

February 8, 2016

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

In planning and performing our audit of the financial statements of Entrepreneurs' Organization ("EO") as of and for the year ended June 30, 2015 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 the effectiveness of EO's internal control. Accordingly, we do not express an opinion on the effectiveness of EO's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 following deficiency in EO's internal control to a significant deficiency:

Accounting for Rent Expense

During our audit work over rent expenses, we identified an adjustment of approximately \$239,000 to properly recognize rent expense over the life of the lease. When lease payments charged over the life of the lease increase, or when an incentive in which the first month or more is waived, a deferred rent amount arises that should be recognized. On a straight-line basis, the total minimum payments under the lease would be calculated and then divided equally over the life of the lease. The difference between this amount and the amount actually paid would create deferred rent in the early term of the lease as the monthly payments are less than the monthly straight-line expense. The deferred rent would be reduced in the later term of the lease as the higher lease payments exceed the monthly straight-line expense. Management and the Board have elected not to make this journal entry. We recommend that management and the Board remain aware of this potential adjustment to the net assets while making financial decisions.

Management Response:

The Standing Finance Committee is aware of and in agreement with the departure from Generally Accepted Accounting Principles for the rent free portion of the lease at the beginning of the lease. While we understand the purpose of spreading the free rent over the life of the lease, we believe in our circumstances that this is a more accurate presentation of our current facilities cost and works better for financial clarity with EO since we manage from a rolling three-year budget. As a group of entrepreneurs, it makes more sense to us to record the benefit of the free rent in the year it occurred rather than spread it out and create a false impression that our future rent is lower than what it really is.

Other Matter

Industry Update: Changes to Not-For-Profit Financial Reporting and Leases

In April 2015, the Financial Accounting Standards Board ("FASB") issued an Exposure Draft of proposed reporting changes for not-for-profit organizations. Topics under consideration for improvement are modifications to financial statement format, changes to net asset classifications, cash flow presentation, and streamlining of not-for-profit footnote disclosures. It is difficult to predict the ultimate outcome of these projects, but it is clear that FASB intends to improve the transparency and readability of not-for-profit financial statements. We will keep you apprised of the status of these projects.

Additionally, the FASB voted to proceed with a long awaited accounting standard that would require companies and other organizations to include lease obligations on their balance sheets. The final Accounting Standards Update ("ASU") is expected to be published in early 2016, with a proposed effective date for private companies and not-for-profit organizations of fiscal years beginning after December 15, 2019. Early adoption will be permitted upon issuance of the standard.

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