

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees of
Entrepreneurial Engagement Ohio
Canton, 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, 2016 and 2015, and the related statements of support, revenue and expenses - cash basis for the years ended June 30, 2016 and 2015, 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 the 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, 2016 and 2015, and its support, revenue, and expenses for the years ended June 30, 2016 and 2015, 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 that matter.

Four-Fifteen Group

Certified Public Accountants

**Canton, Ohio
December 12, 2016**

ENTREPRENEURIAL ENGAGEMENT OHIO

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

	June 30,	
	<u>2016</u>	<u>2015</u>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 25,832	\$ 11,225
	<u>\$ 25,832</u>	<u>\$ 11,225</u>
 LIABILITIES AND NET ASSETS:		
LIABILITIES	\$ -	\$ -
NET ASSETS:		
Unrestricted	<u>25,832</u>	<u>11,225</u>
	<u>\$ 25,832</u>	<u>\$ 11,225</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>2016 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>
REVENUES, GAINS AND OTHER SUPPORT:						
Support:						
Grants	\$ -	\$ 22,000	\$ 22,000	\$ -	\$ 25,000	\$ 25,000
Believe In Ohio management income	150,000	-	150,000	160,000	-	160,000
Believe In Ohio - expense reimbursement income	388,013	-	388,013	288,125	-	288,125
Individual and corporate donations	-	-	-	2,250	-	2,250
Total support	<u>538,013</u>	<u>22,000</u>	<u>560,013</u>	<u>450,375</u>	<u>25,000</u>	<u>475,375</u>
Revenues:						
Tuition sharing revenue	-	-	-	2,754	-	2,754
Net assets released from restrictions:						
Satisfaction of program restrictions	22,000	(22,000)	-	25,000	(25,000)	-
TOTAL SUPPORT AND REVENUES	<u>560,013</u>	<u>-</u>	<u>560,013</u>	<u>478,129</u>	<u>-</u>	<u>478,129</u>
EXPENSES:						
Program services						
Compensation	130,606	-	130,606	172,858	-	172,858
Business and science concept plan competition awards	-	-	-	3,600	-	3,600
Program event costs	-	-	-	2,280	-	2,280
Website, video production and technology expenses	2,545	-	2,545	1,000	-	1,000
Printing, postage and supplies	2,362	-	2,362	3,345	-	3,345
Travel expense	3,131	-	3,131	5,264	-	5,264
Consulting and training expense	8,000	-	8,000	31,500	-	31,500
Believe In Ohio - reimbursed expenses	387,309	-	387,309	287,705	-	287,705
Total program services	<u>533,953</u>	<u>-</u>	<u>533,953</u>	<u>507,552</u>	<u>-</u>	<u>507,552</u>
General management						
Compensation	3,000	-	3,000	3,000	-	3,000
Professional fees	5,700	-	5,700	5,955	-	5,955
Insurance	1,310	-	1,310	1,185	-	1,185
Administrative fees	36	-	36	129	-	129
General expenses	907	-	907	257	-	257
Total general management	<u>10,953</u>	<u>-</u>	<u>10,953</u>	<u>10,526</u>	<u>-</u>	<u>10,526</u>
Development						
Compensation	500	-	500	1,000	-	1,000
Total supporting services	<u>500</u>	<u>-</u>	<u>500</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL EXPENSES FOR PROGRAM AND SUPPORTING SERVICES	<u>545,406</u>	<u>-</u>	<u>545,406</u>	<u>519,078</u>	<u>-</u>	<u>519,078</u>
Change in net assets	14,607	-	14,607	(40,949)	-	(40,949)
Net assets, beginning of period	11,225	-	11,225	52,174	-	52,174
Net assets, end of period	<u>\$ 25,832</u>	<u>\$ -</u>	<u>\$ 25,832</u>	<u>\$ 11,225</u>	<u>\$ -</u>	<u>\$ 11,225</u>

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

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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.

EEO is engaged in two primary program areas: 1) the Ohio statewide Believe in Ohio Program (BiO), and 2) an Economics & Entrepreneurship Program specific to Northeast Ohio.

The Believe in Ohio program is a program of The Ohio Academy of Science (OAS) that was collaboratively developed and is collaboratively managed by EEO and OAS. The BiO program helps students prepare for the future and encourages them to become the STEM innovators and entrepreneurs Ohio will need to enhance and maintain its prosperity. The Believe in Ohio program collaborates with a wide range of venture development and entrepreneurial STEM organizations and programs throughout Ohio and includes four principal, interconnected statewide initiatives that were launched for the 2014-2015 school year: 1) The development of a series of regional STEM Innovation and Entrepreneurship Forums across the State of Ohio, 2) The development of a series of six regional "Introduction to the Innovation Economy of Ohio" online courses that provide STEM innovation and entrepreneurship instruction to students, 3) A statewide STEM Advocate and Urban Mentoring Network program and teacher support program and 4) A local high school and statewide STEM Commercialization Plan and STEM Business Plan Competition judged by STEM professionals and entrepreneurs from across Ohio that provides cash awards and scholarships to Ohio colleges and universities to student winners.

The Northeast Ohio Economics & Entrepreneurship program is a course of study and mentoring program that is integrated into existing high school economics, business, marketing and entrepreneurship classes. As part of the program, students learn how the American free enterprise system works and the importance of entrepreneurship and innovation in the context of the global economy. They also develop business plans.

Believe in Ohio Program - On July 1, 2013, Ohio Governor John Kasich signed Ohio's 2014-2015 biennial budget which included a \$5,000,000 appropriation to the Ohio Board of Regents for the period from July 1, 2014 through June 30, 2015, for the development of a state-wide "Youth Entrepreneurial STEM Ecosystem for the State of Ohio" which is popularly known as the "Believe in Ohio" Program. Although originally intended to be rolled out in time for the 2013-2014 school year, the initial rollout of the full program was delayed until the 2014-2015 school year. As a result of this delay, on June 26, 2015, the Ohio Board of Regents granted OAS and the BiO program a "No Cost Contract Extension" to allow BiO to continue the implementation of the program through June 30, 2016 (i.e. the 2015-2016 school year).

BiO was collaboratively developed by EEO and OAS and is collaboratively managed by EEO and OAS, with an official from each organization each serving as a Co-Director of the overall BiO program. OAS serves as the fiscal agent for the overall BiO program. There is no formal contract between EEO and OAS which is a result of the fact that BiO program is in a continual state of development and evolution as the program is collaboratively built on a day by day basis from the ground up by EEO and OAS. Control over the BiO program is exercised by the Ohio Department of Higher Education through its periodic review and approval of a budget for the BiO program.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

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

Believe in Ohio Program (Continued) – As of the date of this report, the Believe in Ohio Program had not yet received funding from the State of Ohio to continue the program into the 2016-2017 school year (i.e. the fiscal year ending June 30, 2017). While efforts continue to secure funding to continue the program, until such funding is received, the scope of the Believe in Ohio program activities for the year June 30, 2017 will not be known. The Organization will only continue the BiO program as funding is received.

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.

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 years ended June 30, 2016 and 2015, EEO received \$150,000 and \$160,000, respectively, in management fees for its work in developing the BiO program and received \$388,013 and \$288,125, respectively, in reimbursement of direct expenditure made on behalf of the BiO program.

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.

Tuition Sharing Revenue – In prior years, the Organization collaborated with certain Higher Education Institutions on the development of high school courses for which students may receive university course credit with payment of course fees paid by the student's parents. In these situations, the Organization and the Higher Education Institution each received a share of course tuition paid by students or their parents. The Organization's share of tuition revenues was recognized as income when received. Due to a change in state law, this type of course credit program was discontinued in 2016.

ENTREPRENEURIAL ENGAGEMENT OHIO

NOTES TO FINANCIAL STATEMENTS

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

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, 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 December 31, 2016 and 2015, 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 December 12, 2016, which is the date the financial statements were available to be issued.

On October 5, 2016, the Organization was notified by a foundation of its commitment for \$32,500 in support of five science and technology forums in Northeast Ohio. The BiO program has received \$30,000 in funding through December 12, 2016, which was used to continue the program on a smaller scale through the first half of the 2016-2017 school year.

B. SIGNIFICANT CONTRIBUTORS:

One contributor made contributions for program services totaling approximately \$22,000 and \$25,000 during the years ended June 30, 2016 and 2015, respectively. In addition, during the years ended June 30, 2016 and 2015, EEO received \$150,000 and \$160,000, respectively, in management fees for its work in developing the BiO program and received \$388,013 and \$288,125, respectively, in reimbursement of direct expenditure made on behalf of the BiO program. The funding for the BiO program has not been renewed as of the date of this report. EEO has received \$30,000 in funding through December 12, 2016, however it is not anticipated that EEO will receive any additional funding from the Ohio Academy of Science's BiO program for the remainder of next fiscal year.