

ENTREPRENEURS' ORGANIZATION

FINANCIAL STATEMENTS

JUNE 30, 2014

ENTREPRENEURS' ORGANIZATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Entrepreneurs' Organization

We have audited the accompanying financial statements of Entrepreneurs' Organization (EO), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Entrepreneurs' Organization as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the year ended June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of revenues and expenses – actual v. budget – detailed on pages 14 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or any other form of assurance on it.

Calibre CPA Group, PLLC

Bethesda, MD
November 14, 2014

ENTREPRENEURS' ORGANIZATION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 29,538,107	\$ 23,367,633
Certificates of deposit	1,603,971	1,603,971
Accounts and contributions receivable, net	316,115	337,398
Prepaid expenses	664,071	842,483
Property and equipment, net of accumulated depreciation of \$1,493,659 and \$1,065,730 for 2014 and 2013, respectively	1,141,782	1,339,596
Security deposits	51,200	51,200
Investments	600	600
Total assets	\$ 33,315,846	\$ 27,542,881
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 9,729,076	\$ 8,217,549
Accrued expenses	815,235	658,772
Deferred revenue	17,853,640	14,391,656
Deferred lease incentives	540,567	638,852
Total liabilities	28,938,518	23,906,829
NET ASSETS		
Unrestricted		
Board designated	351,469	351,469
Undesignated	3,672,128	2,898,681
Total unrestricted	4,023,597	3,250,150
Temporarily restricted	315,731	347,902
Permanently restricted	38,000	38,000
Total net assets	4,377,328	3,636,052
Total liabilities and net assets	\$ 33,315,846	\$ 27,542,881

See accompanying notes to financial statements.

ENTREPRENEURS' ORGANIZATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2013)

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES					
Membership dues	\$ 16,515,804	\$ -	\$ -	\$ 16,515,804	\$ 14,426,248
Contributions	80,000	203,820	-	283,820	909,815
Conferences and forums	6,478,131	-	-	6,478,131	7,052,381
Royalties	108,847	-	-	108,847	119,111
Interest	6,151	69	-	6,220	9,978
Miscellaneous	14,241	-	-	14,241	15,860
Net assets released from restrictions	236,060	(236,060)	-	-	-
Total revenues	<u>23,439,234</u>	<u>(32,171)</u>	<u>-</u>	<u>23,407,063</u>	<u>22,533,393</u>
EXPENSES					
Program services					
Chapter development	6,362,667	-	-	6,362,667	4,896,110
Communications	1,735,704	-	-	1,735,704	1,679,346
Learning and Leadership	2,648,677	-	-	2,648,677	3,704,133
Conferences and forums	5,729,699	-	-	5,729,699	6,284,175
Information systems development	860,438	-	-	860,438	795,568
Executive education	846,161	-	-	846,161	1,116,507
Global Leadership Conference	1,544,600	-	-	1,544,600	1,321,744
Supporting services					
Management and general	2,937,841	-	-	2,937,841	2,690,977
Total expenses	<u>22,665,787</u>	<u>-</u>	<u>-</u>	<u>22,665,787</u>	<u>22,488,560</u>
CHANGE IN NET ASSETS	773,447	(32,171)	-	741,276	44,833
NET ASSETS					
Beginning of year	<u>3,250,150</u>	<u>347,902</u>	<u>38,000</u>	<u>3,636,052</u>	<u>3,591,219</u>
End of year	<u>\$ 4,023,597</u>	<u>\$ 315,731</u>	<u>\$ 38,000</u>	<u>\$ 4,377,328</u>	<u>\$ 3,636,052</u>

See accompanying notes to financial statements.

ENTREPRENEURS' ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2013)

	Program Services							Management and General	2014 Total	2013 Total	
	Chapter Development	Communications	Learning and Leadership	Conferences and Forums	Information Systems Development	Executive Education	Global Leadership Conference				Total
Accelerator program	\$ 343,306	\$ -	\$ -	\$ 230,413	\$ -	\$ -	\$ -	\$ 573,719	\$ -	\$ 573,719	\$ 695,489
Accounting and audit fees	-	-	-	-	-	-	-	-	35,535	35,535	31,000
Audio visual	-	-	-	154,023	-	-	85,000	239,023	-	239,023	239,370
Bad debt	-	-	-	-	-	-	-	-	-	-	27,000
Bank charges	-	-	-	-	-	-	-	-	31,731	31,731	31,038
Food and beverage	-	-	-	1,893,090	-	391,806	858,997	3,143,893	-	3,143,893	3,682,301
Chapter promotional support	124,319	-	57,271	-	-	-	-	181,590	-	181,590	132,492
Computer systems	-	-	-	-	172,823	-	-	172,823	-	172,823	157,219
Consulting fees	-	-	44,392	62,500	-	70,500	1,798	179,190	-	179,190	190,035
Credit card commissions	-	-	-	49,000	-	18,354	-	67,354	374,899	442,253	485,315
Depreciation	138,178	54,390	52,293	76,813	29,698	5,820	24,991	382,183	45,746	427,929	547,838
Dues and subscriptions	1,456	573	551	809	313	61	263	4,026	482	4,508	4,719
Digital media	-	22,371	-	-	-	-	-	22,371	-	22,371	29,616
Event voucher	95,500	-	-	-	-	-	-	95,500	-	95,500	53,000
Forum training fees	-	-	-	1,479,300	-	-	-	1,479,300	-	1,479,300	1,239,893
Gifts and awards	470,266	-	52,846	8,396	-	9,255	2,461	543,224	10,056	553,280	508,668
Global growth	421,265	-	-	-	-	-	-	421,265	-	421,265	-
Governance	60,109	-	-	-	-	-	-	60,109	1,376,972	1,437,081	1,322,838
GSEA	376,104	43,435	-	-	-	-	-	419,539	-	419,539	382,790
Insurance	6,348	2,499	2,402	3,529	1,364	267	1,148	17,557	2,102	19,659	14,502
Internet applications	-	33,300	7,142	-	89,773	-	-	130,215	-	130,215	261,748
Healthnet and EOconnect	-	-	349,936	-	-	-	-	349,936	-	349,936	406,855
Legal fees	-	-	-	-	-	-	-	-	176,176	176,176	142,764
Materials	-	-	12,109	-	-	-	-	12,109	-	12,109	29,908
Meetings	646,160	22,342	497,531	-	17,986	-	-	1,184,019	-	1,184,019	886,155
Mentor program	-	-	93,975	-	-	-	-	93,975	-	93,975	51,961
Office supplies	12,573	4,949	4,758	6,990	2,702	530	2,274	34,776	4,163	38,939	50,569
Optional activities	-	-	22,569	25,141	-	2,700	-	50,410	-	50,410	261,786
Parking	7,562	2,976	2,862	4,204	1,625	318	1,368	20,915	2,503	23,418	23,169
Payroll service	-	-	-	-	-	-	-	-	8,650	8,650	9,219
Personalizations	19,000	-	350,183	-	-	-	-	369,183	-	369,183	780,341
Postage and mailing	40,995	102,872	7,945	11,671	4,552	884	3,797	172,716	6,951	179,667	183,773
Printing and design	-	86,526	-	-	-	-	-	86,526	-	86,526	101,766
Public relations	10,000	446,932	-	-	-	-	-	456,932	-	456,932	212,292
Rent	126,167	49,662	47,747	70,136	27,117	5,314	22,819	348,962	41,769	390,731	460,794
Repairs and maintenance	-	-	-	-	45,678	-	-	45,678	-	45,678	34,137
Speaker fees/travel	193,501	-	110,814	325,510	-	229,962	28,603	888,390	-	888,390	1,410,586
Staffing	2,082,550	817,184	788,104	1,153,242	446,236	87,377	375,205	5,749,898	686,805	6,436,703	5,912,573
Supplies	-	-	21,322	52,573	-	12,303	18,303	104,501	-	104,501	145,590
Taxes	-	-	-	-	-	-	-	-	6,295	6,295	7,640
Telephone and fax	75,718	4,734	4,551	6,685	2,585	507	2,259	97,039	3,981	101,020	77,923
Transportation	-	-	-	58,261	-	43	20,000	78,304	-	78,304	63,149
Travel	1,111,590	40,959	117,374	57,413	17,986	10,160	95,314	1,450,796	123,025	1,573,821	1,198,739
Total	\$ 6,362,667	\$ 1,735,704	\$ 2,648,677	\$ 5,729,699	\$ 860,438	\$ 846,161	\$ 1,544,600	\$ 19,727,946	\$ 2,937,841	\$ 22,665,787	\$ 22,488,560

See accompanying notes to financial statements.

ENTREPRENEURS' ORGANIZATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Membership dues received	\$ 19,061,144
Contributions and grant payments received	283,820
Conferences and forums revenue received	7,416,058
Royalties received	108,847
Interest received	6,220
Other income received	14,241
Payments to vendors, suppliers and employees	<u>(20,489,741)</u>
Net cash provided by operating activities	<u>6,400,589</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of certificates of deposit	(1,603,971)
Proceeds from maturity of certificates of deposit	1,603,971
Purchases of property and equipment	<u>(230,115)</u>
Net cash used for investing activities	<u>(230,115)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,170,474
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>23,367,633</u>
End of year	<u>\$ 29,538,107</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 741,276
Adjustments	
Depreciation	427,929
Decrease in assets	
Accounts receivable	21,283
Prepaid expenses	178,412
Increase (decrease) in liabilities	
Accounts payable	1,511,527
Accrued expenses	156,463
Deferred revenue	3,461,984
Deferred lease incentives	<u>(98,285)</u>
Net cash provided by operating activities	<u>\$ 6,400,589</u>

See accompanying notes to financial statements.

ENTREPRENEURS' ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Presentation - Entrepreneurs' Organization's (EO) financial statements are prepared in accordance with the provisions of FASB Accounting Standards Codification, *Financial Statements of Not-for-Profit Organizations*. The standard requires that an organization's net assets and its activities be classified between unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor imposed restrictions.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional reporting area. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with EO's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, cash in checking accounts and amounts invested in accounts subject to immediate withdrawal, such as money market funds, are considered to be cash equivalents. Certificates of deposit, regardless of their maturity date, are not considered to be cash equivalents.

Accounts Receivable - Accounts receivable consists primarily of amounts due from conferences and forums. Accounts receivable are stated at their net realizable value, and the allowance method is used to report uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collection, and was \$27,000 at both June 30, 2014 and 2013.

Property and Equipment - Property and equipment are recorded at cost or, if donated, at fair value at the date of the donation. Equipment under capital leases is recorded at the fair value of the equipment at the inception of the lease. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation of purchased assets and amortization of leasehold improvements are computed by the straight-line method over the lesser of the estimated useful lives or lease term. Amortization expense on leasehold improvements is included in depreciation expense in the statement of functional expenses. Certain costs of internally developed software and website development are capitalized and amortized over the estimated useful lives of the software and website.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Membership dues are reported as revenue in the year to which they pertain. Since members may use 50% of initiation fees to offset the cost of forum attendance in the first two years of membership, 50% is reported as membership dues when received and the remaining 50% is deferred and recognized as conference and forum revenue when used, or reported as membership dues at the end of the two years, if unused. Conference registrations are recognized in the year in which the conference is held.

Unrestricted contributions, including unconditional promises, are reported as revenue when they are received. Unconditional promises are presumed to carry implied time restrictions unless otherwise specifically directed by the donor.

Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenues from grant awards considered to be exchange transactions are recognized as expenses are incurred. Amounts received in excess of revenues recognized are reported as deferred revenue.

In-kind Contributions - In-kind contributions are reported at fair value and recognized as revenue in the accounting period when they are received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are reported at their fair value in the period received.

Investments - EO's investments are measured at fair value and consist entirely of amounts invested in bank certificates of deposit. Fair values for the certificates of deposit are determined by reference to market interest rates and other relevant information generated by market transactions. These inputs used to determine fair values are considered Level 2 inputs under generally accepted accounting principles (significant observable inputs other than quoted prices in active markets for identical assets).

Endowment Net Asset Classifications - In August 2008, the Accounting Standards related to *Endowments of Not-of-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act*, and *Enhanced Disclosures for All Endowment Funds* was issued. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act 2006. EO is subject to the State of Virginia's Uniform Prudent Management of Institutional Funds Act 2007 (UPMIFA), which went into effect in 2007.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses - The costs of providing the various programs of EO have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management Estimates and Assumptions - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.

NOTE 2. ORGANIZATION AND TAX STATUS

EO - for entrepreneurs only - is a membership organization founded in 1987 and designed to help business owners from around the world on their path to greater business and personal fulfillment. EO is a global community enriching members' lives through dynamic peer-to-peer learning and once-in-a-lifetime experiences. EO is the catalyst that enables entrepreneurs to learn from each other, leading to greater business success and an enriched personal life. Through its core values - Boldly Go, Thirst for Learning, Make a Mark, Trust and Respect and Cool - EO is working to build the world's most influential community of entrepreneurs. By engaging leading entrepreneurs to learn and grow, EO is fueling the entrepreneurial engine.

With members in more than 143 chapters, spanning 46 countries, EO's rapidly expanding membership includes entrepreneurs from every size and type of business. EO membership continues to increase on an annual basis and is now 10,000 members strong. Membership in EO is by invitation only and is subject to approval by both Global Support Services and the sponsoring local chapter. Prospective EO members must be a founder, co-founder, owner or controlling shareholder of a business with gross annual revenues exceeding US \$1 million.

EO is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as a publicly-supported organization. However, EO is subject to tax on net income generated by unrelated business activities as provided for in the tax laws. To date, EO's unrelated business activities have not resulted in any net taxable income.

EO follows the authoritative guidance relating to accounting for uncertainty in income taxes included in the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for the uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. EO believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. EO's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2010 through 2012, are subject to examination by the IRS, generally for three years after they were filed.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment, at cost, less accumulated depreciation at June 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>
Computer equipment	\$ 289,196	\$ 218,559
Computer software	1,496,468	1,346,454
Furniture, fixtures and other equipment	34,937	25,473
Leasehold improvements	<u>814,840</u>	<u>814,840</u>
	2,635,441	2,405,326
Less accumulated depreciation	<u>(1,493,659)</u>	<u>(1,065,730)</u>
Total	<u>\$ 1,141,782</u>	<u>\$ 1,339,596</u>

Depreciation expense totaled \$427,929 and \$547,838 for the years ended June 30, 2014 and 2013, respectively.

NOTE 4. ENDOWMENT FUND

During the year ended June 30, 2000, EO established a separate fund within EO called the Endowment Fund. The assets of the Endowment Fund are to be used to financially support EO by funding specific projects in specific program areas such as communications, information systems development, member products, and conferences and forums. All contributions received to date have been reported as increases in temporarily restricted net assets.

Interpretation of Relevant Law

The Board of Directors has interpreted UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of a donor-restricted fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, EO classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, and (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by EO in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, EO considers the following factors in making a determination to appropriate or accumulated donor-restricted funds:

- The duration and preservation of the fund
- The purposes of EO and the donor-restricted fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of EO
- The investment policies of EO

NOTE 4. ENDOWMENT FUND (CONTINUED)

Return Objectives and Risk Parameters

EO has invested its endowment assets in a manner that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce approximately .25%. Actual returns in a given year may vary from this amount.

Spending Policies of the Endowments

EO allocates the investment income generated by the endowment each year based on the purpose of the endowment, based on the donor's request. If the donor does not specify a purpose of the income generated from their permanently restricted endowment, the income is used for general support. EO did not use the investment income for general operations during 2014 or 2013.

NOTE 6. NET ASSETS

Unrestricted - EO's Board of Directors designated as of June 30, 2005, \$379,815 of EO's unrestricted net assets to be reserved to support future operating needs. Of this amount, \$28,346 was applied to FY06 operations, leaving a balance of \$351,469 as of June 30, 2014 and 2013.

Temporarily Restricted - EO has established an endowment fund to financially support EO to fund special organizational projects. In addition, EO has unexpended amounts restricted to support future programmatic activities to be determined. Temporarily restricted net assets as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Endowment fund	\$ 39,377	\$ 39,377
Unexpended contributions		
Unexpended endowment interest	4,126	4,057
Other programs	<u>272,228</u>	<u>304,468</u>
	<u>\$ 315,731</u>	<u>\$ 347,902</u>

Permanently Restricted - EO has established a Lifetime Trustee Program. Under the terms of this program, a maximum of 10 individuals may donate up to \$15,000 each to EO with the stipulation that the principal amounts donated be held in perpetuity while the income generated from the principal be used for the general purposes of EO. As of June 30, 2014, a total of \$38,000 has been contributed to EO under the Lifetime Trustee Program.

NOTE 7. LEASING ACTIVITIES

In August 2011, EO entered into an agreement to terminate the two existing leases for office space effective December 31, 2011, and to lease office space in the same building on a different floor. The lease commencement date for the new space was January 1, 2012, and the lease term expires December 31, 2019. Rent is payable monthly beginning at \$35,740, with annual escalations of 2.75% as well as adjustment for increases in operating expenses and real estate taxes of the building. EO received a six-month period of rent abatement at the beginning of the lease, and the lessor agreed to cover the cost of tenant improvements in the amount of \$786,280. EO also leases office equipment under various leasing arrangements.

The total future minimum lease payments for the above operating leases that have remaining non-cancelable lease terms in excess of one year are due as follows:

<u>Year Ending</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 459,116	\$ 12,636	\$ 471,752
2016	471,768	12,636	484,404
2017	484,777	7,371	492,148
2018	498,144	-	498,144
Thereafter	<u>771,269</u>	<u>-</u>	<u>771,269</u>
	<u>\$2,685,074</u>	<u>\$ 32,643</u>	<u>\$ 2,717,717</u>

NOTE 8. YOUNG ENTREPRENEURS' ORGANIZATION 401(K) PLAN

Effective January 1, 1999, EO established the Young Entrepreneurs' Organization 401(k) Plan (the Plan). The Plan covers all full time employees of EO who are over 21 and have completed one year of service as defined by the Plan. EO reserves the right to make matching and profit sharing contributions into the Plan at contribution rates to be set annually. During the year ended June 30, 2014, EO's contributions to the Plan totaled \$78,319.

NOTE 9. UNINSURED CASH

EO maintains its cash in bank accounts which at times may exceed the federally insured limit of \$250,000 per financial institution. EO had balances on deposit at June 30, 2014 that exceeded the federally insured limit by approximately \$27 million.

NOTE 10. DEFERRED REVENUE

EO has deferred revenue related to its programs. The following represents revenue that was deferred as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Dues	\$ 15,525,331	\$12,968,616
Initiation fees	50,375	61,750
Entrepreneurial Masters Program	207,800	118,600
Events	<u>2,070,134</u>	<u>1,242,690</u>
	<u>\$ 17,853,640</u>	<u>\$14,391,656</u>

NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 14, 2014, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

ENTREPRENEURS' ORGANIZATION

STATEMENT OF REVENUES AND EXPENSES - DETAILED

ACTUAL V. BUDGET

(UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUE			
Membership Dues	\$ 16,482,904	\$ 16,028,446	\$ 454,458
Lapsed Coupon Income	32,900	35,000	(2,100)
Contributions	188,847	330,000	(141,153)
Grants	230,510	397,000	(166,490)
Conferences/Events (net - see events detail)	809,017	291,000	518,017
Forum Training (net)	24,947	-	24,947
Interest Income and other	<u>185,787</u>	<u>230,000</u>	<u>(44,213)</u>
 Total revenue	 <u>17,954,912</u>	 <u>17,311,446</u>	 <u>643,466</u>
 EXPENSES			
Chapter Development			
Travel - Outside Offices to HQ	16,895	15,000	(1,895)
Travel - Recruitment Team	11,860	10,000	(1,860)
Travel - US	43,112	30,000	(13,112)
Travel - Canada	22,035	15,000	(7,035)
Travel - EMEA	47,580	40,000	(7,580)
Travel - Latin America	22,440	25,000	2,560
Travel - ASAP	56,940	40,000	(16,940)
Travel - AD GLC Training	60,109	60,000	(109)
Travel - Board to Chapters	20,596	25,000	4,404
Travel - Strategy Summit Development	83,868	60,000	(23,868)
Travel - Strategy Summit Chapters	154,735	95,000	(59,735)
Strategy Summits - Subsidies	75,000	75,000	-
Welcome Back Campaign	51,217	40,000	(11,217)
Chapter Development Committee	60,573	65,000	4,427
Rock Star Awards	440,272	420,000	(20,272)
Chapter Promo Support	23,027	25,000	1,973
Recruitment - Regional	50,075	50,000	(75)
Chapter Support - Regional	1,048,037	947,600	(100,437)
New Member Integration	15,065	15,000	(65)
Member Recognition	14,929	15,000	71
Chapter Launch Grant Program	174,005	120,000	(54,005)
Global Growth	421,265	411,000	(10,265)
Presidents Meeting	161,575	161,595	20
GSEA	357,104	397,000	39,896
Telephone - Satellite Offices	28,876	25,000	(3,876)
Telephone - Conference	34,816	25,000	(9,816)
General Mailings	20,000	20,000	-
Outside Services	8,000	8,000	-
Conference Stipend	<u>95,500</u>	<u>60,000</u>	<u>(35,500)</u>
Total Chapter Development	<u>3,619,506</u>	<u>3,295,195</u>	<u>(324,311)</u>

ENTREPRENEURS' ORGANIZATION

STATEMENT OF REVENUES AND EXPENSES - DETAILED

ACTUAL V. BUDGET (CONTINUED)

(UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Communications			
Prospect Kits:			
Printing	\$ -	\$ 10,506	\$ 10,506
Mailing	12,393	18,743	6,350
New Member Kit:			
Printing	17,576	15,759	(1,817)
Mailing	34,675	35,280	605
Layout	-	2,000	2,000
Corporate Folder:			
Design/Printing	21,272	21,013	(259)
Membership Newsletter:			
Printing	37,096	40,647	3,551
Mailing	47,540	46,305	(1,235)
PR Programs:			
PR Tools	15,335	16,000	665
PR Activities	30,268	30,000	(268)
Travel	18,618	18,500	(118)
Media Training	68,126	75,000	6,874
Event Presence	48,757	75,000	26,243
GSEA Promotion	43,435	80,000	36,565
Search Engine Optimization	25,800	66,000	40,200
Video Production	22,371	39,000	16,629
Production Budget	10,582	10,000	(582)
External Awareness (Regional Grant)	125,768	125,000	(768)
Advertising & External Awareness	73,162	75,000	1,838
Additional Advertising	70,516	75,000	4,484
EO Indicator	15,000	18,000	3,000
Outside Services	599	1,500	901
Survey Software	7,500	8,000	500
Committee Meeting	44,683	45,000	317
Total Communications	<u>791,072</u>	<u>947,253</u>	<u>156,181</u>
Strategic Alliances			
Member and Staff Travel	123,025	135,000	11,975
Gifts & Entertainment	10,056	20,000	9,944
Total Strategic Alliances	<u>133,081</u>	<u>155,000</u>	<u>21,919</u>
Governance			
Board Travel	519,897	565,000	45,103
Travel - RD's/Committee Chairs	50,115	50,000	(115)
Past Board University Attendance	80,000	40,000	(40,000)
Board Meeting	142,433	152,250	9,817

ENTREPRENEURS' ORGANIZATION

STATEMENT OF REVENUES AND EXPENSES - DETAILED

ACTUAL V. BUDGET (CONTINUED)

(UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operational Planning Meeting	\$ 98,722	\$ 30,000	\$ (68,722)
Governance Committee	29,174	30,000	826
Standing Finance Committee	60,092	60,000	(92)
Executive Director	30,442	30,000	(442)
E-Team Travel	45,103	50,000	4,897
Reorganization	74,319	67,000	(7,319)
Gifts and Awards	11,377	12,000	623
D&O Insurance	4,837	5,000	163
Chapter Insurance	3,000	3,000	-
Telephone - Conference	10,234	11,000	766
World Class Member Experience	120,429	72,000	(48,429)
Localized Global Events	10,567	15,000	4,433
Contingency	86,231	230,000	143,769
Total Governance	<u>1,376,972</u>	<u>1,422,250</u>	<u>45,278</u>
 Globalization			
GLC World Expo	5,000	10,000	5,000
Global Citizen Award	3,500	6,500	3,000
Building Business Events	-	7,500	7,500
Sister Cities Program	10,693	20,000	9,307
Global Engagement Task Team	19,206	30,000	10,794
Task Force Meeting	17,400	20,000	2,600
Total Globalization	<u>55,799</u>	<u>94,000</u>	<u>38,201</u>
 Facilities			
Rent - Virginia Office	452,451	460,410	7,959
Office:			
Furniture and Fixtures	22,185	20,000	(2,185)
Copier Lease	14,380	-	(14,380)
Office Supplies	32,621	32,000	(621)
Stationery	6,318	9,000	2,682
Telephone	37,245	38,000	755
Postage	19,906	20,000	94
Overnight Postage (FedEx)	45,113	46,000	887
Business Insurance	19,659	15,000	(4,659)
Parking	23,418	24,000	582
Dues and Subscriptions	4,509	4,000	(509)
Total Facilities	<u>677,805</u>	<u>668,410</u>	<u>(9,395)</u>
 General and Administrative			-
Bank Charges	31,731	26,000	(5,731)
Credit Card Fees	374,899	411,605	36,706
Audit Fees	35,535	33,600	(1,935)

ENTREPRENEURS' ORGANIZATION

STATEMENT OF REVENUES AND EXPENSES - DETAILED

ACTUAL V. BUDGET (CONTINUED)

(UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Payroll Service	\$ 8,334	\$ 7,500	\$ (834)
Business Taxes	6,295	12,000	5,705
Legal Fees	176,176	125,000	(51,176)
Depreciation	329,644	331,700	2,056
Total General and Administrative	<u>962,614</u>	<u>947,405</u>	<u>(15,209)</u>
 Staffing			
Salaries	5,483,184	5,302,065	(181,119)
Payroll Taxes	380,337	348,561	(31,776)
Recruiting	65,923	8,000	(57,923)
Retirement plan	78,319	98,000	19,681
Staff Education and Team Building	119,305	113,000	(6,305)
Health Insurance	297,676	301,060	3,384
Total Staffing	<u>6,424,744</u>	<u>6,170,686</u>	<u>(254,058)</u>
 Forum			
Program Dev - Retreat Facilitation	33,577	32,400	(1,177)
Program Dev - Certification of New Program	53,076	57,000	3,924
Program Dev - Advanced Forum Series	44,392	50,000	5,608
Program Dev - Forum Initiatives/Regional	37,902	38,000	98
Program Dev - Forum Training Tour	9,638	10,000	362
Program Dev - Forum Training Materials	11,982	12,600	618
Program Dev - Moderator Training Materials/Education	9,340	10,000	660
Program Dev - Forum Trainer Certification (Global Training)	19,441	20,000	559
Program Dev - Spousal Forum Subsidy	10,069	15,000	4,931
Program Dev - Adobe Connect	-	7,000	7,000
Program Dev - Special Projects	1,900	5,000	3,100
Program Dev - Survey Maintenance	4,827	10,000	5,173
Program Dev - Coaching	-	10,000	10,000
Program Dev - Moderator Recognition	49,346	50,000	654
Program Dev - Retreat Tools	20,003	20,000	(3)
Program Dev - Forum Committee Meeting	9,015	20,000	10,985
Total Forum	<u>314,508</u>	<u>367,000</u>	<u>52,492</u>
 Healthnet/M2MX			
Foundation Fee/HealthNet	239,926	250,000	10,074
Foundation Fee/M2MX	110,010	90,000	(20,010)
Total Healthnet/M2MX	<u>349,936</u>	<u>340,000</u>	<u>(9,936)</u>
 Technology			
Internet access	35,768	41,400	5,632
License Renewal	98,773	110,000	11,227

ENTREPRENEURS' ORGANIZATION

STATEMENT OF REVENUES AND EXPENSES - DETAILED

ACTUAL V. BUDGET (CONTINUED)

(UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
EOaccess - Project Management:			
Maintenance	\$ 27,050	\$ 60,000	\$ 32,950
API Maintenance & Enhancements	3,150	20,000	16,850
Message Maker Licensing	12,079	40,000	27,921
Data Center Fees	41,926	51,600	9,674
Equipment and Repairs:			
Hardware Equipment	66,906	57,000	(9,906)
Software Equipment	7,144	10,000	2,856
IT Committee Meeting	35,971	30,000	(5,971)
IT Staff Training	359	15,000	14,641
R&M	15,478	10,000	(5,478)
Total Technology	<u>344,604</u>	<u>445,000</u>	<u>100,396</u>
 Learning			
Learning Materials	6,625	4,000	(2,625)
Learning Initiatives	39,254	50,000	10,746
Travel	36,322	38,000	1,678
Travel Resources (Regional)	71,560	70,000	(1,560)
Other Event Expenses:			
Staff Travel/Development	5,993	6,000	7
Event Materials	5,484	4,000	(1,484)
WOW Fund	12,500	10,000	(2,500)
Event Committee Training	23,133	15,000	(8,133)
Global Events Subcommittee Development	21,243	20,000	(1,243)
Learning:			
EO 24	23,073	30,000	6,927
EO Global Initiatives	10,000	10,000	-
Multi-Chapter Events	33,324	40,000	6,676
Webinars	29,853	40,000	10,147
Virtual Learning Development	2,315	30,000	27,685
Learning Award Online	-	10,000	10,000
Mentorship Program	93,975	72,000	(21,975)
Staff Travel/Development	4,825	5,000	175
Business Education:			
New Business Seminars	-	20,000	20,000
Executive Education Programs	22,118	45,000	22,882
GLC	1,110,564	1,016,000	(94,564)
Outside Services	3,000	3,000	-
Total Learning	<u>1,555,161</u>	<u>1,538,000</u>	<u>(17,161)</u>
 Leadership			
Leadership AFS Content Development	13,931	10,000	(3,931)
Leadership AFS Training Facilitators Community	4,130	15,000	10,870

ENTREPRENEURS' ORGANIZATION

STATEMENT OF REVENUES AND EXPENSES - DETAILED

ACTUAL V. BUDGET (CONTINUED)

(UNAUDITED)

YEAR ENDED JUNE 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Leadership AFS Subsidy/Rollout	\$ -	\$ 25,000	\$ 25,000
EO Leadership Inner + Outer Content Dev. And Training	3,573	15,000	11,427
Video Production and Print Support	221	10,000	9,779
Unique Tool Development	30,258	30,000	(258)
Conference with Academia	-	20,000	20,000
GLC Travel and PTL Marketing	30,807	26,365	(4,442)
Leadership at President's Meetings	4,879	12,000	7,121
Leadership Committee	27,818	40,000	12,182
Leadership Academy	115,049	90,000	(25,049)
Total Leadership	<u>230,666</u>	<u>293,365</u>	<u>62,699</u>
 MYEO			
Committee Meeting and GLC Travel	42,789	40,000	(2,789)
Regional Council Meeting and Presidents Meeting	10,869	30,000	19,131
Marketing and Promotion	28,691	30,000	1,309
Communication and Internal Awareness	10,326	20,000	9,674
IT and Social Media	1,635	30,000	28,365
Launch	71,573	100,000	28,427
Support of Existing MYEO Forums (IQL, ABF, AIF)	85,621	90,000	4,379
Staffing	93,493	80,000	(13,493)
Total MYEO	<u>344,997</u>	<u>420,000</u>	<u>75,003</u>
 Total Expenses	<u>17,181,465</u>	<u>17,103,564</u>	<u>(77,901)</u>
 CHANGE IN UNRESTRICTED NET ASSETS FROM OPERATIONS	773,447	207,882	565,565
 BOARD EXPENSES FROM RESERVE	<u>-</u>	<u>-</u>	<u>-</u>
 CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 773,447</u>	<u>\$ 207,882</u>	<u>\$ 565,565</u>