



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

**THE EDISON FOUNDATION, INC.
MIAMI COUNTY, OHIO**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
The Edison Foundation, Inc.
1973 Edison Drive
Piqua, Ohio 45356

We have reviewed the Independent Auditors' Report of The Edison Foundation, Inc., Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Edison Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 18, 2024

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7 – 14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15 – 16
Schedule of Audit Findings and Responses	17

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

Board of Directors of
The Edison Foundation, Inc.
Piqua, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Edison Foundation, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Edison Foundation, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Edison Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Edison Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Edison Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Edison Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024, on our consideration of The Edison Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Edison Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Edison Foundation, Inc.'s internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 7, 2024

The Edison Foundation, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 174,314	245,471
Restricted cash	65,333	-
Accounts receivable - related party	600	1,200
Pledges receivable	286,879	6,286
Investments	4,025,905	3,372,524
Total assets	\$ 4,553,031	3,625,481
Liabilities and Net Assets		
Liabilities		
Accounts payable - related party	\$ 25,328	29,407
Net assets		
Without donor restrictions	2,034,515	1,666,610
With donor restrictions	2,493,188	1,929,464
	4,527,703	3,596,074
Total liabilities and net assets	\$ 4,553,031	3,625,481

See accompanying notes to the financial statements.

The Edison Foundation, Inc.
Statements of Activities
Years Ended June 30, 2024 and 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>
Revenues and other support			
Contributions	\$ 502,929	551,513	1,054,442
Investment return, net	167,361	192,342	359,703
Net assets released from restrictions	<u>180,131</u>	<u>(180,131)</u>	<u>-</u>
Total revenues and other support	<u>850,421</u>	<u>563,724</u>	<u>1,414,145</u>
Expenses			
Program services	349,811	-	349,811
Management and general	74,001	-	74,001
Fundraising	<u>58,704</u>	<u>-</u>	<u>58,704</u>
Total expenses	<u>482,516</u>	<u>-</u>	<u>482,516</u>
Change in net assets	367,905	563,724	931,629
Net assets at beginning of year	<u>1,666,610</u>	<u>1,929,464</u>	<u>3,596,074</u>
Net assets at end of year	\$ <u><u>2,034,515</u></u>	<u><u>2,493,188</u></u>	<u><u>4,527,703</u></u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Revenues and other support			
Contributions	\$ 365,302	100,000	465,302
Investment return, net	125,076	154,191	279,267
Net assets released from restrictions	<u>72,106</u>	<u>(72,106)</u>	<u>-</u>
Total revenues and other support	<u>562,484</u>	<u>182,085</u>	<u>744,569</u>
Expenses			
Program services	245,988	-	245,988
Management and general	45,505	-	45,505
Fundraising	<u>56,216</u>	<u>-</u>	<u>56,216</u>
Total expenses	<u>347,709</u>	<u>-</u>	<u>347,709</u>
Change in net assets	214,775	182,085	396,860
Net assets at beginning of year	<u>1,451,835</u>	<u>1,747,379</u>	<u>3,199,214</u>
Net assets at end of year	\$ <u><u>1,666,610</u></u>	<u><u>1,929,464</u></u>	<u><u>3,596,074</u></u>

See accompanying notes to the financial statements.

The Edison Foundation, Inc.
 Statements of Functional Expenses
 Years Ended June 30, 2024 and 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Total</u>
College scholarships awarded \$	110,457	-	-	110,457
Grants for college	165,576	-	-	165,576
Graduate academy	24,386	-	-	24,386
Drive for scholarships	11,802	-	-	11,802
Athletics	26,852	-	-	26,852
Salaries	-	33,837	3,760	37,597
Office expense	-	40,164	-	40,164
Special events	-	-	47,956	47,956
Miscellaneous	10,738	-	6,988	17,726
Total expenses	<u>\$ 349,811</u>	<u>74,001</u>	<u>58,704</u>	<u>482,516</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>
College scholarships awarded \$	61,700	-	-	61,700
Grants for college	112,639	-	-	112,639
Graduate academy	28,543	-	-	28,543
Drive for scholarships	12,086	-	-	12,086
Athletics	18,292	-	-	18,292
Salaries	-	24,519	2,724	27,243
Office expense	-	20,986	-	20,986
Special events	-	-	53,142	53,142
Miscellaneous	12,728	-	350	13,078
Total expenses	<u>\$ 245,988</u>	<u>45,505</u>	<u>56,216</u>	<u>347,709</u>

See accompanying notes to the financial statements.

The Edison Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 931,629	396,860
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gains on investments	(274,903)	(224,780)
Changes in operating assets and liabilities:		
Dividend and interest receivable	-	3,614
Pledges receivable	(280,593)	1,766
Accounts receivable - related party	600	(1,200)
Accounts payable - related party	(4,079)	7,004
Net cash from operating activities	372,654	183,264
Cash flows from investing activities:		
Cash paid for investments	(7,642,158)	(7,701,341)
Cash received from sale of investments	7,263,680	7,461,380
Net cash from investing activities	(378,478)	(239,961)
Change in cash and cash equivalents	(5,824)	(56,697)
Cash, cash equivalents and restricted cash at beginning of year	245,471	302,168
Cash, cash equivalents and restricted cash at end of year	\$ 239,647	245,471
Reconciliation of cash, cash equivalents and restricted cash to the statements of financial position:		
Cash and cash equivalents	174,314	245,471
Restricted cash	65,333	-
Total cash, cash equivalents and restricted cash	\$ 239,647	245,471

See accompanying notes to the financial statements.

1. Nature of Business and Significant Accounting Policies

Organization

The Edison Foundation, Inc. (the "Foundation") was established in 1993 as a charitable foundation under Section 501(c)(3) of the Internal Revenue Code whereby it is exempt from federal income tax. Its purpose is to solicit, receive, and administer assets exclusively for charitable purposes that would most effectively assist and benefit Edison State Community College (the "College"), its students, and its faculty.

The Foundation's financial information is included in the College's financial statements as a component unit.

Basis of accounting

In accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations, the financial statements of the Foundation have been prepared on the accrual basis of accounting. Consequently, revenue and related assets are recognized when earned and expenses and liabilities are recognized when incurred.

Basis of presentation

The financial statements of the Foundation have been prepared in accordance with GAAP, which requires the Foundation to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions represent funds available for grants and expenses which are not otherwise limited by donor restrictions. When a donor-imposed restriction or condition is met in the same reporting period as received, the support is recorded as net assets without donor restrictions. These net assets may be designated for specific purposes by the Board of Directors.

Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Generally, these donor restrictions limit the use of these net assets to the scholarships and other College programs and capital projects of the College. Some donor restrictions are perpetual in nature whereby principal is to be maintained intact in perpetuity and that only the income from investment thereof can be expended either for the general purpose of the Foundation or purposes specified by the donor.

Cash and cash equivalents

The Foundation considers all highly liquid investments purchased, including certificates of deposit and money market funds, to be cash equivalents. Cash equivalents includes \$39,032 and \$57,147 of money market funds held in the investment portfolio excluded from investments, but included in the endowment fund as of June 30, 2024 and 2023, respectively.

Investments

Investments are stated at fair value and the realized and unrealized gains and losses are reflected in the statements of activities. Donated investments are recorded at fair value on the date received or receivable.

Investment earnings

Interest and dividends from endowment investments are credited to net assets with donor restrictions and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments, which are net of \$24,229 and \$21,440 of investment fees for the years ended June 30, 2024 and 2023, respectively, are credited to net assets without donor restrictions for expenditure at the discretion of the Foundation's Board of Directors. Realized gains or losses are determined based on the average cost method.

Contributions

Contributions, including unconditional promises to give in the future, are measured at fair value and reported as revenue when received or receivable. Conditional contributions are not recognized until the conditions are met. Contributions with donor-imposed time or purpose restrictions are reported as support with donor restrictions. All other contributions are reported as support without donor restrictions. When a donor restriction expires, that is, 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 statements of activities as net assets released from restrictions.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. Based upon management's judgment, considering such factors as prior collection history, type of contribution, and nature of fundraising activity, the Foundation did not record an allowance for uncollectible pledges receivable as of June 30, 2024 and 2023.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

Total expenses consisted of expenses relating to program services, management and general, and fundraising. Costs are specifically identified to accounts, which are then assigned to one of the functions listed above. As such, the Foundation does not allocate certain costs between functions.

Subsequent events

The financial statements and related disclosures include evaluation of events up through and including October 7, 2024, which is the date the financial statements were available to be issued.

2. Investments

Investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Corporate bonds	\$ 334,850	306,151
Common stocks	1,386,843	1,439,899
Mutual funds - Fixed income	1,125,339	818,836
Mutual funds - Equities	<u>1,178,873</u>	<u>807,638</u>
Total investments	<u>\$ 4,025,905</u>	<u>3,372,524</u>

The investment policy is determined based on the goals, objectives, and risk tolerance of the Foundation. As new information regarding the economic environment becomes available, the investment policy may need to be revised. Asset allocations fluctuate due to market performance; however, the target asset allocation is as follows:

Exchange traded products, mutual, closed-end and interval funds	47%
Equity securities	42%
Fixed income	9%
Cash and cash equivalents	2%

3. Risks and Uncertainties

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. The Foundation places its cash in federally insured banks. Cash is generally in excess of the Federal Deposit Insurance Corporation's insurance limit. However, management has not experienced any significant losses and does not believe they are subject to significant risk.

Investments are managed by a professional investment manager. The investment manager is subject to the Foundation's investment policies, which contain objectives, guidelines, and restrictions designed to provide for preservation of capital with emphasis on providing current income and achieving long-term growth of the funds. The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

4. Pledges Receivable

As of June 30, 2024 and 2023, contributors to the Foundation have outstanding unconditional pledges totaling \$286,879 and \$6,286, respectively. All pledges have been classified as net assets with donor restrictions since they will either expire or be fulfilled within a specified period of time. All pledges are considered to be fully collectible. The discount rate used on long-term promises to give was 4.33% at June 30, 2024 and 2023.

Unconditional promises to give at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Due in one year	\$ 80,539	6,286
Due in one to five years	<u>235,000</u>	<u>-</u>
	315,539	6,286
Less pledge discount	<u>(28,660)</u>	<u>-</u>
	<u>\$ 286,879</u>	<u>6,286</u>

5. Fair Value Measurements

GAAP requires certain assets and liabilities be reported at fair value in the financial statements and provides a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2024 and 2023, there were no transfers between levels of the fair value hierarchy.

5. Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Fixed income - Domestic (1)	\$ 1,125,339	334,850	-	1,460,189
Equities - Domestic	<u>2,565,716</u>	<u>-</u>	<u>-</u>	<u>2,565,716</u>
	<u>\$ 3,691,055</u>	<u>334,850</u>	<u>-</u>	<u>4,025,905</u>

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Fixed income - Domestic (1)	\$ 818,836	306,151	-	1,124,987
Equities - Domestic	<u>2,247,537</u>	<u>-</u>	<u>-</u>	<u>2,247,537</u>
	<u>\$ 3,066,373</u>	<u>306,151</u>	<u>-</u>	<u>3,372,524</u>

(1) The fair value of certain fixed-income securities at June 30, 2024 and 2023 was determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of the assets was determined primarily based on quoted market prices from the investment custodian.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2024	2023
Time/purpose restriction		
Scholarship	\$ 1,902,817	1,685,019
Capital	65,333	-
Pledges	<u>286,879</u>	<u>6,286</u>
	2,255,029	1,691,305
Perpetually restricted		
Scholarship	<u>238,159</u>	<u>238,159</u>
Total net assets with donor restrictions	<u>\$ 2,493,188</u>	<u>1,929,464</u>

7. Endowment

The Foundation's endowment includes board designated (without donor restrictions) and donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of UPMIFA:

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with time or purpose donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation or depreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Return objectives, risk parameters, and strategies:

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as funds functioning as endowment. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve an after-cost total real rate of return, including investment income as well as a capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy and how the investment objectives relate to spending policy:

The Foundation has a spending policy which allows 5 percent to 6 percent of the three-year moving average of the fund balance (calculated quarterly) to be spent and the remaining income to be reinvested. If an investment loss is realized, the loss is allocated entirely as currently expendable. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

7. Endowment (Continued)

The endowment fund activity for the years ended June 30, 2024 and 2023 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2023	\$ 1,506,493	1,923,178	3,429,671
Investment income:			
Investment income, less fees	29,020	49,229	78,249
Net appreciation	131,790	143,113	274,903
Cash received from pledges or contributions	312,925	205,587	518,512
Appropriations of assets for expenditure	<u>(56,267)</u>	<u>(180,131)</u>	<u>(236,398)</u>
Endowment net assets, June 30, 2024	\$ <u>1,923,961</u>	<u>2,140,976</u>	<u>4,064,937</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2022	\$ 1,407,599	1,675,932	3,083,531
Investment income:			
Investment income, less fees	24,403	30,084	54,487
Net appreciation	100,673	124,107	224,780
Cash received from pledges or contributions	-	100,000	100,000
Appropriations of assets for expenditure	<u>(26,182)</u>	<u>(6,945)</u>	<u>(33,127)</u>
Endowment net assets, June 30, 2023	\$ <u>1,506,493</u>	<u>1,923,178</u>	<u>3,429,671</u>

Certain amounts reported in the tables above exceed amounts reported on the statements of activities due to timing differences between receipt into the operating bank account and transfers to the endowment investment account.

7. Endowment (Continued)

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Foundation's Board of Directors. As of June 30, 2024, four donor-restricted endowment funds had aggregated original gift values totaling \$73,950, current fair values totaling \$44,945, and deficiencies totaling \$29,005. As of June 30, 2023, seven donor-restricted endowment funds had aggregated original gift values totaling \$83,950, current fair values totaling \$52,227, and deficiencies totaling \$31,723.

8. Related Party Transactions

Most of the Foundation's expenses are processed by the College. The Foundation reimburses the College periodically for those checks written on its behalf. For the years ended June 30, 2024 and 2023, the Foundation reimbursed the College for \$37,597 and \$27,243, respectively, of salaries expense paid by the College on the Foundation's behalf. The Foundation provided \$165,576 and \$112,639 in grants to the College during the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the Foundation had accounts payable to the College of \$25,328 and \$29,407, respectively. At June 30, 2024 and 2023, the Foundation had accounts receivable from the College of \$600 and \$1,200, respectively.

9. Availability of Financial Assets

The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 174,314	245,471
Investments	4,025,905	3,372,524
Accounts receivable - related party	600	1,200
Pledges receivable	<u>286,879</u>	<u>6,286</u>
Financial assets available at year-end	4,487,698	3,625,481
Less those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>2,493,188</u>	<u>1,929,464</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,994,510</u></u>	<u><u>1,696,017</u></u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is invested in short-term, highly liquid investments during the year. If additional financial assets are needed based on unexpected needs, certain amounts from the endowment fund could be made available as necessary by adjusting the endowment spending policy.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors of
The Edison Foundation, Inc.
Piqua, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Edison Foundation, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Edison Foundation, Inc.'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 The Edison Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Edison Foundation, Inc.'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 financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings and responses as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Edison Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Edison Foundation, Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on The Edison Foundation, Inc.'s response to the finding identified in our audit and described in the accompanying schedule of audit findings and responses. The Edison Foundation, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 7, 2024

Finding 2024-001: Financial Reporting

A material audit adjustment was noted and made for pledges receivable originally not recorded within the financial statements even though the unconditional pledges were received by The Edison Foundation, Inc. related to a new capital campaign before the end of the fiscal year being audited. Once made, the adjustment resulted in the recording of pledges receivable and an increase in contributions.

We recommend that The Edison Foundation, Inc. remember to consider the effects of capital campaigns and other solicitations (potential unconditional promises to give) to ensure the financial statements presented for audit are properly stated.

Management's Response: The Edison Foundation, Inc. concurred with the audit adjustment proposed and posted it to the 2024 financial statements. The Edison Foundation, Inc. will continue to improve financial reporting procedures to ensure such issues are not repeated in the future.



OHIO AUDITOR OF STATE KEITH FABER



THE EDISON FOUNDATION, INC.

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/3/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov