

THE EDISON FOUNDATION, INC.
Piqua, Ohio

FINANCIAL STATEMENTS
June 30, 2008 and 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
The Edison Foundation, Inc.
1973 Edison Drive
Piqua, Ohio 454336

We have reviewed the *Independent Auditor's Report* of The Edison Foundation, Inc., Miami County, prepared by Crowe Horwath LLP, for the audit period July 1, 2007 through June 30, 2008. 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 8, 2008

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THE EDISON FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2008 and 2007

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Crowe Horwath LLP
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of The Edison Foundation, Inc. (the "Foundation") as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management.

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. 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2008 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. 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 audit.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 28, 2008

THE EDISON FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 1,428,625	\$ 800,311
Receivable		
Pledges	1,824,821	2,351,782
Interest and dividends	9,972	13,744
Investments	<u>1,850,253</u>	<u>2,028,261</u>
Total assets	<u>\$ 5,113,671</u>	<u>\$ 5,194,098</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Payable to Edison State Community College	\$ 42,121	\$ 26,778
Grants and other payables	<u>100,000</u>	<u>100,286</u>
Total liabilities	<u>142,121</u>	<u>127,064</u>
Net assets		
Unrestricted	1,184,631	1,257,153
Temporarily restricted	3,721,074	3,736,999
Permanently restricted	<u>65,845</u>	<u>72,882</u>
Total net assets	<u>4,971,550</u>	<u>5,067,034</u>
Total liabilities and net assets	<u>\$ 5,113,671</u>	<u>\$ 5,194,098</u>

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Year ended June 30, 2008 with comparative 2007 totals

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Revenues and other support					
Gifts and grants	\$ 7,058	\$ 34,073	\$ --	\$ 41,131	\$ 37,135
Holiday evening event	--	179,345	--	179,345	137,020
Capital campaign	--	423,391	--	423,391	1,458,133
Graduate Academy	--	6,224	--	6,224	4,751
Investment earnings					
Interest and dividends	121,943	25,238	--	147,181	109,331
Net realized and unrealized gains	(162,864)	(53,288)	(7,037)	(223,189)	211,819
Net assets released from restrictions	<u>630,908</u>	<u>(630,908)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total revenues and other support	597,045	(15,925)	(7,037)	574,083	1,958,189
Expenses					
College scholarships awarded	113,624	--	--	113,624	118,347
Holiday evening event	123,144	--	--	123,144	106,431
Capital campaign	53,022	--	--	53,022	90,279
Debt service for College	309,708	--	--	309,708	--
Salary	35,000	--	--	35,000	35,000
Bad debt	3,500	--	--	3,500	2,514
Graduate Academy	6,797	--	--	6,797	7,923
Legal and professional	--	--	--	--	6,200
Investment advisory fee	15,595	--	--	15,595	13,863
Receptions	614	--	--	614	4,989
Miscellaneous	<u>8,563</u>	<u>--</u>	<u>--</u>	<u>8,563</u>	<u>10,622</u>
Total expenses	<u>669,567</u>	<u>--</u>	<u>--</u>	<u>669,567</u>	<u>396,168</u>
Change in net assets	(72,522)	(15,925)	(7,037)	(95,484)	1,562,021
Net assets at beginning of year	<u>1,257,153</u>	<u>3,736,999</u>	<u>72,882</u>	<u>5,067,034</u>	<u>3,505,013</u>
Net assets at end of year	<u>\$ 1,184,631</u>	<u>\$ 3,721,074</u>	<u>\$ 65,845</u>	<u>\$ 4,971,550</u>	<u>\$ 5,067,034</u>

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support				
Gifts and grants	\$ --	\$ 37,135	\$ --	\$ 37,135
Holiday evening event	--	137,020	--	137,020
Capital campaign	--	1,458,133	--	1,458,133
Graduate Academy	--	4,751	--	4,751
Investment earnings				
Interest and dividends	85,933	23,398	--	109,331
Net realized and unrealized gains	148,571	55,947	7,301	211,819
Net assets released from restrictions	<u>334,408</u>	<u>(334,408)</u>	<u>--</u>	<u>--</u>
Total revenues and other support	568,912	1,381,976	7,301	1,958,189
Expenses				
College scholarships awarded	118,347	--	--	118,347
Holiday evening event	106,431	--	--	106,431
Capital campaign	90,279	--	--	90,279
Salary	35,000	--	--	35,000
Bad debt	2,514	--	--	2,514
Graduate Academy	7,923	--	--	7,923
Legal and professional	6,200	--	--	6,200
Investment advisory fee	13,863	--	--	13,863
Receptions	4,989	--	--	4,989
Miscellaneous	<u>10,622</u>	<u>--</u>	<u>--</u>	<u>10,622</u>
Total expenses	<u>396,168</u>	<u>--</u>	<u>--</u>	<u>396,168</u>
Change in net assets	172,744	1,381,976	7,301	1,477,856
Net assets at beginning of year	<u>1,084,409</u>	<u>2,355,023</u>	<u>65,581</u>	<u>3,505,013</u>
Net assets at end of year	<u>\$ 1,257,153</u>	<u>\$ 3,736,999</u>	<u>\$ 72,882</u>	<u>\$ 5,067,034</u>

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ (95,484)	\$ 1,562,021
Adjustments to reconcile change in net assets to net cash from operating activities		
Restricted gifts and grants	(219,642)	(178,906)
Net realized and unrealized gains	223,189	(211,819)
Change in other assets and liabilities		
Pledges receivable	526,961	(859,016)
Interest and dividends receivable	3,772	(4,707)
Accounts payable	15,057	23,004
Schell grant payable	<u> --</u>	<u>25,000</u>
Net cash from operating activities	453,853	355,577
 Cash flows from investing activities		
Cash paid for investments	(638,246)	(812,119)
Cash received from sale of investments	<u>593,065</u>	<u>703,900</u>
Net cash from investing activities	(45,181)	(108,219)
 Cash flows from financing activities		
Restricted gifts and grants	<u>219,642</u>	<u>178,906</u>
Increase in cash and cash equivalents	628,314	426,264
Cash and cash equivalents, beginning of year	<u>800,311</u>	<u>374,047</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 1,428,625</u></u>	 <u><u>\$ 800,311</u></u>

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 - SUMMARY OF 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 which 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 Presentation: The Foundation's financial statements are prepared in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-For-Profit Organizations." 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.

Net Assets: Net assets are classified into three categories:

Unrestricted net assets. Unrestricted net assets have no donor imposed restrictions.

Temporarily restricted net assets. Temporarily restricted net assets have donor imposed restrictions that will expire or be satisfied in the future.

Permanently restricted net assets. Permanently restricted net assets have donor imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Foundation.

Contributions: Contributions 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. The allowances are based upon prior experience, management's judgment and other related factors.

Investments: Investments are stated at fair value based on market values or dealer quotes, with changes in market value being recognized as gains and losses during the period in which they occur.

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THE EDISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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 affecting 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 expenditures during the reporting periods. Actual results could differ from those estimates.

NOTE 2 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK

Five donors accounted for a total of 71% of gifts and grants for the year ended June 30, 2008, while five donors accounted for 52% of gifts and grants for the year ended June 30, 2007.

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.

NOTE 3 - CLASSIFICATION OF NET ASSETS

	<u>June 30, 2008</u>			<u>June 30, 2007</u>		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>
Unrestricted	\$ 50,035	\$ -	\$ -	\$ 47,327	\$ -	\$ -
Savings	9,296	992	-	9,296	34,468	-
Endowment	11,440	40,919	-	150,610	39,651	-
Scholarship Endowment	27,932	41,413	-	32,502	42,716	-
Title III Special Endowment	298,392	743,122	-	352,473	797,203	-
Alumni Scholarship	11,674	12,843	-	13,266	12,011	-
Tri-County Educational	185,001	62,805	-	201,845	67,177	-
Other	566,082	2,779,513	-	421,072	2,704,306	-
Technology Endowment	21,744	39,467	-	25,720	39,467	-
Robinson Scholarship	3,035	-	65,845	3,042	-	72,882
	<u>\$ 1,184,631</u>	<u>\$ 3,721,074</u>	<u>\$ 65,845</u>	<u>\$ 1,257,153</u>	<u>\$ 3,736,999</u>	<u>\$ 72,882</u>

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THE EDISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 4 - INVESTMENTS

Investments by major types for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity funds	\$ 620,488	\$ 612,494	\$ 1,087,058	\$ 1,381,802
Bond funds	<u>1,163,478</u>	<u>1,237,759</u>	<u>645,384</u>	<u>646,459</u>
	<u>\$ 1,783,966</u>	<u>\$ 1,850,253</u>	<u>\$ 1,732,442</u>	<u>\$ 2,028,261</u>

Net realized gains on sale of investments were \$2,216 and \$112,122 and capital gains distributions were \$4,127 and \$750 for the years ended June 30, 2008 and 2007, respectively.

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the University.

NOTE 5 - PLEDGES RECEIVABLE

As of June 30, 2008 and 2007, contributors to the Foundation have outstanding unconditional pledges totaling \$2,185,777 and \$2,770,454, respectively. Gross pledges receivable have been discounted to a net present value of \$1,920,821 and \$2,430,282 as of June 30, 2008 and 2007, respectively, which represents fair market value. The discount rate was 5% for 2008 and 2007. An allowance for doubtful pledges of \$96,000 and \$78,500 has been applied to the gross receivable balance as of June 30, 2008 and 2007, respectively. The allowance is based upon management's judgment, past collection experience and other relevant factors. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified period of time. Gross pledges are due as follows:

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 585,411	\$ 633,922
One to five years	1,335,410	1,795,339
More than five years	<u>-</u>	<u>1,021</u>
Total	<u>\$ 1,920,821</u>	<u>\$ 2,430,282</u>

(Continued)

THE EDISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 6 - SCHELL GRANT

The Fifth Third Charitable Screening Committee (the "Committee") has approved a grant from the Charles E. Schell Foundation, Fifth Third Bank, Trustee, subject to certain conditions. An initial contribution of \$25,000 was granted to the Foundation to administer as interest-free student loans through the College. The amount may be renewed for three or more years (for a total grant of funds of \$100,000), contingent on successful administration of the program, and compliance with terms of the award. It is the intention of the Committee that the funds become a revolving loan fund to the Foundation.

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
The Edison Foundation, Inc. and Ms. Mary Taylor,
Auditor of State of Ohio
Piqua, Ohio

We have audited the financial statements of The Edison Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2008, and have issued our report thereon dated the same date as this report. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Compliance and Other Matters

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 grant agreements, 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 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*.

We noted certain matters that we reported to management of the Foundation in a separate letter dated October 28, 2008.

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



Crowe Horwath LLP

Columbus, Ohio
October 28, 2008



Mary Taylor, CPA
Auditor of State

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
DECEMBER 18, 2008**