

The Edison Foundation, Inc.

*Financial Statements as of June 30, 2002 and 2001
and for the Years then Ended and Supplemental
Schedules for the Year Ended June 30, 2002 and
Independent Auditors' Report*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P. O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

To the Board of Directors
The Edison Foundation, Inc.

We have reviewed the Independent Auditor's Report of The Edison Foundation, Inc., Miami County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2001 through June 30, 2002. 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, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

November 1, 2002

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THE EDISON FOUNDATION, INC.

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Deloitte & Touche LLP
1700 Courthouse Plaza NE
Dayton, Ohio 45402

Tel: (937) 223-8821
Fax: (937) 223-9653
www.us.deloitte.com



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Edison Foundation, Inc.

We have audited the accompanying financial statements of The Edison Foundation, Inc. (the "Foundation") as of June 30, 2002 and 2001, and for the years then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Foundation. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2002 and 2001, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our 2002 audit was conducted for the purpose of forming an opinion on the 2002 basic financial statements taken as a whole. The accompanying financial information, listed as a supplemental schedule in the foregoing table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Foundation's management. Such information has been subjected to the auditing procedures applied in our audit of the 2002 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued a report dated August 23, 2002, on our consideration of The Edison Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

DELOITTE & TOUCHE LLP

August 23, 2002

THE EDISON FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2002 AND 2001

	2002	2001
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 494,804	\$ 513,998
ACCOUNTS RECEIVABLE:		
Pledges	59,362	1,589
Interest and dividends	16,472	11,347
INVESTMENTS (Note E)	<u>1,204,263</u>	<u>1,382,728</u>
TOTAL ASSETS	<u>\$1,774,901</u>	<u>\$1,909,662</u>
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE:		
To Edison State Community College	\$ 55,039	\$ -
Other payables	2,780	176
NET ASSETS (Note D):		
Unrestricted	623,959	662,176
Temporarily restricted	1,040,643	1,197,310
Permanently restricted	<u>52,480</u>	<u>50,000</u>
Total net assets	<u>1,717,082</u>	<u>1,909,486</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,774,901</u>	<u>\$1,909,662</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2002

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT:				
Gifts and grants (Note C)	\$ 95,260	\$ 28,339	\$ -	\$ 123,599
Investment earnings:				
Interest and dividends	39,344	13,928		53,272
Net realized and unrealized losses	(138,714)	(53,835)	(6,306)	(198,855)
Net assets released from restrictions	145,099	(145,099)		
Change in donor restrictions	<u>(8,786)</u>	<u> </u>	<u>8,786</u>	<u> </u>
Total revenues and other support	<u>132,203</u>	<u>(156,667)</u>	<u>2,480</u>	<u>(21,984)</u>
EXPENSES:				
College scholarships awarded	63,809			63,809
Legal and professional	10,250			10,250
Investment advisory fee	13,738			13,738
Miscellaneous	<u>82,623</u>	<u> </u>	<u> </u>	<u>82,623</u>
Total expenses	<u>170,420</u>	<u> </u>	<u> </u>	<u>170,420</u>
CHANGE IN NET ASSETS	(38,217)	(156,667)	2,480	(192,404)
NET ASSETS:				
Beginning of year	<u>662,176</u>	<u>1,197,310</u>	<u>50,000</u>	<u>1,909,486</u>
End of year	<u>\$ 623,959</u>	<u>\$ 1,040,643</u>	<u>\$ 52,480</u>	<u>\$ 1,717,082</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2001

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT:				
Gifts and grants (Note C)	\$ 22,629	\$ 124,859	\$ -	\$ 147,488
Investment earnings:				
Interest and dividends	47,062	14,153		61,215
Net realized and unrealized losses	(132,948)	(44,856)		(177,804)
Net assets released from restrictions	<u>132,085</u>	<u>(132,085)</u>		
Total revenues and other support	<u>68,828</u>	<u>(37,929)</u>		<u>30,899</u>
EXPENSES:				
College scholarships awarded	57,613			57,613
Legal and professional	7,640			7,640
Investment advisory fee	14,304			14,304
Miscellaneous	<u>66,142</u>			<u>66,142</u>
Total expenses	<u>145,699</u>			<u>145,699</u>
CHANGE IN NET ASSETS	(76,871)	(37,929)		(114,800)
NET ASSETS:				
Beginning of year	<u>739,047</u>	<u>1,235,239</u>	<u>50,000</u>	<u>2,024,286</u>
End of year	<u>\$ 662,176</u>	<u>\$ 1,197,310</u>	<u>\$ 50,000</u>	<u>\$ 1,909,486</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (192,404)	\$ (114,800)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Increase in pledges receivable	(57,773)	(443)
Decrease (increase) in interest and dividends receivable	(5,125)	1,297
(Increase) decrease in accounts payable	57,643	(15,357)
Restricted gifts and grants	(28,339)	(124,859)
Net realized and unrealized losses	<u>198,855</u>	<u>177,804</u>
Net cash used in operating activities	<u>(27,143)</u>	<u>(76,358)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for investments	(230,919)	(664,238)
Cash received from sale of investments	<u>210,529</u>	<u>760,447</u>
Net cash provided by (used in) investing activities	<u>20,390</u>	<u>96,209</u>
CASH FLOWS FROM FINANCING ACTIVITIES -		
Restricted gifts and grants	<u>28,339</u>	<u>124,859</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,194)	144,710
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>513,998</u>	<u>369,288</u>
End of year	<u>\$ 494,804</u>	<u>\$ 513,998</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2002 AND 2001

A. SUMMARY OF OPERATIONS

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, which would most effectively assist and benefit Edison State Community College, its students and its faculty.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Foundation uses the accrual basis of accounting; consequently, revenue and related assets are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents – The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Donations are recorded as revenues in the year received or when a bequest is legally finalized. Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Funds from pledges to be collected in future years are recorded at net present value. All pledges are net of an allowance for doubtful collections.

Net assets are classified into three categories: (1) unrestricted net assets, which have no donor-imposed restrictions, (2) temporarily restricted net assets, which have donor-imposed restrictions that will expire or be satisfied in the future, and (3) permanently restricted net assets, which have donor-imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Foundation.

Expiration of Donor-Imposed Restrictions – 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.

Contributions – Donations are recorded as revenues in the year received or a bequest legally finalized. Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Funds from pledges to be collected in future years are recorded at net present value. All pledges are net of an allowance for doubtful collections.

Investments are stated at fair value and realized and unrealized gains and losses are reflected in the statement of activities. Fair value is determined by market quotes. Donated investments are recorded at the fair market value at the time received. Realized gains or losses are determined based on the average cost method.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standard – In May 2002, the Governmental Accounting Standards Board issued Statement No. 39, “Determining Whether Certain Organizations are Component Units,” which provides guidance to determine whether certain organizations for which the primary government, in this case, Edison Community College (the “College”), is not financially accountable should be reported as a component unit of that government based on the nature and significance of the relationship between the College and the Foundation. Generally, it requires reporting, as discreetly presented component units, organizations that raise and hold economic resources for the benefit of the College.

The Foundation has not yet completed its analysis of the new standard, but initially it appears that effective for the year ending June 30, 2004, the Foundation’s financial information will be included in the College’s financial statements as a component unit.

C. BUSINESS AND CONCENTRATIONS OF CREDIT RISK

Ten and seven donors accounted for a total of 99% and 33% of gifts and grants for the years ended June 30, 2002 and 2001, respectively.

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.

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.

D. CLASSIFICATION OF NET ASSETS

	June 30, 2002			June 30, 2001		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Unrestricted	\$ 120,487	\$ -	\$ -	\$ 229,414	\$ -	\$ -
Endowment	84,363	38,844		102,186	59,982	
Scholarship Endowment	11,454	11,471		15,044	11,294	
Title III Special Endowment	165,271	658,373		208,499	701,601	
Alumni Scholarship	2,912	11,729		8,087	11,601	
Tri-County Educational	103,882	74,961		95,493	81,356	
Other	134,080	204,676		(12,047)	291,492	
Technology Endowment	3,097	38,934		8,031	38,667	
Robinson Scholarship	<u>(1,587)</u>	<u>1,655</u>	<u>52,480</u>	<u>7,469</u>	<u>1,317</u>	<u>50,000</u>
	<u>\$ 623,959</u>	<u>\$ 1,040,643</u>	<u>\$ 52,480</u>	<u>\$ 662,176</u>	<u>\$ 1,197,310</u>	<u>\$ 50,000</u>

E. INVESTMENTS

Investments by major types are as follows:

	June 30, 2002		June 30, 2001	
	Cost	Market	Cost	Market
UNRESTRICTED - Mutual funds:				
Equity	\$ 112,752	\$ 90,168	\$ 122,280	\$ 125,191
Bonds	63,134	62,089	69,254	67,651
UNRESTRICTED AND TEMPORARILY RESTRICTED:				
Endowment:				
U.S. Government, agency obligations and corporate bonds	40,313	42,509	50,300	52,019
Common stocks and equity mutual funds	116,590	88,403	108,864	97,859
Scholarship Endowment - mutual funds:				
Equity	12,805	12,156	12,533	16,074
Bonds	10,512	10,497	9,976	9,999
Title III Special Endowment:				
U.S. Government, agency obligations and corporate bonds	232,410	238,177	200,842	204,887
Common stocks	500,924	425,872	498,225	520,427
Alumni Scholarship - mutual funds:				
Equity	9,268	8,900	11,066	13,329
Bonds	5,135	5,097	6,236	6,193
Tri-County Educational:				
U.S. Government, agency obligations, corporate bonds and bond mutual funds	38,131	37,335	48,127	46,739
Common stocks and equity mutual funds	130,773	97,774	138,221	121,932
Technology Endowment - mutual funds:				
Equity	34,044	23,214	33,244	29,601
Bonds	13,986	13,642	13,986	13,556
UNRESTRICTED, TEMPORARILY RESTRICTED, AND PERMANENTLY RESTRICTED -				
Robinson Scholarship - mutual funds:				
Equity	47,275	32,002	46,246	40,945
Bonds	<u>16,850</u>	<u>16,428</u>	<u>16,850</u>	<u>16,326</u>
	<u>\$1,384,902</u>	<u>\$1,204,263</u>	<u>\$1,386,250</u>	<u>\$1,382,728</u>

Net realized gains (loss) on sale of investments were \$(27,831) and \$54,081 and capital gains distributions were \$5,996 and \$31,086 for the years ended June 30, 2002 and 2001, respectively.

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THE EDISON FOUNDATION, INC.

SCHEDULE OF ENDING NET ASSETS BY CLASS TO JUNE 30, 2002 FIFTH THIRD TRUST STATEMENTS YEAR ENDED JUNE 30, 2002

	Unrestricted	Savings Account	Endowment	Scholarship Endowment	Title III Special Endowment	Alumni Scholarship	Tri-County Educational	Other	Technology Endowment	Robinson Scholarship	Total
REVENUE AND OTHER SUPPORT:											
Gifts and grants	\$ (65,345)	\$ 160,605	\$ -	\$ 177	\$ -	\$ 128	\$ 148	\$ 27,281	\$ 267	\$ 338	\$ 123,599
Interest and dividends	5,182	159	4,777	506	27,856	298	4,214	8,908	820	552	53,272
Net realized and unrealized losses	<u>(25,957)</u>		<u>(21,392)</u>	<u>(3,756)</u>	<u>(107,670)</u>	<u>(2,952)</u>	<u>(21,986)</u>		<u>(6,302)</u>	<u>(8,840)</u>	<u>(198,855)</u>
Total income	<u>(86,120)</u>	<u>160,764</u>	<u>(16,615)</u>	<u>(3,073)</u>	<u>(79,814)</u>	<u>(2,526)</u>	<u>(17,624)</u>	<u>36,189</u>	<u>(5,215)</u>	<u>(7,950)</u>	<u>(21,984)</u>
EXPENSES:											
College scholarships awarded			21,138				6,543	36,128			63,809
Legal and professional	10,250										10,250
Investment advisory fee	1,937	4	1,208	340	5,968	294	1,286	1,736	452	513	13,738
Miscellaneous	3,980				674			77,969			82,623
Transfers	<u>36,688</u>	<u>130,712</u>				<u>2,227</u>	<u>(27,447)</u>	<u>(138,955)</u>	<u>(1,000)</u>	<u>(2,225)</u>	
Total expenses	<u>52,855</u>	<u>130,716</u>	<u>22,346</u>	<u>340</u>	<u>6,642</u>	<u>2,521</u>	<u>(19,618)</u>	<u>(23,122)</u>	<u>(548)</u>	<u>(1,712)</u>	<u>170,420</u>
CHANGE IN NET ASSETS	(138,975)	30,048	(38,961)	(3,413)	(86,456)	(5,047)	1,994	59,311	(4,667)	(6,238)	(192,404)
NET ASSETS:											
Beginning of year	<u>229,414</u>		<u>162,168</u>	<u>26,338</u>	<u>910,100</u>	<u>19,688</u>	<u>176,849</u>	<u>279,445</u>	<u>46,698</u>	<u>58,786</u>	<u>1,909,486</u>
End of year	<u>\$ 90,439</u>	<u>\$ 30,048</u>	<u>\$ 123,207</u>	<u>\$ 22,925</u>	<u>\$ 823,644</u>	<u>\$ 14,641</u>	<u>\$ 178,843</u>	<u>\$ 338,756</u>	<u>\$ 42,031</u>	<u>\$ 52,548</u>	<u>\$ 1,717,082</u>
Reconciliation to Trust Statements:											
Ending net assets per books	\$ 90,439	\$ 30,048	\$ 123,207	\$ 22,925	\$ 823,644	\$ 14,641	\$ 178,843	\$ 338,756	\$ 42,031	\$ 52,548	\$ 1,717,082
Investment income receivable	(1,568)		(1,036)	(235)	(8,755)	(125)	(1,793)	(2,528)	(364)	(68)	(16,472)
Pledges receivable								(59,362)			(59,362)
Other payables	2,780										2,780
Capital Campaign Adjustment	67,880							(67,880)			
Payable to College			21,138					33,901			55,039
Balance per Trust Statements	<u>\$ 159,531</u>	<u>\$ 30,048</u>	<u>\$ 143,309</u>	<u>\$ 22,690</u>	<u>\$ 814,889</u>	<u>\$ 14,516</u>	<u>\$ 177,050</u>	<u>\$ 242,887</u>	<u>\$ 41,667</u>	<u>\$ 52,480</u>	<u>\$ 1,699,067</u>

See independent auditors' report.

THE EDISON FOUNDATION, INC.

SCHEDULE OF ENDING NET ASSETS BY CLASS TO JUNE 30, 2002 FIFTH THIRD TRUST STATEMENTS YEAR ENDED JUNE 30, 2002

	Unrestricted	Savinus Account	Endowment	Scholarship Endowment	Title III Special Endowment	Alumni Scholarship	Tri-County Educational	Other	Technoloav Endowment	Robinson Scholarship	Total
UNRESTRICTED NET ASSETS:											
Revenues and other support:											
Gifts and grants	\$ (65,345)	\$ 160,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,260
Interest and dividends	5,182	159	4,777	506	13,928	298	4,214	8,908	820	552	39,344
Net realized and unrealized losses	(25,957)		(21,392)	(3,756)	(53,835)	(2,952)	(21,986)		(6,302)	(2,534)	(138,714)
Total income	(86,120)	160,764	(16,615)	(3,250)	(39,907)	(2,654)	(17,772)	8,908	(5,482)	(1,982)	(4,110)
Expenses and transfers:											
Legal and professional	10,250										10,250
Investment advisory fee	1,937	4	1,208	340	2,984	294	1,286	1,736	452	513	10,754
Miscellaneous	3,980				337						4,317
Transfers	36,688	130,712				2,227	(27,447)	(138,955)	(1,000)	(2,225)	
Total expenses and transfers	52,855	130,716	1,208	340	3,321	2,521	(26,161)	(137,219)	(548)	(1,712)	25,321
Change in net assets	(138,975)	30,048	(17,823)	(3,590)	(43,228)	(5,175)	8,389	146,127	(4,934)	(270)	(29,431)
Change in donor restrictions										(8,786)	(8,786)
Beginning of year	229,414		102,186	15,044	208,499	8,087	95,493	(12,047)	8,031	7,469	662,176
End of year	90,439	30,048	84,363	11,454	165,271	2,912	103,882	134,080	3,097	(1,587)	623,959
TEMPORARILY RESTRICTED NET ASSETS:											
Revenues and other support:											
Gifts and grants				177		128	148	27,281	267	338	28,339
Interest and dividends					13,928						13,928
Net realized and unrealized losses					(53,835)						(53,835)
Total income				177	(39,907)	128	148	27,281	267	338	(11,568)
Expenses (classified as unrestricted expenses in the Statement of Activities):											
College scholarships awards			21,138				6,543	36,128			63,809
Investment advisory fee					2,984						2,984
Miscellaneous					337			77,969			78,306
Total expenses			21,138		3,321		6,543	114,097			145,099
Change in net assets			(21,138)	177	(43,228)	128	(6,395)	(86,816)	267	338	(156,667)
Beginning of year			59,982	11,294	701,601	11,601	81,356	291,492	38,667	1,317	1,197,310
End of year			38,844	11,471	658,373	11,729	74,961	204,676	38,934	1,655	1,040,643
PERMANENTLY RESTRICTED NET ASSETS -											
Revenue and other - gifts and grants											
Net realized and unrealized losses										(6,306)	(6,306)
Change in donor restrictions										8,786	8,786
Change in net assets										2,480	2,480
Beginning of year										50,000	50,000
End of year										52,480	52,480
TOTAL NET ASSETS	\$ 90,439	\$ 30,048	\$ 123,207	\$ 22,925	\$ 823,644	\$ 14,641	\$ 178,843	\$ 338,756	\$ 42,031	\$ 52,548	\$ 1,717,082

See independent auditors' report.



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

To the Board of Directors of The Edison Foundation, Inc.
and Mr. Jim Petro, Auditor of State, State of Ohio:

We have audited the financial statements of The Edison Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2002, and have issued our report thereon dated August 23, 2002. We conducted our audit 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 of America.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended solely for the information and use of the Board of Directors, the Foundation's management and the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

August 23, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

THE EDISON FOUNDATION, INC.

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 14, 2002**