

ENTREPRENEURS' ORGANIZATION

REPORT ON INTERNAL CONTROL
BASED SOLELY ON FINANCIAL STATEMENT AUDIT

YEAR ENDED JUNE 30, 2014



To the Board of Directors and Management of
Entrepreneurs' Organization

In planning and performing our audit of the financial statements of Entrepreneurs' Organization (EO) as of and for the year ended June 30, 2014, 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 financial statements, but not for the purpose of expressing an opinion on EO'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of EO's financial statements will not be prevented, or detected and corrected, on a timely basis.

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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the matter described in the attached memorandum to be a significant deficiency.

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

Calibre CPA Group, PLLC

Bethesda, MD
November 14, 2014

ENTREPRENEURS' ORGANIZATION

COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS

YEAR ENDED JUNE 30, 2014

2014-01 MANAGEMENT SHOULD CONSIDER SEGREGATING DUTIES SURROUNDING CASH RECEIPTS AND CASH DISBURSEMENTS

Generally with respect to cash receipts, the functions of recordkeeping, custody, and authorization should be segregated between two or more individuals. An employee or member of an organization who is responsible for receiving contributions and other payments (custody) should not be the same individual who records those receipts in the general ledger (recordkeeping). We noted the same individual who receives contributions also deposits those contributions into EO's bank account. This condition could provide an opportunity for misappropriation of funds and concealment of such activity. In order to mitigate this condition, we recommend EO consider segregating those duties so that one individual is responsible for receiving payments (perhaps creating a receipts log for further control purposes) while another individual is responsible for recording them in the general ledger. Ideally another individual should actually make deposits. During the bank reconciliation process, a comparison can then be made between the receipts log and actual deposits credited.

With respect to cash disbursements, we noted that the same individual who has access to the blank check stock also processes all check/wire disbursements. This condition could provide an opportunity for misappropriation of checks. We recommend EO consider segregating those duties so that the person with access to the blank check stock does not also have the ability to process checks. Please note that this comment is not meant to imply that we identified unauthorized disbursements, but that additional controls could reduce the associated risks.

STATUS OF PRIOR YEAR MATTERS

2013-1 INFORMATION TECHNOLOGY ISSUES

Appropriate corrective action was taken during the year ended June 30, 2014.

2013-2 MANAGEMENT SHOULD IMPLEMENT PROCEDURES TO IMPROVE THE SUBSTANTIATION OF EXPENSES INCURRED BY EMPLOYEES WITH CREDIT CARDS

Appropriate corrective action was taken during the year ended June 30, 2014.