comprehensive cybersecurity training and assessment program has been established, including random phishing tests, monthly security information updates, quarterly training, and yearly training and testing to equip our staff with the necessary skills to recognize and mitigate cyber threats effectively.

System Security Upgrades: We have completed a hardening process for our Microsoft 365 tenant to protect sensitive information and implemented stricter configurations. We have also replaced and reconfigured our firewalls and VPN (virtual private networks).

Security Standard: We have also adopted the CIS Critical Security Controls as the standard we will follow to ensure we stay current in managing security risks. We are currently working through all 18 controls to ensure compliance.

We are committed to maintaining high cybersecurity standards and will continue to adapt our strategies to meet evolving threats.

Right of Use Asset and Lease Liability

During our audit, we noted the entry to record EO's new right of use asset and operating lease liability was recorded at the correct amount, however, the debits and credits were posted backwards, which has subsequently been corrected as an audit adjusting entry. To ensure the accuracy of financial reporting, we recommend journal entries be carefully reviewed before being posted.

Management Response:

EO has added an extra internal control on entries over USD \$500K and we will now need two reviewers before posting so these potential issues would be corrected before posting.

Conflict of Interest Policy Annual Confirmations

We noted that while EO has a conflict of interest policy, members of the board of directors are not required to confirm on an annual basis whether they are aware of any conflicts. As a best practice, we recommend EO have members of the board of directors sign a form annually disclosing whether they are aware of any conflicts of interest. Additionally, we recommend members of senior management be required to sign a similar form annually.

Management Response:

Management agrees with this assessment and will implement it starting next fiscal year. Previously, EO would have board members sign the conflict-of-interest form when they stepped onto the board of directors.

Employee Handbook

We noted that EO's employee handbook is dated 2015. We recommend EO review and update its handbook to reflect current policies and procedures.

Management Response:

Management has been updating the policies previously contained in the EO Handbook over the last year. Approximately half of those policies have been reviewed and updated with the remainder to be finalized by the end of fiscal year 2025.

EO's written responses to the matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,



Bethesda, Maryland