

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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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, 2020 and 2019, and the related statements of support, revenue and expenses - cash basis and the statements of functional 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 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 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 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 assets, liabilities, and net assets of Entrepreneurial Engagement Ohio as of June 30, 2020 and 2019, 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
December 29, 2020**

ENTREPRENEURIAL ENGAGEMENT OHIO

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

	June 30,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 39,861	\$ 9,628
	<u>\$ 39,861</u>	<u>\$ 9,628</u>
 LIABILITIES AND NET ASSETS:		
 LIABILITIES	\$ -	\$ -
 NET ASSETS:		
Without donor restrictions	21,097	826
With donor restrictions	18,764	8,802
	<u>39,861</u>	<u>9,628</u>
	<u>\$ 39,861</u>	<u>\$ 9,628</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, 2020			YEAR ENDED JUNE 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:						
Support:						
Grants	\$ -	\$ 26,375	\$ 26,375	\$ -	\$ 70,749	\$ 70,749
Believe In Ohio management income	120,000	-	120,000	-	-	-
Believe In Ohio - expense reimbursement income	54,470	-	54,470	-	-	-
Individual and corporate donations	-	-	-	9,000	1,500	10,500
Miscellaneous income	-	-	-	400	-	400
Total support	174,470	26,375	200,845	9,400	72,249	81,649
Net assets released from restrictions:						
Satisfaction of program restrictions	16,413	(16,413)	-	63,447	(63,447)	-
TOTAL SUPPORT AND REVENUES	190,883	9,962	200,845	72,847	8,802	81,649
EXPENSES:						
Program services:						
STEM Forum	83,301	-	83,301	39,200	-	39,200
In-School	18,775	-	18,775	18,375	-	18,375
Total program services	102,076	-	102,076	57,575	-	57,575
Supporting services:						
Management and general	68,536	-	68,536	16,387	-	16,387
TOTAL EXPENSES FOR PROGRAM AND SUPPORTING SERVICES	170,612	-	170,612	73,962	-	73,962
CHANGE IN NET ASSETS	20,271	9,962	30,233	(1,115)	8,802	7,687
NET ASSETS, BEGINNING OF PERIOD	826	8,802	9,628	1,941	-	1,941
NET ASSETS, END OF PERIOD	\$ 21,097	\$ 18,764	\$ 39,861	\$ 826	\$ 8,802	\$ 9,628

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

ENTREPRENEURIAL ENGAGEMENT OHIO

STATEMENTS OF FUNCTIONAL EXPENSES - CASH BASIS

	YEAR ENDED JUNE 30, 2020				YEAR ENDED JUNE 30, 2019			
	PROGRAM SERVICES				PROGRAM SERVICES			
	STEM Forum Program	In-School Program	Management and General	Total	STEM Forum Program	In-School Program	Management and General	Total
Compensation	\$ 34,350	\$ 18,700	\$ 54,100	\$ 107,150	\$ 12,500	\$ 10,000	\$ 2,000	\$ 24,500
Program event costs	14,690	-	-	14,690	9,827	-	-	9,827
Competition awards	-	-	-	-	1,000	6,583	-	7,583
Website, technology and video	11,202	-	3,111	14,313	4,235	612	2,402	7,249
Travel and transportation	15,169	-	2,215	17,384	4,850	-	2,180	7,030
Audit, tax and bookkeeping	-	-	6,625	6,625	-	500	5,700	6,200
Mentor support	5,877	-	-	5,877	5,298	-	-	5,298
Supplies	2,013	-	765	2,778	1,490	582	771	2,843
Advocacy expenses	-	-	-	-	-	-	1,500	1,500
Insurance	-	-	1,397	1,397	-	-	1,345	1,345
Postage and shipping	-	-	167	167	-	98	339	437
Bank fees	-	-	-	-	-	-	107	107
Miscellaneous	-	75	156	231	-	-	43	43
TOTAL FUNCTIONAL EXPENSES	<u>\$ 83,301</u>	<u>\$ 18,775</u>	<u>\$ 68,536</u>	<u>\$ 170,612</u>	<u>\$ 39,200</u>	<u>\$ 18,375</u>	<u>\$ 16,387</u>	<u>\$ 73,962</u>

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

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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 Entrepreneurship and Innovation programming, and 2) Statewide Ohio STEM 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.

Statewide Ohio STEM 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.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

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

During the fiscal and school years ended June 30, 2019, 2018 and 2017, EEO continued to offer programming similar to BiO to a limited number of high schools in Northeast Ohio under the Northeast Ohio Innovates name. During this period, EEO received funding from a number of private funders to continue its programming. Throughout this time period EEO and OAS sought to obtain renewed funding from the State of Ohio that would allow a restored BiO program to operate for the 2019/2020 & 2020/2021 school years.

On July 18, 2019, Ohio Governor Mike DeWine signed Ohio's 2020-2021 biennial budget which included a \$2,000,000 "appropriation of funds for the Ohio High School STEM Innovation and Ohio College Scholarship Program and directed the Chancellor of the Ohio Department of Higher Education to direct the appropriation to the Ohio Academy of Science, in collaboration with Entrepreneurial Engagement Ohio for the continuing development and implementation of recommendations of the Ohio Board of Regents that seek to create an innovation pathway between Ohio's K-12 education system and Ohio's colleges and universities and post-secondary career centers and vocational schools." With this appropriation, EEO and OAS are collaboratively continuing to develop and implement the BiO program during the 2019-2020 and 2020-2021 school years.

Basis of Accounting - The accompanying financial statements of the Organization have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements.

Accounting for the Believe in Ohio Program - EEO funding for the BiO program is received pursuant to an overall budget that is periodically reviewed and approved by the Ohio Board of Regents. The BiO budget provides 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, 2020, EEO received \$120,000 in management fees for its work in developing the BiO program and received \$54,470 in reimbursement of direct expenditures made on behalf of the BiO program. EEO did not receive any management fees or reimbursement of direct expenditures during the year ended June 30, 2019.

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 two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of the Organization's management and board of trustees.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The amount of net assets with donor restrictions as of June 30, 2020 and 2019 amounted to \$18,764 and \$8,802, respectively, for support of STEM Entrepreneurship and Innovation Forums in Northeast Ohio.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of support, revenue, and expenses - cash basis.

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 recognizes contributions when they are received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires or when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from 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. No professional services were recognized as revenue for the years ended June 30, 2020 and 2019.

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

Concentration of Credit Risk - The Organization maintains cash 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.

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. 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.

For the years ended June 30, 2020 and 2019, 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 expense in the Organization's financial statements. The Organization files informational returns in the United States Federal and Ohio jurisdictions. The Organization is not currently under audit nor have they been contacted by any jurisdiction.

Functional Allocation of Expenses - The costs of providing the program and support services are reported on a functional basis. Costs are allocated between the various programs and supporting services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

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

Subsequent Events - The Organization has evaluated subsequent events through December 29, 2020, which is the date the financial statements were available to be issued.

B. LIQUIDITY AND AVAILABILITY:

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The following represents the Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities and net assets – cash basis at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 39,861	\$ 9,628
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(18,764)</u>	<u>(8,802)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 21,097</u>	<u>\$ 826</u>

C. CONCENTRATION OF REVENUE SOURCES:

During the year ended June 30, 2020, total revenue of approximately \$200,000, was generated from only two income sources. During the year ended June 30, 2019, of the total revenue of approximately \$82,000, \$73,000 was received from only two income sources.