

**ENTREPRENEURIAL ENGAGEMENT OHIO
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017



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INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees of
Entrepreneurial Engagement Ohio
Cleveland, Ohio**

We have audited the accompanying financial statements of Entrepreneurial Engagement Ohio (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - cash basis as of June 30, 2018 and 2017, and the related statements of support, revenue and expenses - cash basis for the years then ended 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 the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit 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 risk 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 assets, liabilities, and net assets of Entrepreneurial Engagement Ohio as of June 30, 2018 and 2017, and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Certified Public Accountants

Canton, Ohio

January 29, 2019



ENTREPRENEURIAL ENGAGEMENT OHIO

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

June 30,

2018

2017

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,941	\$ 859
	<u>\$ 1,941</u>	<u>\$ 859</u>

LIABILITIES AND NET ASSETS:

LIABILITIES	\$ -	\$ -
NET ASSETS:		
Unrestricted	<u>1,941</u>	<u>859</u>
	<u>\$ 1,941</u>	<u>\$ 859</u>

The accompanying notes are an integral part of the financial statements.

ENTREPRENEURIAL ENGAGEMENT OHIO

**STATEMENTS OF SUPPORT, REVENUE
AND EXPENSES - CASH BASIS**

	Year Ended June 30,					
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>
REVENUES, GAINS AND OTHER SUPPORT:						
Support:						
Grants	\$ -	\$ 45,000	\$ 45,000	\$ -	\$ 32,500	\$ 32,500
Believe In Ohio management income	-	-	-	30,000	-	30,000
Believe In Ohio - expense reimbursement income	-	-	-	14,941	-	14,941
In-kind donations	15,000	-	15,000	24,200	-	24,200
Individual and corporate donations	6,651	-	6,651	8,500	-	8,500
Total support	21,651	45,000	66,651	77,641	32,500	110,141
Net assets released from restrictions:						
Satisfaction of program restrictions	45,000	(45,000)	-	32,500	(32,500)	-
TOTAL SUPPORT AND REVENUES	66,651	-	66,651	110,141	-	110,141
EXPENSES:						
Program services:						
Compensation	19,000	-	19,000	56,623	-	56,623
STEM Business & Commercialization Plan Competition Awards	7,151	-	7,151	9,203	-	9,203
Program event costs	19,042	-	19,042	19,799	-	19,799
Website, video production and technology expenses	1,686	-	1,686	8,457	-	8,457
Printing, postage and supplies	3,388	-	3,388	911	-	911
Travel expense	2,483	-	2,483	48	-	48
Consulting expense	-	-	-	4,500	-	4,500
Believe In Ohio - reimbursed expenses	-	-	-	19,563	-	19,563
Total program services	52,750	-	52,750	119,104	-	119,104
General management:						
Compensation	3,000	-	3,000	2,500	-	2,500
Professional fees	4,550	-	4,550	4,500	-	4,500
Insurance	1,345	-	1,345	1,345	-	1,345
Administrative fees	87	-	87	183	-	183
General expenses	837	-	837	482	-	482
Total general management	9,819	-	9,819	9,010	-	9,010
Development:						
Compensation	3,000	-	3,000	7,000	-	7,000
Total supporting services	3,000	-	3,000	7,000	-	7,000
TOTAL EXPENSES FOR PROGRAM AND SUPPORTING SERVICES	65,569	-	65,569	135,114	-	135,114
Change in net assets	1,082	-	1,082	(24,973)	-	(24,973)
Net assets, beginning of period	859	-	859	25,832	-	25,832
Net assets, end of period	\$ 1,941	\$ -	\$ 1,941	\$ 859	\$ -	\$ 859

The accompanying notes are an integral part of the financial statements.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

A. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature and Purpose of the Organization - Entrepreneurial Engagement Ohio (EEO or the Organization) was formed on July 28, 2011, as a non-stock, non-profit corporation under the laws of the State of Ohio. The mission of EEO is: 1) to promote student and community awareness as to the challenges and opportunities the changing regional, national and global economies present for the future; and 2) to provide educational instruction, curriculum, research, training, mentoring and other information that helps develop the entrepreneurial, economic, business, and scientific literacy of students and the community.

From its beginning, EEO has been focused on two primary program areas: 1) Northeast Ohio STEM Commercialization, Entrepreneurship and Innovation programming, and 2) Statewide Ohio STEM Commercialization, Entrepreneurship and Innovation programming.

Northeast Ohio STEM Entrepreneurship and Innovation Programming - From the date of its legal formation, EEO has offered STEM Entrepreneurship and Innovation programming to high schools in Northeast Ohio. EEO's Northeast Ohio programs include annual STEM Entrepreneurship and Innovation Forums (STEM Forums), annual STEM Commercialization Plan and STEM Business Plan Competitions (STEM Plan Competitions) at local high schools, teacher mentoring programs, and other forms of program support. Currently many of these programs operate under the *Northeast Ohio Innovates* name.

Statewide Ohio STEM Commercialization, Entrepreneurship and Innovation Programming - In 2012, EEO entered into a collaboration with the Ohio Academy of Science (OAS) to develop a statewide *Ohio Youth STEM Commercialization and Entrepreneurship program*, which later became known as the *Believe in Ohio* (BiO) program. The BiO program included many of the program elements that EEO had earlier developed for Northeast Ohio.

The BiO program implemented recommendations of the Ohio Board of Regents (OBOR) to create an innovation pathway between the K-12 education system and the University System of Ohio. The OBOR recommendations included: 1) "today's students ... should be exposed to an entrepreneurial curriculum, provided with real life experiences and supported in promoting their intellectual ideas"; 2) Ohio should "promote" business plan competitions with meaningful preparation awards and follow-up benefits." and, 3) Ohio should "offer competitive full and partial tuition 'Entrepreneurship Scholarships'" for promising students who plan to study and engage in entrepreneurship, akin to athletic scholarships."

During 2013, the State of Ohio provided \$5,000,000 in funding that the EEO/OAS collaborative team used to successfully implement the BiO program during the 2014-15, 2015-16 and 2016-17 school years. However, during 2017, due to the state budget shortfalls, funding for the BiO program was discontinued, leaving BiO's 11,000+ student participants and their teachers without a program. EEO and OAS are seeking renewed State funding for the 2019/2020 & 2020/2021 school years.

Basis of Accounting - The financial statements of the Organization have been prepared on the cash basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

A. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Accounting for the Believe in Ohio Program - EEO funding for the BiO program was received pursuant to an overall budget that was periodically reviewed and approved by the Ohio Board of Regents. The BiO budget provided for the payment of management fees to both EEO and OAS and the reimbursement of direct BiO expenditures made by EEO and OAS in development of the program. During the year ended June 30, 2017, EEO received \$30,000 in management fees for its work in developing the BiO program and received \$14,941 in reimbursement of direct expenditure made on behalf of the BiO program. The BiO program was discontinued during 2017.

Restricted Assets - The Organization reports gifts of cash and other assets as unrestricted support if they are received without donor stipulations that specifically limit the use of the donated assets. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a donor 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. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Financial Statement Presentation - The financial statements are presented in accordance with the authoritative accounting guidance for non-profit entities, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates - The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions - The Organization adopted the authoritative guidance for non-profit entities. In accordance with the authoritative accounting guidance, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

In Kind Support (Donated Services) - EEO records in kind support from contributed professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of contributed professional services have been included under individual and corporate donations. The amount of professional services recognized as revenue during the years ended June 30, 2018 and 2017, amounted to \$15,000 and \$24,200, respectively.

Cash Equivalents - The Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

A. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Concentration of Credit Risk - The Organization maintains cash, savings, and short-term investments at one financial institution located in Cuyahoga County, Ohio. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The organization may maintain cash balances that, at times, exceed federally insured amounts. The Organization has not experienced any losses, material or otherwise, due to this concentration. Bank balances differ from book balances as a result of outstanding transactions recorded by the Organization but not by the bank.

Section 501(c)(3) - The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Under that code the Organization is not subject to income taxes. The Organization accounts for uncertain income tax positions under authoritative accounting guidance. Under this guidance, an organization must recognize and measure the benefit associated with positions taken for tax purposes. A benefit is only recognized when it is more likely than not that the tax position taken will be sustained. The amount of the benefit recognized depends on the probability of the position being sustained. Management believes that the Organization's exemption under 501(c)(3) is in good standing with the Internal Revenue Service and nothing has been done to jeopardize that status. Accordingly, Management believes that the Organization does not have any material uncertain income tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

For the years ended June 30, 2018 and 2017, no interest or penalties were recorded or included in the Organization's financial statements. Any interest recognized associated with a tax position would be classified as interest expense in the Organization's financial statements, and any penalties recognized associated with a tax position would be classified as an operating expense in the Organization's financial statements. The Organization files informational returns in the United States Federal and Ohio jurisdiction. However, the Organization is not currently under audit nor have they been contacted by any jurisdiction.

Subsequent Events - The Organization has evaluated subsequent events through January 29, 2019, which is the date the financial statements were available to be issued.

On August 10, 2018, the Organization was notified by a foundation of its commitment for \$60,000 in support of seven to eight science and technology forums in Northeast Ohio.

B. SIGNIFICANT CONTRIBUTORS:

One contributor made contributions for program services totaling approximately \$45,000 and \$32,500 during the years ended June 30, 2018 and 2017, respectively. In addition, during the year ended June 30, 2017, EEO received \$30,000 in management fees for its work in developing the BiO program and received \$14,941 in reimbursement of direct expenditure made on behalf of the BiO program.