

February 22, 2017

To the Board of Directors
Entrepreneurs' Organization
500 Montgomery Avenue, Suite 700
Alexandria, Virginia 22314

In planning and performing our audit of the consolidated financial statements of Entrepreneurs' Organization and Subsidiary ("EO") as of and for the year ended June 30, 2016 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 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 a combination of deficiencies, in internal control 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.

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.

Transactional Recording

During our audit fieldwork of prepaid expenses and based on discussions with management, we identified an audit adjustment of approximately \$353,000 to properly recognize expenses associated with the All Committee Meeting ("ACM"), which occurred in June 2016. We recommend EO review prepaid expenses as part of the monthly closing process, and expense any costs once the event has been held.

Management Response:

Management agrees with this recommendation. Prepaid activity will be reviewed regularly and expensed in the proper period.

Duplicate Payments

During our audit testwork, we became aware of several instances of duplicate payments being made by EO during the year. The duplicate payments resulted from the submission of duplicate requests for expense reimbursements and duplicate billings from vendors. In each instance, the controls in place over the disbursement approval process were not properly functioning to prevent the duplicate payment from occurring. In order to reduce or prevent duplicate payments from being made, we recommend that EO employees responsible for approving invoices or expense reports, carefully review the documentation to determine whether it may have been previously approved. Similarly, as the accounting department is entering invoices into accounts payable, the person entering the invoice

should review recent vendor payment history to determine if an invoice has been previously processed for payment.

Management Response

Management agrees with this recommendation. Under the direction of the new CFO, the Finance Team will review all operational procedures and utilization of the accounting software to ensure that controls are in place to detect duplicate invoices and expenses.

Pledge Receivable

During our audit, we became aware of an outstanding pledge receivable that had not been recorded when the gift was made, but instead was being recognized as payments on the pledge were received. When a multi-year pledge commitment is received, a receivable for the total commitment (net of present value discount) should be recognized and the receivable should later be reduced as subsequent payments are received. We recommend EO implement a process to inform accounting of any multi-year commitments received, and accounting record the commitment when made.

Management Response

Management agrees with this recommendation. At this time, no other pledges have been received.

New Entities

During our audit, it was brought to our attention that EO created a UK subsidiary in March 2016. Since this is a separate entity that EO controls, the EO audited financial statements are now considered consolidated financial statements. As a result, an audit adjustment was needed to reclassify prepaid expenses on EO's general ledger to a receivable from the new subsidiary. We recommend EO establish separate books and records for the new entity, and have discussed with management various ways this can be accomplished within EO's accounting system. Maintaining separate books and records for subsidiaries can also be important from a legal and tax standpoint, as it also can help provide evidence of corporate separation.

Management Response

Management agrees with this recommendation. The Finance Team will configure accounting software to properly track the UK subsidiary. This is a new setup hence consolidation of accounts will take into effect this year.

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

This communication is intended solely for the information and use of management and the 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.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation extended to us during the audit. If you have any questions or comments concerning the items contained in this letter, we will be happy to discuss them with you at your convenience.

Sincerely,



COHNREZNICK LLP